

## PERFORMANCE BASED BUDGET YEAR-TO-DATE THROUGH FEBRUARY 2007

### 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 28 projects. During the fiscal year, twenty three new projects have been approved, thirty four have been completed and three have been 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 participants for the first nine months of the Leadership Academy year, June 1, 2006-February 28, 2007.  77% 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>	Finalizing a report on Internal Voluntary Compliance Feedback incorporating all the programs involved in this initiative.
<b>Respond to 95% of Disclosure and Government Exchange requests for information within 60 days.</b>	99%
<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>	99.1%
<b>Complete 95% of signed contract renewals six weeks prior to expiration date.</b>	3.1%
<b>Forward response to internal requests for legal guidance to Deputy Commissioner and Counsel within 30 days.</b>	57.1%
<b>Respond to external requests for legal advice and guidance within 60 days.</b>	65.0%
<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>	77.6%

## 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.	\$ 2.735 Billion																											
<b>Desk Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 550,000 reviews</li> </ul>	650,568																											
<b>Corporation Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 2,800 reviews</li> </ul>	2,136																											
<b>Income Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 3,400 reviews</li> </ul>	3,273																											
<b>Sales Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 5,700 reviews</li> </ul>	5,906																											
<b>Transaction &amp; Transfer Tax Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 800 reviews</li> </ul>	574																											
Maintain average age of Audit protest inventory of 60 days or less.	90 Days																											
Meet or exceed 2006-07 Collection Plan target in total cash collections.	<p><b>Tax Collections</b></p> <table> <tr> <td>Plan YTD:</td> <td>\$</td> <td>1,031,533,419</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>1,118,569,841</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>87,036,422</td> </tr> </table> <p><b>Child Support Enforcement</b></p> <table> <tr> <td>Plan YTD:</td> <td>\$</td> <td>48,959,625</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>52,054,629</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>3,095,004</td> </tr> </table> <p><b>Total Collections</b></p> <table> <tr> <td>Plan YTD:</td> <td>\$</td> <td>1,080,493,044</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>1,170,624,470</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>90,131,426</td> </tr> </table>	Plan YTD:	\$	1,031,533,419	Actual YTD:	\$	1,118,569,841	Actual vs. Plan:	\$	87,036,422	Plan YTD:	\$	48,959,625	Actual YTD:	\$	52,054,629	Actual vs. Plan:	\$	3,095,004	Plan YTD:	\$	1,080,493,044	Actual YTD:	\$	1,170,624,470	Actual vs. Plan:	\$	90,131,426
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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 25.61% compared to 24.29% 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: 1,293,657  # of Warrants Filed: 235,261 # of Other Enforcement Actions: 247,499																											
<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: 80,015 # of Other Enforcement Actions: 140,138																											

<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%
<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>	26
<b>Refer 150 PATB Enforcement (excise tax) cases for prosecution, a 5% increase over 2005-06.</b>	353
<b>Refer 120 RCB Enforcement (income, franchise, and sales tax) cases for prosecution, a 5% increase over 2005-06.</b>	162
<b>Maintain downstate CITE cigarette regulatory compliance rate at 95% or better.</b>	94%

## CONCILIATION AND MEDIATION

<b>Performance Goal</b>	<b>Status</b>
<b>Acknowledge 95% of:</b>	
▪ <b>accepted cases within 14 days</b>	99.7%
▪ <b>rejected cases within 14 days</b>	97.5%
▪ <b>dismissed cases within 22 days</b>	97.0%
<b>Schedule 90% of initial cases within 180 days.</b>	99.0%
<b>Issue 85% of decisions within three months of conference date.</b>	86.2%

## 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><b>Release 3</b></p> <p>The application development team has successfully processed Estimated Tax and Payment Source File (PSF) Payments all the way through the Release 3 application to Tax and Revenue Accounting -- a significant milestone.</p> <p>The Stage 3 checkpoint for returns processing through the system is approximately a week and a half behind schedule. Coding is complete, but testing has been slowed due to a number of issues with the development and testing tools in the RP area - - e.g., WID. IBM is working to obtain WebSphere Integration Developer (WID) and ClearCase experts and bring them on-site to join the RP team for at least a week to identify opportunities for immediate and longer term improvements.</p> <p>Stage 4 activities have started on schedule but may lag a week due to the Stage 3 delays.</p> <p>IBM Monitor V6.02 installation in the AIX environment has been problematic to date. IBM is working on the issues. The DTF team is also testing the product in the Windows environment which has been progressing without significant issues.</p> <p>The plan for managing the Training Environment to support R3 User Training has been developed. A technical approach supporting up to 8 different simultaneous classes in over 10 locations should be completed in April 2007. Detailed plans for Integration Testing and Performance Testing are expected to be delivered in March 2007.</p> <p><b>Resources</b></p> <p>We have had good success filling critical contractor positions. We will be approaching COGNOS directly to acquire some additional short term help in that area. We are strongly encouraging vendors to finalize the strategy to transition consultant staff to the new contracts. Our core objective is to minimize any turnover over the next twelve to fourteen months.</p> <p>The new manager of User Acceptance Testing has been appointed. The majority of the testing staff has been relocated to the 3<sup>rd</sup> Floor Testing Group and begun preparation for user testing.</p> <p>Business Rule review continues to be on schedule. The IT-150 is expected to be approved by the Core Team in mid-March. The IT-203 will be distributed for review in the last week of March.</p> <p>The Super Users from TSRD, Audit and TCD will be joining the Training Team, on schedule, April 16<sup>th</sup>.</p>

	<p><b>Release 4</b></p> <p>Follow-up meetings were held in February to further define the scope of work for R4. TI requirements will be delivered in March 2008 for user acceptance testing.</p>
<b>Ensure access to major online systems during 99% of normal work hours.</b>	Major online systems were available 99% of normal work hours.
<b>Ensure availability of network resources during 99% of normal work hours.</b>	Network resources were available 99% of normal work hours.
<b>Complete and/or advance portfolio of more than 50 discrete technology projects on time and within budget.</b>	During the fiscal year to date, ESD allocated 19% of available staff time to project work. Ten mandatory IT projects have been completed. Eight of the ten mandatory projects (80%) completed within 10% of the project end date.
<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>	Phase 4 of the Online Tax Center will be implemented on March 1 <sup>st</sup> . This phase includes tax preparer registration, allowing tax preparer firms and payroll service providers the capability to manage their accounts for their employees and client accounts, including delegating functional roles to those employees. To date, all registered taxpayers have been placed in the Business Partners branch of the OFT Lightweight Directory Access Protocol (LDAP). OFT has asked that we move the Individual taxpayers to the Individual branch. We have therefore updated the Web service and the change will be migrated to production with Phase 4. To date there are 9,480 individuals, 1,654 view and pay businesses, 284 zero tax due and 119 full businesses registered.
<b>Implement Corporation Tax e-file by January 2007.</b>	The Fed/State e-file submissions that were posted to e-MPIRE in January were processed through the rest of e-MPIRE when the Corporation Tax Annual Cycle was brought up in Production for tax year 2006 this month. To date, over 700 e-file submissions have been received, receipted, acknowledged, processed, and, if applicable, ACH payments collected. Workplace Forms has been released in the Production environment this month as well for display of the e-file submissions.

## 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.	99.2%
Issue advisory opinions within 90 days of receiving a completed petition.	13.5%
Prepare 100% of fiscal notes within four weeks of request.	94.9%
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.	The following documents have been issued: <ul style="list-style-type: none"> <li>• Security officers training credit regulation</li> <li>• Revised treatment of retirement payments to nonresident partners TSB-M</li> <li>• Summary 2006 PIT and corporation tax legislative changes TSB-Ms</li> <li>• Information for New York S corporations subject to Article 9-A TSB-M</li> <li>• Corporation Partnership regulation and TSB-M</li> <li>• Stock Option regulation and TSB-M</li> <li>• TSB-M announcing new document series, New York Tax Guidance (NYT-G), created to provide guidance on specific questions</li> <li>• Reportable Transactions Subject to Disclosure regulation</li> <li>• TSB-Ms on Fire Safety for Cigarettes and Roll-Your-Own Cigarettes</li> <li>• Handicapped-Accessible Taxis TSB-M</li> <li>• Certain practitioners must e-file PIT extensions TSB-M</li> <li>• Dyed Diesel motor fuel TSB-M</li> <li>• B20 fuel TSB-M</li> <li>• Electronic Funds Transfer regulation</li> <li>• Domestic corporations exempt from 9-A fixed dollar minimum tax TSB-M</li> <li>• Alternative fuels TSB-Ms (sales tax and excise tax/PBT)</li> <li>• New Publication—Sales Tax Quick Reference Guide</li> <li>• Cents-per-gallon rate on fuel tax regulation, emergency regulation, statewide TSB-M, and locality option TSB-M</li> <li>• Convenience of the Employer TSB-M</li> <li>• State sales tax exemption on clothing TSB-M</li> <li>• Treatment of retirement payments to nonresident partners TSB-M</li> <li>• Hazardous waste disposal special assessment TSB-M</li> </ul>
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.	8.6% 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.	0.3% increase
Mail 100% of all documents within deadlines.	98.7%
Maintain 100% error free inventory control of seized alcohol and tobacco products.	<p>The alcohol auction award letters from OBMA to successful bidders have been mailed, and pickup of product will begin March 26, 2007. Once all product has been picked up OSB will commence verification of alcohol inventory with Law Manager data base.</p> <p>Once the alcohol auction process is completed we will conduct a cigarette auction and verify the remaining physical inventory with the Law manager system.</p>

## TREASURY MANAGEMENT

Performance Goal	Status
<p>Prepare 99% of monthly reconciliations within 30 days of bank statement receipt. Treasury reconciles over 100* checking accounts each month.</p> <p>* This estimate was adjusted from 150 checking accounts as written in original goal.</p>	97.4%
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%
<p>Deposit and report 99.9% of receipts and disbursements within 24 hours.</p> <p>*This goal reflects deposits of checks only.</p>	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 February we processed 21 million returns and \$76 billion 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-February was 5.24%. This is a decrease over the rate of 5.40% 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-February increased 33.43% over last year.
Receive 62% of tax revenue by electronic funds transfer.	50.4%
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.	98.8% (calculated from the April-February 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>	58 days 96 days 26 days 39 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>	12 days 65 days 23 days 29 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.	77.7% Service Level (calculated from the April-February averages)  1.23 attempts (calculated from the April-February 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.	74.6% Service Level (calculated from the April-February averages)  1.06 attempts (calculated from the April-February 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-February averages Business Tax-88.4% Personal IncomeTax-75.7%
Process sales tax registrations within 5 days of receipt.	3.6 days
Assist taxpayers in legally dissolving or reinstating corporations within 30 days of receipt.	25.0 days
Process enrollments and updates for mandatory and voluntary electronic funds transfer participants within 30 days.	17.0 days
Resolve exceptions for mandatory and voluntary electronic funds transfer participants within 60 days.	6.5 days
Process cigarette retail license applications/renewals within 10 days.	2.7 days