

## PERFORMANCE BASED BUDGET YEAR-TO-DATE THROUGH SEPTEMBER 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 36 projects. During the fiscal year thirteen new projects have been approved, nineteen have been completed and three were 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 four months of the Leadership Academy year June 1, 2006-May 31, 2007.  43% 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>	A progress report on the pilot voluntary compliance initiatives undertaken by Audit, TCD, TSRD and OPA will be completed by the end of November, 2006.
<b>Respond to 95% of Disclosure and Government Exchange requests for information within 60 days.</b>	98.9%
<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>	98.9%
<b>Complete 95% of signed contract renewals six weeks prior to expiration date.</b>	4.0%
<b>Forward response to internal requests for legal guidance to Deputy Commissioner and Counsel within 30 days.</b>	55.6%
<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>	81.8%

## 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.	\$ 1.610 Billion																											
<b>Desk Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 550,000 reviews</li> </ul>	411,710																											
<b>Corporation Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 2,800 reviews</li> </ul>	1,278																											
<b>Income Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 3,400 reviews</li> </ul>	1,815																											
<b>Sales Tax Field Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 5,700 reviews</li> </ul>	3,421																											
<b>Transaction &amp; Transfer Tax Audit:</b> <ul style="list-style-type: none"> <li>▪ Complete 800 reviews</li> </ul>	334																											
Maintain average age of Audit protest inventory of 60 days or less.	Average Age of Protest Inventory 9/30/2006: 72 Days																											
Meet or exceed 2006-07 Collection Plan target in total cash collections.	<p><b>Tax Collections</b></p> <table border="0"> <tr> <td>Plan YTD:</td> <td>\$</td> <td>561,452,776</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>619,996,017</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>58,543,241</td> </tr> </table> <p><b>Child Support Enforcement</b></p> <table border="0"> <tr> <td>Plan YTD:</td> <td>\$</td> <td>26,705,250</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>28,505,388</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>1,800,138</td> </tr> </table> <p><b>Total Collections</b></p> <table border="0"> <tr> <td>Plan YTD:</td> <td>\$</td> <td>588,158,026</td> </tr> <tr> <td>Actual YTD:</td> <td>\$</td> <td>648,501,405</td> </tr> <tr> <td>Actual vs. Plan:</td> <td>\$</td> <td>60,343,379</td> </tr> </table>	Plan YTD:	\$	561,452,776	Actual YTD:	\$	619,996,017	Actual vs. Plan:	\$	58,543,241	Plan YTD:	\$	26,705,250	Actual YTD:	\$	28,505,388	Actual vs. Plan:	\$	1,800,138	Plan YTD:	\$	588,158,026	Actual YTD:	\$	648,501,405	Actual vs. Plan:	\$	60,343,379
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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 25.14% compared to 23.09% 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: 730,744  # of Warrants Filed: 113,761 # of Other Enforcement Actions: 177,838																											
<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: 45,930 # of Other Enforcement Actions: 47,951																											

<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>	19
<b>Refer 150 PATB Enforcement (excise tax) cases for prosecution, a 5% increase over 2005-06.</b>	182
<b>Refer 120 RCB Enforcement (income, franchise, and sales tax) cases for prosecution, a 5% increase over 2005-06.</b>	74
<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> <ul style="list-style-type: none"> <li>▪ <b>accepted cases within 14 days</b></li> <li>▪ <b>rejected cases within 14 days</b></li> <li>▪ <b>dismissed cases within 22 days</b></li> </ul>	99.8% acknowledged within 14 days 97.0% acknowledged within 14 days 99.2% acknowledged within 22 days
<b>Schedule 90% of initial cases within 180 days.</b>	98.7% scheduled within 180 days
<b>Issue 85% of decisions within three months of conference date.</b>	87.6% issued within three months

## 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 3 – Personal Income Tax</u></p> <p>The R3 Core Team began the review of the Functional Design in early September. Updates based on this review will be applied as they are identified.</p> <p>An updated high-level schedule based on the Functional Requirements and Application Modifications was delivered to executive leadership. R3 implementation started in November 2005 and is scheduled to be completed during the 2008 processing season. Software will deploy incrementally based on the processing requirements of the annual cycle.</p> <p>The R3 conversion strategy was approved by senior management. The strategy minimizes the data converted - - i.e., only unapplied Estimated Tax payments and credit forwards as of January 2008. Current year tax returns will be processed in e-MPIRE; previous and prior year returns will be processed on the current platform and phased into e-MPIRE over the next two years. This significantly limits the amount of data to be converted. The current platform will also be modified (as necessary) to provide a backup for current year returns in 2008 should unforeseen delays occur.</p> <p>The Department announced the award for services under the new RFP for Information Technology Consulting Services which replaces the previous MASA agreement.</p> <p>Training of e-MPIRE and ESD staff on the new technologies began in September. The architecture committee process continues to meet as necessary to plan for and monitor the implementation of the new architecture -- e.g., migration strategies, configuration management.</p> <p>Development of the Core Team User Validation approach and schedule was initiated in September. Validation sessions will begin in November.</p> <p>Discussions (e-MPIRE, TSRD, Audit and ESD) continue on training, change management and other employee preparedness strategies which recognize the size and scope of R3 and the wide-reaching impact on user organizations. The rapid ramp-up of PIT does not allow for the phased deployment approach used for Corporation Tax. Thus, ensuring organizational readiness is critical to successful implementation and must be allowed adequate time in the schedule.</p>

	<p><u>Release 4</u></p> <p>The R4 Business Requirements will be completed by the R4 Core Team on schedule in mid-October. The next step will be to map the requirements to the business flow of returns through the department -- an approach used in R3 which provided a great 'briefing' tool.</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 10% of available staff time to project work. Six mandatory IT projects have been completed. Four of the six mandatory projects (66%) 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>	The detail design of SWAN is moving toward an October delivery. Several web services developed by DTF and OFT to support the SWAN application have been tested. DTF staff is testing on the business component coding and invocation schemes required by e-MPIRE. The long term migration and support mechanisms for SWAN are being developed.
<b>Implement Corporation Tax e-file by January 2007.</b>	Fed/State prototyping continues. Application Architecture has developed the services needed for the GetSubmissions web service and have retrieved sample e-filing transactions from the IRS Master e-filing Gateway (MeF) server. Several of the state and federal sample e-filings have been loaded into Viper. Workplace forms are being investigated for use in this project. Fed/State development continues. Meeting with Attorney General's office regarding their application which is going live in the next two weeks.

## TAX POLICY, REVENUE ACCOUNTING, AND TAXPAYER GUIDANCE

<b>Performance Goal</b>	<b>Status</b>
<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>	98.3%
<b>Issue advisory opinions within 90 days of receiving a completed petition.</b>	11.1%
<b>Prepare 100% of fiscal notes within four weeks of request.</b>	92.9%
<b>Implement a phased program of forms/instructions redesign and simplification, beginning with nonresident income tax return instructions.</b>	The 2006 tax year IT-203 instructions have been redesigned.
<b>Issue new industry-specific sales tax publications.</b>	<p>The following publication has been issued:</p> <p>Sales Tax Guide for Vet Services</p> <p>The following publication is in the final stages:</p> <p>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:</p> <p>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>

<p><b>CENTRALIZED OPERATIONS SUPPORT</b></p>	
<p><b>Performance Goal</b></p>	<p><b>Status</b></p>
<p><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></p>	<p>7.0% reduction</p>
<p><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></p>	<p>1.9% increase</p>
<p><b>Mail 100% of all documents within deadlines.</b></p>	<p>98.1%</p>
<p><b>Maintain 100% error free inventory control of seized alcohol and tobacco products.</b></p>	<p>Planned alcohol auction to be rescheduled after inventory listings are adjusted to reflect the reduced volumes of alcohol available for sale as a result of the transference of 13 lots to OTE for use in field operations.</p>

<p><b>TREASURY MANAGEMENT</b></p>	
<p><b>Performance Goal</b></p>	<p><b>Status</b></p>
<p><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.</p>	<p>99.4%</p>
<p><b>Mail 100% of General Checking Account checks on time. Daily average is 17,000 checks (the original estimate was 8,000).</b></p>	<p>100%</p>
<p><b>Issue vendor checks requested by paper warrants within two days and checks requested electronically the same day.</b></p>	<p>100% for both</p>
<p><b>Issue PIT replacement checks within a week of receiving affidavit.</b></p>	<p>99.4%</p>

<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> *This goal reflects deposits of checks only.	100%
<b>Issue UIB replacement checks within a week of receiving an LDA (Lost Draft Application).</b>	88.1%

## REVENUE PROCESSING AND RECONCILIATION

<b>Performance Goal</b>	<b>Status</b>
<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 September we processed 13,165,778 returns and \$40,774,241,776 in state and local tax payments on time with 99.9% 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>	The cumulative rate for April through September was 5.29%. This is an increase over the rate of 4.68% for the same period last year.
<b>Increase E-file and 2-D bar coding of personal income tax returns 25% over 2005-06 levels (to at least 60%).</b>	Filings from April through September increased 35.9% over last year.
<b>Receive 62% of tax revenue by electronic funds transfer.</b>	43.9%
<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>	98.7% (calculated from the April-September 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>	63 days 61 days 18 days 30 days
<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>	11 days 77 days 20 days 43 days
<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>	73.2% Service Level (calculated from the April-September averages) 1.35 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>	69% Service Level (calculated from the April-September 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%
<b>Resolve 90% of written inquiries (including protests) within 90 days.</b>	Calculated from the April-September 2006 averages Business Tax-92.6% Personal Income Tax-90%
<b>Process sales tax registrations within 5 days of receipt.</b>	4.2 Days
<b>Assist taxpayers in legally dissolving or reinstating corporations within 30 days of receipt.</b>	29 Days

<b>Process enrollments and updates for mandatory and voluntary electronic funds transfer participants within 30 days.</b>	15.5 Days
<b>Resolve exceptions for mandatory and voluntary electronic funds transfer participants within 60 days.</b>	8.7 Days
<b>Process cigarette retail license applications/renewals within 10 days.</b>	2.4 Days