

**PERFORMANCE BASED BUDGET
YEAR-TO-DATE THROUGH DECEMBER 2006**

MANAGEMENT, ADMINISTRATION, AND COUNSEL

Performance Goal	Status
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.	The Project Portfolio contains 33 projects. During the fiscal year twenty new projects have been approved, thirty have been completed and three were cancelled.
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.	The following data reflects participation for the first seven months of the Leadership Academy year-June 1, 2006-May 31, 2007. 72% of the managers and leaders have participated in the Leadership Academy Program.
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.	Continuing to analyze the reports that have been provided by the various programs in the Voluntary Compliance Feedback Report and anticipate making recommendations for addressing the issues of processing and compliance by the end of the fiscal year.
Respond to 95% of Disclosure and Government Exchange requests for information within 60 days.	99%
Pay 98% of travel vouchers within two weeks of receipt.	100%
Pay 98% of accounts payable invoices within 30 days of Merchandise Invoice Receipt date.	99.1%
Complete 95% of signed contract renewals six weeks prior to expiration date.	3.3%
Forward response to internal requests for legal guidance to Deputy Commissioner and Counsel within 30 days.	60.0%
Respond to external requests for legal advice and guidance within 60 days.	63.2%
Prepare tax-related budget bills and amendments accurately and on time.	100%
Resolve 95% of legislatively-referred constituent problems within 15 days.	80.7%

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.	\$ 2.280 Billion
Desk Audit: ▪ Complete 550,000 reviews	505,434
Corporation Tax Field Audit: ▪ Complete 2,800 reviews	1,794

Income Tax Field Audit: ▪ Complete 3,400 reviews	2,593
Sales Tax Field Audit: ▪ Complete 5,700 reviews	4,792
Transaction & Transfer Tax Audit: ▪ Complete 800 reviews	460
Maintain average age of Audit protest inventory of 60 days or less.	100 Days
Meet or exceed 2006-07 Collection Plan target in total cash collections.	<p>Tax Collections</p> <p>Plan YTD: \$ 843,501,162 Actual YTD: \$ 917,845,601 Actual vs. Plan: \$ 74,344,439</p> <p>Child Support Enforcement</p> <p>Plan YTD: \$ 40,057,875 Actual YTD: \$ 43,006,958 Actual vs. Plan: \$ 2,949,083</p> <p>Total Collections</p> <p>Plan YTD: \$ 883,559,037 Actual YTD: \$ 960,852,559 Actual vs. Plan: \$ 77,293,522</p>
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 25.61% compared to 23.73% for the same period last year.
<p>Tax Collections Operations:</p> <ul style="list-style-type: none"> ▪ Complete 1.2 million case contacts (Call Center and District Office incoming and outgoing telephone contacts + public counter) ▪ File 220,000 warrants ▪ Complete 220,000 other enforcement actions (levies served + income executions + business seizures) 	<p># of Case Contacts: 1,044,461</p> <p># of Warrants Filed: 190,635</p> <p># of Other Enforcement Actions: 171,711</p>
<p>Child Support Enforcement Operations:</p> <ul style="list-style-type: none"> ▪ File 70,000 warrants ▪ Complete 60,000 other enforcement actions (levies served + income executions + business seizures) 	<p># of Warrants Filed: 66,426</p> <p># of Other Enforcement Actions: 106,631</p>
Achieve an average quality score of more than 90% in annual Call Center Quality Review, an annual customer service/quality review of recorded calls.	88.8%
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.	19
Refer 150 PATB Enforcement (excise tax) cases for prosecution, a 5% increase over 2005-06.	265
Refer 120 RCB Enforcement (income, franchise, and sales tax) cases for prosecution, a 5% increase over 2005-06.	115
Maintain downstate CITE cigarette regulatory compliance rate at 95% or better.	94%

CONCILIATION AND MEDIATION	
Performance Goal	Status
Acknowledge 95% of:	
▪ accepted cases within 14 days	99.7%
▪ rejected cases within 14 days	97.0%
▪ dismissed cases within 22 days	96.6%
Schedule 90% of initial cases within 180 days.	98.9%
Issue 85% of decisions within three months of conference date.	87.5%

TECHNOLOGY AND INFORMATION SERVICES	
Performance Goal	Status
Continue the development, construction, and implementation of the e-MPIRE integrated tax system, thereby allowing complete migration off the existing, antiquated UNISYS platform.	<p><u>Release 3 – Personal Income Tax</u></p> <p>System design is largely completed. A few of the more complex areas will be completed in January - - e.g., correspondence (specifically the DTF-160), TI Validation and Work Flow. User Validations are on schedule to finish in February - - no major issues to date. DSD (Detailed Systems Design) validations will be completed by January 19th, about three (3) weeks behind schedule – 33 of the 39 DSD's validated.</p> <p>Coding continues in all areas. Coding to support the R3 Test Stage Plan (Stage 2) is still scheduled to be completed by the end of January.</p> <p>Significant efforts to recruit additional contractor and state staff skilled in COGNOS and COBOL to develop critical pieces of Tax and Revenue Accounting continue. These resources are critical to the development schedule and preparing for transition to permanent DTF staff.</p> <p>The Release 3 Core Team continues to play a critical role in the project. With the retirement of one of the co-leads, it is essential that an appropriate replacement from the user divisions be identified and come on board in early January.</p> <p>Managing the scope of functionality to be delivered in January 2008 will continue to be a top priority for e-MPIRE management through completion of user acceptance testing.</p> <p>Training environment analysis continues - - the scope of the requirements has been identified and the team working on this will be presenting recommendations to the Project Director and the CIO in January.</p> <p>A draft deployment strategy to identify the sequencing of the implementation of the Release 3 functionality will be presented to the executive user committee in early January. Detailed planning sessions will continue in February focusing on data extracts, interfaces and reports. The first solid deployment plan is expected in late-March/mid-April.</p> <p>Installation of the IBM Monitor version 6.02 stalled in December due to some issues with software delivery.</p>

	<p>Installation is now expected by mid-January.</p> <p>The System/User Test Approach has been completed. Most user test staff have been identified and will begin testing assignments in two waves; the first to start in January, the second in March.</p> <p>Discussions continue related to space requirements to support the training plan.</p> <p><u>Release 4 – Sales Tax</u></p> <p>The system flows for Sales Tax continue to progress as planned. In addition, a high-level approach for Release 4 was provided to the executive user committee in late December. Based on feedback, work will continue on the next level of details for the plan with minor modifications.</p>
<p>Ensure access to major online systems during 99% of normal work hours.</p>	<p>Major online systems were available 99% of normal work hours.</p>
<p>Ensure availability of network resources during 99% of normal work hours.</p>	<p>Network resources were available 99% of normal work hours.</p>
<p>Complete and/or advance portfolio of more than 50 discrete technology projects on time and within budget.</p>	<p>During the fiscal year to date, ESD allocated 17 % of available staff time to project work. Nine mandatory IT projects have been completed. Seven out of nine of the mandatory projects (78%) finished within 10% of the project end date.</p>
<p>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.</p>	<p>Phase 1 of the Online Tax Center (SWAN) was implemented on November 20th. This new authentication model replaces the current models which allow individuals and businesses to register to utilize the following services: view and pay tax bills, make an estimated tax payment, and view and reconcile an estimated income tax account. Phase 2 of the Online Tax Center was implemented on December 18th. This phase allows for the filing of zero sales tax due returns. Upcoming phases will include full business registration, allowing business taxpayers to manage accounts for their employees, including delegating functional roles to those employees. To date there are 3,548 individuals, 784 view and pay businesses and 55 zero sales tax due businesses registered.</p>
<p>Implement Corporation Tax e-file by January 2007.</p>	<p>Fed/State development is complete and individual unit testing is nearing completion. The front-end web services, Process Server code and AIX database tables, as well as the back-end e-MPIRE mainframe code and tables have been migrated to the UTM environment and user testing has begun. The 14 Corp Tax forms that the software vendors will support in January have been mapped in the Workplace Forms product, and Workplace Forms is being integrated into the e-MPIRE framework for display of the Corp Tax forms.</p>

TAX POLICY, REVENUE ACCOUNTING, AND TAXPAYER GUIDANCE

Performance Goal	Status
Issue annual tax forms and instructions on time with 100% accuracy.	100%
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.	99%
Issue advisory opinions within 90 days of receiving a completed petition.	13.3%
Prepare 100% of fiscal notes within four weeks of request.	93.3%
Implement a phased program of forms/instructions redesign and simplification, beginning with nonresident income tax return instructions.	The 2006 tax year IT-203 instructions have been redesigned.
Issue new industry-specific sales tax publications.	The following publication has been issued: Sales Tax Guide for Vet Services
Develop new documents and regulatory proposals that will provide clarification to the taxpayer community on significant outstanding policy issues.	<p>The following documents have been issued:</p> <ul style="list-style-type: none"> • Corporation Partnership regulation and TSB-M • Stock Option regulation and TSB-M • TSB-M announcing new document series, New York Tax Guidance (NYT-G), created to provide guidance on specific questions • Reportable Transactions Subject to Disclosure regulation • TSB-Ms on Fire Safety for Cigarettes and Roll-Your-Own Cigarettes • Handicapped-Accessible Taxis TSB-M • Certain practitioners must e-file PIT extensions TSB-M • Dyed Diesel motor fuel TSB-M • B20 fuel TSB-M • Electronic Funds Transfer regulation • Domestic corporations exempt from 9-A fixed dollar minimum tax TSB-M • Alternative fuels TSB-Ms (sales tax and excise tax/PBT) • New Publication—Sales Tax Quick Reference Guide • Cents-per-gallon rate on fuel tax regulation, emergency regulation, statewide TSB-M, and locality option TSB-M • Convenience of the Employer TSB-M • State sales tax exemption on clothing TSB-M • Treatment of retirement payments to nonresident partners TSB-M • Hazardous waste disposal special assessment TSB-M
Implement Kudlow Commission recommendations as enacted into law.	Although some of the recommendations from the Kudlow Commission were proposed as part of the SFY 2006-07 Executive Budget, none were enacted into law. Implementation of the tax law changes as enacted in the 2006 legislative session is ongoing.

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.	7.71% 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% increase
Mail 100% of all documents within deadlines.	98.5%
Maintain 100% error free inventory control of seized alcohol and tobacco products.	Verification of alcohol inventory with Law Manager data base will commence when OBMA completes the award process, and all auctioned product is removed.

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.	98.7%
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.	99.0%
Complete 99% of daily trades by 1 PM to maximize trading efficiency.	99.7%
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).	88.6%

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 December we processed 16,153,216 returns and \$59,285,319,823 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-December was 5.69%. This is a decrease over the rate of 5.71% 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%).	Filings from April-December increased 37.63% over last year.
Receive 62% of tax revenue by electronic funds transfer.	47.4%
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.	99.1% (calculated from the April-December averages)
Maintain average age of protest inventories at or below target levels: <ul style="list-style-type: none"> ▪ Personal Income Tax - 60 days ▪ Corporation Tax - 60 days ▪ Sales Tax - 60 days ▪ Withholding Tax - 60 days 	61 days 89 days 26 days 35 days
Maintain average age of exception inventories at or below target levels: <ul style="list-style-type: none"> ▪ Personal Income Tax - 45 days ▪ Corporation Tax - 60 days ▪ Sales Tax - 60 days ▪ Withholding Tax - 60 days 	0 days 56 days 24 days 46 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.	74.8% Service Level (calculated from the April-December averages) 1.25 attempts (calculated from the April-December averages)
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.	73.4% Service Level (calculated from the April-December averages) 1.05 attempts (calculated from the April-December averages)
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%
Resolve 90% of written inquiries (including protests) within 90 days.	Calculated from the April-December averages: Business Tax-90.6% Personal Income Tax-79.1%
Process sales tax registrations within 5 days of receipt.	3.8 days
Assist taxpayers in legally dissolving or reinstating corporations within 30 days of receipt.	25.8 days
Process enrollments and updates for mandatory and voluntary electronic funds transfer participants within 30 days.	18.9 days
Resolve exceptions for mandatory and voluntary electronic funds transfer participants within 60 days.	7.0 days
Process cigarette retail license applications/renewals within 10 days.	3.0 days