

## PERFORMANCE BASED BUDGET YEAR-TO-DATE THROUGH JULY 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 43 projects. During the fiscal year nine new projects have been approved, sixteen have been completed and one was 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 two months of the Leadership Academy year, June 1, 2006 - May 31, 2007.  25% 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 is investigating integrating Public Information's financial reports into the Annual Performance Plan. We are also in the process of obtaining preliminary results from the voluntary compliance projects to be included in the Voluntary Compliance Report section of the Annual Performance Plan.
<b>Respond to 95% of Disclosure and Government Exchange requests for information within 60 days.</b>	98.7%
<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>	98.5%
<b>Complete 95% of signed contract renewals six weeks prior to expiration date.</b>	6.9%
<b>Forward response to internal requests for legal guidance to Deputy Commissioner and Counsel within 30 days.</b>	72.7%
<b>Respond to external requests for legal advice and guidance within 60 days.</b>	56.3%
<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>	80.4%

## 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.	\$ 1.175 Billion																								
<b>Desk Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 550,000 reviews</li> </ul>	254,621																								
<b>Corporation Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 2,800 reviews</li> </ul>	848																								
<b>Income Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 3,400 reviews</li> </ul>	1,191																								
<b>Sales Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 5,700 reviews</li> </ul>	2,299																								
<b>Transaction &amp; Transfer Tax Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 800 reviews</li> </ul>	223																								
Maintain average age of Audit protest inventory of 60 days or less.	<table border="0"> <tr> <td style="text-align: right;">Average Age of Protest Inventory</td> <td></td> </tr> <tr> <td style="text-align: right;">7/31/2006</td> <td style="text-align: right;">77 Days</td> </tr> </table>	Average Age of Protest Inventory		7/31/2006	77 Days																				
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Meet or exceed 2006-07 Collection Plan target in total cash collections.	<table border="0"> <tr> <td colspan="2"><b>Tax Collections</b></td> </tr> <tr> <td>Plan YTD:</td> <td style="text-align: right;">\$ 373,935,183</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$ 405,266,083</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$ 31,330,900</td> </tr> <tr> <td colspan="2"><b>Child Support Enforcement</b></td> </tr> <tr> <td>Plan YTD:</td> <td style="text-align: right;">\$ 17,803,500</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$ 18,914,247</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$ 1,110,747</td> </tr> <tr> <td colspan="2"><b>Total Collections</b></td> </tr> <tr> <td>Plan YTD:</td> <td style="text-align: right;">\$ 391,738,683</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$ 424,180,330</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$ 32,441,647</td> </tr> </table>	<b>Tax Collections</b>		Plan YTD:	\$ 373,935,183	Actual YTD:	\$ 405,266,083	Actual vs. Plan:	\$ 31,330,900	<b>Child Support Enforcement</b>		Plan YTD:	\$ 17,803,500	Actual YTD:	\$ 18,914,247	Actual vs. Plan:	\$ 1,110,747	<b>Total Collections</b>		Plan YTD:	\$ 391,738,683	Actual YTD:	\$ 424,180,330	Actual vs. Plan:	\$ 32,441,647
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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 36.29% 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: 476,309  # of Warrants Filed: 81,488 # of Other Enforcement Actions: 122,763																								
<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: 30,738 # of Other Enforcement Actions: 30,869																								

<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>	11
<b>Refer 150 PATB Enforcement (excise tax) cases for prosecution, a 5% increase over 2005-06.</b>	128
<b>Refer 120 RCB Enforcement (income, franchise, and sales tax) cases for prosecution, a 5% increase over 2005-06.</b>	60
<b>Maintain downstate CITE cigarette regulatory compliance rate at 95% or better.</b>	94%

<b>CONCILIATION AND MEDIATION</b>	
<b>Performance Goal</b>	<b>Status</b>
<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>	99.7% acknowledged within 14 days 95.0% acknowledged within 14 days 99.0% acknowledged within 22 days
<b>Schedule 90% of initial cases within 180 days.</b>	98.2% scheduled within 180 days
<b>Issue 85% of decisions within three months of conference date.</b>	88.0% issued within 3 months of conference date

## TECHNOLOGY AND INFORMATION SERVICES

Performance Goal	Status
<p>Continue the development, construction, and implementation of the e-MPIRE integrated tax system, thereby allowing complete migration off the existing, antiquated UNISYS platform.</p>	<p><b><u>Release 2 – Corporation Tax</u></b>                      The major remaining function to be implemented is Combined Filer Returns. Heavy focus is on any application issues which impact processing of these returns.</p> <p><b><u>Release 3 – Personal Income Tax</u></b>                      The delivery and review of Application Modifications for Release 3 (“App Mods”) was completed on schedule in mid-July. The App Mods help assure common understanding of work in development, testing, training &amp; implementation.</p> <p>The Functional Design work is underway. Due to the work effort required to complete the App Mods on schedule, the Functional Design work is approximately four to six weeks behind schedule and is expected to be completed no later than mid September.</p> <p>The architecture pilot work was the highest priority activity in July. Two of three tests are now complete. Test #3 focuses on higher volume performance characteristics, transaction recovery and business measure monitoring and is approximately one week behind schedule. Critical components of the architecture have been integrated with existing business components. Performance results are good but need to be repeated. In addition to completing Test #3, key next steps include:</p> <ul style="list-style-type: none"> <li>• Providing training for R3 development staff utilizing the new architecture.</li> <li>• Integrating the new components into existing migration processes.</li> <li>• Establishing standards &amp; technical “patterns” for developers.</li> <li>• Managing software components utilized by both Corp Tax and PIT.</li> </ul> <p>Discussions continue critical R3 strategies:</p> <ul style="list-style-type: none"> <li>• Alternative conversion approaches</li> <li>• Training, change management and other employee preparedness strategies.</li> </ul>
<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 12% of available staff time to project work. Five mandatory IT projects have been completed. Four out of five of the mandatory projects (80%) 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. DTF staff is working on the business component coding and invocation schemes required by e-MPIRE; testing will be done from Commerce in early August.</p>
<p><b>Implement Corporation Tax e-file by January 2007.</b></p>	<p>A project kick-off meeting was held. Investigation of the prototypes planned for the project was begun. The high level project plan was created and baselined.</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>11.8%</p>
<p><b>Prepare 100% of fiscal notes within four weeks of request.</b></p>	<p>93.8%</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.	2.1% reduction
Mail 100% of all documents within deadlines.	97.2%
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 September – 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.	99.6%
Mail 100% of General Checking Account checks on time. Daily average is 8,000 checks.	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.	99.1%
Complete 99% of daily trades by 1 PM to maximize trading efficiency.	99.5%
Deposit and report 99.9% of receipts and disbursements within 24 hours.	100%
Issue UIB replacement checks within a week of receiving an LDA (Lost Draft Application).	82.2%

## 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 July we processed 10,056,655 returns and collected \$27,920,703,678 in state and local tax payments on time with 100% 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 through July was 4.92%. This is a slight increase over the rate of 4.84% 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 27.7% through July.
Receive 62% of tax revenue by electronic funds transfer.	42.3%
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.	98.6% (calculated from the April-July 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>	28 Days (calculated from the April-July averages) 56.5 Days (calculated from the April-July averages) 18 Days (calculated from the April-July averages) 29.3 Days (calculated from the April-July averages)
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>	29.3 Days (calculated from the April-July averages) 58.3 Days (calculated from the April-July averages) 24.0 Days (calculated from the April-July averages) 36.8 Days (calculated from the April-July averages)
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.	73% Service Level (calculated from the April-July averages) 1.49 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.	72% Service Level (calculated from the April-July averages) 1.06 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-July 2006 averages:  Business Tax – 93.1% Personal Income Tax – 95.5%
Process sales tax registrations within 5 days of receipt.	4.1 Days
Assist taxpayers in legally dissolving or reinstating corporations within 30 days of receipt.	30.1 Days
Process enrollments and updates for mandatory and voluntary electronic funds transfer participants within 30 days.	11.5 Days
Resolve exceptions for mandatory and voluntary electronic funds transfer participants within 60 days.	8.0 Days
Process cigarette retail license applications/renewals within 10 days.	2.4 Days