

# Phase II Presentation to the Joint Committee on Ways & Means

General Government Subcommittee

April 17 and 18, 2013



# Phase II agenda

- Policy option packages, including Elderly Rental Assistance
- Revenue enhancement options
- Core systems
- Bills with fiscal impact
- Quarterly vacancy data
- 10% reduction options



# Policy Option Packages

Package	GF	OF	TF
091—Statewide Administrative Savings	-\$1,010,812	-\$237,104	-\$1,247,916
092—PERS Taxation Policy	-\$261,103	-\$56,455	-\$317,558
093—Other PERS Adjustments	-\$2,086,349	-\$451,100	-\$2,537,449
101—Services & Supplies true-up	Increases budget transparency by converting \$2,081,551 of Personal Services to Services and Supplies. We typically hold 18 positions (15.75 FTE) vacant to fund the S&S operational expenses.		
104—Elderly Rental Assistance	2013-15 GBB includes \$1 million GF for first year of ERA, and moves program to OHCS. Second year is included in Emergency Fund awaiting future of the program.		

Source: 2013–15 Governor’s Balanced Budget



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# Tax Compliance Package 2013-15

(not included in 2013-15 Governor's Balanced Budget)

Package section	Positions	Total cost	Additional revenue
Enforcement	20	\$2.5 million	\$13.6 million
Accounts Receivable	11	\$1.3 million	\$19.5 million
Total	31	\$3.8 million	\$33.1 million



# Tax Compliance Package (cont.)

- Enforcement
  - 7 Tax Auditor 1
  - 5 Tax Auditor 2
  - 5 Revenue Agent 1
  - 1 Revenue Agent 2
  - 1 Public Service Representative 3
  - 1 Principal Executive Manager C
- Accounts Receivable
  - 10 Revenue Agent 1
  - 1 Principal Executive Manager A



# Core technology system's effect on business users and staffing

- We've previously covered:
  - Revenue's planning efforts
    - Described what we've learned
    - Indicated where we need to go
    - Provided an overview of how we'd do it
  - Current environment
    - Legacy system challenges, complexity, and workforce
    - IT Services transformation efforts
    - Service oriented organizational structure



# Business drivers for new system

- Avoid risk
  - Reinvest in application infrastructure
  - Maintain current revenue stream
- Improved performance
  - Enhanced compliance and revenue
  - Increased efficiency
  - Improved customer service
  - Increased flexibility in tax administration



# What does a new system mean to users at Revenue?

- Customer
- Program administration
- Collector
- Auditor





# What will a new system mean to staffing and roles?

- Staffing
- Training
- Examples of role changes



# Customer (taxpayer) benefits

- New and improved self-service functions available 24/7
- Faster resolution
- Enhanced electronic filing
- Specific educational opportunities



# Program administration benefits

- Scoring accounts receivable
- Join a community of states that share data, best practices, and business rules
- “Real-time” adjustments to data
- Opportunity to further automate the Treasury Offset Program
- Standard tools and processes allow resource sharing



# Changing a taxpayer's address

- Users need familiarity with system and codes
- Must make separate changes for different tax programs
- Need multiple systems/sessions open for tasks
- Four different two-character codes required to change an address (504 total system codes for variety of tasks)
  - Some codes work only on specific screens
  - Two-character codes don't always describe the task
- Impacts training time and everyday efficiency



Staff have to memorize codes, like GP, to use the system

Session A - [24 x 80]

File Edit View Communication Actions Window Help

DivCK Issue collections DORQ

PERSON/BUSINESS SEARCH PIPP0732C

GP General Option

Person Identifier: 123-45-6789 Output Id Nbr: \_\_\_\_\_

Identifier Last Four: \_\_\_\_\_ BIN: \_\_\_\_\_ FID/EIN: \_\_\_\_\_

Pgm: \_\_\_\_\_ Yr: \_\_\_\_\_ Pd: \_\_\_\_\_ Liab: \_\_\_\_\_ Filing Number: \_\_\_\_\_

PERSON SEARCH: Search Options

Last: \_\_\_\_\_

First: \_\_\_\_\_

Middle: \_\_\_\_\_

Address: \_\_\_\_\_ (C, E only)

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: 00000

Telephone: \_\_\_\_\_

Birth Date: \_\_\_\_\_ Driver License: \_\_\_\_\_

Search Current Information Only (Y/N): Y Search With Time Limit (Y/N): Y

BUSINESS SEARCH:

Name: \_\_\_\_\_

Search Options: C=Contains E=Exact S=Similar

F3=Exit F5=Refresh

MR A 05/038

2002 - Session successfully started [TSU-RJCMF4001 on Net1:

Step 1: Search for the person.



Session A - [24 x 80]

File Edit View Communication Actions Window Help

PrtScrn Copy Paste CK # CK Issue DivCK Issue collections DORO

**Another code to memorize**

GENERAL PERSON INFORMATION

KN General Option

John Doe + SSN

4800 SE  
PORTLAND OR

Birth: 6/20/      Death:      Created: 2/14/2006  
Driver License:      Telephone: 541-      Home

Email:

Address	City	St	Zip	Categ	Status
4800 SE	PORTLAND	OR		MLG	Current
MCKINLEY ST				MLG	History
2485	EUGENE	OR		MLG	History
EMERALD	EUGENE	OR		MLG	History
MADISON ST		OR		MLG	History

More...

F3=Exit F7=Show/Hide Identifier Dashes F13=Fast Exit F22=Cancel Request(s)

ME A 04/002

002 - Session successfully started TSU-RCMP4001 on Net1:

**Step 2: Find the correct person and navigate to the address summary area.**

Session A - [24 x 80]  
 File Edit View Communication Actions Window Help

PrtScrn Copy Paste CK # CK Issue DivCK Issue collections DORQ

4/11/13 11:29:52 PERSON ADDRESS SUMMARY  
 User: SAUI

John Doe SSN

Select Categ: Select City

Another code!

Opt	Address	City	St	Zip	Categ	Status
KK	4800 SE MCKINLEY ST	PORTLAND	OR		MLG	Current
	2485 EMERALD	EUGENE	OR	97	MLG	History
	MADISON ST	EUGENE	OR	97	MLG	History
	MADISON ST		OR	97	OAA	History

Bottom

F3=Exit F9=Add F13=Fast Exit F22=Cancel Request(s)

ME A 12/002  
 2002 - Session successfully started [TSU-RCMP4001 on Net]

Step 3: Tell the system you want to change the current address.

Another code!



Session A - [24 x 80]

File Edit View Communication Actions Window Help

PrtScrn Copy Paste CK # CK Issue DivCK Issue collections DORO

4/11/13 11:30:26 PERSON ADDRESS UPDATE

User: SAU. (Update)

John Doe Last code SSN

Reason: D61 Received: \_\_\_\_\_

Address: 955 Center ST

Zip Code: 97301 City: Salem State: OR

Postal: \_\_\_\_\_ Country: \_\_\_\_\_

Category: A Mailing

Status: C Current Address Pending Date:

Gov't Agency Verified: \_\_\_\_\_

Inactive (Y/N): N

F3=Exit, No Update F5=Refresh

MB A 07/061

302 - Session successfully started [TSU-R3CMP4001 on Net01:

Step 4: Make the address change.





# Modern system address change

Account

INDIVIDUAL: \*8688

🔍 🌐 🌟 🔖 ? ✕

V9D Toggle Log ✕

Data: tap  
RunDate: 11-Apr-2013  
Decode Info

dalderson Log Off ✕

🔍 Search ✕  
👤 Individual: \*8688 ✕  
👤 New Manager

Accept a Payment

ACCOUNT: INDIVIDUAL INCOME TAX Update P&I Collapse

Balance	: 2,123.57	Account	: 01-173618688
Account Id	: 01-173618688		KATE AUSTEN
Filing	: Individual Annual		113 S MAIN ST DENISON IA 51442-1958
Commence	: 24-Feb-2010	Taxpayer	: ***-**-6515
Active	: Close		KATE AUSTEN
Next Activity	: 24-Jan-2013		113 S MAIN ST DENISON IA 51442-1958

RECENT NOTES: USER NOTES Add View All

OPEN TASKS View All

FINANCIAL
CRM
TASK
COLLECTION
AUDIT
ADJUSTMENT
FEDERAL
REGISTRATION
ACTIVITY
OTHER

PERIODS
RETURNS
PAYMENTS<sup>0</sup>
REFUNDS<sup>0</sup>
INTERCEPTS<sup>0</sup>
INVOICES<sup>0</sup>
TRANSACTIONS
PAY OFF
ACTIVITY

PERIODS 2,123.57 Period Maintenance Hide Invald Filter

Period	Activity	Tax	Penalty	Interest	Other	Credit	Balance	Active
31-Dec-2013		0.00	0.00	0.00	0.00	0.00	0.00	☑
31-Dec-2012		0.00	0.00	0.00	0.00	0.00	0.00	☑
31-Dec-2011		0.00	0.00	0.00	0.00	0.00	0.00	☑
31-Dec-2010	24-Feb-2012	1,680.00	336.00	107.57	0.00	0.00	2,123.57	☑
		1,680.00	336.00	107.57	0.00	0.00	2,123.57	

# Choose from verified address

Address Type Location 
Active

Country USA 
Verified

Street 101 SW MAIN ST

Street 2

Unit Type 
Unit 
City PORTLAND

State OREGON 
Zip 97204-3228
County MULTNOMAH

Attention

Several addresses matched the information you provided.  
Perhaps you didn't enter a street number or the building has multiple units.

**SELECT ADDRESS**

1 - 15 of 42

	As Entered	101 MAIN ST PORTLAND, OR 97223-8629
Selected <input type="button" value="v"/>	⚠ Verified	101 SW MAIN ST PORTLAND, OR 97204-3228
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST PORTLAND, OR 97204-3205
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1100 PORTLAND, OR 97204-3219
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1100 PORTLAND, OR 97204-3274
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1300 PORTLAND, OR 97204-3212
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1350 PORTLAND, OR 97204-3219
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1490 PORTLAND, OR 97204-3220
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1500 PORTLAND, OR 97204-3243
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1700 PORTLAND, OR 97204-3225
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1800 PORTLAND, OR 97204-3226
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1850 PORTLAND, OR 97204-3225
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1900 PORTLAND, OR 97204-3248
Select <input type="button" value="v"/>	Verified	101 SW MAIN ST STE 1905 PORTLAND, OR 97204-3289

Bank

Ind. Initial

Bus. Initial

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Active

OR 97223-8629

# Collector and auditor benefits

- Collector benefits
  - “Full view” of taxpayer
  - Automated collection actions
  - Inventory monitoring
- Auditor benefits
  - Use of IRS information to automate processes
  - Data to improve selected cases and drive audit programs



# New system impact on staffing and training

- Number of staff shouldn't change after implementation
- We've identified training needs and strategies for staff to learn new systems and processes
- With increased access to data and automation we may need different skill sets after implementation



# Roles or duties may change

- Personal Income Tax
  - Revenue Agent Reports (RAR) and CP2000 reports (federal audit reports)
  - Issue audits
  - Wage earner filing enforcement
- Corporation Tax
  - Revenue Agent Reports
  - Processing corporate amended returns
  - Corporate filing enforcement (nexus)



# Roles or duties may change (cont.)

- Other Programs—similar role or duty changes
- IT Services
  - Most roles will remain the same
  - Some shift from application development to configuration management
  - IT Organization Development Plan describes strategy for transitioning IT Services section

Core System Replacement Business Case Analysis and Addendum  
include thorough descriptions of enhancements



# Bills with fiscal impact

Bill	Summary	Fiscal impact		Position impact
		GF	OF	
SB 184	Removes requirement to send garnishments by certified mail	-\$377,824	-\$125,941	
SB 185	Removes requirement to hand-sign garnishments	-\$133,000	-\$57,000	Reduces 2 FTE for RA1
HB 3317	Extends 911 tax, adds enforcement language for Revenue		\$203,194	Adds: 1 FTE for TA2 .25 FTE for PSR4
HB 2456	Phases out itemized deductions and exemption credit for Personal Income Tax; increases minimum tax and tax rate for Corporate tax, addresses tax havens	\$53,300		
Net change:		-\$457,524	\$20,253	

# Quarterly long-term vacancy data

Description of position	7 to 11 months	More than 12 months
Package 101 positions	1	15
Package 081 reductions	7	6
Pending package 091	2	5
Seasonal Workload	13	8
Filled or in process	9	1
Recruitment difficulties	1	1
Funding for succession of key positions	4	1
Vacant but filled with work out of class (WOC)	1	2
Pending Reclassifications	3	4
Planned recruitment	2	0
Positions not filled	0	1

Source: DAS Budget and Management Vacancy report March 31, 2013



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# Revenue's 10% reduction options

- Impacts all parts of Revenue's business
- Extends tax return processing season delaying refunds
- Reduces collections and compliance activity
- Also affects local government assistance and county support
- First 5% eliminates 71 positions (67.14 FTE)

	Savings	GF revenue loss
GF Savings	\$8.1 million	\$22 million
OF Savings	\$2.2 million	
Total:	\$10.3 million	\$22 million

Source: 2013–15 Governor's Balanced Budget



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# Revenue's 10% reduction options (cont.)

- Reduction in IT Services will affect IT transformation efforts and support of business operations
- Reductions in other infrastructure reduces support of business operations
- Second 5% eliminates 54 positions (54 FTE)
- Reductions designed to minimize impact on voluntary system

	Savings	GF revenue loss
GF Savings	\$8.5 million	\$18.2 million
OF Savings	\$1.5 million	
<b>Total:</b>	<b>\$10 million</b>	<b>\$18.2 million</b>

Source: 2013–15 Governor's Balanced Budget



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# Questions?

If you have additional questions after today please contact:

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