

## PERFORMANCE BASED BUDGET YEAR TO DATE THROUGH JUNE 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 44 projects. During the fiscal year nine new projects have been approved and nine projects have been completed.
<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>	<p>Last month was the conclusion of the first year of the Leadership Academy. This reporting period reflects the first month's participation in the Leadership Academy year, June 1, 2006 - May 31, 2007.</p> <p>11% of the managers and leaders have participated in the Leadership Academy Program.</p> <p>Of the participating managers and leaders 8% have completed the amount of training required in the three categories.</p>
<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>	The template for the report is being formatted and finalized. The report will also contain an agency overview, as well as a report-out of the performance based budget measures.
<b>Respond to 95% of Disclosure and Government Exchange requests for information within 60 days.</b>	99.4%
<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>	98.3%
<b>Complete 95% of signed contract renewals six weeks prior to expiration date.</b>	7.4%
<b>Forward response to internal requests for legal guidance to Deputy Commissioner and Counsel within 30 days.</b>	77.8%
<b>Respond to external requests for legal advice and guidance within 60 days.</b>	66.7%
<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>	79.5%

<b>AUDIT, COLLECTION, AND ENFORCEMENT</b>	
<b>Performance Goal</b>	<b>Status</b>
<b>Meet or exceed 2006-07 Audit Plan target in first-year collections, including \$50 million from the tax shelter voluntary compliance initiative.</b>	\$ 989 Million
<b>Desk Audit:</b> ▪ <b>Complete 550,000 reviews</b>	191,719
<b>Corporation Tax Field Audit:</b> ▪ <b>Complete 2,800 reviews</b>	678
<b>Income Tax Field Audit:</b> ▪ <b>Complete 3,400 reviews</b>	955
<b>Sales Tax Field Audit:</b> ▪ <b>Complete 5,700 reviews</b>	1,806
<b>Transaction &amp; Transfer Tax Audit:</b> ▪ <b>Complete 800 reviews</b>	175
<b>Maintain average age of Audit protest inventory of 60 days or less.</b>	Average Age of Protest Inventory 6/30/2006: 81 Days
<b>Meet or exceed 2006-07 Collection Plan target in total cash collections.</b>	<p><b>Tax Collections</b></p> <p>Plan YTD: \$ 280,301,387 Actual YTD: \$ 295,885,969 Actual vs. Plan: \$ 15,584,582</p> <p><b>Child Support Enforcement</b></p> <p>Plan YTD: \$ 13,352,625 Actual YTD: \$ 13,982,161 Actual vs. Plan: \$ 629,536</p> <p><b>Total Collections</b></p> <p>Plan YTD: \$ 293,654,012 Actual YTD: \$ 309,868,130 Actual vs. Plan: \$ 16,214,118</p>
<b>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.</b>	The 12 month rolling recovery rate is 35.96% compared to 35.31% for the same period last year.
<b>Tax Collections Operations:</b> ▪ <b>Complete 1.2 million case contacts (Call Center and District Office incoming and outgoing telephone contacts + public counter)</b> ▪ <b>File 220,000 warrants</b> ▪ <b>Complete 220,000 other enforcement actions (levies served + income executions + business seizures)</b>	# of Case Contacts: 349,876  # of Warrants Filed: 65,449 # of Other Enforcement Actions: 86,509

<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: 23,164 # of Other Enforcement Actions: 22,520
<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>	1
<b>Refer 150 PATB Enforcement (excise tax) cases for prosecution, a 5% increase over 2005-06.</b>	98
<b>Refer 120 RCB Enforcement (income, franchise, and sales tax) cases for prosecution, a 5% increase over 2005-06.</b>	38
<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 95.6% acknowledged within 14 days 98.7% acknowledged within 22 days
<b>Schedule 90% of initial cases within 180 days.</b>	98.0% scheduled within 180 days
<b>Issue 85% of decisions within three months of conference date.</b>	88.2% issued within 3 months of conference date

## 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>With the exception of some remaining COD (Converted Return) scenarios, Release 2 activities have moved into maintenance mode. We continue to work closely with Audit/TSRD on the remaining/most complex COD scenarios.</p> <p><u>Release 3 – Personal Income Tax</u></p> <p>Business analysts for Release 3 continuing to work with the technical teams on the functional design. Analysis of changes required to the Release 2 application is continuing and the walk-through of those changes will be conducted during July leading to a detail work plan in August.</p> <p>Work on the validation of the proposed architectural changes for Release 3 continued at an intense pace during June. The first test, designed to connect most of the required architectural elements in the DTF environment, was successfully completed on June 30<sup>th</sup>. The second test, to introduce the final element (i.e., CICS Transaction Gateway) is scheduled to be completed July 7<sup>th</sup>. The final test, designed to test the performance of all aspects of the new architecture, is scheduled to be completed July 24<sup>th</sup>. Additionally, smaller tests are being conducted on individual components (e.g., the new database engine) as time permits.</p> <p>In addition to the technical aspects of the proposed new architecture, the e-MPIRE and ESD management teams are analyzing the other characteristics of this approach, such as:</p> <ul style="list-style-type: none"><li>– Shift in skill sets required to implement on the new platforms</li><li>– Resources required to build and test the new software</li><li>– Any associated change in the scope.</li></ul> <p>ESD and e-MPIRE are continuing to discuss the cost-benefit of alternative conversion strategies.</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>	ESD is continuing to work with the PMO toward this goal.
<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>	The high level 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 some resources may have to be added to meet a September deadline. OFT has arranged for weekly meetings to discuss the status of their web services to support SWAN. DTF staff is working on the business component coding and invocation schemes required by e-MPIRE and will be ready to test the 2 <sup>nd</sup> week of July.
<b>Implement Corporation Tax e-file by January 2007.</b>	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.

## TAX POLICY, REVENUE ACCOUNTING, AND TAXPAYER GUIDANCE

Performance Goal	Status
<b>Issue annual tax forms and instructions on time with 100% accuracy.</b>	100%
<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>	100%
<b>Issue advisory opinions within 90 days of receiving a completed petition.</b>	15.4%
<b>Prepare 100% of fiscal notes within four weeks of request.</b>	92.8%
<b>Implement a phased program of forms/instructions redesign and simplification, beginning with nonresident income tax return instructions.</b>	Ongoing
<b>Issue new industry-specific sales tax publications.</b>	Ongoing
<b>Develop new documents and regulatory proposals that will provide clarification to the taxpayer community on significant outstanding policy issues.</b>	Ongoing
<b>Implement Kudlow Commission recommendations as enacted into law.</b>	Not applicable for this period.

<b>CENTRALIZED OPERATIONS SUPPORT</b>	
<b>Performance Goal</b>	<b>Status</b>
<b>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.</b>	2.7% reduction
<b>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.</b>	2.1% reduction
<b>Mail 100% of all documents within deadlines.</b>	96.6%
<b>Maintain 100% error free inventory control of seized alcohol and tobacco products.</b>	OSB successfully tested the mass add and update/transfer functionality in the CMS Articles of Evidence Notebook which have been moved into production by ESD. This is a process improvement that will save time and reduce potential data entry errors. We have begun using bar code scanners to assist staff in entering evidence received into inventory. OSB is prepared for our next sales and will meet with OBMA July 25, to discuss timing of alcohol and tobacco auctions. Annual physical inventories will be conducted after completion of sales.

<b>TREASURY MANAGEMENT</b>	
<b>Performance Goal</b>	<b>Status</b>
<b>Prepare 99% of monthly reconciliations within 30 days of bank statement receipt. Treasury reconciles over 100* checking accounts each month.</b> * This estimate was adjusted from 150 checking accounts as written in original goal.	99.4%
<b>Mail 100% of General Checking Account checks on time. Daily average is 8,000 checks.</b>	100%
<b>Issue vendor checks requested by paper warrants within two days and checks requested electronically the same day.</b>	100% for both
<b>Issue PIT replacement checks within a week of receiving affidavit.</b>	99.2%
<b>Complete 99% of daily trades by 1 PM to maximize trading efficiency.</b>	99.7%
<b>Deposit and report 99.9% of receipts and disbursements within 24 hours.</b>	100%
<b>Issue UIB replacement checks within a week of receiving an LDA (Lost Draft Application).</b>	79.4%

## REVENUE PROCESSING AND RECONCILIATION

Performance Goal	Status
<b>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.</b>	Through June 2006 we processed 8,941,066 returns and collected \$23,362,780,109 in state and local tax payments on time with 100% accuracy.
<b>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.</b>	Exception rate increased slightly (by .32%) April – June 2006 over same period in 2005.
<b>Increase E-file and 2-D bar coding of personal income tax returns 25% over 2005-06 levels (to at least 60%).</b>	Increase of 27% through June
<b>Receive 62% of tax revenue by electronic funds transfer.</b>	38%
<b>Send 95% of PIT refunds to Office of the State Comptroller at least 10 days before interest start date.</b>	100%
<b>Deposit 99.5% of tax receipts within one day of receipt.</b>	98.3% (calculated from the April-June 2006 averages)
<b>Maintain average age of protest inventories at or below target levels:</b> <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>	23.3 Days (calculated from the April-June 2006 averages) 55 Days (calculated from the April-June 2006 averages) 16.7 Days (calculated from the April-June 2006 averages) 27 Days (calculated from the April-June 2006 averages)
<b>Maintain average age of exception inventories at or below target levels:</b> <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>	24.3 Days (calculated from the April-June 2006 averages) 50.3 Days (calculated from the April-June 2006 averages) 22.7 Days (calculated from the April-June 2006 averages) 40 Days (calculated from the April-June 2006 averages)
<b>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.</b>	72.7% Service Level (calculated from the April-June 2006 averages)  1.63 Attempts
<b>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.</b>	70.7% Service Level (calculated from the April-June 2006 averages)  1.06 attempts
<b>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.</b>	94.1% average quality score
<b>Resolve 90% of written inquiries (including protests) within 90 days.</b>	Calculated from the April-June 2006 averages  Personal Income Tax Protests      95.7% Corporation Tax Protests            86.7% Sales Tax Protests                      97.7% Withholding Tax Protests            97.0%

<b>Process sales tax registrations within 5 days of receipt.</b>	4.1 days
<b>Assist taxpayers in legally dissolving or reinstating corporations within 30 days of receipt.</b>	26.9 days
<b>Process enrollments and updates for mandatory and voluntary electronic funds transfer participants within 30 days.</b>	12.3 days
<b>Resolve exceptions for mandatory and voluntary electronic funds transfer participants within 60 days.</b>	6.7 days
<b>Process cigarette retail license applications/renewals within 10 days.</b>	2.2 days