

Key Performance Measures

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** KPM 13 replaces KPM 4, tax administrative services.*

Executive summary

Scope of report

The agency's performance measures represent the major programs within the department: the income tax and property tax programs. The measures address the agency's major functions, including collection of revenue, auditing, and taxpayer assistance.

Performance summary

We identified 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 for the personal income tax program.
- The productivity of the staff continues to increase with additional automated tools (KPM 1).
- A significant growth in the number of personal income tax returns filed electronically.
- More and more taxpayers are filing electronic returns, improving the speed and efficiency of processing, and reducing costs (KPM 9).
- A decrease in the average days to process personal income tax refunds (KPM 8).

In 2005 and 2006, we designed and implemented a new processing system for the personal income tax program. Transition to the new system temporarily increased the time to issue tax refunds during the processing seasons of 2005 and 2006. We're seeing the rewards of this investment in the 2008 and 2009 processing seasons.

We also had challenges meeting some performance measures, including:

- The strength in support to the statewide property tax program.
- The high percent of property taxes collected in the first year has been slightly decreased during the last two years indicating the struggles that local governments are facing to meet the resources they need to provide local services (KPM 2).
- The percent of assessors maps digitized in GIS format (KPM 3) has made progress but has struggled to meet goals.
- Employee Work Environment Satisfaction (KPM 10) continues to make progress but is still below the agency goal. We provide training and developmental opportunities, job rotation programs, and flexible work schedules to support employees. It's a struggle to provide staff with essential training (KPM 11) during a time of high workload and budget challenges.

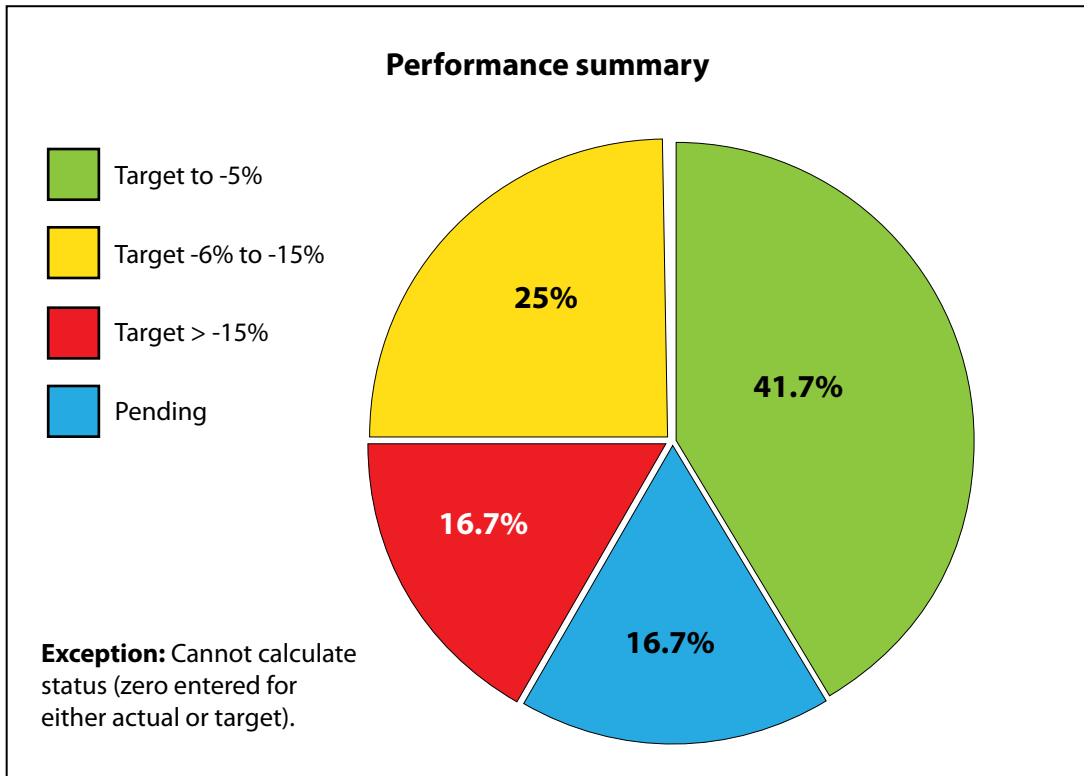
While we are not meeting our goals, we are making progress.

Challenges

As we look to the future, we will continue to operate in a time of tight budget resources and growing demands. We will be challenged to find new and innovative ways of delivering services, collecting tax revenues, providing training to our employees, and maintaining the infrastructure needed to efficiently process and manage information. The agency is proud of the accomplishments it has made and continues to strive for excellence every day.

Resources and efficiency

Our legislatively approved budget for the 2009-11 biennium is \$189,287,454. We made progress on our key measures over the past year, including efficiency measures. We look forward to finding more ways to use performance measures as a management tool within the agency.



Key Performance Measure 1

Dollars collected per revenue agent per month (personal income tax)

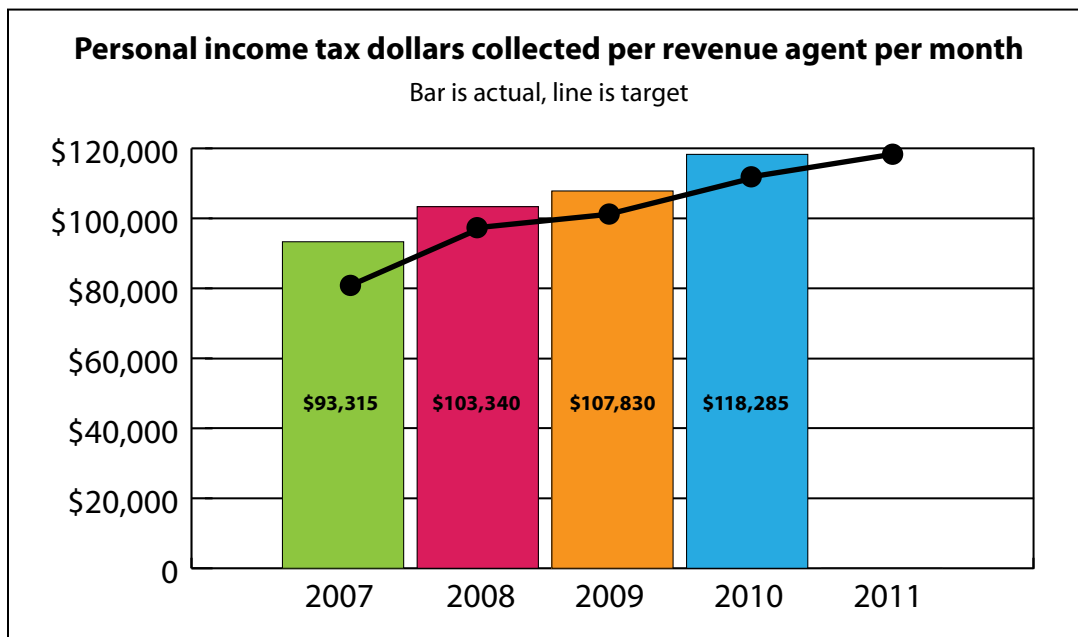
Measure since: 2000

Goal: Tax administration—Provide excellent service, helping taxpayers meet their commitments with education, assistance, and compliance.

Oregon context: This goal has no direct link to Oregon benchmark; links directly to department's mission.

Data source: Agent production reports, performance measures, cost allocation system; based on productivity per position.

1. **Our strategy:** Maintain a workforce of skilled employees who are provided 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:** Measures productivity of collection staff, based on dollars collected per position.
3. **How we are doing:** For 2010, target was \$110,000; actual collections were \$118,265.
4. **How we compare:** Not available.
5. **Factors affecting results:** Exceeded annual target through many process improvement initiatives, installing automated call distributor, creating "How Much Do I Owe?" self-sufficiency website, amnesty program, etc.
6. **What needs to be done:** Recruiting and training new staff is constant challenge. Must evaluate streamlining technical training. Additional improvement also will be dependent upon acquiring modern collection computer applications to score accounts and automate workflow.
7. **About the data:** Reporting cycle is Oregon fiscal year.



Key Performance Measure 2

Percent of property taxes collected

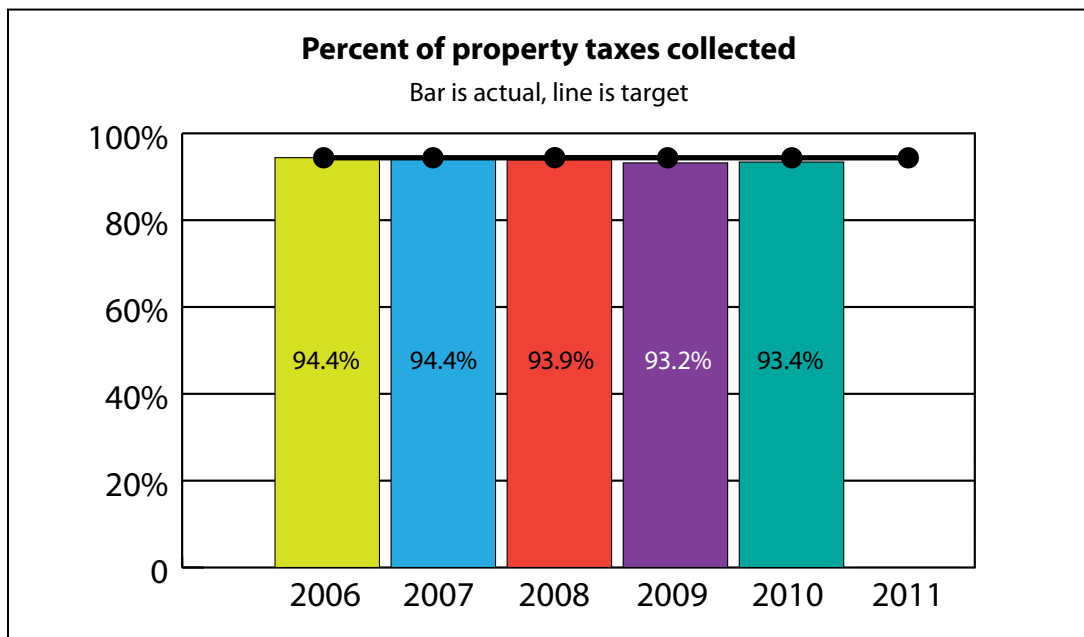
Measure since: 2000

Goal: Tax administration—Partner with local governments to promote healthy and consistent property tax system.

Oregon context: This goal has no direct link to Oregon benchmark; links directly to department's mission.

Data source: Oregon property tax statistics (various years), property tax certified, property tax collection, total uncollected report.

1. **Our strategy:** Train county collection staff; develop and maintain support materials to help counties collect identified property taxes.
2. **About the targets:** Measures degree to which counties can timely collect identified property taxes.
3. **How we are doing:** For 2010, target was 93.8 percent; actual performance was 93.4 percent, slightly below target. Reflects difficulties counties have administrating property tax system during economic downturn.
4. **How we compare:** Not available.
5. **Factors affecting results:** Counties collecting high percentage of property taxes due and managing accounts receivable well. Research shows that, by the end of the third year after initial billing, counties receive about 99.7 percent of taxes due for that year.
6. **What needs to be done:** Continue partnerships with county collections offices.
7. **About the data:** Reporting cycle is Oregon fiscal year. Each county self-reports data, use same methodology as *Health of the Property Tax System* publication.



Key Performance Measure 3

Percent of assessors' maps digitized in GIS

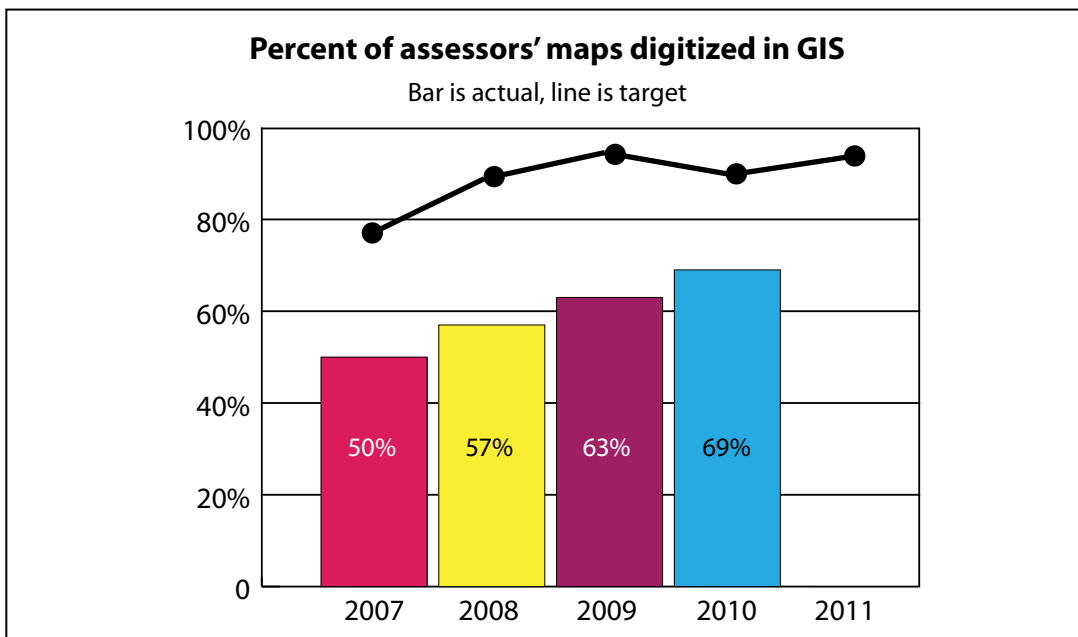
Measure since: 2004

Goal: Operational excellence—Adopt best business practices, taking advantage of technology to improve our system and processes.

Oregon context: This goal has no direct link to Oregon benchmark; links directly to department's mission.

Data source: Oregon Map Project (ORMAP).

1. **Our strategy:** Partner with counties to migrate digitized property tax maps into GIS format to provide easy access to accurate property tax map data.
2. **About the targets:** By 2016, have all property tax maps in digital format.
3. **How we are doing:** At end of 2010, have completed 69 percent of goal. Economic difficulties have delayed project.
4. **How we compare:** Many states converting tax lot base to GIS; however, few doing it from statewide level or to our technical specifications.
5. **Factors affecting results:** Funding challenges, not enough skilled staff at state and county levels may affect targets.
6. **What needs to be done:** Continue partnerships with counties to manage and fund remapping efforts.
7. **About the data:** Reporting cycle is Oregon fiscal year.



Key Performance Measure 5

Personal income tax nonfiler assessments issued per employee per month

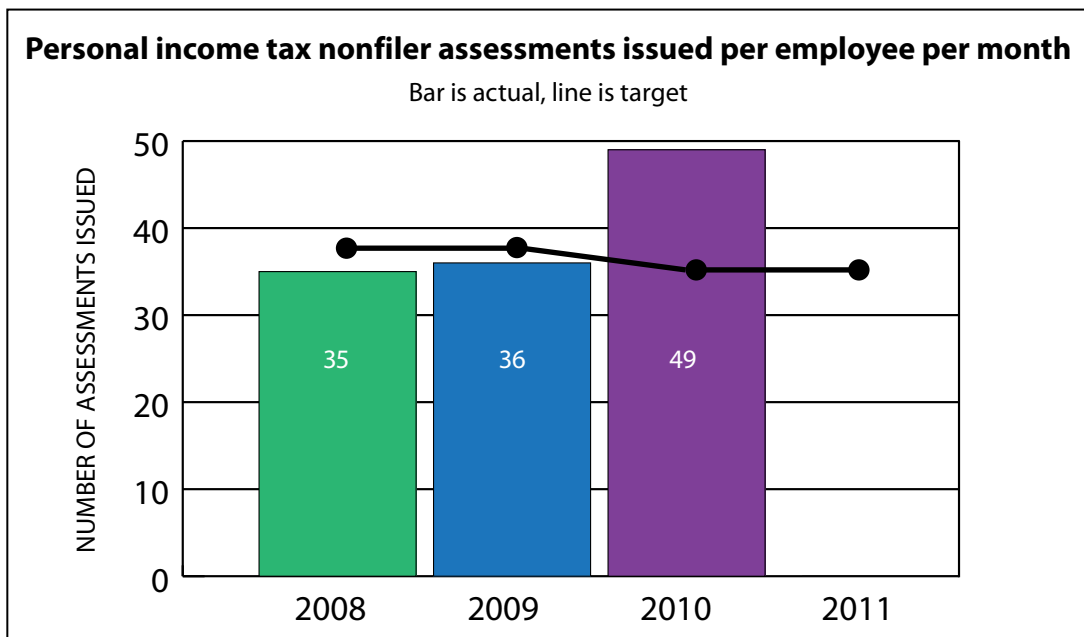
Measure since: 2000

Goal: Tax administration—Provide excellent customer service using education and assistance to help taxpayers meet compliance commitments.

Oregon context: Links to Oregon benchmark and to department’s mission.

Data source: Cost allocation system, and filing enforcement monthly reports, based on productivity per position.

1. **Our strategy:** Develop filing enforcement tools, techniques, and data sources that will improve accuracy of information and help us assist taxpayers with filing.
2. **About the targets:** Department placing more emphasis on voluntary filing. As that effort increases, we won’t send as many tax due assessments to taxpayers. We project the number of assessments per employee will decrease.
3. **How we are doing:** For 2010, our new Filing Enforcement System (NETS) increased number assessments issued per employee.
4. **How we compare:** Not available.
5. **Factors affecting results:** Continue to refine tools, skills employees need to help taxpayers file returns voluntarily.
6. **What needs to be done:** Defining strategies to increase voluntary compliance. Operational, tactical objectives will help us meet future targets.
7. **About the data:** Reporting cycle is Oregon fiscal year.



Key Performance Measure 6

Personal income tax, corporation tax cases closed per revenue agent per month

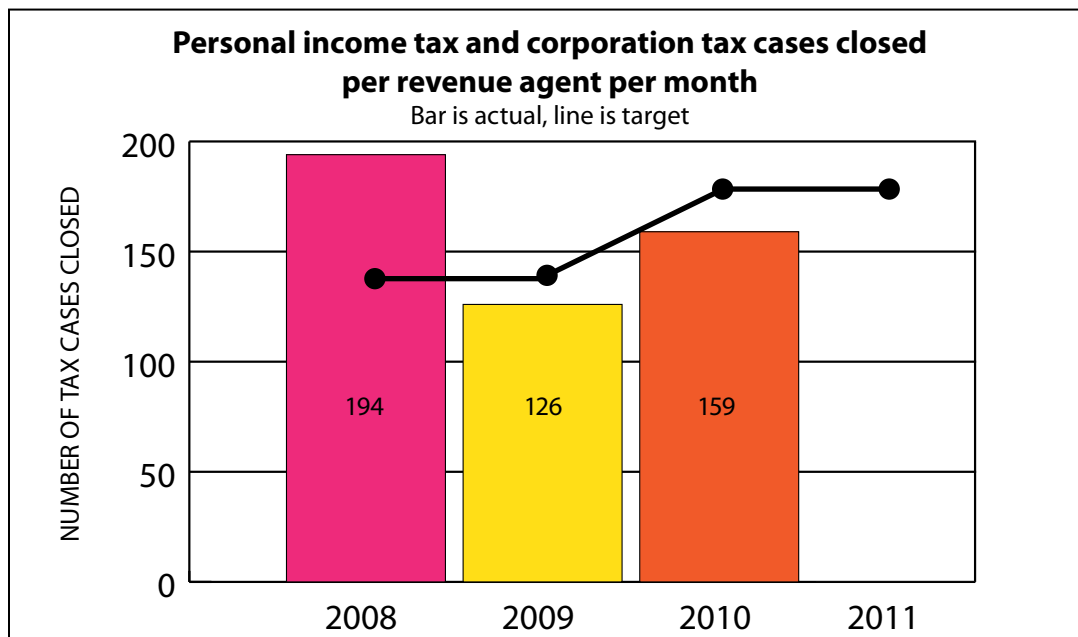
Measure since: 2000

Goal: Tax administration—Provide excellent customer service using education and assistance to help taxpayers meet compliance commitments.

Oregon context: Goal has no direct link to Oregon benchmark; links directly to department's mission.

Data source: Agent production reports (ACTF007) and FTE from Cost allocation system, based on productivity per position.

1. **Our strategy:** Provide collections staff with tools, training to quickly resolve cases; measure evaluates staff effectiveness working with taxpayers to close cases.
2. **About the targets:** Reflect steady growth in cases closed per revenue agent.
3. **How we are doing:** For 2010, number of cases closed just below target.
4. **How we compare:** Not available.
5. **Factors affecting results:** Analyzing type, age of delinquent debts; ensuring agents focus their efforts effectively.
6. **What needs to be done:** Evaluating new collection tools; analyzing unpaid tax debt to ensure we're maximizing staff effectiveness.
7. **About the data:** Reporting cycle is Oregon fiscal year.



Key Performance Measure 7

Delinquent returns filed after compliance contact per filing enforcement employee per month

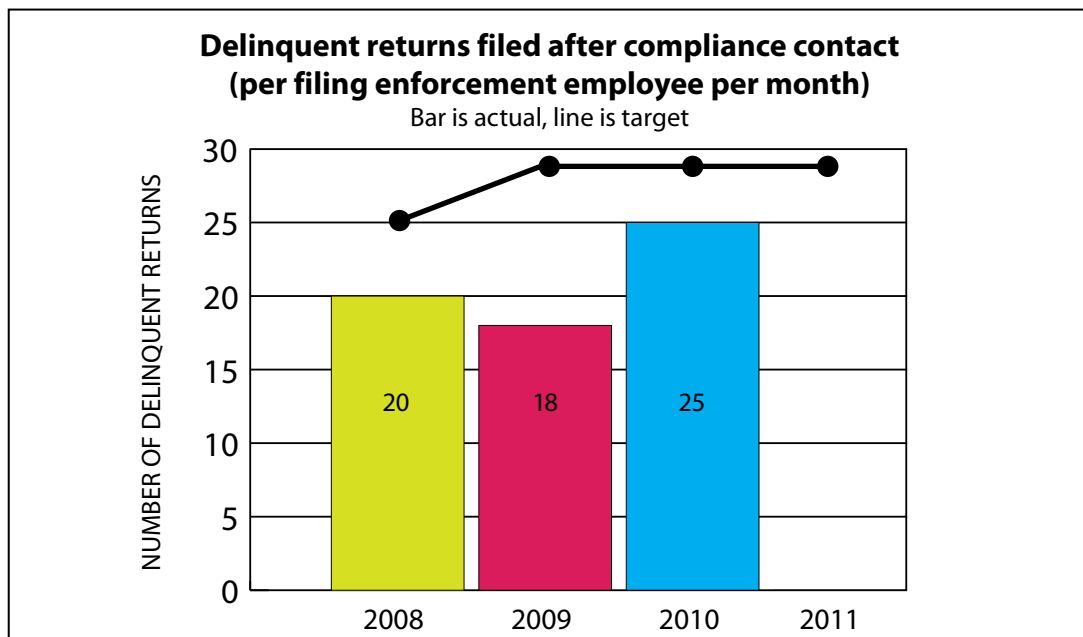
Measure since: 2001

Goal: Tax administration—Provide excellent customer service using education and assistance to help taxpayers meet compliance commitments.

Oregon context: Links to Oregon benchmark 33 and to department's mission.

Data source: Cost allocation system and filing enforcement monthly reports, based on productivity per position.

1. **Our strategy:** Identify nonfiling taxpayers, encourage them to voluntarily file returns.
2. **About the targets:** Emphasizing voluntary compliance. As that effort increases, we won't send as many tax due assessments to taxpayers.
3. **How we are doing:** In 2010, almost met target. Made changes to filing enforcement program that include working most recent tax years sooner to increase number of taxpayers filing voluntary; will see impact of change in 2011.
4. **How we compare:** Not available.
5. **Factors affecting results:** Trained employees about importance of contacting taxpayers quickly to help them come into compliance.
6. **What needs to be done:** Defining strategies to increase voluntary compliance. Operational, tactical objectives based on strategies will help us meet future targets.
7. **About the data:** Reporting cycle is Oregon fiscal year.



Key Performance Measure 8

Average days to process personal income tax refund

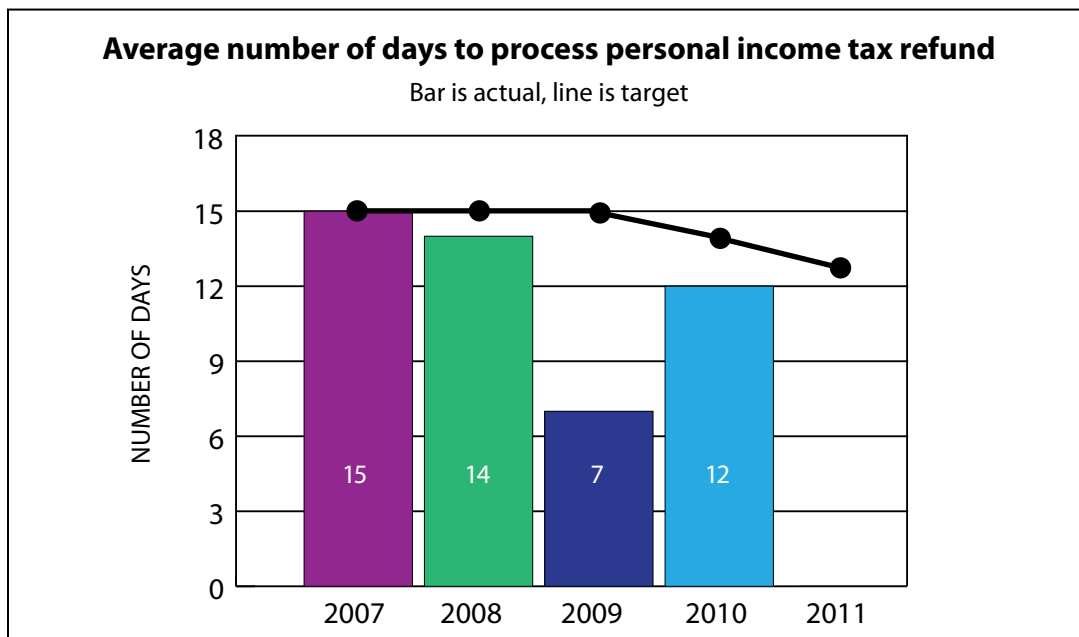
Measure since: 1999

Goal: Tax administration—Adopt best practices to make tax systems work better; take advantage of new technological opportunities.

Oregon context: Goal has no direct link to Oregon benchmark; links directly to department's mission.

Data source: Personal income tax return processing system.

1. **Our strategy:** Generate personal income tax refunds as quickly as possible through efficient use of people, processes, systems.
2. **About the targets:** Based on generating refunds within 15 days. Target is aggressive, demanding careful planning.
3. **How we are doing:** In 2008, target was 15 days; actual performance was 14 days.
4. **How we compare:** Targets, performance comparable with other states.
5. **Factors affecting results:** Department's ability to move more taxpayers to electronic or 2D returns.
6. **What needs to be done:** Continued process improvement.
7. **About the data:** Reporting cycle is Oregon calendar year in which we process returns for preceding tax year (example: 2010 returns processed in 2011). Data doesn't include suspended or amended returns (11 percent, 2009; 12 percent 2010).



Key Performance Measure 9

Percent of personal income tax returns filed electronically

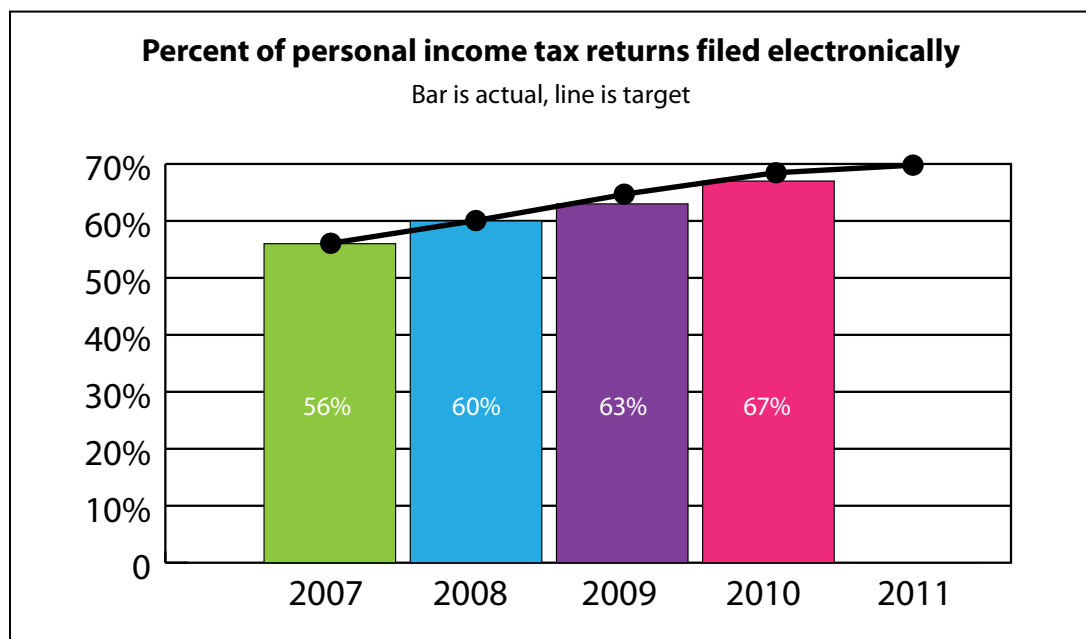
Measure since: 2002

Goal: Operational excellence—Adopt best practices; use technology to improve system, processes.

Oregon context: Goal has no direct link to Oregon benchmark; links directly to department's mission.

Data source: Personal income tax return processing system.

1. **Our strategy:** Increase percent of personal income tax returns filed electronically. Electronically filed returns are faster and less expensive to process.
2. **About the targets:** Set when there was substantial growth in electronically filed returns.
3. **How we are doing:** 2009 target was 65 percent; actual was 63 percent. 2010 target was 68.9 percent; actual was 67 percent.
4. **How we compare:** Average percentage of electronically filed returns in states without e-file mandate is 67 percent. In state with e-file mandate, average percentage is 70 percent.
5. **Factors affecting results:** Oregon's electronic filing is tied with the federal return; we benefit as more taxpayers file federal returns electronically.
6. **What needs to be done:** Continue to emphasize, market electronic filing. Pending legislation will require paid tax preparers to file Oregon returns electronically, which will increase e-file percentages.
7. **About the data:** Reporting cycle is Oregon calendar year in which we process returns for preceding tax year (example: 2010 returns processed in 2011).



Key Performance Measure 10

Employee work environment

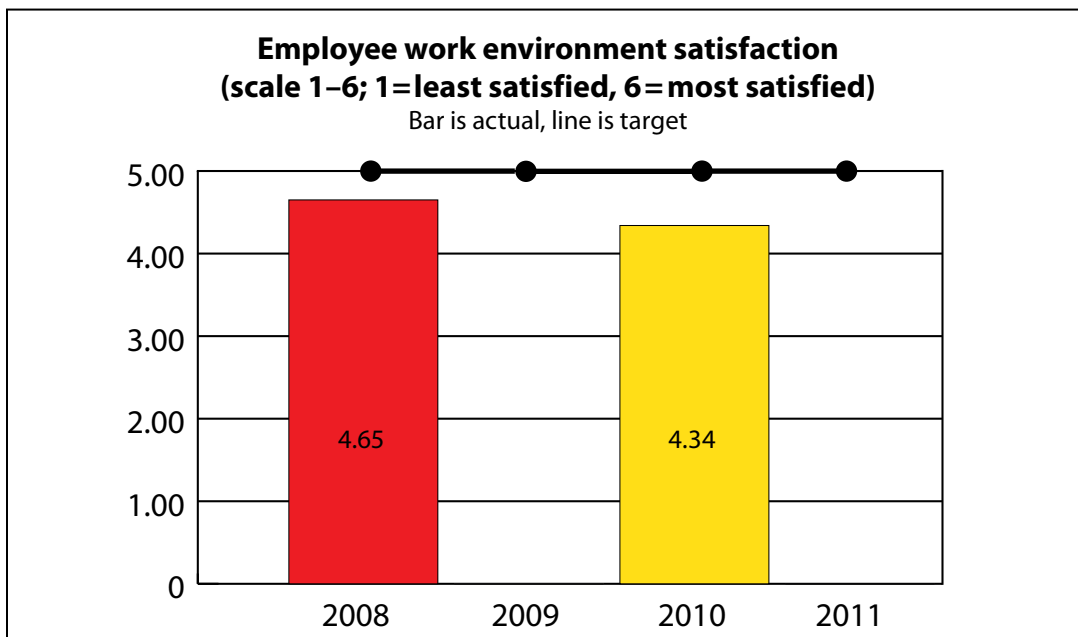
Measure since: 2002

Goal: Work environment—Provide positive, productive, welcoming work environment.

Oregon context: Goal has no direct link to Oregon benchmark; links directly to department's mission.

Data source: Employee survey. Metrics managers electronically collected, analyzed, reported results.

1. **Our strategy:** Provide employees with physical environment, support, resources they need to do jobs well.
2. **About the targets:** Employees rate work environment on 1–6 scale, from “very dissatisfied” to “very satisfied.”
3. **How we are doing:** 2010 target was 5.25; actual performance was 4.34. Results showed most employees generally satisfied with work environment, but concerned about state's economic uncertainty and significant internal changes.
4. **How we compare:** Not available.
5. **Factors affecting results:** Department provides training, developmental opportunities, job rotations, telecommuting, flexible schedules to support employees.
6. **What needs to be done:** Department undergoing major transformational change. Directing significant effort, resources toward improving communication, increasing employee involvement, engaging employees in process improvement, re-engineering efforts.
7. **About the data:** Reporting cycle is Oregon fiscal year; return rate of 2010 survey was 41 percent; 90-percent confidence level (+/- 5-percent error rate) and 90-percent confidence interval of 4.24 – 4.44.



Key Performance Measure 11

Annual employee training

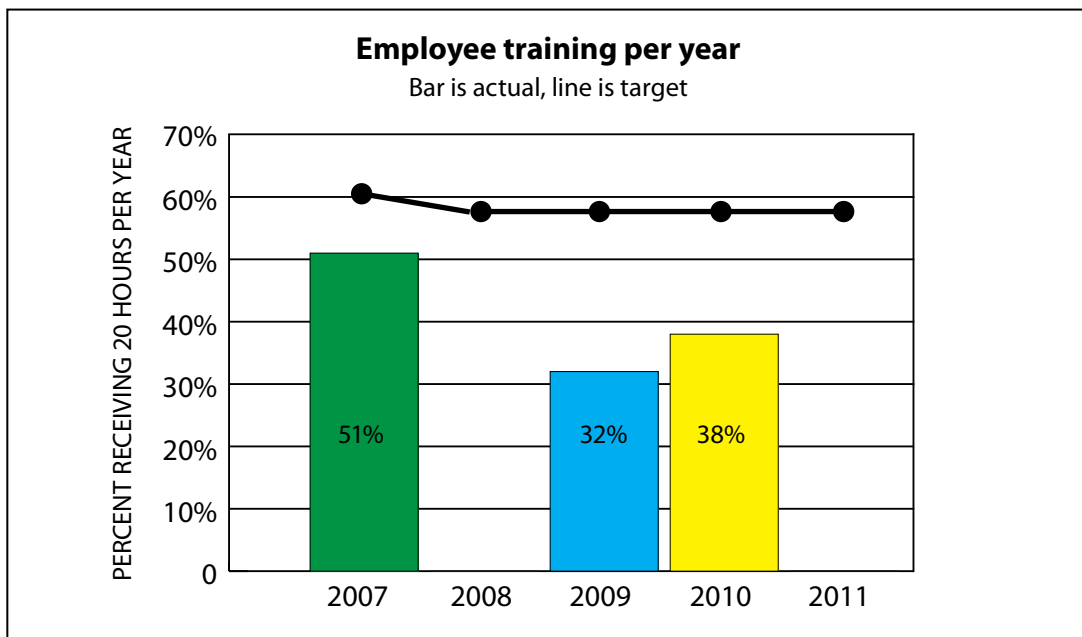
Measure since: 2000

Goal: Work environment—Provide positive, productive, welcoming work environment.

Oregon context: Goal links to Oregon benchmark 29 and department's mission.

Data source: Cost allocation system.

1. **Our strategy:** Demonstrate importance on employee development; commitment of training resources.
2. **About the targets:** Oregon benchmark 29—labor force skills training—measures percentage of Oregonians in labor force who receive at least 20 hours of skills training during past year.
3. **How we are doing:** 2010 target was 60 percent; actual was 38 percent.
4. **How we compare:** Statewide percentage of employees receiving 20+ hours of training is constant at 33 percent. We're above this average, but didn't meet our target.
5. **Factors affecting results:** Created training specialist position; however, funding issues limit training resources.
6. **What needs to be done:** Continue to place a high priority on employee training, look for creative, low-cost training (example: iLearn Oregon, iLinc virtual training, partnering with other agencies).
7. **About the data:** Reporting cycle is Oregon fiscal year. Data from timesheet coding. Managers responsible for accuracy of training reported.



Key Performance Measure 12

Customer service, satisfaction

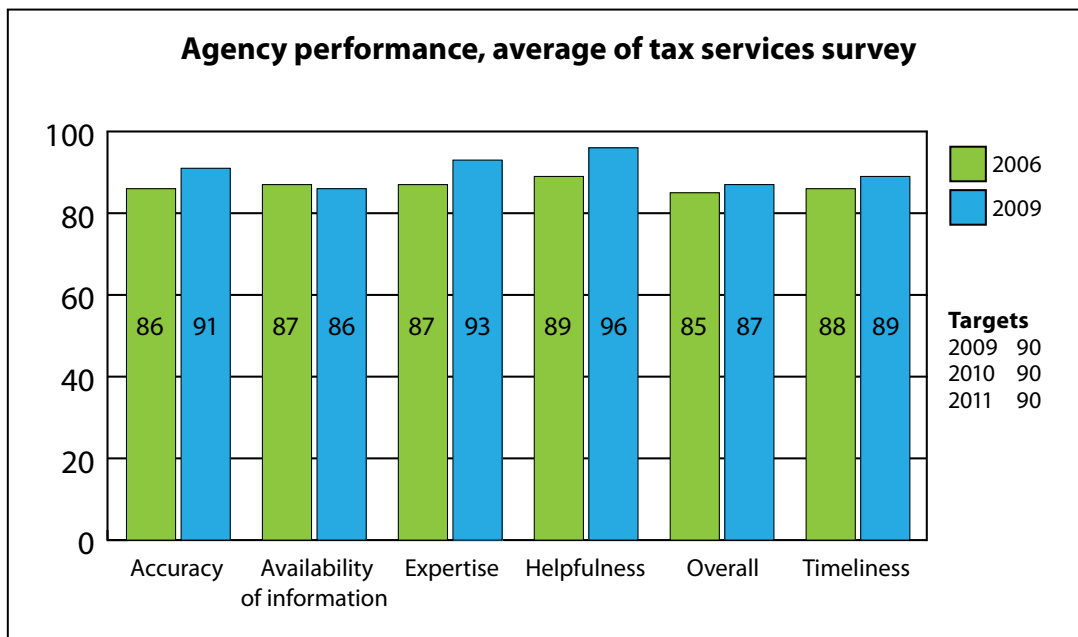
Measure since: 2006

Goal: Tax administration—Provide excellent, timely service to taxpayers.

Oregon context: Goal has no direct link to Oregon benchmark; links directly to department’s mission.

Data source: During 2009 tax season, surveyed walk-in customers at field offices, main building; surveyed random taxpayers who called Tax Services Unit (call center).

1. **Our strategy:** Provide excellent customer service to taxpayers who visit or call for assistance.
2. **About the targets:** All components set at 90 percent.
3. **How we are doing:** Based on 2006 and 2009 results, maintained overall customer satisfaction level, improving in some areas.
4. **How we compare:** Review other state agency data.
5. **Factors affecting results:** Only two years of data; difficult to analyze.
6. **What needs to be done:** Continue to emphasize importance of customer service, including timeliness, accuracy, helpfulness, expertise, information availability.
7. **About the data:** 2009 tax season (February – April).



Key Performance Measure 13

Effective taxpayer assistance

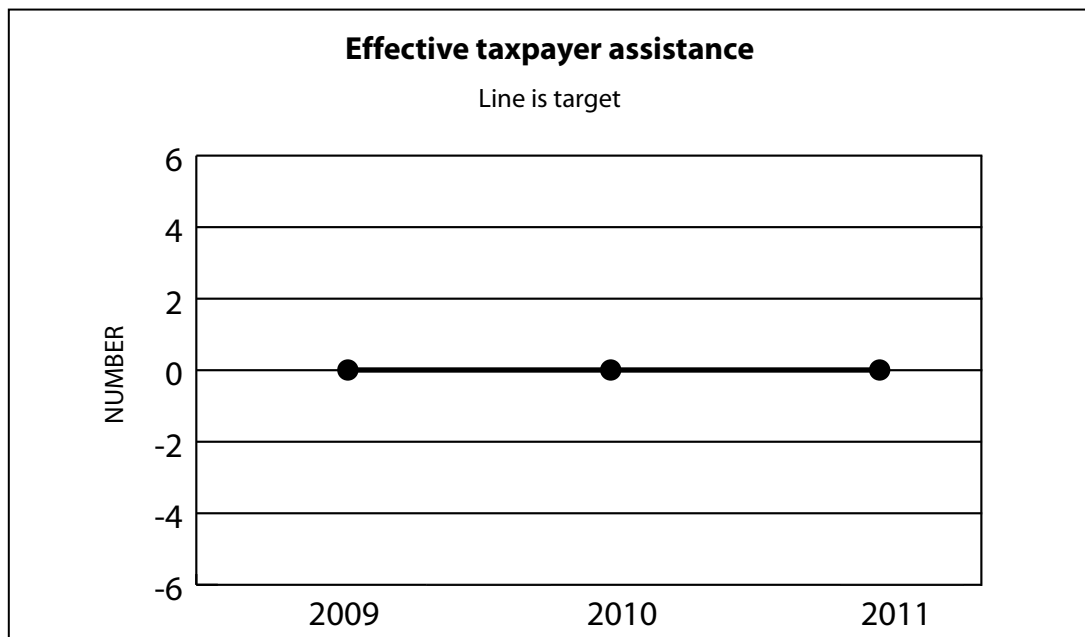
Goal: Effective taxpayer assistance—Provide excellent service using education and assistance to help taxpayers meet their compliance commitments.

Oregon context: This goal links directly to the department’s mission and to the Oregon benchmark for citizens understanding the tax system.

Data source: Department of Revenue automated systems.

1. **Our strategy:** Improve customer service options with an emphasis on self-service options for taxpayers. These include the interactive voice response system (IVR), and our website. Another strategy is to improve our customer service by providing shorter wait times on our phone lines with fewer taxpayers waiting longer than five minutes.
2. **About the targets:** We’re using a complex, true performance measure that includes measures of telephone wait times, IVR, internet self-service, and customer surveys. Individually, these are significant operational measures; in aggregate, they form an accurate picture of the degree to which we provide efficient, effective taxpayer services. The targets project a continued growth in the use of the IVR and internet to provide answers to taxpayer inquiries and self-service options. The higher the target, the greater percentage of issues that have been resolved in an optimal, effective, and efficient manner. The targets also project a decrease in telephone wait times. The surveys will show whether we are successful in providing information on the web and the IVR that answers taxpayer questions.
3. **How we are doing:** NA
4. **How we compare:** NA
5. **Factors affecting results:** NA.
6. **What needs to be done:** NA
7. **About the data:** NA

We don’t have legislatively approved targets for this measure. There are currently data issues that preclude valid reporting. We’ll update this KPM as soon as we resolve the data issues.



Using performance data

Inclusivity

Staff are involved in reviewing agency mission, vision, and values, which are supported by the performance measures. Staff provided input for the development of the performance measures at the time they were established. They also review the measures and recommend modifications as appropriate.

Elected officials review the performance measures as part of the legislative process.

Stakeholders are consulted regarding the measures as appropriate.

Citizens review the performance measures on our website and submit questions and comments.

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 internal measures and division and agency-level dashboards to track internal indicators and manage to outcomes.

Staff training

Management Team members and managers involved in preparing and updating the department's performance measures attended training and informational sessions sponsored by the Progress Board. Other agency managers have also attended training classes on 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 Progress Board's website.

Communicating results

Staff reviews the measures on the department's intranet to monitor progress and evaluate performance in key areas. Managers review the updated performance measures annually. Based upon their review, processes may be changed, or problems and trends identified and addressed.

Elected officials review performance measures and evaluate the department's effectiveness as part of the department's budget process. The measures also are included in the agency business plan provided to the Legislature and other elected officials.

Stakeholders review the measures on our website and may ask questions or make suggestions.

Citizens review the measures on our website and may ask questions or make suggestions.