

## PERFORMANCE BASED BUDGET YEAR-TO-DATE THROUGH AUGUST 2006

### MANAGEMENT, ADMINISTRATION, AND COUNSEL

Performance Goal	Status
<b>Institutionalize project management and portfolio review. In 2003, Tax instituted project management and portfolio review for all significant technology projects. Beginning in 2005, we began to expand the use of these management techniques to non-technology projects throughout the Department. We will build out and institutionalize this initiative and ensure that 100% of major projects enter portfolio review and management.</b>	The Project Portfolio contains 35 projects. During the fiscal year ten new projects have been approved, seventeen have been completed and three were cancelled.
<b>Achieve 100% participation in the Leadership Training Program. This program is designed for mid- and high-level departmental managers to enhance skills and plan for succession and knowledge transfer in the face of heavy attrition and rapid technological changes.</b>	The following data reflects participation for the first three months of the Leadership Academy year, June 1, 2006 - May 31, 2007.  31% of the managers and leaders have participated in the Leadership Academy Program.
<b>Prepare first annual internal Voluntary Compliance Feedback Report that draws upon the actual experience of Tax's various operating units --- such as TSRD (Processing), Audit, and Tax Enforcement --- to document, and make recommendations for addressing recurring issues in processing and compliance.</b>	MAPS met with the Public Information's office to incorporate financial reports into the Annual Performance Plan. The first semi-annual draft of the Annual Performance Plan, including preliminary feedback on the voluntary compliance projects, is scheduled to be released in October.
<b>Respond to 95% of Disclosure and Government Exchange requests for information within 60 days.</b>	98.9%
<b>Pay 98% of travel vouchers within two weeks of receipt.</b>	100%
<b>Pay 98% of accounts payable invoices within 30 days of Merchandise Invoice Receipt date.</b>	98.7%
<b>Complete 95% of signed contract renewals six weeks prior to expiration date.</b>	4.7%
<b>Forward response to internal requests for legal guidance to Deputy Commissioner and Counsel within 30 days.</b>	58.8%
<b>Respond to external requests for legal advice and guidance within 60 days.</b>	61.1%
<b>Prepare tax-related budget bills and amendments accurately and on time.</b>	100%
<b>Resolve 95% of legislatively-referred constituent problems within 15 days.</b>	80.2%

## AUDIT, COLLECTION, AND ENFORCEMENT

Performance Goal	Status																																				
Meet or exceed 2006-07 Audit Plan target in first-year collections, including \$50 million from the tax shelter voluntary compliance initiative.	\$ 1.402 Billion																																				
<b>Desk Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 550,000 reviews</li> </ul>	301,632																																				
<b>Corporation Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 2,800 reviews</li> </ul>	1,082																																				
<b>Income Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 3,400 reviews</li> </ul>	1,525																																				
<b>Sales Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 5,700 reviews</li> </ul>	2,873																																				
<b>Transaction &amp; Transfer Tax Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 800 reviews</li> </ul>	280																																				
Maintain average age of Audit protest inventory of 60 days or less.	Average Age of Protest Inventory 8/31/2006: 66 Days																																				
Meet or exceed 2006-07 Collection Plan target in total cash collections.	<table border="0"> <tr> <td colspan="3"><b>Tax Collections</b></td> </tr> <tr> <td>Plan YTD:</td> <td>\$</td> <td>467,568,978</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>511,629,483</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>44,060,505</td> </tr> <tr> <td colspan="3"><b>Child Support Enforcement</b></td> </tr> <tr> <td>Plan YTD:</td> <td>\$</td> <td>22,254,375</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>23,178,468</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>924,093</td> </tr> <tr> <td colspan="3"><b>Total Collections</b></td> </tr> <tr> <td>Plan YTD:</td> <td>\$</td> <td>489,823,353</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>534,807,951</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>44,984,598</td> </tr> </table>	<b>Tax Collections</b>			Plan YTD:	\$	467,568,978	Actual YTD:	\$	511,629,483	Actual vs. Plan:	\$	44,060,505	<b>Child Support Enforcement</b>			Plan YTD:	\$	22,254,375	Actual YTD:	\$	23,178,468	Actual vs. Plan:	\$	924,093	<b>Total Collections</b>			Plan YTD:	\$	489,823,353	Actual YTD:	\$	534,807,951	Actual vs. Plan:	\$	44,984,598
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Increase the collections recovery rate by an incremental 3% from 2005-06 baseline levels. The rate is the percentage of average inventory collected on an annual basis. This goal assumes implementation of a renewed collections outsourcing initiative. The development and implementation of CISS – Collections, a data warehouse case scoring, selection, and workflow tool, is projected to increase collections in 2007-08 and beyond.	The 12 month rolling recovery rate is 36.44% compared to 35.00% for the same period last year.																																				

<b>Tax Collections Operations:</b> <ul style="list-style-type: none"> <li>▪ Complete 1.2 million case contacts (Call Center and District Office incoming and outgoing telephone contacts + public counter)</li> <li>▪ File 220,000 warrants</li> <li>▪ Complete 220,000 other enforcement actions (levies served + income executions + business seizures)</li> </ul>	# of Case Contacts: 612,291 # of Warrants Filed: 96,954 # of Other Enforcement Actions: 154,607
<b>Child Support Enforcement Operations:</b> <ul style="list-style-type: none"> <li>▪ File 70,000 warrants</li> <li>▪ Complete 60,000 other enforcement actions (levies served + income executions + business seizures)</li> </ul>	# of Warrants Filed: 38,929 # of Other Enforcement Actions: 36,555
<b>Achieve an average quality score of more than 90% in annual Call Center Quality Review, an annual customer service/quality review of recorded calls.</b>	88.8% average quality score
<b>Open at least 19 civil and/or criminal cases arising out of the joint Audit and Enforcement Compliance Intelligence Assessment initiative, which uses data analysis tools to identify areas and patterns of noncompliance.</b>	16
<b>Refer 150 PATB Enforcement (excise tax) cases for prosecution, a 5% increase over 2005-06.</b>	152
<b>Refer 120 RCB Enforcement (income, franchise, and sales tax) cases for prosecution, a 5% increase over 2005-06.</b>	70
<b>Maintain downstate CITE cigarette regulatory compliance rate at 95% or better.</b>	95%

## CONCILIATION AND MEDIATION

Performance Goal	Status
<b>Acknowledge 95% of:</b> <ul style="list-style-type: none"> <li>▪ accepted cases within 14 days</li> <li>▪ rejected cases within 14 days</li> <li>▪ dismissed cases within 22 days</li> </ul>	99.8% acknowledged within 14 days 96.7% acknowledged within 14 days 99.1% acknowledged within 22 days
<b>Schedule 90% of initial cases within 180 days.</b>	98.6% scheduled within 180 days
<b>Issue 85% of decisions within three months of conference date.</b>	87.5% issued within three months

## TECHNOLOGY AND INFORMATION SERVICES

Performance Goal	Status
<p><b>Continue the development, construction, and implementation of the e-MPIRE integrated tax system, thereby allowing complete migration off the existing, antiquated UNISYS platform.</b></p>	<p><u>Release 2 – Corporation Tax</u></p> <p>All Convert on Demand (COD) categories and functions have been implemented in production.</p> <p><u>Release 3 – Personal Income Tax</u></p> <p>Analysis of Functional Requirements and Application Modifications were completed allowing detailed design and construction schedules to be updated for presentation to executive management.</p> <p>The new architectural approach was approved based on pilot tests confirming the ability of the architecture to support PIT processing volumes. The application development teams have begun detailed design of Returns Processing functions using the IBM Process Server software products. Specialized training is being scheduled. Other related activities include:</p> <ul style="list-style-type: none"> <li>• Testing the new Monitor product integration (now awaiting release of V6.0.2 expected in Dec 2006).</li> <li>• Testing for transaction error processing to facilitate design of recovery functionality into the returns processing architecture.</li> <li>• Development of new migration and configuration mgmt processes for the new architecture.</li> </ul> <p>The Functional Design will be presented to the Core Team in mid-September. It will be continually updated through detailed design and be included in the final design signoff by the Core Team in December.</p> <p>Analysis of possible conversion strategies has been completed and a decision on the approach will be made in September. Availability and capacity of the UNISYS is critical for the conversion strategies and the planned safety-net strategy for Release 3 implementation.</p> <p>Began discussions with TSRD, Audit and ESD on training, change management and other employee preparedness strategies.</p>
<p><b>Ensure access to major online systems during 99% of normal work hours.</b></p>	<p>Major online systems were available 99% of normal work hours.</p>
<p><b>Ensure availability of network resources during 99% of normal work hours.</b></p>	<p>Network resources were available 99% of normal work hours.</p>
<p><b>Complete and/or advance portfolio of more than 50 discrete technology projects on time and within budget.</b></p>	<p>During the fiscal year to date, ESD allocated 13% of available staff time to project work. Six mandatory IT projects have been completed. Four out of six of the mandatory projects (66%) finished within 10% of the project end date.</p>

<p><b>Develop and implement prototype State-Wide Authentication Network (SWAN) in consultation with the State CIO. Tax requested approximately \$400,000 in 2006-07 to pilot this advanced e-services gateway and authentication facility.</b></p>	<p>The detail design of SWAN has moved forward. DTF has several design documents to accept from the project teams. The progress to date has been on schedule, but the project team thinks that given current resources that the project will not be done until October. OFT has arranged for weekly meetings to discuss the status of their web services to support SWAN. OFT will deliver their first web service (create account) the first week of August. Several web services to support the SWAN application were developed. DTF staff is testing on the business component coding and invocation schemes required by e-MPIRE.</p>
<p><b>Implement Corporation Tax e-file by January 2007.</b></p>	<p>Fed/State prototyping continues. Application Architecture has developed the services needed for the GetSubmissions web service and have retrieved sample e-filing transactions from the IRS Master e-filing Gateway (MeF) server. Several of the state and federal sample e-filings have been loaded into Viper. Workplace forms are being investigated for use in this project. The mapping of the SML data received into the flat file format needed by e-MPIRE; currently underway. Once the process is completed end-to-end, the RP team will complete the mapping of the other CT forms.</p>

<b>TAX POLICY, REVENUE ACCOUNTING, AND TAXPAYER GUIDANCE</b>	
<b>Performance Goal</b>	<b>Status</b>
<p><b>Issue annual tax forms and instructions on time with 100% accuracy.</b></p>	<p>100%</p>
<p><b>Issue taxpayer guidance on Tax Law changes (publications, TSB-Ms, forms, instructions) at least 30 days prior to effective date or, if retroactive, within six weeks of DTF becoming aware of need.</b></p>	<p>100%</p>
<p><b>Issue advisory opinions within 90 days of receiving a completed petition.</b></p>	<p>13.6%</p>
<p><b>Prepare 100% of fiscal notes within four weeks of request.</b></p>	<p>92.9%</p>
<p><b>Implement a phased program of forms/instructions redesign and simplification, beginning with nonresident income tax return instructions.</b></p>	<p>Ongoing</p>
<p><b>Issue new industry-specific sales tax publications.</b></p>	<p>Ongoing</p>
<p><b>Develop new documents and regulatory proposals that will provide clarification to the taxpayer community on significant outstanding policy issues.</b></p>	<p>Ongoing</p>
<p><b>Implement Kudlow Commission recommendations as enacted into law.</b></p>	<p>Not applicable for this period</p>

## CENTRALIZED OPERATIONS SUPPORT

Performance Goal	Status
Reduce telecommunication costs by 2% from 2005-06 level by more efficiently managing such activities, as well as evaluating the necessity of current usage trends. We will also evaluate implementing Voice over IP (VoIP) with the goal of further reducing expenditures by up to 5% within three years, assuming agency-wide implementation.	2.7% reduction
Reduce printing and mailing expenditures by 2% from 2005-06 levels through more efficient work-flow processes, ongoing validation and refinement of mail volumes, and leveraging the Internet as a means to disseminate information.	1.6% reduction
Mail 100% of all documents within deadlines.	97.7%
Maintain 100% error free inventory control of seized alcohol and tobacco products.	Auction of seized alcohol products in planning process for 8 week period beginning in October– date to be determined. Physical inventory of remaining alcohol products will be conducted after this sale to verify accuracy of inventory records.

## TREASURY MANAGEMENT

Performance Goal	Status
Prepare 99% of monthly reconciliations within 30 days of bank statement receipt. Treasury reconciles over 100* checking accounts each month. * This estimate was adjusted from 150 checking accounts as written in original goal.	99.5%
Mail 100% of General Checking Account checks on time. Daily average is 17,000 checks (the original estimate was 8,000).	100%
Issue vendor checks requested by paper warrants within two days and checks requested electronically the same day.	100% for both
Issue PIT replacement checks within a week of receiving affidavit.	99.3%
Complete 99% of daily trades by 1 PM to maximize trading efficiency.	99.6%
Deposit and report 99.9% of receipts and disbursements within 24 hours. * This goal reflects deposits of checks only	100%
Issue UIB replacement checks within a week of receiving an LDA (Lost Draft Application).	85.7%

## REVENUE PROCESSING AND RECONCILIATION

Performance Goal	Status
Process approximately 24 million returns (including 8 million coupon returns) and more than \$67 billion in State and local tax payments on time with 100% accuracy.	Through August we processed 11,470,841 returns and collected \$32,638,331,017 in state and local tax payments on time with 99.9% accuracy.
Reduce exception rates for all tax types through systems improvements and enhanced taxpayer guidance and assistance, provided through written material, telephone support, and the Internet.	The cumulative rate for April-August was 5.10%. This is an increase over the rate of 4.46% for the same period last year.
Increase E-file and 2-D bar coding of personal income tax returns 25% over 2005-06 levels (to at least 60%).	Increase of 27.4% through August.
Receive 62% of tax revenue by electronic funds transfer.	45.9%
Send 95% of PIT refunds to Office of the State Comptroller at least 10 days before interest start date.	100%
Deposit 99.5% of tax receipts within one day of receipt.	98.8% (calculated from the April-August averages)
Maintain average age of protest inventories at or below target levels: <ul style="list-style-type: none"> <li>▪ Personal Income Tax - 60 days</li> <li>▪ Corporation Tax - 60 days</li> <li>▪ Sales Tax - 60 days</li> <li>▪ Withholding Tax - 60 days</li> </ul>	48 Days 64 Days 14 Days 35 Days
Maintain average age of exception inventories at or below target levels: <ul style="list-style-type: none"> <li>▪ Personal Income Tax - 45 days</li> <li>▪ Corporation Tax - 60 days</li> <li>▪ Sales Tax - 60 days</li> <li>▪ Withholding Tax - 60 days</li> </ul>	18 Days 89 Days 28 Days 31 Days
Answer 85% of PIT information telephone inquiries within an average of 5 minutes during peak processing periods, and limit the average number of call attempts during peak to 1.5 attempts or less.	70.4% Service Level (calculated from the April-August averages)  1.41 attempts
Answer 85% of business tax information telephone inquiries within an average of 2 minutes, and limit the average number of call attempts to 1.2 attempts or less.	70.8% Service Level (calculated from the April-August averages)  1.05 attempts
Achieve an average quality score of more than 90% in our annual Call Center Quality Review, an annual customer service/quality review of recorded calls.	94.1% average quality score
Resolve 90% of written inquiries (including protests) within 90 days.	Calculated from the April-August 2006 averages  Business Tax-92.9% Personal Income Tax-93.8%
Process sales tax registrations within 5 days of receipt.	4.3 Days
Assist taxpayers in legally dissolving or reinstating corporations within 30 days of receipt.	31.1 Days
Process enrollments and updates for mandatory and voluntary electronic funds transfer participants within 30 days.	14.8 Days
Resolve exceptions for mandatory and voluntary electronic funds transfer participants within 60 days.	8.6 Days
Process cigarette retail license applications/renewals within 10 days.	2.3 Days