

# Revenue's Core Systems

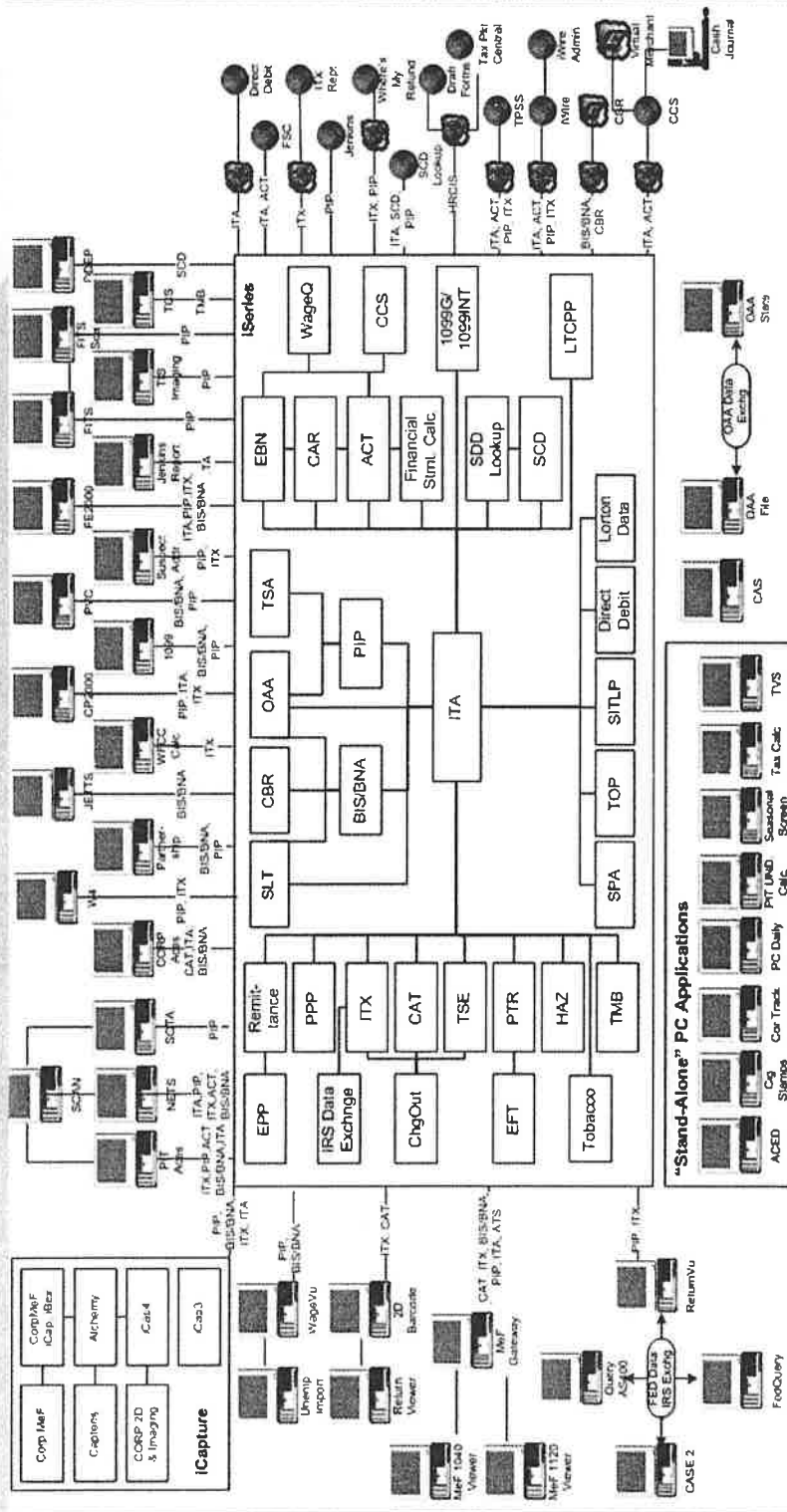
Senate Revenue Committee

February 6, 2012



MEASURE: SB 1530  
EXHIBIT: C  
Senate Finance and Revenue 76<sup>th</sup> Session  
DATE: 02/06/2012 PAGES: 14  
SUBMITTED BY: Karen Gregory

# Today's Core Systems (80+)



# Comprehensive Tax System

## FAST Tax & Revenue Solution



## Risks of not replacing systems

- Opportunity cost of lost revenue
- Increasing maintenance costs
- Our staff struggle against system limitations to meet stakeholder expectations
- Improvements to Taxpayer services will not be realized
- The complexity of data environment and lack of analytics leads to inability to maximize collections of non-compliant taxpayers





# Where we are with the project

- Vendor is FAST Enterprises
- Negotiating a contract—Implementation delayed to 2013
- Cost is \$38-\$69 million for FAST
- DOR costs for planning, implementation, oversight and maintenance about \$35-\$42 million over 8 fiscal years

# We need Senate Bill 1530 now

- DOR is ready, but is delaying implementation due to economic conditions.
- Successfully executed the procurement process and satisfied budget request to demonstrate DOR is ready
- Selected an excellent, low risk vendor in FAST
- We are in contract negotiations with the vendor
- Execution will be contingent on funding approval in 2013
- Approving SB 1530 now:
  - Puts Oregon in better negotiating position
  - Signals to FAST that Oregon is serious
  - Assures the funding mechanism is ready (one less thing to do in 2013)
  - Reduces risk of losing this vendor and missing the opportunity of using this procurement process
- There is nothing to lose...if project funding isn't approved, the statute can be repealed

Questions?



Dear Legislator,

I read the Statesman Journal article on Jan 12, 2012 about the Dept of Revenue's computer core system replacement to cost 92M, aside from the 6M they've already spent on setting it all up. My concern about this is at a time when agencies are cutting services to Oregonians, a state agency should not be spending dollars to fund a new system when the current system is working very well. The new system is just a re-invention of what we already have in place but with a price tag of 92M initially. I say initially because the cost of ownership is not reflected in this price tag.

I propose scrapping the core system replacement project and instead enhance the current system using in-house resources. Revenue has a pool of talented IT professionals who are very capable of improving the system for a fraction of the cost of replacing it. Using in-house talent also ensures that the business knowledge is already there as opposed to outside contractors who have to learn the business.

Many Revenue employees have submitted to management suggestions on how to improve not just the system but also the business processes. But the suggestions have not been implemented giving the reason that the new system will do all that for us. Given that the new system will be implemented in 7 years, I think management decision not to improve what we can right now is a waste of time and dollars.

On February, Senate Bill 1530 will come up for session. I question the state of emergency declaration in Section 6. I have other concerns as well regarding this bill which I would be willing to discuss. I respectfully urge you to oppose this bill as there is no state of emergency. to the public's peace, health and safety. On the contrary approving this bill would drain the state of money it doesn't have.

I will keep this short for respect of your time. I hope you will look closely into the facts. Please feel free to contact any IT employee (not a manager) from DOR and you will soon find out that many IT employees think this is the wrong direction management is taking the state.

Sincerely,  
Dept of Revenue IT Employees