

## PERFORMANCE BASED BUDGET YEAR-TO-DATE THROUGH NOVEMBER 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 35 projects. During the fiscal year nineteen new projects have been approved, twenty five 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 six months of the Leadership Academy year-June 1, 2006-May 31, 2007.  61% 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.	The following input has been received by the programs concerning the progress of the Voluntary Compliance Feedback Report. This will assist us in preparing the report.  Measuring compliance will become part of TCD's Data Warehouse Initiative (CISS 2) which is expected to be rolled out in stages after 4/1/2007. Tax Compliance is working to identify data needed for strategic level reporting and analysis of inventory, along with the key elements that will be incorporated into the data warehouse design to make it fully functional. As part of reporting, TCD will be incorporating a measure which will evaluate the recidivism rate, which will be attributed to voluntary compliance. OTPA is continuing to examine the problems with the way NAICS codes are being assigned and are designing solutions so that the NAICS codes will be accurate when the sales tax re-registration effort begins. The Audit Division's Sales Tax Voluntary Compliance Report has been completed.
Respond to 95% of Disclosure and Government Exchange requests for information within 60 days.	99.0%
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.	3.5%
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.	62.5%

Prepare tax-related budget bills and amendments accurately and on time.	100%
Resolve 95% of legislatively-referred constituent problems within 15 days.	81.1%

## 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.	\$2.185 Billion																											
<b>Desk Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 550,000 reviews</li> </ul>	466,246																											
<b>Corporation Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 2,800 reviews</li> </ul>	1,652																											
<b>Income Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 3,400 reviews</li> </ul>	2,368																											
<b>Sales Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 5,700 reviews</li> </ul>	4,315																											
<b>Transaction &amp; Transfer Tax Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 800 reviews</li> </ul>	421																											
Maintain average age of Audit protest inventory of 60 days or less.	97 Days																											
Meet or exceed 2006-07 Collection Plan target in total cash collections.	<p><b>Tax Collections</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Plan YTD:</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right;">749,485,033</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">810,782,112</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">61,297,079</td> </tr> </table> <p><b>Child Support Enforcement</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Plan YTD:</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right;">35,607,000</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">37,603,542</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">1,996,542</td> </tr> </table> <p><b>Total Collections</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Plan YTD:</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%; text-align: right;">785,092,033</td> </tr> <tr> <td>Actual YTD:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">848,385,654</td> </tr> <tr> <td>Actual vs. Plan:</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">63,293,621</td> </tr> </table>	Plan YTD:	\$	749,485,033	Actual YTD:	\$	810,782,112	Actual vs. Plan:	\$	61,297,079	Plan YTD:	\$	35,607,000	Actual YTD:	\$	37,603,542	Actual vs. Plan:	\$	1,996,542	Plan YTD:	\$	785,092,033	Actual YTD:	\$	848,385,654	Actual vs. Plan:	\$	63,293,621
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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 25.34% compared to 23.76% 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: 950,221  # of Warrants Filed: 162,104 # of Other Enforcement Actions: 159,496																											

<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: 59,094 # of Other Enforcement Actions: 84,850
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.	239
Refer 120 RCB Enforcement (income, franchise, and sales tax) cases for prosecution, a 5% increase over 2005-06.	106
Maintain downstate CITE cigarette regulatory compliance rate at 95% or better.	94%

## CONCILIATION AND MEDIATION

Performance Goal	Status
Acknowledge 95% of: <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% 96.7% 96.3%
Schedule 90% of initial cases within 180 days.	99.0%
Issue 85% of decisions within three months of conference date.	87.8%

## 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><b><u>Release 3 – Personal Income Tax</u></b></p> <p>Good progress on many parallel activities.</p> <p>The first system design milestone, November 30<sup>th</sup>, was largely a success - a small percentage of design packages were not completed by that date, but should not affect the overall schedule. Detailed Systems Design (DSD) review sessions have provided confidence in the R3 design which is scheduled to be completed in December. User Validation sessions to date have also been well received and confirm the design progress.</p> <p>Scope management was very active in November and will continue to be a critical success factor for the project. User divisions have been very supportive.</p> <p>Coding has begun in all areas, ahead of the original schedule. Within Returns Processing, where the new architecture is being implemented, initial programming and testing results have been positive.</p>

	<p>Analysis of the needs for the Training Environment continues in December and will identify the scope of the environment and the resources required to manage this.</p> <p>The Deployment Planning Team is progressing well in developing the 2008 implementation schedule &amp; will complete the plan by the end of January, 2007.</p> <p>The Application Development team managers have developed a Development Staging document that identifies the sequencing of unit and integration testing that will tie into the Deployment Plan. The strategy is to ensure that the highest volume return scenarios are tested first, followed by increased functionality based on the deployment plan.</p> <p>Testing for the CT Electronic Filing Program (ELF) has not progressed as planned. The design of the application by ESD and e-MPIRE is solid, the development is pretty much completed, but repair and re-testing activities are requiring much more time and effort than planned. These delays are affecting R3 "mapping" resources in returns processing. Migration processes also must be tested.</p> <p>The System/User Test Approach has been completed. We have requested an additional 40 User Testers to be on board by the end of February.</p> <p>OSC approved the contract for IT Services in early December. This is critical for recruiting additional contractor staff (e.g., coders, testers and trainers) and to minimize contactor turnover in R3.</p> <p>Nine (9) JAVA programmers were recruited and are scheduled to start over the next month. This is critical to building out the permanent workforce and reducing long term dependence on contractors.</p> <p><b>Release 4</b></p> <p>The system flows for Sales Tax are progressing as planned. We will deliver a high-level Release 4 plan to the Executive Leadership Team in mid-December.</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 14% of available staff time to project work. Eight mandatory IT projects have been completed. Six of the eight mandatory projects (75%) completed 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>SWAN, now known as OTC (On-line Tax Center) was delivered about two weeks behind schedule. Several thousands of users have been created as part of this initial offering. The other phases (with additional functionality) are expected to be completed in December.</p>

<p><b>Implement Corporation Tax e-file by January 2007.</b></p>	<p>Fed/State development is nearing completion and testing has begun. Coding of Java services needed for the project is being completed. Integration of these services by Process Server staff has been worked on this month. The Workplace Forms product has been installed in the development and test environments, and work is underway to map the Corp Tax screens to the XML data which will be stored in Viper.</p> <p>Two IBM Workplace forms projects are being developed. A development server has been set up, and a production Workplace forms server install has been scheduled. It has already been integrated with e-MPIRE and has been proven capable of solving the transcript issue with CT Fed/State e-filing. The first filing prototype (NYS-45) is underway and will be completed in December.</p>
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<p><b>TAX POLICY, REVENUE ACCOUNTING, AND TAXPAYER GUIDANCE</b></p>	
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Performance Goal	Status
<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>98.9%</p>
<p><b>Issue advisory opinions within 90 days of receiving a completed petition.</b></p>	<p>10.8%</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>The 2006 tax year IT-203 instructions have been redesigned.</p>
<p><b>Issue new industry-specific sales tax publications.</b></p>	<p>The following publication has been issued: Sales Tax Guide for Vet Services</p> <p>The following publication is in the final stages: Sales tax Guide for Broadcasters</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>The following documents have been issued:  Corporation Partnership regulation Stock Option regulation and TSB-M</p> <p>The Office of Tax Policy and Analysis will be issuing a new method of guidance "rulings" which are intended to provide guidance from the Department on specific questions related to certain facts that have general applicability.</p>
<p><b>Implement Kudlow Commission recommendations as enacted into law.</b></p>	<p>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.</p>

## CENTRALIZED OPERATIONS SUPPORT

<b>Performance Goal</b>	<b>Status</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.	9.9% 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.	7.0% increase
Mail 100% of all documents within deadlines.	98.4%
Maintain 100% error free inventory control of seized alcohol and tobacco products.	Alcohol auction scheduled for December 28 through February 23, 2007. Once bids are awarded and product picked up, an inventory of all remaining alcohol will be conducted and reconciled against the Law Manager data base inventory.

## TREASURY MANAGEMENT

<b>Performance Goal</b>	<b>Status</b>
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.	99.0%
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.	99.1%
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 November we processed 15,642,319 returns and \$51,081,547,280 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-November was 5.60%. This is an increase over the rate of 5.31% 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 through November increased 37.63% over last year.
Receive 62% of tax revenue by electronic funds transfer.	47.2%
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-November 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>	64 days 78 days 22 days 36 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>	20 days 68 days 22 days 28 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.	74.3% Service Level (calculated from the April-November averages)  1.27 attempts (calculated from the April-November 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.	72.0% Service Level (calculated from the April-November averages)  1.05 attempts (calculated from the April-November 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-November averages  Business Tax-91.7% Personal Income Tax-81.4%
Process sales tax registrations within 5 days of receipt.	3.9 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.	19.5 days
Resolve exceptions for mandatory and voluntary electronic funds transfer participants within 60 days.	7.3 days
Process cigarette retail license applications/renewals within 10 days.	3.0 days