

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 5040-A

Carrier – House: Rep. Eyre Brewer

Carrier – Senate: Sen. Whitsett

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 25 – 0 – 0

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant

– Nays:

– Exc:

Senate – Yeas: Bates, Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Jim Carbone, Department of Administrative Services

Reviewed By: Laurie Byerly, Legislative Fiscal Office

Meeting Date: June 15, 2011

Agency

Department of Revenue

Emergency Fund

Budget Page

I-19

LFO Analysis Page

241

Biennium

2011-13

Budget Summary*

	2009-11		2011-13		Committee Change from		
	Legislatively Approved Budget (1)	Current Service Level	Governor's Budget	2011-13 Committee Recommendation	2009-11 Leg Approved	\$ Change	% Change
<u>Department of Revenue</u>							
General Fund	\$ 143,053,692	\$ 167,090,664	\$ 151,329,855	\$ 146,632,440	\$ 3,578,748	+2.5%	
Other Funds	37,750,575	41,424,261	44,962,544	34,286,317	(3,464,258)	-9.2%	
Other Funds - Non Limited	263,830	270,162	1,945,006	1,945,006	1,681,176	+637.2%	
Total:	\$ 181,068,097	\$ 208,785,087	\$ 198,237,405	\$ 182,863,763	\$ 1,795,666	+1.0%	

Position Summary

Department of Revenue

Authorized Positions	1,109	1,086	1,053	1,051	-58
Full-time Equivalent (FTE) Positions	1,027.14	1,019.40	992.84	990.84	-36.30

(1) Includes adjustments through March 2011.

* Excludes Capital Construction expenditures

Emergency Fund

General Fund - Special Purpose Appropriations
 Department of Revenue ERA-NPH

2,900,000

Summary of Revenue Changes

The Department of Revenue (DOR) administers the state's income tax and property tax programs. In addition, the Department collects revenue from a variety of sources and transfers it to various state and local agencies. These revenue sources include taxes on: a) cigarettes and other tobacco products; b) amusement devices; c) payroll (for local mass-transit); d) timber, oil, and gas severance; and e) the harvesting of forest products. The Department also collects and distributes hazardous substance fees, court fines and assessments, and taxpayer check-off donations; serves as the collection agency for fines, forfeitures, and assessments owed to state agencies; and administers property tax relief programs for senior citizens and persons with disabilities. The agency will need to reconcile revenue accounts to align with adjustments to these revenue streams consistent with updated revenue forecasts and legislative changes.

The recommended budget includes a policy package that will increase the state's General Fund revenue stream:

- Package 199 – Audits, Filing Enforcement & Collections adds capacity for filing enforcement, audits, collections, and taxpayer assistance effort. In 2011-13, these resources will generate \$14.7 million in General Fund revenue above the December 2010 forecast amount.

The Legislative Revenue Office’s fiscal impact statement is consistent with this adjustment.

Summary of General Government Subcommittee Action

For the 2011-13 biennium, the Subcommittee approved a budget of \$182,863,763 total funds and 1,051 positions (990.84 FTE). This funding level is 1.0 percent above the 2009-11 Legislatively Approved Budget.

The Subcommittee approved the following budget adjustments across all agency divisions:

- Package 085, Package 086, and Package 087, which continue the June 2010 General Fund allotment reductions, eliminate inflation, and decrease projected personal services costs by 5.5 percent.
- Package 801 – Targeted Statewide Adjustments. This package implements a statewide reduction included in the Co-Chairs’ Budget, which is a 6.5 percent reduction from total General Fund Services and Supplies expenditures in the Governor’s Recommended Budget. This is in addition to Package 086, which eliminated most Services and Supplies inflation originally built into the budget.
- Package 819 – Supplemental Statewide Ending Balance. This 3.5 percent across-the-board General Fund reduction is intended to be applied against spending levels in the second year of the biennium and not to affect program delivery in the first year. To reinforce that intent, the agency’s budget bill includes specific language allowing the agency to expend up to 54 percent of its total biennial General Fund appropriation in the first year of the biennium.

The amount of the reduction for the supplemental ending balance may be restored to the agency during the February 2012 session for the second year of the biennium depending on economic conditions. Therefore, the Co-Chairs of the Joint Committee on Ways and Means expect the agency director to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage the budget accordingly.

The Subcommittee made other adjustments specific to each division; these are detailed below along with items of note from the standard package adjustments described above.

Executive Section

Only standard package adjustments were made by the Subcommittee in this division; carrying forward the 2009-11 allotment reductions resulted in the elimination of one clerical position and one public affairs specialist position.

General Services Section/Strategic Policy Division

In addition to standard adjustments, the Subcommittee approved Package 090, Budget and Management Analyst Adjustments. This package shifts the cost of third-party charges for collection activities away from the General Fund and to delinquent taxpayers. The agency will continue to incur these costs, but will pay them with revenue from a fee passed on to the delinquent taxpayer, as allowed under ORS 293.231. The fees cannot exceed the actual collection fee of the private collection agency or other third-party service provider.

The Subcommittee did not approve Policy Package 121 – Core System Replacement, which requested \$10.7 million Other Funds expenditure limitation for the first phase of an extensive systems replacement project. The project, which is expected to take seven years to complete, is estimated to require an initial one-time investment of approximately \$92 million. The project is expected to generate a three to one return on investment, or about \$315 million, over the first eight-year period. The Department anticipates taking advantage of that return by using a “benefits-based” contract to complete the project. This type of funding model would allow the agency to pay for the project out of the additional funds collected and directly attributable to the project.

In order to further refine both project costs and the specifics of the funding model, the Department plans to issue a Request for Proposal (RFP) in June 2011. With that information obtained and analyzed, the agency would likely bring forward a budget request during the 2012 Legislative Session. In addition, the Department acknowledged that there is some additional work to do on the project’s business case and foundational planning documentation. With that discussion in mind, the Subcommittee adopted the following budget note:

Budget Note

The Department of Revenue is directed to further develop its foundational project planning for the Core Systems Replacement Project. While a significant amount of work has already gone into the initial business case, DOR needs to complete additional foundational work to ensure project readiness prior to seeking final legislative project and funding approval. By January 1, 2012, the Department shall submit a report on the updated foundational project planning documentation, business case, and funding plan to the Legislative Fiscal Office (LFO) for review and approval. In addition, prior to seeking funding approval, the Department will submit a report on the project to the Joint Legislative Audits and Information Management and Technology Committee for its review and approval. The foundational planning documents and business case updates should include the following:

Foundational Requirements	Products
1. Requirements Analysis	A detailed requirements document (i.e. functional, non-functional, operational, security, data, legal, design, performance, etc.) based upon quality use cases, needs to be developed to clearly define the scope and needs related to replacing DOR’s current core application systems and related databases. This document will be a key component of DOR’s RFP process
2. Key Strategies and Assumptions Document	A document describing the key project strategies, assumptions, and mitigation strategies (i.e. customization strategy, etc.) needs to be developed to help mitigate major risks related to the Core System Replacement Project.

3. Architectural Models	A set of high-level conceptual “as-is” and “to-be” architectural (i.e. business, data, information, applications, and security domains) models needs to be developed to help guide COTS product selection. A set of architectural principles needs to be established for each architectural domain.
4. Business Models	A robust “as-is” business model for the major business functions, business rules, application, data, security, interfaces, and infrastructure of DOR’s current environment that are going to be replaced by the solution selected for the Core System Replacement Project.
5. Best Practices	A more detailed analysis of “IT best practices” and associated “lessons learned” from similar projects in other states needs to be conducted.
6. Legal Analysis	A legal analysis of key legal questions/issues that may result from a major reengineering of DOR’s core business, application, and data environment.
7. RFP Development, Execution, and Evaluation	A detailed RFP based upon a quality set of requirements (#1 above) needs to be developed. Vendor proposals need to be evaluated via a well-defined selection methodology and criteria. Key risks associated with each vendor proposal need to be identified and included in the selection methodology
8. COTS Package Review	A review of the results of the RFP to evaluate the most promising candidates among Commercial-Off-The-Shelf (COTS) products needs to be conducted.
9. Conduct Site Visits	Formal visits of the higher-ranking COTS package vendors need to be conducted to review results, best practices, implementation approaches, and data conversion strategies.
10. Business Case Update	The actual Core Systems Replacement Project Business Case documentation needs to be updated with the findings from items #1-#9 above.
11. High-Level Risk Analysis and Mitigation Plan	As part of the update of the Business Case, a detailed risk analysis, plus an associated risk mitigation plan needs to be developed to focus on all major risks that have been identified for the project.
12. Revised High-Level Work Plan and Budget	A work plan and budget for the proposed solution (covering development, maintenance, implementation, and operational elements) including a work breakdown structure (WBS), schedule, estimates, resource/staffing plan, and financial plan needs to be developed.

The Subcommittee approved Package 802 – Vacant Position Savings, abolishing one position (1.00 full-time equivalent). The eliminated position is a management Operations and Policy Analyst 3 position located in the Strategic Policy Division.

Another budget note, which reflects discussion around the agency’s core systems replacement project and how it fits within DOR’s overall strategy to improve business processes and performance outcomes, was approved:

Budget Note

The Subcommittee expects the Agency Management Team and Strategic Planning Division (SPD) at the Department of Revenue to demonstrate its leadership and effectiveness across all aspects of the Department of Revenue's programs; not only those supporting the core systems replacement project. Accordingly, the Department is directed to report their progress to the Joint Committee on Ways and Means during the 2012 Legislative Session on the following:

1. Results from actions led by SPD to improve the agency's business practices and processes. What activities or steps have been taken to make the agency more effective and efficient? What process improvement activities have you accomplished? What training and tools have been implemented to continually improve the organization? What metrics have informed operational decisions to improve efficiency and effectiveness of the major programs?
2. Enhancing and improving voluntary compliance which includes strategies to address tax gap. How is SPD guiding the agency to develop strategic plans, tools, and measures to identify the tax gap? What is SPD doing to identify reasons for noncompliance and taxpayer trends? What measures are in place to measure the gap and how agency activities influence it? What are the next steps for SPD in this area? How is SPD implementing the lessons learned in the agency?
3. Efforts to ensure that frontline staff are being listened to and are engaging in the agency's strategic plan. What deliverables from frontline staff and managers are implemented on time and within budget? What are employee survey results telling agency management? What training has SPD and HR given managers to improve employee engagement? Is it reflected in the performance management system?

Administrative Services Division

In this division a total of 28 positions are eliminated in Package 085 – Allotment Reduction Roll-ups. Thirteen of the positions are in information technology job classifications, 13 are in clerical and administrative support classifications and 2 are management/policy positions. These positions were held vacant during 2011-13 to help balance the statewide budget.

The Subcommittee approved Package 199 - Audits, Filing Enforcement and Collections. Similar packages are included in Personal Tax and Compliance Division, and the Business Division. Collectively they will generate an additional \$14.7 million in General Fund revenue above the December 2010 revenue forecast amount. In this division, the package adds two information systems specialist positions, which will provide the technical assistance and system expertise to support audit and collection efforts. Also approved was Package 802 – Vacant Position Savings, abolishing one position (1.00 full-time equivalent). The eliminated position is an Information Systems Specialist 2 position in the Production Control Unit.

Property Tax Division

In this division a total of 11 positions are eliminated in Package 085 – Allotment Reduction Roll-ups. About half the positions perform appraiser analyst functions, while the rest are program and technical support positions.

The Subcommittee approved Package 090 - Budget and Management Analyst Adjustments. This package eliminates two Appraiser Analyst 3 positions (2.00 full-time equivalents).

Personal Tax and Compliance Division

In this division, a total of 22 positions were eliminated in Package 085 (Allotment Reduction roll-Ups). Please note that 21 of these positions, or their equivalents, are reauthorized in Package 199 (see below).

The Subcommittee approved Package 090 - Budget and Management Analyst Adjustments. This package restores one Administrative Specialist 1 position that was eliminated in Package 085 (Allotment Reduction Roll-Ups). The position was not held vacant for allotment reductions so it is restored. The cost of the position is offset by a corresponding reduction in Services and Supplies, so there is no net cost for this package.

The Subcommittee approved Package 152 - Audit Revenue Reprioritization. This package, included in the Governor's Budget, uses General Fund to continue funding two audit units that were funded in 2009-11 with Other Funds from the Tax Amnesty program. Amnesty revenue will not be available in 2011-13, so General Fund is used to support the units. The additional revenue that is generated by these units previously funded the Building Opportunities for Oregon Small Business Today (BOOST) program. However, the Subcommittee approved directing the additional \$18 million in gross revenue generated by these units in 2011-13 to the General Fund to support more critical budget priorities. There is a companion package in the Business Division; authorizing legislation will be part of a budget program change bill.

The Subcommittee approved Package 199 - Audits, Filing Enforcement and Collections. Similar packages are included in Administrative Services Division and the Business Division. Collectively they will generate an additional \$14.7 million in General Fund revenue above the December 2010 revenue forecast amount. In this division, the package adds 21 positions: five Revenue Agent 1's for revenue collections; four Tax Auditor 1's; one Tax Auditor 2 for more complex audits; one Operations Analyst for program processes and reporting; one Administrative Specialist 1 for filing enforcement; four Office Specialist 1's to support audit and collections efforts; one Office Specialist 2 for customer service and payment processing in the Eugene field office; and four Public Service Representatives 3's for telephone and in person taxpayer help.

Business Division

The Subcommittee's recommendation for Package 086 – Allotment Reduction Roll-ups included the elimination of 16 positions. Ten of these, or their equivalents, are reauthorized in Package 199 (see below).

The Subcommittee approved Package 090 - Budget and Management Analyst Adjustments. This package restores one Office Specialist 2 position that was eliminated in Package 085 (Allotment Reduction Roll-Ups). The position was not held vacant for allotment reductions so it is restored. The cost of the position is offset by a corresponding reduction in Services and Supplies, so there is no net cost for this package.

The Subcommittee approved Package 152 - Audit Revenue Reprioritization. This package, also included in the Governor's Budget, uses General Fund to continue funding two audit units that were funded in 2009-11 with Other Funds from the Tax Amnesty program; amnesty revenue will not be available in 2011-13. Previously, the revenue generated by these units funded the BOOST program. However, the Subcommittee

recommends that the additional \$18 million in gross revenue generated by these units in 2011-13 be redirected to the General Fund to support more critical budget priorities. There is a companion package in the Personal Tax and Compliance Division; authorizing legislation will be part of a budget program change bill.

The Subcommittee approved Package 163 - Other Agency Accounts Permanent Funding. This package, included in the Governor's Budget, continues 13 limited duration positions as permanent for collections activities on behalf of other agencies. These positions were initially approved as limited duration in 2009-11 primarily due to uncertainty about a Judicial Department proposal to expand its in-house collection efforts. That proposal did not go forward and, instead, Judicial increased the number of accounts being sent to the Department of Revenue for collection from about 12,000 new account assignments per month up to 16,000-20,000 new accounts per month.

The Subcommittee approved Package 199 - Audits, Filing Enforcement and Collections. Similar packages are included in Administrative Services Division and Personal Tax and Compliance Division. Collectively they will generate an additional \$14.7 million in General Fund revenue above the December 2010 revenue forecast amount. In this division, the package adds ten positions: four Revenue Agent 1's to collect liabilities for withholding and corporate tax programs; two Tax Auditor 1's for audits of domestic and multi-state/limited corporations; two Tax Auditor 2's for more complex audits of multi-jurisdictional corporations; one Senior Economist for tax policy analysis; and one Operations and Policy Analyst.

The Subcommittee discussed the agency's efforts to improve its collection and audit efforts and increase the state's return on its investment in the Department. The agency explained actions it is taking to implement guidance from a Secretary of State audit report issued in August 2010 that focused on strategies for increasing income tax compliance and revenue collections. The Subcommittee adopted the following budget note:

Budget Note

The Department of Revenue is directed to work with the Office of Economic Analysis and the Legislative Revenue Office to develop a methodology to determine what portions of the state's personal and corporate income tax receipts are attributable to the enforcement work (audit and collection efforts) performed at the Department of Revenue. The intent is to quantify the return on investments made in the agency's enforcement resources and to use that information to help inform decisions about potential future investments. In addition, a baseline calculation for enforcement efforts can be used to delineate between enforcement revenues and revenues from voluntary collections within the context of the quarterly revenue forecast.

Prior to formally adopting a methodology, the Department will report on its proposed methodology to the House and Senate Revenue Committees (either interim or session). In addition, the Department will report to the Joint Committee on Ways and Means during the 2012 Legislative Session on the methodology and a plan for integrating it into budget development for the 2013-15 biennium.

Elderly Rental Assistance

The Subcommittee approved Package 085 - Allotment Reduction Roll-Ups and Package 090 - Analyst Adjustments. However, these packages, which eliminated the program, were subsequently restored in Package 811.

The Subcommittee approved Package 811 - Mitigate GRB Reductions in ERA-NPH. This package restores \$3 million General Fund, which is intended to cover the Elderly Rental Assistance and Non-Profit Homes for the Elderly programs for the first year of the biennium. Payments are usually made in October and, under statute, can be prorated if funding is insufficient.

Special Purpose Appropriation

Another \$2.9 million General Fund is recommended for a Special Purpose Appropriation in the Emergency Fund, to be used in the second half of the biennium. A budget note was also adopted directing the Department to work with state agencies to evaluate potential program changes and funding requirements. A report from this workgroup is due during the February 2012 Legislative Session and is expected to inform decision makers on how best to plan for the future of these programs and eventually allocate funding from the Special Purpose Appropriation.

Budget Note

The Department of Revenue together with Oregon Housing and Community Services and the Department of Human Services shall convene a workgroup to review and report on the Elderly Rental Assistance and the Non-profit Homes for the Elderly programs. The overall charge of the workgroup is to provide the Legislature enough information to determine whether or how the programs should be continued beyond the 2011-13 biennium.

The review and report should include an analysis of each program's purpose and performance outcomes, along with current and future funding requirements. The work group should also identify to what extent other state or federal services to the elderly overlap or duplicate these two programs.

The work group shall develop a range of service delivery and funding options for the programs. These should include, but are not limited to, complete program elimination, consolidation with other existing programs, or maintenance of the current structure.

The agencies shall provide a report to the Joint Committee on Ways and Means during the February 2012 Legislative Session.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5040-A

**Department of Revenue
Jim Carbone -- (503) 378-3619**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$ 143,053,692	\$ 0	\$ 37,750,575	\$ 263,830	\$ 0	\$ 0	\$ 181,068,097	1,109	1,027.14
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 167,090,664	\$ 0	\$ 41,424,261	\$ 270,162	\$ 0	\$ 0	\$ 208,785,087	1,086	1,019.40
2011-13 Governor's Recommended Budget*	\$ 151,329,855	\$ 0	\$ 44,962,544	\$ 1,945,006	\$ 0	\$ 0	\$ 198,237,405	1,053	992.84
SUBCOMMITTEE ADJUSTMENTS (from GRB)									
SCR 001 - Executive Section									
Package 801 - Targeted Statewide Adjustment									
Services and Supplies	\$ (71,153)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (71,153)	0	0.00
Package 819 - Supplemental Statewide Ending Balance									
Personal Services	\$ (85,868)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (85,868)	0	0.00
Services and Supplies	\$ (38,309)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (38,309)	0	0.00
SCR 002 - General Services Section/Strategic Policy Division									
Package 121 - Core System Replacement - DENIED									
Services and Supplies	\$ 0	\$ 0	\$ (10,650,000)	\$ 0	\$ 0	\$ 0	\$ (10,650,000)	0	0.00
Package 801 - Targeted Statewide Adjustment									
Services and Supplies	\$ (244,985)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (244,985)	0	0.00
Package 802 - Vacant Position Savings									
Personal Services	\$ (170,690)	\$ 0	\$ (14,842)	\$ 0	\$ 0	\$ 0	\$ (185,532)	(1)	(1.00)
Package 819 - Supplemental Statewide Ending Balance									
Personal Services	\$ (61,566)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (61,566)	0	0.00
Services and Supplies	\$ (131,916)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (131,916)	0	0.00
SCR 003 - Administrative Services Division									
Package 801 - Targeted Statewide Adjustment									
Services and Supplies	\$ (944,001)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (944,001)	0	0.00
Package 802 - Vacant Position Savings									
Personal Services	\$ (130,926)	\$ 0	\$ (11,385)	\$ 0	\$ 0	\$ 0	\$ (142,311)	(1)	(1.00)
Package 819 - Supplemental Statewide Ending Balance									
Personal Services	\$ (1,176,486)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,176,486)	0	0.00
Services and Supplies	\$ (508,267)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (508,267)	0	0.00
Capital Outlay	\$ (6,087)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (6,087)	0	0.00

*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
SCR 004 - Property Tax Division										
Package 801 - Targeted Statewide Adjustment										
Services and Supplies	\$ (183,842)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (183,842)	0	0.00	
Package 819 - Supplemental Statewide Ending Balance										
Personal Services	\$ (407,172)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (407,172)	0	0.00	
Services and Supplies	\$ (98,983)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (98,983)	0	0.00	
Capital Outlay	\$ (152)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (152)	0	0.00	
SCR 005 - Personal Tax and Compliance										
Package 801 - Targeted Statewide Adjustment										
Services and Supplies	\$ (467,687)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (467,687)	0	0.00	
Package 819 - Supplemental Statewide Ending Balance										
Personal Services	\$ (1,775,945)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,775,945)	0	0.00	
Services and Supplies	\$ (251,831)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (251,831)	0	0.00	
Capital Outlay	\$ (12,170)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (12,170)	0	0.00	
SCR 006 - Business Division										
Package 801 - Targeted Statewide Adjustment										
Services and Supplies	\$ (187,586)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (187,586)	0	0.00	
Package 819 - Supplemental Statewide Ending Balance										
Personal Services	\$ (639,500)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (639,500)	0	0.00	
Services and Supplies	\$ (101,032)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (101,032)	0	0.00	
Capital Outlay	\$ (1,261)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,261)	0	0.00	
SCR 019 - Elderly Rental Assistance										
Package 811 - Mitigate Reductions in ERA-NPH										
Special Payment Acct. 6060	\$ 3,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000,000	0	0.00	
TOTAL ADJUSTMENTS	\$ (4,697,415)	\$ 0	\$ (10,676,227)	\$ 0	\$ 0	\$ 0	\$ (15,373,642)	(2)	(2.00)	
SUBCOMMITTEE RECOMMENDATION *	\$ 146,632,440	\$ 0	\$ 34,286,317	\$ 1,945,006	\$ 0	\$ 0	\$ 182,863,763	1,051	990.84	
% Change from 2009-11 Leg Approved Budget	2.5%	0.0%	-9.2%	637.2%	0.0%	0.0%	1.0%	-5.2%	-3.5%	
% Change from 2011-13 Current Service Level	-12.2%	0.0%	-17.2%	619.9%	0.0%	0.0%	-12.4%	-3.2%	-2.8%	
% Change from 2011-13 Gov's Recommended Budget	-3.1%	0.0%	-23.7%	0.0%	0.0%	0.0%	-7.8%	-0.2%	-0.2%	
EMERGENCY BOARD										
Special Purpose Appropriation										
ERA/NPH Second Year	\$ 2,900,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,900,000			

*Excludes Capital Construction Expenditures

Legislatively Approved 2011-2013 Key Performance Measures

Agency: REVENUE, DEPARTMENT of

Mission: We make tax systems work to fund the public service that preserve and enhance the quality of life for all citizens.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - Dollars Collected Per Revenue Agent Per Month (Personal Income Tax)		Approved KPM	118,265.00	121,000.00	123,000.00
2 - Percent of Property Taxes Collected.		Approved KPM	93.40	93.80	93.80
3 - Percent of Assessor's Maps Digitized in a GIS Format.		Approved KPM	69.00	95.00	95.00
5 - Personal Income Tax Nonfiler Assessments Issued Per Employee Per Month.		Approved KPM	49.00	45.00	45.00
6 - Personal Income Tax and Corporation Tax Cases Closed Per Revenue Agent Per Month.		Approved KPM	159.00	170.00	170.00
7 - Delinquent Returns Filed After Compliance Contact Per Filing Enforcement Employee Per Month.		Approved KPM	25.00	26.00	26.00
8 - Average Days to Process Personal Income Tax Refund.		Approved KPM	12.00	12.00	12.00
9 - Percent of Personal Income Tax Returns Filed Electronically		Approved KPM	67.00	71.00	72.00
10 - Employee Work Environment (based upon a scale of 1-6)		Approved KPM	4.34	5.00	5.00
11 - Employee Training Per Year (percent receiving 20 hours per year).		Approved KPM	38.00	60.00	60.00
12 - Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.		Approved KPM		96.00	96.00
12 - Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Accuracy	Approved KPM	91.21	96.00	96.00

Agency: REVENUE, DEPARTMENT of

Mission: We make tax systems work to fund the public service that preserve and enhance the quality of life for all citizens.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
12 - Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Availability of Information	Approved KPM	86.34	96.00	96.00
12 - Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Expertise	Approved KPM	93.34	96.00	96.00
12 - Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Helpfulness	Approved KPM	95.73	96.00	96.00
12 - Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Overall	Approved KPM	86.65	96.00	96.00
12 - Customer Service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, and availability of information.	Timeliness	Approved KPM	88.84	96.00	96.00
13 - Effective Taxpayer Assistance: Provide the most effective taxpayer assistant services by a data-driven combination of direct assistance and electronic self-help services.		Approved KPM			

LFO Recommendation:

1. Approve the Key Performance Measures as proposed by the Department of Revenue. 2. If the agency is unable to provide date for KPM #13 (Effective Taxpayer Assistance) by the 2013 Legislative Session, the agency needs to develop an alternative KPM or KPMs to capture its performance in this area.

Sub-Committee Action:

The Subcommittee approved the Legislative Fiscal Office recommendation.