

# **2013**

## **Oregon Department of Revenue**

### **Presentation to the Joint Ways and Means General Government Subcommittee**

**Responses to Questions from Committee Members**

March 28, 2013



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### **How is the Department of Revenue ensuring anonymity in its employee engagement survey?**

We are using the state's contract with Allegiance to have that private firm administer our employee engagement survey. We will receive the results of the survey at the agency and division level. We believe that anonymity could be jeopardized if we were to break the responses down further to the section or unit level. To ensure that Allegiance can break down employee responses to the division level, we provided the firm with the name, division, and e-mail contact of each employee.

The survey was a combination of "check the box" answers and written comments. We have indicated to staff we plan to share the written comments and overall results on an agency-wide basis. We have been clear that we do not have access, nor do we want access, to the raw data that will be used to provide analysis about the engagement of our staff and the drivers of that engagement.

We had a response rate of more than 65 percent to the baseline survey, which will help us formulate strategies to further engage employees and move the organization forward.

### **How much delinquent debt collected from July 2010 to February 2012 is represented by the \$788,934 in commission fees paid to private collection firms?**

The commission fees were based on \$7.6 million of delinquent debt collected by the firms.

### **How do we manage private collection firms to ensure they meet our ethical standards?**

Our contract with private collection firms states that the firms will use ethical behavior when interacting with our customers. We monitor and apply these standards based on taxpayer complaints. In instances where firms are not meeting our ethical standards, we work through an escalation process to ensure behaviors are corrected. If corrective action is not taken, we will terminate the contract.

### **What is the average age of the outstanding debts we collect for other agencies?**

Our partner agencies, including the Oregon Judicial Department, do not provide the age of debt when they send us the liabilities.

### **Can you give us more information about the more than 100 interest rates that can be charged on other agency accounts?**

Our partner agencies tell us what interest rate to charge on each liability they send us. More than 80 percent of the debt we collect has either a zero interest charge or a 9 percent interest rate.

## Can you provide a breakdown of Administrative Services Division costs?

The following breaks down the costs and functions associated with the Administrative Services Division in the Governor's 2013-2015 Balanced Budget.

	<b>\$\$ (Millions)</b>	<b>% of Agency Budget*</b>
Processing Center	\$14.0	7%
Agency Rent	\$5.8	3%
State Government Service Charges	\$7.0	4%
Printing (mainframe including taxpayer notices and checks)	\$1.0	1%
IT Services	\$20.0	10%
Finance, Procurement and Budget	\$4.4	2%
<b>Total</b>	<b>\$52.2</b>	<b>26%</b>

*\*Percentages are rounded.*

The Administrative Services Division budget includes costs that would not normally not be considered administrative overhead in other state agencies. Examples include:

- The Processing Center, which provides services like mail opening, tax return quality assurance, scanning, banking, data entry, and file maintenance.
- Rent and general government service charges that have been centralized for all agency programs into this division.
- Technology costs that have been centralized under the IT Services budget for the entire agency, including PC replacements, other IT hardware purchases, and a majority of the agency's software purchases.

However, the Human Resource function—which would normally be part of administrative overhead calculations—is part of our Executive Service budget.

The department is currently participating in a statewide effort, via the Hackett survey and the Improving Government Steering Committee, to benchmark and compare administrative overhead costs of IT, Finance, Budget, Procurement, and Human Resources. The outcomes of that effort will be shared as they become available.

## Can you provide a profile of the recipients of the Elderly Rental Assistance Program and the Non-profit Homes for the Elderly Program?

### Elderly Rental Assistance Program

Qualifications:

- Age 58 or older
- Household income less than \$10,000. (Household income means the taxable and nontaxable income of the applicant and spouse, if any.)
- Pay more than 20 percent of household income for rent, fuel, and utilities. (Fuel and utilities include lights, water, garbage, sewer, and heating. It doesn't include telephone, cable TV, or internet services.)

- Rented residence in Oregon must be subject to property tax
- If under 65 years of age, total value of assets must be \$25,000 or less

**Examples of nontaxable income are:**

- Social Security
- Temporary Assistance for Needy Families (TANF)
- Assistance from Seniors and People with Disabilities
- 23 percent of the amount of assistance received for nursing home costs
- Family support in excess of \$500

**Household income does not include:**

- Special Shelter allowance (it is considered an advanced payment of their ERA and is subtracted from their qualifying rent)
- Food stamps
- In-home services approved by Department of Human Services
- Payments for medical care, drugs, or services for which the claimant received no direct payment

**For tax year 2011:**

Number of checks issued—2,120 checks

Average ERA check—\$412.67

Smallest ERA check issued—\$33.80

Largest ERA check issued—\$1,742.60

**Non-profit Homes for the Elderly Program**

A property tax exemption is granted to private, non-profit corporations that provide permanent housing, recreational and social facilities, and care to elderly persons. The value of the exemption is passed on to individual residents in the form of a rent credit.

**Program Requirements**

- The non-profit corporation must be organized and operated only for the purpose of furnishing permanent residential, recreational, and social facilities primarily for elderly persons. “Elderly” persons are defined in rule as those 62 years of age or older.
- Residents’ payments for living, medical, and recreational expenses, and for social services and facilities, must make up at least 95 percent of the corporation’s operating gross income (excluding investment income).
- The non-profit receives federal or state financial aid under a variety of federal or state laws designed to aid low-income individuals, which effectively subjects the residents to income limitations.

## County Reimbursement

- The assessor computes the tax that is foregone due to the exemption.
- We pay the tax, less 3 percent, to the county treasurer by November 15.
- We may reduce the payment proportionately if the General Fund appropriation is insufficient.
- The non-profit corporation retains the full property tax exemption, whether or not the appropriation covers the foregone property taxes. Local districts, including counties and schools, absorb the loss of taxes not paid by the state.

Below is some additional information regarding the scope of the NPH program.

<b>Property Tax Year</b>	<b>Number of Approved Homes Exempted Statewide</b>	<b>Total Nonprofit Homes Exemption Distribution (Annually, November 15)</b>	<b>Number of Counties with NPH facilities</b>
1999-00	36	\$ 901,428	17
2000-01	38	\$1,009,436	17
2001-02	39	\$ 839,627	17
2002-03	41	\$1,083,129	18
2003-04	43	\$1,220,591	17
2004-05	45	\$1,380,876	17
2005-06	44	\$1,263,254	18
2006-07	45	\$1,395,809	18
2007-08	46	\$1,488,251	17
2008-09	48	\$1,602,496	19
2009-10	48	\$1,395,808	18
2010-11	51	\$1,565,615	19
2011-12	49	\$1,697,183	19
2012-13	48	\$1,725,535	19