REVENUE, DEPARTMENT of

Annual Performance Progress Report (APPR) for Fiscal Year (2013-2014)

Original Submission Date: 2014

Finalize Date: 9/30/2014

2013-2014 KPM #	2013-2014 Approved Key Performance Measures (KPMs)
1	Dollars Collected Per Revenue Agent Per Month (Personal Income Tax)
2	Percent of Property Taxes Collected.
3	Percent of Assessor's Maps Digitized in a GIS Format.
5	Personal Income Tax Non-Filer Assessments Issued Per Employee Per Month.
6	Personal Income Tax and Corporation Tax Cases Closed Per Revenue Agent Per Month.
7	Delinquent Returns Filed After Compliance Contact Per Filing Enforcement Employee Per Month.
8	Average Days to Process Personal Income Tax Refund.
9	Percent of Personal Income Tax Returns Filed Electronically
10	Employee Work Environment (based upon a scale of 1-6)
11	Employee Training Per Year (percent receiving 20 hours per year).
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.
13	Effective Taxpayer Assistance: Provide the most effective taxpayer assistance services by a data-driven combination of direct assistance and electronic self-help services.

New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2015-2017
NEW	**Title:** Appraisal Value Uniformity - We will demonstrate our ability to deliver high quality business results by measuring appraisal equity and uniformity for DOR industrial accounts. **Rationale:** This is a replacement measure. The previous measure, KPM#3 - Percent of Assessors' Maps Digitized in a GIS Format, was too narrowly focused and did not reflect our core work. The Property Tax Division (PTD) is proposing this replacement measure as a way to guage our ability to deliver statutory real market value (RMV) to county assessors.
NEW	**Title:** Direct Enforcement Dollars Cost of Funds - We will demonstrate our efficiency and effectiveness at funding services that preserve and enhance the quality of life for all citizens by measuring the cost of funds (COF) for every direct enforcement dollar received by our agency. **Rationale:** This measure is being proposed to replace current KPM#7. This new measure is a more holistic view of the efficiencies of our direct enforcement work including audit, filing enforcement, and collections functions. We will show the effectiveness of our direct enforcement processes and strategies by measuring the cost of each direct enforcement dollar we receive.
NEW	**Title:** Collection Dollars Cost of Funds - We will demonstrate our efficiency and effectiveness at funding services that preserve and enhance the quality of life for all citizens by measuring the cost of funds (COF) for every dollar collected by our agency. **Rationale:** This measure is being proposed to replace current KPM #6. This new measure is a more holistic view of the efficiencies of our collections function. We will show the effectiveness of our collections processes and strategies by measuring the cost of each dollar we collect.
NEW	**Title:** Employee Engagement - Index of employees considered actively engaged by a standardized survey. **Rationale:** We've chosen to replace the workplance environment measure, KPM #10 with employee engagement. This change will allow us to compare standardized survey data with other public and private sector organizations. A third-party administers the survey, increasing objectivity.
NEW	**Title:** Appraisal Program Equity and Uniformity - We will measure the degree to which county appraisal program equity and uniformity is achieved by determining the percentage of study areas statewide with real market values that are within accepted appraisal standards. **Rationale:** This is a replacement measure. The previous KPM #2 - Percent of Property Taxes Collected, was largely outside our influence and didn't accurately reflect the work we do in a meaningful way. This new measure directly evaluates conformity with accepted appraisal standards, and targets our plan for action (training, assistance, support) when counties do not meet those standards.
NEW	**Title:** Cost of Assessments - We will demonstrate our efficiency and effectiveness of our suspense, audit and filing enforcement functions by measuring the cost of every audit and filing enforcement dollar assessed. **Rationale:** This measure is being proposed to replace current KPM #5. This measure is a more holistic view of the efficiencies of our audit (including adjustments made to returns during processing) and filing enforcement work. We will show the effectiveness of our audit and filing enforcement processes and strategies by measuring the cost of each of those dollars assessed.

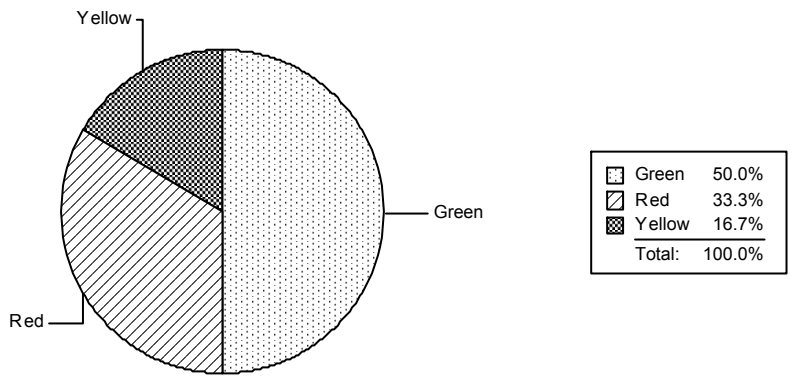
New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2015-2017
DELETE	**Title:** Dollars Collected Per Revenue Agent Per Month (Personal Income Tax) **Rationale:** This measure is being proposed for deletion. The sampling methods developed for gathering the data for this measure are no longer measuring the representative work of all collectors, but a non-representative sample. This is resulting in numbers that do not accurately reflect the work of our collections staff. In addition, because it focuses only on one classification of employee, the measure is not representative of the collection function as a whole since the function requires managers and support staff as well as all levels of revenue agents in order to produce effective and efficient collections functions. We propose this measure be deleted because it is no longer effective in helping us run our business, nor is it sharing a realistic picture of the collections function.
DELETE	**Title:** Percent of Property Taxes Collected. **Rationale:** This is being replaced with a new KPM #14, See page 3 for title and rationale.
DELETE	**Title:** Percent of Assessor's Maps Digitized in a GIS Format. **Rationale:** This is being replaced with a new KPM #15. See page 3 for title and rationale.
DELETE	**Title:** Personal Income Tax Non-Filer Assessments Issued Per Employee Per Month. **Rationale:** This is being replaced with a new KPM #18. See page 3 for title and rationale.
DELETE	**Title:** Personal Income Tax and Corporation Tax Cases Closed Per Revenue Agent Per Month. **Rationale:** This is being replaced with a new KPM #17. See page 3 for title and rationale.
DELETE	**Title:** Delinquent Returns Filed After Compliance Contact Per Filing Enforcement Employee Per Month. **Rationale:** This is being replaced with a new KPM #16. See page 3 for title and rationale.
DELETE	**Title:** Employee Work Environment (based upon a scale of 1-6) **Rationale:** This is being replaced with a new KPM #19. See page 3 for title and rationale.

REVENUE, DEPARTMENT of	I. EXECUTIVE SUMMARY

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

Contact:	Kris Kautz	**Contact Phone:**	503-945-8213
Alternate:	Jan Hunt	**Alternate Phone:**	503-945-8466

Performance Summary



Green	Yellow	Red	Exception
= Target to -5%	= Target -6% to -15%	= Target > -15%	Can not calculate status (zero entered for either Actual or

1. SCOPE OF REPORT

Our Key Performance Measures (KPMs) are intended to represent our major business outcomes in the income tax and property tax programs. These measures address major functions that include collecting revenue, auditing returns, and assisting taxpayers.

2. THE OREGON CONTEXT

The Department of Revenue is a key strategic and operational partner in providing healthy tax systems and long-term revenue stability for the State of Oregon. Our mission of making revenue systems work to fund public services includes strong work values around operational excellence and fiscal responsibility. The experience and skills required to support our mission significantly contributes to the governor and legislature providing the best possible future for all Oregonians.

Our performance is guided by the agency's vision that emphasizes the importance of tax administration and service and operational excellence. We currently have 12 department performance measures that tell us how well we are doing in these areas. Our organizational strategic vision is designed to move and motivate us for many years. To continue making this vision a reality we are committed to innovating, streamlining, and using the most appropriate tools and technology available to us.

We continually collect, analyze, and exchange information with stakeholders to build healthy relationships, better understand stakeholder needs, and drive continuous improvement in our operations.

3. PERFORMANCE SUMMARY

We have 12 key measures of performance linked to our mission and vision. Successes during the past year include a significant increase in the dollars collected per revenue agent per month. Success in this area is at least partially due to increased staffing and process changes, including a focus in the spring of 2014 on issuing garnishments.

We also saw an increase in the number of personal and business income tax cases closed per revenue agent per month. Again, success was due to increased staffing in the programs overall, including the support provided by phone agents.
We continue to see growth in the number of personal income tax returns filed electronically. More and more taxpayers are filing electronic returns, improving speed and efficiency of processing and reducing costs (KPM #9). However, the number of days to process a return changed from trending downward due to additional emphasis on tax return review to reduce refund fraud (KPM #8).
The department's leadership team made a commitment to increased employee training and development at the beginning of the 2013-15 biennium. The result is a significant increase in the percentage of employees that received over 20 hours of training in FY 2014. In FY 2013, the percentage of employees receiving over 20 hours of training was 27, and in FY 2014 the percentage was 46. Although a significant increase, it is still short of the goal of 60 percent of employees with over 20 hours of training.
We saw the effective taxpayer assistance measure (KPM #13) remain relatively the same as FY 2013. This measure rolls up results from three different, weighted components: call wait times, successful self-help, and customer service satisfaction. While all three components saw changes, the more heavily weighted components of reduced wait time and successful self-help drove this measure upward. The most significant change was in reduced call wait time due to factors including full staffing, a new Interactive Voice Response system, and initiating caller elected call back in the spring of 2014.
We had some challenges in meeting some performance measures, including the personal income tax non-filer assessments issued per employee per month (KPM

#5) and delinquent returns filed after compliance contract per filing enforcement employee per month (KPM #7). In both of these measures, the targets were not met and the results dropped between fiscal year 2014 and fiscal year 2013. Some factors that may be affecting results may include significant staffing turnover in these areas and a better economy that may be increasing the number of people filing voluntarily and paying on time.
The percent of assessor's maps digitized in GIS format (KPM #3), has made some progress, but has struggled to meet goals. In addition, the agency's customer service measure (KPM #12) declined significantly from 2013 to 2014. We implemented new technology for FY 2014 to capture customer service survey information on an on-going basis, rather than once per year. This change resulted in a much greater sample of customers responding to the survey during all parts of our business cycles. Due to results, the program has implemented short-term and long-term plans to increase customer service including adding questions to the survey to determine why people are calling, which will allow us to pinpoint problem areas and tailor improvements. Longer-term options for increasing customer service include customer service training for staff, more self-sufficiency options via the web with the implementation of new core systems, and piloting a "live chat" option via instant messaging with the public. Some measures stayed essentially the same between 2013 and 21014. The percentage of property taxes collected is up slightly. We expected this is based on the positive changes in the economy.

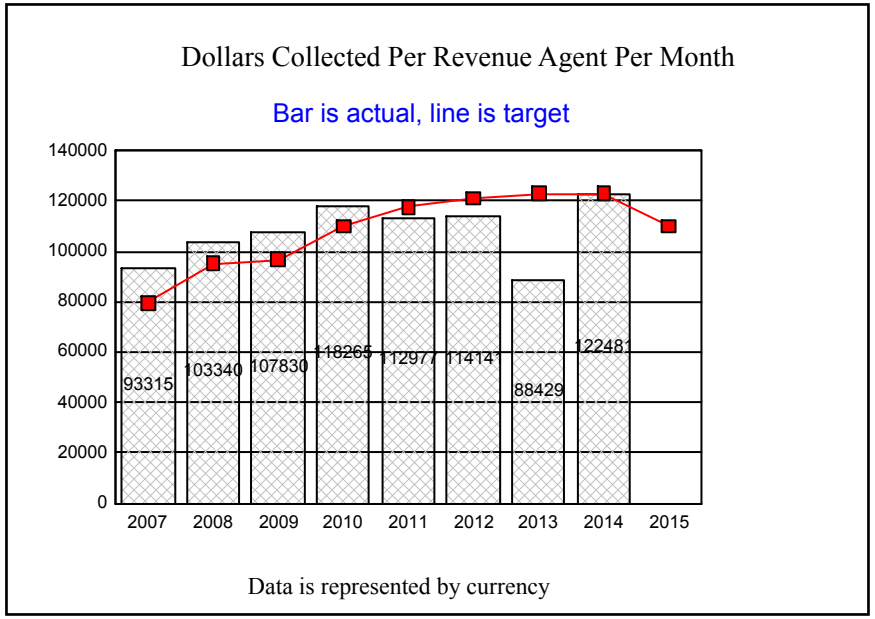
4. CHALLENGES

Over the next 4 years, we will be replacing our core information technology systems. This investment will allow for increased efficiency in our income tax programs and update the tools and data that our employees use to do their work. The project will have 4 phases in the next 5 years, and different programs will implement the software at each phase. We anticipate that program efficiency and effectiveness may dip at various points in time as employees learn the new systems and still have to operate in the old environment through the transition periods. In addition, as the agency has reviewed its KPMs and strategic plan, we have found that some of the measures we currently have are not the best measures to track our performance over time. The agency believes that KPMs #1, #2, #3, #5, #6, #7 and #10 need to be deleted. New KPMs have been discussed during the 2014 Legislative Session and will be reviewed through the 2015-17 budget development process. We believe the changes to the KPMs proposed by the department will provide better information to our programs to adjust resources to meet strategic outcomes.

5. RESOURCES AND EFFICIENCY

The agency's Legislatively Approved Budget for the 2013–15 biennium is $230,534,006; which represents a significant increase from the previous biennium. The increase is mainly due to two policy option packages adopted for the 2013–15 biennium including the core system replacement project and an additional 31 positions for increased tax compliance. The department had mixed results on its key measures, including its efficiency measures, over the last year.

KPM #1	Dollars Collected Per Revenue Agent Per Month (Personal Income Tax)	2000
Goal	Tax Administration: Provide excellent service, helping taxpayers meet their commitments with education, assistance and compliance.	
Oregon Context	This goal links directly to the department's mission.	
Data Source	Agent Production Reports ACTF007, PTAC Performance Measures, Cost Allocation System (CAS); based on productivity per position.	
Owner	Joann Martin, Personal Tax and Compliance Division Administrator	



1. OUR STRATEGY

Our strategy is to maintain a workforce of skilled employees and provide them with essential collection tools and technology. We evaluate the effectiveness of collection staff in collecting delinquent tax debt; analyze the type and age of delinquent debt; and evaluate the use of

additional collection tools.

2. ABOUT THE TARGETS

The target measures the productivity of collection staff based on the dollars collected per position. The higher the level achieved; the greater the productivity.

Due to the following factors, we are adjusting our target for 2015 to $110,000 per agent:

The Collection section changed unit structures at the beginning of FY2015. Previously, three of the units were “phone agents” and did not have a caseload assigned specifically to them. As a result, the total revenue collected by all RA1s was only credited to the other two units staffed by “queue agents” that were assigned all of the cases. Currently, all RA1s have a caseload assigned to them as well as phone duties; therefore, the distinctions between the types of unit have been eliminated.

As we go through Rollout 1(Fall 2014) and gear up for Rollout 2 (Fall 2015), CSR is going to have an escalating impact on our production in FY2015. Members of the Collections staff will be moved to CSR to help with implementation and training. In most cases, the staffing resources provided will be agents that are most proficient. This is expected to decrease the overall collections revenue; however, the impact on this KPM is dependent on the units chosen for inclusion in the calculation and the number of unit staff working on CSR. The reduced goal of $110,000 per Revenue Agent per month is reflects that we anticipate a level of production loss.

3. HOW WE ARE DOING

The actual dollars collected per revenue agent per month for 2014 were $122,481 and our target was $123,000. In 2013, the actual dollars collected per revenue agent per month were $88,429 and our target was $123,000. The actual dollars collected per revenue agent per month for 2012 were $114,141 and our target was $121,000.

4. HOW WE COMPARE

Comparable data is not available. It is difficult to compare Oregon's performance with other states due to the widely diverse tax structures among states.

5. FACTORS AFFECTING RESULTS

The data source for this measure is the production of five out of seven work units in the Collection Section. The measure is personal income tax revenue attributed to the specified group divided by the number of agents in this group.
Overall, collections revenue improved due to increased staffing, changes in the economy, and process changes. The units selected for inclusion in this KPM were fully staffed for the fiscal year. The improving economy allows more taxpayers to pay immediately as opposed to going through the Collections process. (*see* Department of Revenue Research Section, "Enforcement Revenue Identification and Modeling," January 2012). The Collections Section made adjustments to increase efficiencies as well as did several speed-up projects, including a focus this spring on increasing garnishments when appropriate. All of this led to an increase in the dollars collected per agent per month for the KPM for FY2014.

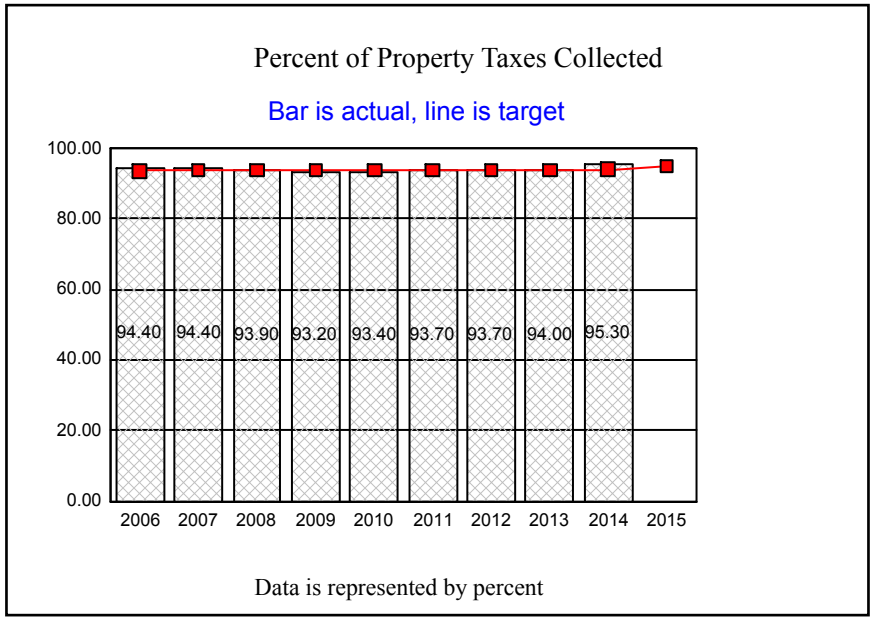
6. WHAT NEEDS TO BE DONE

We're proposing replacing this measure with one that doesn't limit the population being measured so we can measure the overall effectiveness of our collections functions. In the future, Core System Replacement implementation will introduce additional automation and the scoring of accounts for collectability. We must also keep our vacancy rate down to maximize production and minimize short-term impacts from work related to Core System Replacement implementation.

7. ABOUT THE DATA

The reporting cycle is Oregon's fiscal year.

KPM #2	Percent of Property Taxes Collected.	2000
Goal	Tax Administration: Partner with local governments to promote a healthy and consistent property tax system.	
Oregon Context	This goal links directly to the department's mission.	
Data Source	Oregon Property Tax Statistics (various years); Property Tax certified, Property Tax Collection, and Total Uncollected report.	
Owner	Mark Kinslow, Property Tax Division Administrator	



1. OUR STRATEGY

Our strategy is to provide training of county collection staff, and develop and maintain support materials to help counties collect identified property taxes.

2. ABOUT THE TARGETS

The target measures the degree to which counties are able to timely collect identified property taxes. The higher the percentage of taxes collected, the better, as most units of local government rely heavily on property taxes to fund local services. Each data point (by calendar year) represents the tax collections as of June 30 of that year.

3. HOW WE ARE DOING

The 2014 target was 94.0 percent. Actual measured performance was 95.3%. The increase above target is largely attributable to increased use of the deferred billing credit as provided under ORS 305.286 and resulting from large value property tax appeals.

4. HOW WE COMPARE

Comparable data is not available.

5. FACTORS AFFECTING RESULTS

Data reveals the counties are collecting a high percentage of the total property taxes that are due and are managing their accounts receivable effectively. Additional research has shown that, by the end of the third year following the initial billing, the counties have received about 99.7 percent of the taxes due for that year.

The statistics show a high degree of effectiveness in maintaining timely collection activities for the property tax year.

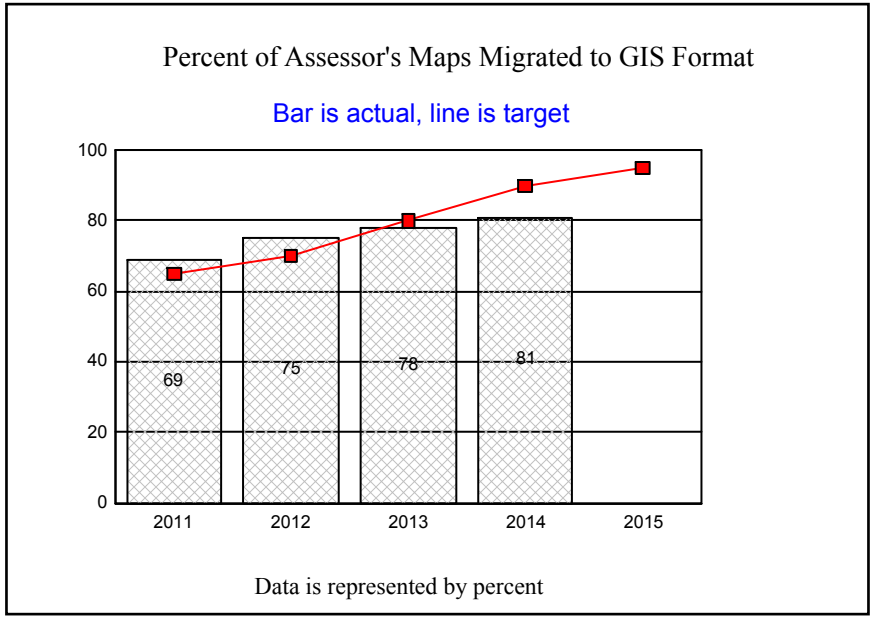
6. WHAT NEEDS TO BE DONE

Continue partnerships with county collection offices.

7. ABOUT THE DATA

The reporting cycle is the Oregon fiscal year. The data is self-reported by each of the 36 counties and uses the same methodology as is used for the Health of the Property Tax System publication.

KPM #3	Percent of Assessor's Maps Digitized in a GIS Format.	2004
Goal	Operational Excellence: Adopt best business practices, taking advantage of technology to improve our system and processes.	
Oregon Context	This goal links directly to the department's mission	
Data Source	Oregon Map Project (ORMAP).	
Owner	Mark Kinslow, Property Tax Division Administrator	



1. OUR STRATEGY

Our strategy is to partner with counties to migrate digitized property tax maps into GIS format, providing employees and business partners with easy access to accurate property tax map information.

2. ABOUT THE TARGETS

The ORMAP Advisory Committee (as provided under ORS 306.135), has established a target of 90% for October 2014. As of July 1, 2014, we are approximately 9% below the target. The target represents the percentage of maps that are produced using ORMAP mapping methodology and meeting ORMAP Technical specifications.

The long-term target is to have a totally digital statewide property tax map by October 2016. This will require transforming all the county assessor maps into a GIS format by that date. The higher the percentage, the better the performance.

3. HOW WE ARE DOING

As of this reporting period, we have completed 81 percent of the tax maps, and 87 percent of the tax lots. The long-term target is at-risk of not being met due to diminished funding (funding is received from recording fees arising from real estate activity; real estate activity has declined).

4. HOW WE COMPARE

This measure is difficult to evaluate across jurisdictions because of differing technology and terminology. Jurisdictions in many states are in the process of converting their tax lot base data to GIS-enabled format. Few, however, are doing it from the statewide level.

5. FACTORS AFFECTING RESULTS

Funding challenges and a scarcity of skilled staff at both the state and local level present ongoing challenges to meeting the targets.

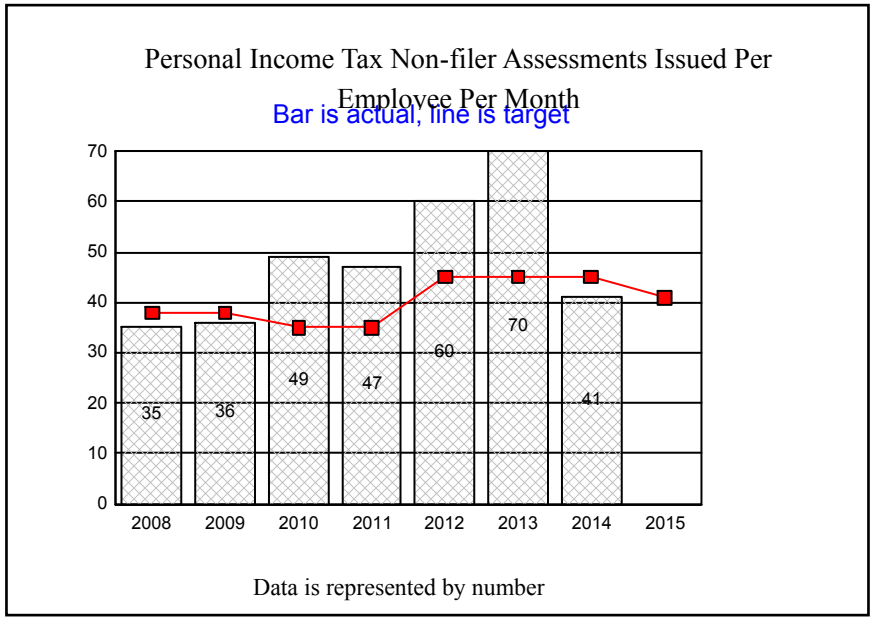
6. WHAT NEEDS TO BE DONE

The department needs to continue to partner with counties and others to manage and fund remapping efforts aimed at improving access to assessor map information.

7. ABOUT THE DATA

The reporting cycle is Oregon's fiscal year. Recommendations from our internal auditor who reviewed the 2006 and 2007 cycles have been adopted into the reporting and management of this measure.

KPM #5	Personal Income Tax Non-Filer Assessments Issued Per Employee Per Month.	2000
Goal	Tax Administration: Provide excellent service, helping taxpayers meet their commitments with education, assistance and compliance.	
Oregon Context	This goal links to the department's mission.	
Data Source	Cost Allocation System (CAS) and Filing Enforcement Monthly Reports, based on productivity per position.	
Owner	Joann Martin, Personal Tax and Compliance Division Administrator	



1. OUR STRATEGY

Our strategy is to develop filing enforcement tools, techniques and data sources that will improve the accuracy of our information and help us assist taxpayers to file.

2. ABOUT THE TARGETS

There are many factors affecting why taxpayers don't file tax returns, including the overall economy, taxpayer satisfaction with the government, and employment rates. When economic conditions improve, direct enforcement revenue decreases as taxpayers are able to pay on time and are less likely to underestimate the necessary withholding (see Department of Revenue Research Section, "Enforcement Revenue Identification and Modeling". January 2012).Assuming that our resources remain at their current level, we expect the number of failure-to-file tax assessments issued to grow somewhat over time, accounting for population growth. That being said, our target for 2015 is 41 failure- to- file assessments closed per employee per month. This reflects a decrease from the 2014 target related to the expected impact of Core System Replacement. The full extent of the impact is unclear at this time. While rollout 2 (personal income tax program) will conclude during FY 2016, there is much work to be done in preparation for migrating to a new computer system that will impact the filing enforcement program. Following implementation of the new system we expect increased efficiency, consistency, and accuracy in our process that will begin to impact this measure in 2016.

3. HOW WE ARE DOING

In 2014, the number of failure-to-file assessments closed per employee per month was 41. In 2013, the number of failure-to-file assessments closed per employee per month was 70. In 2012, the number closed per employee per month was 60. In 2011, the number closed per employee per month was 47.

4. HOW WE COMPARE

Comparable data is not available. It is difficult to compare Oregon's performance with other states due to their widely diverse tax structures.

5. FACTORS AFFECTING RESULTS

The results reflect changes made to the program based on a 2011 Secretary of State (SOS) audit that recommended a different approach to identifying non-filing taxpayers. In addition, during 2010 and early 2011, almost all filing enforcement staff were redirected to a collection speed-up effort, which meant fewer assessments were issued. The staff was transitioned back to their filing enforcement duties in early 2011, along with the changes suggested by the SOS audit which resulted in higher numbers during 2012-13. During the last year, we have experienced a high level of turnover, including losing several veteran AS1/2s to retirement. This turnover has caused a relatively stable group of employees to shift into training and mentoring mode, which has decreased production. We expect the number of failure to file assessments to increase once staff has been fully trained and are operational.

As mentioned in section 2 above, there are other economic factors that impact the number of taxpayers who do not file, which has some impact on this measure; however the impact is difficult to quantify. Economic impacts are more closely related to the amount of money paid or collected.

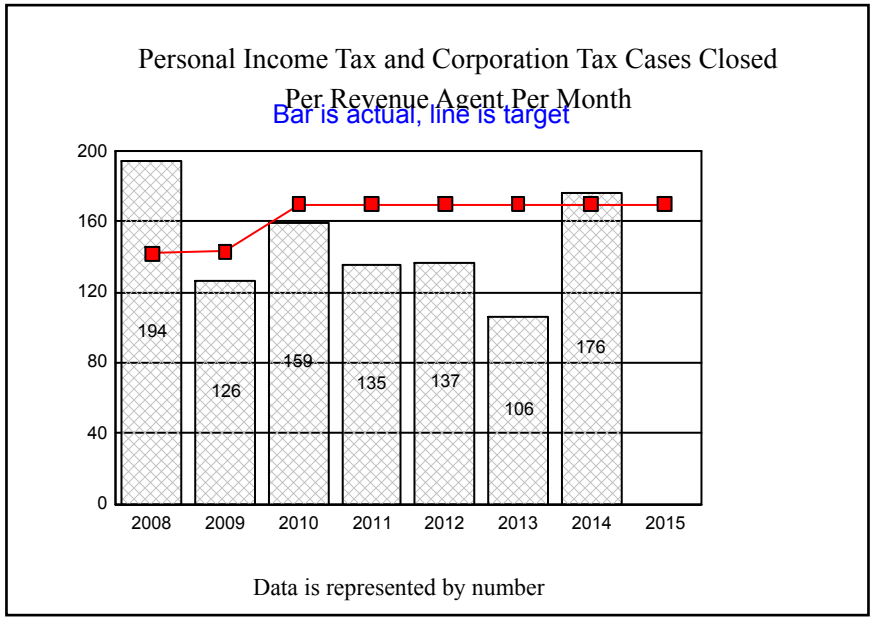
6. WHAT NEEDS TO BE DONE

We believe the strategies we currently have in place are important for improving long-term voluntary compliance. Improved enforcement is an integral part of our larger strategy of voluntary compliance. Unfortunately, this measure only focuses on one strategy for affecting voluntary compliance when we actually focus on multiple strategies. In the future, we will examine additional strategies that offer more education and assistance to non-filers and we will seek replacing this measure with one that takes a holistic approach and will encompass all of the strategies we've adopted into our business. In addition, we do not yet know what tools the new system will provide and how they will impact this body of work. We do believe that once in place the new system will result in an increased level of filing enforcement activity. Over the next two years as staff are needed to provide input, test, and learn about the new system there will be a period of decreased production.

7. ABOUT THE DATA

The reporting cycle is the Oregon fiscal year.

KPM #6	Personal Income Tax and Corporation Tax Cases Closed Per Revenue Agent Per Month.	2000
Goal	Tax Administration: Provide excellent service, helping taxpayers meet their commitments with education, assistance, and compliance.	
Oregon Context	This goal links directly to the department's mission.	
Data Source	Data from Agent Production Reports ACTF007 and FTE from Cost Allocation System (CAS), based on productivity per position.	
Owner	Joann Martin, Personal Tax and Compliance Division Administrator	



1. OUR STRATEGY

Our strategy is to provide collection staff with tools and training to resolve collection cases quickly. The measure evaluates the effectiveness of staff in working with taxpayers to close cases.

2. ABOUT THE TARGETS

The target reflects steady growth in cases closed per revenue agent. A higher number is better.

Our current target reflects stabilization in cases closed per revenue agent due to several factors:

The Collection section changed unit structures at the beginning of FY2015. Previously, three of the units were "phone agents" and did not have a caseload assigned specifically to them. As a result, the total revenue cases closed by all RA1s was only credited to the other two units staffed by "queue agents" that were assigned all of the cases. Currently, all RA1s have a caseload assigned to them as well as phone duties; therefore, the distinctions between the types of unit have been eliminated.

As we go through Rollout 1(Fall 2014) and gear up for Rollout 2 (Fall 2015), CSR is going to have an escalating impact on our production in FY2015. Members of the Collections staff will be moved to CSR to help with implementation and training. In most cases, the staffing resources provided will be agents that are most proficient. This may impact the number of cases closed per month; however, the impact on this KPM is dependent on the units chosen for inclusion in the calculation and the number of unit staff working on CSR.

In preparation for Rollout 2 and as part of a 2013-15 Policy Option Package, the Collections Section will be focused on writing off or cancelling qualified aged debt which may increase the cases closed per month for FY2015 depending on the units selected for this measure next year.

The improving economy allows more taxpayers to pay immediately as opposed to going through the Collections process. (*see* Department of Revenue Research Section, "Enforcement Revenue Identification and Modeling," January 2012).

3. HOW WE ARE DOING

For 2014, the number of cases closed is 176 (104 percent of target). For 2013, the number of cases closed is 106 (59 percent of target). For 2012, the number of cases closed was 137 (81 percent of target).

4. HOW WE COMPARE

Comparable data is not available.

5. FACTORS AFFECTING RESULTS

The data source for this measure is the production of five out of seven work units in the Collection Section. The measure is personal income tax cases closed attributed to the specified group divided by the number of agents in this group.

In this reporting period, some agents specialize in fielding phone calls; some agents have an assigned caseload and specialize in issuing collection actions such as garnishments. Agents that issue collection actions close more cases, but require the support of and benefit from the work of the phone agents for that production. In this reporting period, the agents tracked by this measure were assigned collection duties were primarily phone agents. Beginning in FY2015, all RA1s have a caseload assigned to them as well as phone duties; therefore, the distinctions between the types of unit have been eliminated. This change in unit structure may impact the number of cases closed since all cases are distributed to all agents; thus, each revenue agent has less cases to handle and close.

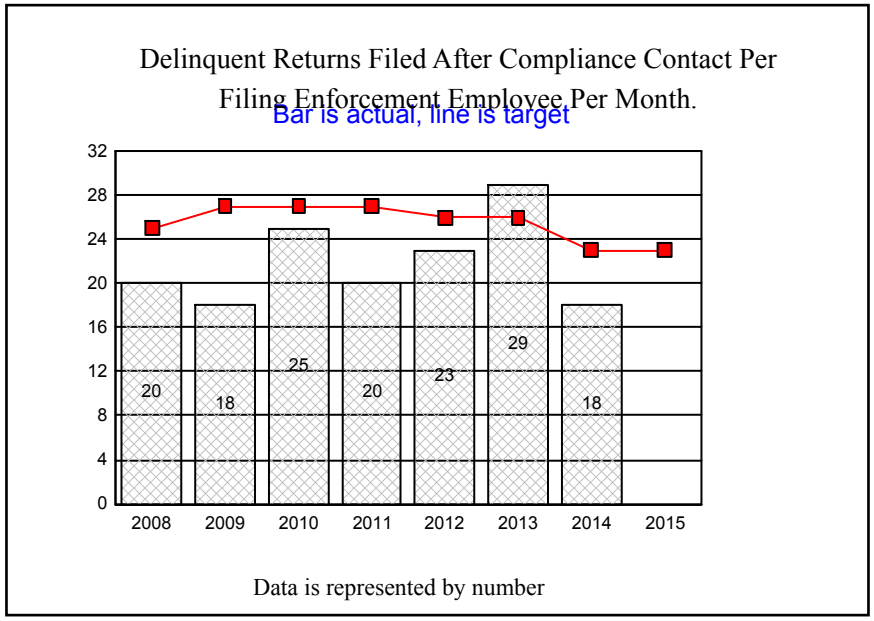
6. WHAT NEEDS TO BE DONE

We’re proposing replacing this measure with one that doesn’t limit the population being measured so we can measure the overall effectiveness of our collections functions. In the future, Core System Replacement implementation will introduce additional automation and the scoring of accounts for collectability. We must also keep our vacancy rate down to maximize production and minimize short-term impacts from work related to Core System Replacement implementation.

7. ABOUT THE DATA

The reporting cycle is the Oregon fiscal year.

KPM #7	Delinquent Returns Filed After Compliance Contact Per Filing Enforcement Employee Per Month.	2001
Goal	Tax Administration: Provide excellent service, helping taxpayers meet their commitments with education, assistance and compliance.	
Oregon Context	This goal links to the department's mission.	
Data Source	Cost Allocation System (CAS) and Filing Enforcement Monthly Reports, based on productivity per position	
Owner	Joann Martin, Personal Tax and Compliance Division Administrator	



1. OUR STRATEGY

Our strategy is to identify non-filing taxpayers and encourage them to file their own returns. If taxpayers voluntarily comply by filing their own returns, we believe there is a higher likelihood of their future tax compliance.

2. ABOUT THE TARGETS

The target for this measure is 23 delinquent returns filed after compliance contact. Higher is better. We expect this measure to increase over time. With implementation of the new system there will be increased efficiency, consistency, and accuracy in our processes that will begin to impact this measure in 2016.

3. HOW WE ARE DOING

In 2014, the number of filed returns per employee per month was 18. In 2013, the number of filed returns per employee per month was 29. In 2012, the number of filed returns per employee per month was 23.

4. HOW WE COMPARE

Comparable data is not available. It is difficult to compare Oregon's performance with other states due to their widely diverse tax structures.

5. FACTORS AFFECTING RESULTS

The results reflect changes made to the program based on a 2011 Secretary of State (SOS) audit that recommended a different approach to identifying non-filing taxpayers. In addition, during 2010 and early 2011 almost all filing enforcement staff were redirected to a collection speed-up effort, which meant fewer assessments were issued. The staff was transitioned back to their filing enforcement duties in early 2011 along with the changes suggested by the SOS audit which resulted in a higher number of taxpayers contacted, leading to more returns filed.

Employers are now required to submit wage and withholding information electronically to us. This has allowed us to provide that information directly to wage-earning taxpayers when they don't have it, allowing them to file their returns themselves. We continue to analyze data from the IRS to find filing enforcement leads. It's assumed the more taxpayers we contact, the more returns we receive. We believe the reduction in this measure is due to a high level of staff turnover, especially with more experienced staff retiring. This turnover has caused a relatively stable group of employees to shift into training and mentoring mode which has decreased production.

As mentioned in KPM 5, there are other economic factors that impact the number of taxpayers who do not file, which has some impact on this measure, however the impact is difficult to quantify. Economic impacts are more closely related to the amount of money paid or collected.

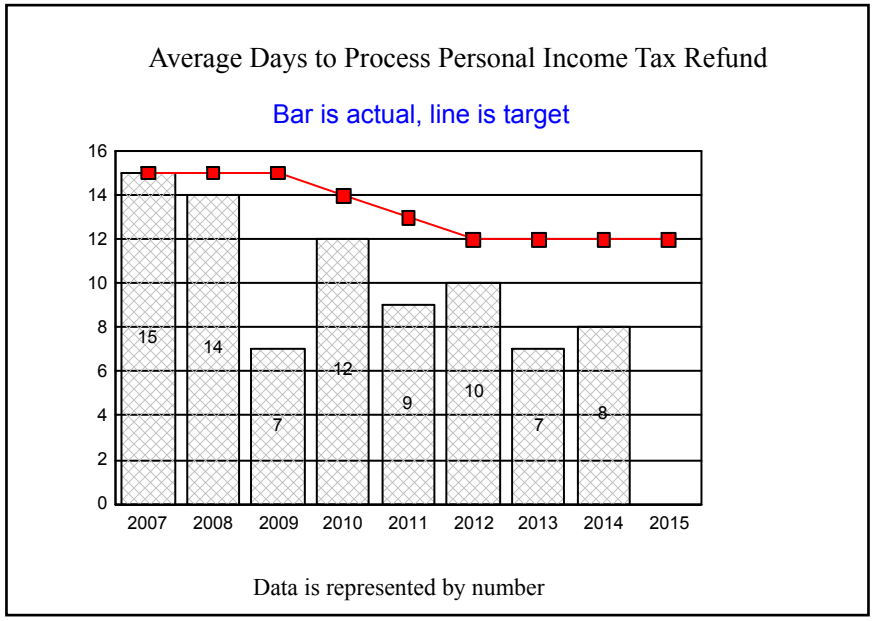
6. WHAT NEEDS TO BE DONE

We believe the strategies we currently have in place are important for improving long-term voluntary compliance. Improved enforcement is an integral part of our larger strategy of voluntary compliance. Unfortunately, this measure only focuses on one strategy for affecting voluntary compliance when we actually focus on multiple strategies. In the future, we will examine additional strategies that offer more education and assistance to non-filers and we will seek replacing this measure with one that takes a holistic approach and will encompass all the strategies we've adopted into our business. In addition, we do not yet know what tools the new system will provide and how they will impact this body of work. We do believe that once in place the new system will result in an increased level of filing enforcement activity, which should in turn increase voluntary filing. Over the next two years as staff are needed to provide input, test, and learn about the new system there will be a period of decreased production.

7. ABOUT THE DATA

The reporting cycle is the Oregon fiscal year.

KPM #8	Average Days to Process Personal Income Tax Refund.	1999
Goal	We adopt best business practices to make tax systems work better, and take full advantage of opportunities presented by new technology.	
Oregon Context	This goal links directly to the department's mission.	
Data Source	Personal income tax return processing system.	
Owner	Terrence Woods, ASD Administrator	



1. OUR STRATEGY

Our strategy is to issue personal income tax refund requests in a timely manner, through efficient use of people, processes, and systems.

2. ABOUT THE TARGETS

The target is to issue refunds within 12 days from the receipt of the tax return. The department is keeping currrent targets until more data is available from changes in faud and suspense program work through the implementation of the core system replacement project.

3. HOW WE ARE DOING

Actual performance for 2014 is eight days, four days fewer than the target. Performance for 2013 was seven days.

4. HOW WE COMPARE

Oregon's targets and performance are comparable with other states. The IRS reports that nine out of ten refunds are issued within 21 days.

5. FACTORS AFFECTING RESULTS

Refunds on electronically filed (e-filed) returns are issued the quickest. As more taxpayers e-file, the average time to issue a refund is reduced (82.5% of our personal income tax returns were e-filed—see KPM #9). In 2014, e-filed returns both refund and tax to pay, averaged 4.28 days to process, two days slower than the previous year. The volume of returns received in the mail decreased by about 16,500, and took an average of just over 29 days to process.
Processing delays by the IRS and/or the timeliness of Congress enacting legislation also has an effect on our ability to process timely. This year, it only affected the processing start date.

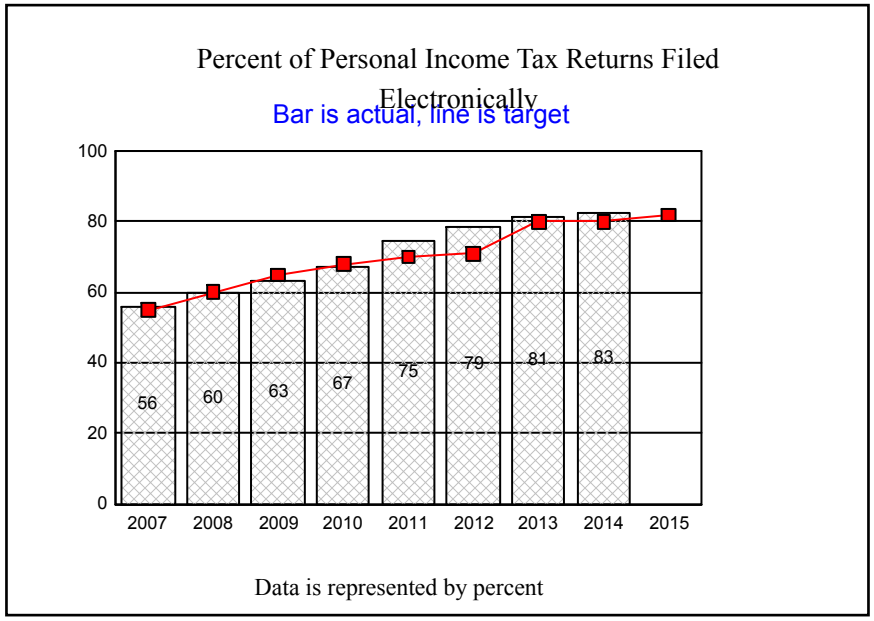
6. WHAT NEEDS TO BE DONE

We need to continue process improvement that balances efficiency with accuracy verification and fraud detection. We also need continued education on the benefits of filing electronically. In addition, we do not yet know what tools the new system will provide and how they will impact this body of work.

7. ABOUT THE DATA

The reporting cycle is calendar year, in which returns for the preceding tax year are processed (example: 2013 returns processed in 2014).
This data reports on tax returns that do not suspend for errors or additional review from the automated process. Refunds from returns that do suspend take an average of 60 days to process primarily due to intentional changes to the review procedures aimed at fraud prevention.

KPM #9	Percent of Personal Income Tax Returns Filed Electronically	2002
Goal	Operational Excellence: Adopt best business practices, taking advantage of technology to improve our system and processes.	
Oregon Context	This goal links directly to the department's mission.	
Data Source	Personal income tax return processing system statistics for electronically filed returns.	
Owner	Joann Martin, Personal Tax and Compliance Administrator	



1. OUR STRATEGY

Our strategy is to improve customer service and efficiency by increasing the percent of personal income tax returns filed electronically. Electronically filed (e-filed) returns are faster and less expensive to process.

2. ABOUT THE TARGETS

The targets were revised upward in 2011 to reflect the continued growth in e-filing at the state and federal level. For 2014, the target was 80%. Higher is better.

3. HOW WE ARE DOING

We are above target with 82.5% of tax returns filed electronically. The numbers for the e-file have consistently risen each year, though the rate of growth has slowed.

4. HOW WE COMPARE

Historically, Oregon's rate of e-filing has been comparable with other states. According to the latest full year Federation of Tax Administrator's survey (November 25, 2013), states with filing volume similar to Oregon were at an 82.4% e-file rate.

State	Returns	eFile %	Practitioner Mandate
Oregon	1.8 million	82%	Yes
Alabama	1.9 million	82%	Yes
Connecticut	1.8 million	84%	Yes
Iowa	1.6 million	85%	No
Kentucky	1.8 million	80%	Yes
Oklahoma	1.7 million	83%	Yes

The national average was 81%. The IRS expects to receive about 85% of their returns electronically in calendar year 2014.

5. FACTORS AFFECTING RESULTS

Oregon's e-filing is linked to the federal system; we benefit as more taxpayers choose to file their federal tax returns electronically.

Revenue implemented a tax practitioners e-file mandate in 2011, which matches the IRS mandate. However, there is no penalty for non-compliance; DOR sends a reminder letter each year to those practitioners who should have filed their client's returns electronically. (We have yet to achieve 100% participation by practitioners in the e-file mandate).

Oregon participates in the Free File Alliance that allows taxpayers to e-file for free if they meet certain criteria. Typically, the participation criteria are tied to income level, age, veteran status and type of federal return filed.

Oregon allows taxpayers to enter their return information into an on-line fillable form and file the return directly with us for free.

Unlike other states, Revenue has not put much emphasis on advertising e-file to taxpayers because the growth has been steady over the years.

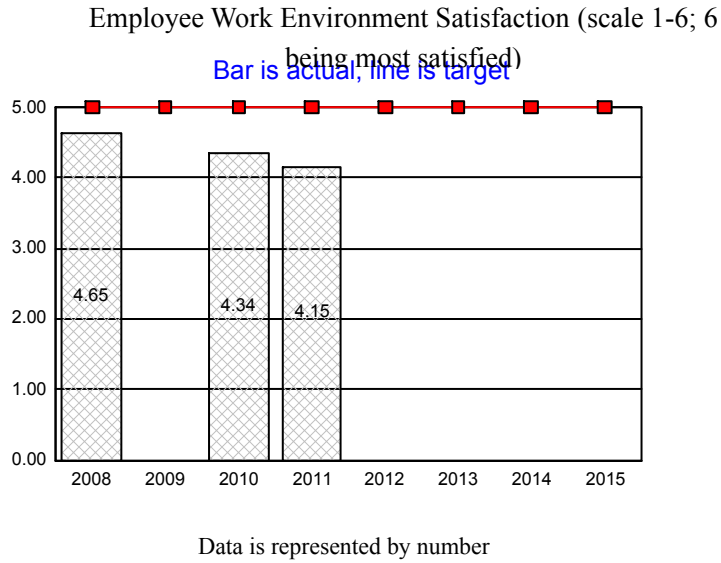
6. WHAT NEEDS TO BE DONE

We will continue to emphasize the benefits of electronic filing to taxpayers and practitioners through our forms, booklets, and publications; including information on our website; and by discussing e-file benefits with taxpayers when we interact with them.

7. ABOUT THE DATA

This data is only for personal income tax returns. The reporting cycle for e-file percentages is the calendar year.

KPM #10	Employee Work Environment (based upon a scale of 1-6)	2002
Goal	Work Environment: Provide a positive, productive, and welcoming work environment.	
Oregon Context	This goal links directly to the department's mission.	
Data Source	Employee survey conducted by the agency's Workforce Environment Council.	
Owner	Kimberly Dettwyler, Human Resources Section Manager	



1. OUR STRATEGY

Provide our employees with the physical environment, support, and resources they need to do their jobs well.

2. ABOUT THE TARGETS

Employees rate the work environment on a scale of 1-6. Higher is better.

3. HOW WE ARE DOING

We did not provide the survey to staff in FY 2012, 2013 or 2014. In late spring 2012, the agency's leadership team discussed a different measurement tool for employee work environment/engagement. We have implemented a new tool for the FY 2013 and 2014.

4. HOW WE COMPARE

Comparable data is not available.

5. FACTORS AFFECTING RESULTS

As previously indicated, no survey was conducted in 2012, 2013 or 2014 to compare with the previous year results.

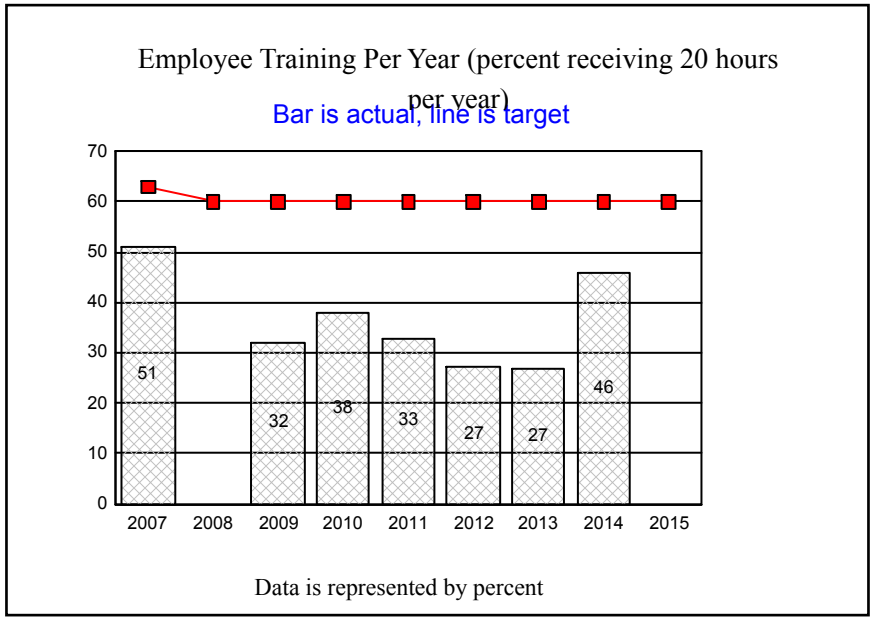
6. WHAT NEEDS TO BE DONE

We are recommending this KPM be eliminated and a new one developed to replace it that is comparable and sustainable.

7. ABOUT THE DATA

The reporting cycle is the Oregon fiscal year. Data in previous years was collected through an agency-wide electronic survey. All employees had the opportunity to respond anonymously.

KPM #11	Employee Training Per Year (percent receiving 20 hours per year).	2000
Goal	Work Environment: Provide a positive, productive, and welcoming work environment.	
Oregon Context	This goal links to the department's mission.	
Data Source	Agency Cost Allocation System (CAS) for the period before 2011. iLearn Oregon for 2012 and ongoing.	
Owner	Kimberly Dettwyler, Human Resources Manager	



1. OUR STRATEGY

Our strategy is to advance our workforce by using creative training and development activities to get the most out of training resources.

2. ABOUT THE TARGETS

Oregon Benchmark 29: Labor Force Skills Training - this benchmark measures the percentage of Oregon's state labor force who receive at least 20 hours of skills training during the year. Oregon's Benchmark is that 75 percent of employees receive a minumum of 20 hours of training per year. Our interim target is lower than the statewide target, at 60 percent. We will revise the target upward when we meet the interim target.

3. HOW WE ARE DOING

In 2014 the target was 60%; actual performance was 45%. We are not meeting our training target, though we have seen improvement in this area.

4. HOW WE COMPARE

There is no state-wide system for means of comparison.

5. FACTORS AFFECTING RESULTS

There continues to be an issue with under reporting or late reporting of training for tracking the data in the collection source (iLearn).

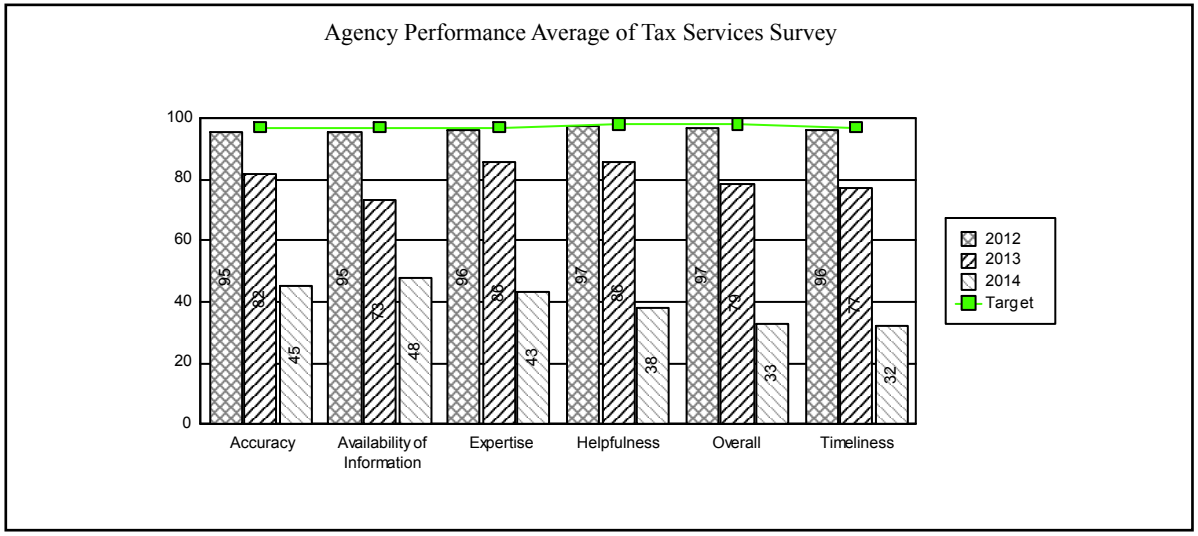
6. WHAT NEEDS TO BE DONE

We will continue to seek creative, low-cost ways to deliver training to the general employee base. We're working to identify and capture standard on boarding training for new employees and specialized training for specific classifications. Our Procurement Office will inform Human Resources of all contracted training provided by vendors to ensure it is recorded in the iLearn system. We'll also continue to partner with managers to make sure we receive training information.

7. ABOUT THE DATA

The reporting cycle is Oregon's fiscal year. The data comes from iLearn Oregon.

KPM #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.	2006
Goal	Tax Administration: Provide excellent service to taxpayers in a timely manner.	
Oregon Context	This goal links to the department's mission.	
Data Source	Written surveys of walk-in customers at our field offices or main building; telephone surveys of randomly selected taxpayer calls.	
Owner	Joann Martin, Personal Tax and Compliance Division Administrator	



1. OUR STRATEGY

Our strategy is to provide the best possible customer service to taxpayers who visit our field offices or call our Tax Services Unit for assistance, as measured by surveys of our customers.

2. ABOUT THE TARGETS

This target is the percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in these categories: accuracy, availability of information, expertise, helpfulness, timeliness, and overall experience. We have set the targets for all components at 90%. Higher percentage is better.

3. HOW WE ARE DOING

The customer service ratings were down in 2014. The Department's overall score is 33%.While the drop is dramatic from 2013, the exact cause is not clear (see "Inconsistent data" in the factors affecting results below). That said, this number does indicate there is a general dissatisfaction with DOR's customer service from the majority of those who responded to the survey which we are focused on addressing (see "What Needs to be Done").

4. HOW WE COMPARE

A state-wide system hasn't been built for agencies to compare themselves against each other.

5. FACTORS AFFECTING RESULTS

Nature of the business.
The Department of Revenue administers very complicated tax laws. We review, audit and change tax returns and send billing notices. We are the state's collection agency. People don't tend to contact DOR unless they are confused, waiting on a refund, we've sent them a billing notice or we are attempting to collect debt. Inherently, DOR's customers are interacting with the agency personnel on a sensitive subject.

Inconsistent data.
Revenue has been inconsistent in the gathering of survey information, both in reporting periods and method of gathering information. The numbers reported in 2012 and 2013 are not statistically viable. In 2012, it was conducted for one month (December). The survey in August 2013 was limited to just two weeks due to technical and workload issues. There were less than 200 responses in 2013.
In 2014, Revenue made the survey available for 11 months of the fiscal year. This substantially increased the number of respondents (from 182 to 3,072), but the results were less optimistic. It should be noted that the total represents about 2% of the calls taken by Tax Services in the reporting period (it doesn't count the number of in person contacts).

Processing Season delays.
A federal government shut down in late 2013 caused nearly a month delay in the start of the 2014 processing season. The federal government has delayed the

start of the processing season for the last few years. Because our e-file system is reliant on the IRS's system, we have no control over when we start to process returns. By compressing the filing season, refunds were delayed for many taxpayers. This impacts how taxpayers feel about us but we are unable to impact decisions the IRS makes in this area.

Internal Processes.
For the last two years, DOR made intentional changes to reviewing refund returns to be more effective in addressing refund fraud. We've reviewed more returns because we're looking at more issues. The result (in addition to catching fraud) has significantly increased the time it takes to get a valid refund selected for enhanced review to a taxpayer (averaging 60 days for enhanced review and processing, up from 26 days two years ago). Longer refund times are not popular with DOR customers
The survey.
The survey does not have a question to help identify the nature of the call or who answered it. Although the performance measure is tied to DOR's main call center (Tax Services), callers are routinely routed to other areas for resolution. For example, callers who input they have a collection issue are automatically transferred to a Collection area yet they are given the survey contact information for Tax Services at the initiation of the call. Survey responses connected with transferred calls don't reflect the quality of service in the call center, but cannot be culled out of the measure due the survey design. Moreover, there is no connection between time of service and the completion of the survey. In fact, the survey does not capture the date of service on which the agency is being evaluated.Change in delivery method of survey.In 2012 and 2013, the surveys were conducted by the tax services representative prior to the end of a call or handed to taxpayer receiving in-person services. It is likely that having a tax service representative administer the survey may have had some influence over the nature of the responses due to the personal interactions and the potential discomfort for a taxpayer to provide a negative response. Beginning in fiscal year 2014, the survey was made available to taxpayers via telephone in a manner that guaranteed full anonymity. We expect that taxpayers are more comfortable giving full feedback in this environment.

6. WHAT NEEDS TO BE DONE

The department's goal is to improve customer service through increasing availability of self-help options and quality direct customer service. The goal is long term and should involve investment in technology as well as training of staff. The initiatives and strategies the Department is planning on using to increase satisfaction with customer service include:

Short term.
· Evaluating the ability to add clarifying questions to the survey; questions that would give us better information of why the taxpayer has contacted us (general tax question, billing notice, collection activity, etc.) This would allow DOR to focus on problem areas and tailor improvements.
· Analyzing refund review processes; including eliminating edits that have proven to be fraud free, evaluating resources and adjust ing to improve workflow.

Long term:

· Continuing to invest in technology. The department's Automated Call Distributor is outdated and in need of replacing. The department will look for ways to use new tools, including nvestigating "live chat" – an instant messaging product that is successfully used by other public and private call centers.

· Upgrading the on-line tools available for self-help service. Revenue has the opportunity to offer more sophisticated and comprehensive on-line tools with the core system replacement project. DOR intends to create a focus group to build the service for the 2015 personal income tax roll-out.

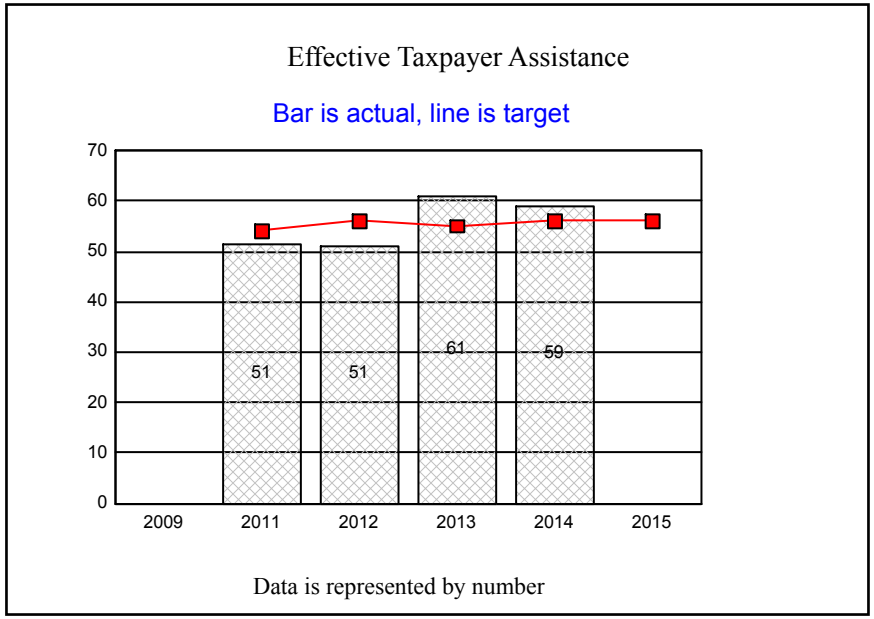
· Researching and implementing continued customer service training of DOR staff.

· Understanding that there are many legs to good customer service, efforts to improve should connect with the initiatives in KPM 13.

7. ABOUT THE DATA

The data for this report was collected for eleven months of the fiscal year. Taxpayers who called in were directed to a phone survey through the IVR. Walk-in taxpayers were given a stamp on their receipt with the number to call and take the survey through the IVR. Email customers received the survey invitation with their email response. The results were downloaded into a spreadsheet for tabulation.

KPM #13	Effective Taxpayer Assistance: Provide the most effective taxpayer assistance services by a data-driven combination of direct assistance and electronic self-help services.
Goal	Effective Taxpayer Assistance: Provide excellent service, helping taxpayers meet their commitments with education, assistance and compliance.
Oregon Context	This goal links directly to the department's mission.
Data Source	Revenue Department automated systems.
Owner	Joann Martin, Personal Tax and Compliance Division Administrator.



1. OUR STRATEGY

We have a two-part strategy: increase access to electronic services, and provide effective one-on-one assistance where necessary. We provide electronic

self-help options (web and phone based) for taxpayers to get quick answers or perform common tasks (e.g. Where's My Refund?). We must also provide effective assistance to those who lack access to the web, or from whom direct contact is the only or preferred method. We use customer service surveys as "checks" to ensure we provide the proper balance between direct and self-help service options.

2. ABOUT THE TARGETS

We're using a composite measure that "rolls up" individual results from three specific component measures: call wait times, successful self-help, and direct customer service satisfaction surveys. Individually, these are operational measures. In aggregate, they tell us the degree to which we are providing efficient, effective taxpayer services. Since each portion of the measure is weighted differently (wait times = 40% of the measure, successful self-help look ups = 50%, and customer service ratings = 10%) and the data forms are somewhat different, targets and actuals are normalized into a common expression; a scale of 1-100. A higher aggregate score is better.

3. HOW WE ARE DOING

Overall score: 59 (out of 100). This is down slightly from the 2013 score of 61. Call wait times were down significantly, that offset the decline in successful web look-ups and customer service rating.

Wait-Time: Calls with less than five minutes wait time = 68% of total calls (versus 50.3% in 2013). The decrease in wait times for 2014 over 2013 was due to a number of factors.

· The call center was fully staffed for most of the year and the number of Spanish speaking representatives increased from three to four.

· The new Interactive Voice Response (IVR) system installed in mid-2013 allowed callers to "self-transfer" to collections without the intervention of a representative.

· The Department also installed a "virtual hold" system with a soft launch in March of 2014. This feature gives the caller the option to hang up and get a call back when a representative becomes available. Calls where the caller chose to be called back later are not included in this statistic. This feature was popular with both the taxpayer and the DOR representatives. The taxpayer tended to be calmer as they weren't tied to the phone waiting to talk to a representative.

General factors that cause longer wait times:

· Call volume was up about 24,000 calls over 2013. Even though we added an additional Spanish speaking representative, the call wait time for Spanish speaking taxpayers continues to be longer than the average wait time for an English speaking representative (we don't track other language requests).

· Wait times are typically increased by other, specific one-time factors. Changes to our refund review processes (refunds took longer because of fraud review) had the biggest potential to increase call volume this year. Also, the season started later because of the late 2013 federal shutdown, putting more calls into a condensed timeframe.

Percentage of successful "Where's My Refund?" inquiries made through IVR or web applications:56.7% (down from 64% in 2013). Successful inquiries are defined as any response other than "not-found," meaning, we haven't begun processing the return and it's not found in our system when the taxpayer asks. An unknown number of inquiries are unsuccessful because taxpayers don't wait the suggested two-weeks from when they file the return to allow us to begin processing. Taxpayer expectations on processing don't change year to year, but we do have events that affect the start of processing season. This last reporting period, processing season started several weeks late related to the federal government shut down in late 2013. In addition, this season had significant web and maintenance issues. Increased weekend maintenance during the height of the season allowed taxpayers onto the web, but made their attempts unsuccessful

Percentage of customer service ratings of "good" or "excellent": 40% (down from 80.4% in 2013). It's difficult to tie the dramatic decrease in this sub-measure to any one factor and the exact cause not clear (see Inconsistent Data for this measure in KPM #12..But, this sub-measure indicates there is a general dissatisfaction with DOR's customer service from those who respond to our survey which we are focused on addressing. See KPM 12 for more detailed information about this measure.

4. HOW WE COMPARE

Comparable data is not available.

5. FACTORS AFFECTING RESULTS

See comments in "How We Are Doing" section.

6. WHAT NEEDS TO BE DONE

We now have consistent sources for the data that feeds this measure. We need to continue monitoring the data as we introduce more self-help tools to our customer service model.

In addition to adding self-help tools, there are a number of short and long-term initiatives that DOR should pursue to improve the overall customer service. Those initiatives are detailed in KPM 12.

7. ABOUT THE DATA

Reporting cycle is the Oregon fiscal year. During this reporting period the customer service survey data was collected from August 2013 to June 30, 2014. Our IVR now has the standard customer service KPM survey running all year. Call wait time data is gathered directly from our phone system. Self-service

successful look ups are measured as any inquiry from our phone system or web application that provides a response other than "not found".

REVENUE, DEPARTMENT of	III. USING PERFORMANCE DATA

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

Contact: Kris Kautz	**Contact Phone:** 503-945-8213
Alternate: Jan Hunt	**Alternate Phone:** 503-945-8466

The following questions indicate how performance measures and data are used for management and accountability purposes.

1. INCLUSIVITY	*** Staff :** Staff are increasingly involved in reviewing our agency mission, vision and values, which are supported by some of these Key Performance Measures. There is increasing participation and input on review and requests for modifying and/or changing measures. *** Elected Officials:** Elected Officials review the performance measures as part of the legislative process. *** Stakeholders:** Stakeholders are consulted regarding the measures as appropriate. *** Citizens:** Citizens review the performance measures on the department's Web site and submit questions and comments.
2 MANAGING FOR RESULTS	Performance measures are used as key indicators of the agency's progress toward achievement of its long-term vision. They are also used as indicators of progress made in projected efficiency gains as a result of automation. The agency uses additional internal measures and division and agency level dashboards to track internal indicators to assist in using output data to more effectively manage to identified outcomes.
3 STAFF TRAINING	Various agency managers have previously, and continue to attend targeted training classes, with topics related to public sector performance measurement and have brought the knowledge gained at those classes back to the agency. In addition, managers have reviewed training and information posted on the Department of Administration Website. The department has begun offering internal training on process performance metrics and the tools of quality.
4 COMMUNICATING RESULTS	*** Staff :** Staff have the capability to review Key Performance Measures on the department's internal Web site. Managers are engaged in multiple levels of review of each updated Annual Performance Progress Report. Based upon their reviews, work processes may be changed or problems/trends identified, which are then addressed. *** Elected Officials:** Elected Officials review the performance measures and evaluate the department's effectiveness as part of the department's budget process. The measures are also included in the Agency Business Plan provided to

	the legislature and other elected officials. * **Stakeholders:** Stakeholders review the measures on the department's external Web site and may ask questions or make suggestions. * **Citizens:** Citizens review the measures on the department's external Web site and may ask questions or make suggestions.