

Accountability Report Transmittal Form

Agency Name - South Carolina Department of Revenue

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Agency Director - Elizabeth Carpentier

Agency Contact Person – Suzie Rast

Agency Contact's Telephone Number – 803-898-5450

S.C. Department of Revenue Accountability Report 2000-2001

I. Executive Summary

Year (Measure)	Appropriation (Million)	Enforced \$ (Millions)	%Increase	Returns/FTE	EEO Rank	Refund Time (Days)	DOR Coll. (Billions)	\$/FTE (Million)	Cost / \$1	FTEs Auth'd	\$ Set Off (Million)
1990	37.5	127.1	30.09%							871	
1991	36.5	128	0.71%	5207			3.7		0.010163	871	
1992	36.1	149.5	16.80%	5531			3.75	\$4.52	0.009776	838	11.5
1993	35.5	156.2	4.48%	5586			4	\$4.69	0.009089	836	16
1994	35.6	171	9.48%	6195			4.35	\$5.31	0.008732	799	21.7
1995	36.9	183.6	7.37%	6212			4.59	\$5.48	0.008512	837	30
1996	36.1	186.7	1.69%	6993			4.97	\$6.48	0.008512	837	40.6
1997	37.0	251	34.44%	7346			5.27	\$7.03	0.007647	742	43.5
1998	37.1	274	9.16%	7566			5.5	\$7.41	0.007662	750	48.2
1999	38.2	273	-0.36%	7792	39	31.81	6.07	\$8.05	0.007	754	47
2000	39.2	313.5	14.84%	7988	12	26.66	6.37	\$8.45	0.007081	754	
2001	34.0	326.8	4.24%	8227	5				0.007	755	
Ave.		211.7	11.08%								

Major Achievements from Past Year:

The Department of Revenue implemented the first year of its updated strategic plan in the midst of budget concerns, a hiring freeze, and the usual challenges. In addition to setting an annual business plan, the Department created a Budget Reduction Change Management Plan. Staying on track with our strategic plan in light of these events was itself a major achievement. We constructed five-year plans for implementation of major goals and objectives. Each five-year plan includes benchmarking and best practices research, assessment of our current status, analysis of resource requirements and barriers, and staging of implementation for improvement or innovation. Many projects had substantial progress in FY 00-01, “year one” of our plans. Significant achievements are (see this section’s list of objectives for numeric references):

1.1 Nonfilers: Many states have heavily invested in data warehousing to identify nonfilers. The department researched these best practices and on a tight budget has been able to implement data matches resulting in new filers and revenues for the State and counties. For example, our business personal property project generated new assessed values of \$1.7 million for local

governments. The nexus unit double collections during the fiscal year to \$2.8 million.

- 1.2 Revolutionize reporting and payment: South Carolina remains # 1 in percentage of electronically filed returns. New this year were web applications for individual extensions and declarations of estimated income tax. Collaborating with OIR, the department added a payment module so that all these applications can accept credit card payment. Installment agreements were automated, and “direct check” software was implemented. Electronic data interchange (EDI) and funds transfer (EFT) blossomed to 501 taxpayers representing 16,500 returns and \$339 million. Business taxpayers with zero returns can now “file” by telephone their sale and withholding information.
- 2.1 As part of DOR’s commitment to enterprise government and systems, we purchased Computer Assisted Mass Appraisal software for our agency and negotiated with the vendor that any county could also participate without charge. To date, 7 counties are committed to this project.
- 2.2 The department’s nationally award-winning TaxsmART: Picture Your

Taxes program was expanded to 10 elementary schools, and received the Greenville Partnership award.

- 3.2 Significant technology infrastructure improvements were completed in FY 00-01. This work is invisible to our users when it is working well. A new model office environment with updated software was implemented. Web content management software was purchased and is being installed to better manage our award-winning website. Rev'n U, our online training center, hosts 250 online courses through the state Smartforce contract.
- 3.3 Enterprise debt collection has seen significant progress and barriers during FY 00-01. Seven contracts have been signed, and more are anticipated during the 01-02 income tax filing season.
- 3.6 The department continues to drive the statewide single point business registration project among agencies, local governments, and business. This year, the first step, a links web page, was implemented on the state portal. Significant work in 00-01 resulted in the implementation of the automated DOR registration page on August 1, 2001.
- 4.1 DOR is proud of having reached 96% of goal attainment with the S.C. Human Affairs Commission, placing it second among agencies with more than 500 employees. Except for hiring seasonal temporaries, our goal of recruiting the best was significantly changed this year because of a hiring freeze. We have focused on methods of improving climate during stressful budget times, and implementing succession plans as employees accept separation incentives or are part of our reduction in force. Tax law training plans have been significantly updated and improved, with plans to create web-based courses and an electronic encyclopedia of tax law. A second session of our Executive Development program trained 16 more leaders.
- 4.2 We spent significant time in FY 00-01

aligning all of our reporting to the strategic plan. Every position description and Employee Performance Management System planning stage was rewritten to specific align job duties to the strategic plan. Performance measures, annual business objectives, and reporting were all aligned. Quarterly EPMS coaching sessions were implemented.

Mission and Values: The mission of the Department of Revenue is to administer the revenue and regulatory laws of this state in a manner deserving the highest degree of public confidence in our integrity, effectiveness, and fairness. To accomplish this mission, the South Carolina Department of Revenue will:

- Administer revenue and regulatory laws in a fair and impartial manner;
- Collect the revenue due the state;
- Recommend improvements to the laws administered;
- Ensure a professionally-trained staff of employees;
- Continually improve the quality of services and products; and
- Provide guidance to foster compliance with revenue and regulatory laws.

The values of our department are: Customer focus; Equal Treatment; Integrity; Accountability; Continuous Improvement; Informed Decision Making; Knowledge; Teamwork; Open Communication; and Recognition.

Key Strategic Goals – Our strategic plan focuses our efforts in four Key Results areas with associated strategies. These are:

Maximized Compliance

- Provide quality customer service
- Educate individuals, businesses, and tax professionals on regulatory, filing, and payment requirements.
- Reduce the stress, time, and cost of compliance by simplifying forms and instructions.
- Promote voluntary compliance with focused innovative enforcement.

- Work cooperatively with the Legislature to develop fair and simple tax laws..
- Use advancing technology to develop convenient alternatives for filing and payment.

Objectives for Maximizing Compliance:

1.1 Reduce nonfilers (5 projects)

1.2 Revolutionize reporting and payment (11 projects)

Strong Stakeholder Relationships

- Partner with stakeholders to understand and meet their expectations.
- Provide employees the tools, systems, and information to effectively perform their duties.
- Provide stakeholders the right information at the right time.
- Provide a variety of customer-friendly options to communicate effectively with stakeholders.
- Make processes streamlined, proactive, and responsive.
- Effectively market and promote Department of Revenue services available to stakeholders.

Objectives for Strengthening Relationships with Stakeholders

2.1 Full service e-government (3 projects)

2.2 Stakeholder feedback system

2.3 Seamless internal processing systems

Effective and Efficient Agency and Enterprise Services

- Identify, prioritize, plan, and implement flexible, long-term agency and enterprise services.
- Administer and continuously evaluate services to ensue stakeholder needs are met while adhering to rules, regulations, and statutes.
- Continuously evaluate and implement innovative technology to improve the quality and speed of service delivery while minimizing cost.
- Evaluate, provide, and manage agency resources to include equipment, facilities, employees, services, and tools.
- Market services and communicate procedures and policies to educate stakeholders.

Objectives for More Efficient and Effective Agency & Enterprise Services:

3.1 Align to Malcolm Baldrige Performance Excellence Standards

3.2 Technology Infrastructure: Analyze requirements and build it.

3.3 Implement state-enterprise-wide debt collection (GEAR)

3.4 Partner for a statewide integrated financial package capable of activity based costing and e-forms across systems.

3.5 Exercise core competency in remittance processing to become statewide enterprise provider.

3.6 SCBOS: Drive implementation of multi-agency single point business registration system.

Capable, Satisfied, and Diverse Work Team

- Provide forward-thinking leadership that is creative, clear, innovative, and demanding of excellence.
- Actively recruit and employ highly-qualified, diverse individuals who are committed to providing public service.
- Provide competitive compensation and recognition systems which thank employees for their individual and team efforts and encourage innovation.
- Provide comprehensive, meaningful employee training and knowledge management systems that use up-to-date techniques and technology.
- Ensure a flexible organizational culture that promotes high performance, lifelong learning, and employee satisfaction in a safe work environment.

Objectives for maintaining a capable, satisfied and diverse work team:

4.1 Recruit, retain, and train the best.

4.2 Align all positions, performance review, measurement, and rewards to the strategic plan.

Opportunities and Barriers: Opportunities

◆GEAR – our Government Enterprise Accounts Receivable project to collect other

entities debts and generate revenue for the department.

- ◆ IRS Offset Program – federal offset for SC debts/SC offsets for federal debts
- ◆ Electronic Funds withdrawal (Automated Clearing House)
- ◆ DORBOS/SCBOS/MyTaxes – On-line Business-One-Stop for registering to do business in South Carolina
- ◆ Joint business registration with Employment Security Commission
- ◆ Partner with General Services Administration on business registrations and IRS to issue FEI numbers
- ◆ Contact Center – Activate a Customer Relations Contact Center this fall that will provide a single point of contact telephone for customers. Eventually it will handle registration for license requests.
- ◆ CAMA – Computer Assisted Mass Appraisal system – The DOR has contracted with a vendor to provide this system to aid state appraisers in valuing commercial properties. The CAMA system will be made available to any county wishing to use it. The initial licenses for the counties' use will be provided free-of-charge by DOR. Currently, seven counties have signed up for this program.
- ◆ ELF – Electronic filing of Individual Income Tax, Sales and Withholding returns will continue to positively affect the workload for DOR.
- ◆ Automation/Technology enhancements that are listed below provide the tools for effective and efficient customer services.
 - Upgrades of all PCs
 - Viking – An enhanced data entry software
 - New mail opening equipment
 - New microfilm equipment
 - Imaging of paper documents
 - Electronic auditing
 - Rev'n U, our E-learning structure
 - Training manual automation vs paper copies
 - Audit coverage plan provides a more cost effective and productive method of audit selections.

-More remote access/telecommuting will bridge part of the gaps created by the necessity of closing four district offices.

- ◆ SEATA/FTA joint efforts will allow the department to continue to stay abreast of current and future trends.
- ◆ STAWRS (Simplified Tax And Wage Reporting System) – South Carolina is in the next group of states to allow a single point of payment for state, federal, and social security payments.
- ◆ Our Non-filer program is in place to identify and get non-filers up-to-date
- ◆ Legislative updates are provided to county officials annually to inform and build positive relationships with these stakeholders.
- ◆ SCATT/SCAAO – Affiliations with these organizations provide an avenue to work with and build positive relationships with local governments.

Barriers

- 4 Budget and staff – With a 20% reduction in force, delivery of services and improvements may be slower than the expeditious manner our customers have enjoyed in the past.
- 4 Reductions in funding have frozen career development plan implementation and salary increases, adversely affecting climate.
- 4 GEAR – Governmental agencies have been hesitant to enroll because of lawsuits, trade association distrust, concern about DOR's staffing post-budget-reduction, and contact by private sector businesses.
- 4 Organizational shifts, reorganization, cross- and re-training, office closings, and succession planning. The TERI, separation incentives, and RIF have highlighted the need for cross-training, OJT manuals, and documentation of all processes.
- 4 Reductions in enforced collections staff may causing a statewide negative economic impact.
- 4 Reductions in audit staff may reduce audit coverage.
- 4 Media coverage and Public Relations – The media has focused upon the likely

decrease in voluntary compliance that could result from a lower DOR presence in enforced collections.

4 Travel budget restrictions affect collections activities.

4 Training and conference attendance and travel will be limited, resulting in missed opportunities to learn of current and future trends and techniques.

4 Taxpayer workshops may decrease, resulting in more errors and noncompliance.

4 Security related to telecommuting, and its associated costs, will need to be researched.

4 Replacing full-time offices with periodic monthly office hours reduces accessibility and my result in lower levels of voluntary compliance.

4 The Local Option Sales Tax needs a legislatively defined method of applying the tax.

4 The constitutional car tax decrease needs a statutory definition of “personal motor vehicle.”

4 Unfunded mandates continue to drain already strained resources.

4 County inflexibility in the format of the vehicle assessment guide increases costs with for negligible benefit.

4 Slower processing cycle times may increase the amount of opportunity costs lost on interest on deposits.

4 Slower refund processing cycle times could increase the amount of interest paid.

4 Loss of our newer talent (RIF) and the loss of expertise (TERI, separation incentives).

4 We have participated in the statewide procurement team purchasing integrated financial software to be implemented by the Department of Mental Health, but are concerned that budget restrictions may limit or slow implementation, which affects our ability to do activity based costing and zero based budgeting analysis.

4 Except for partial funding of mandated salary and benefit increases, DOR had not had an increase in its general fund appropriation since the early 1990s. DOR’s continuous improvement teams forged innovations to meet the gap. Across the board cuts leave employees dispirited with the feeling that “no good deed goes unpunished.”

II. Business Overview

During FY 00-01, the department had a total of 773 authorized full-time permanent slots. Of those, 752 are state funded and 21 are other-funded. These employees worked in 10 offices throughout South Carolina and six major metropolitan areas across the United States. Our permanent workforce has been supplemented by approximately 135 non-seasonal temporaries and up to 180 seasonal temporary employees during peak months. A hiring freeze implemented November 2000 created 107 vacancies (666).

Base Budget Expenditures and Appropriations

Major Budget Categories	99-00 Actual Expenditures		00-01 Actual Expenditures		01-02 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$27,298,970	\$26,214,836	\$28,545,693	\$27,169,089	\$27,974,735	\$27,018,291
Other Operating	\$12,554,096	\$6,716,539	\$13,033,871	\$6,985,374	\$10,661,918	\$6,360,542
Special Items (LOST, Assessors, Budget Red.)	\$1,132,517	\$7,517	\$1,130,973	\$5,973	\$1,125,000 105,000 (\$6,500,911)	(\$6,500,911)
Permanent Improvements	\$0	\$0	\$0	\$0	\$0	\$0
Case Services	\$0	\$0	\$0	\$0	\$0	\$0
Distributions To Subdivisions	\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits	\$6,908,026	\$6,719,820	\$7,463,322	\$7,262,238	\$7,295,178	\$7,140,984

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Non-recurring	\$0	\$0	\$74,859	\$74,859	\$0	\$0
Total	\$47,893,609	\$39,658,712	\$50,248,718	\$41,497,533	\$40,660,920	\$34,018,906

Other Expenditures

Sources of Funds	99-00 Actual Expenditures	00-01 Actual Expenditures
Supplemental Bills	\$970,133	\$29,867
Capital Reserve Funds	\$0	\$0
Bonds	\$0	\$0

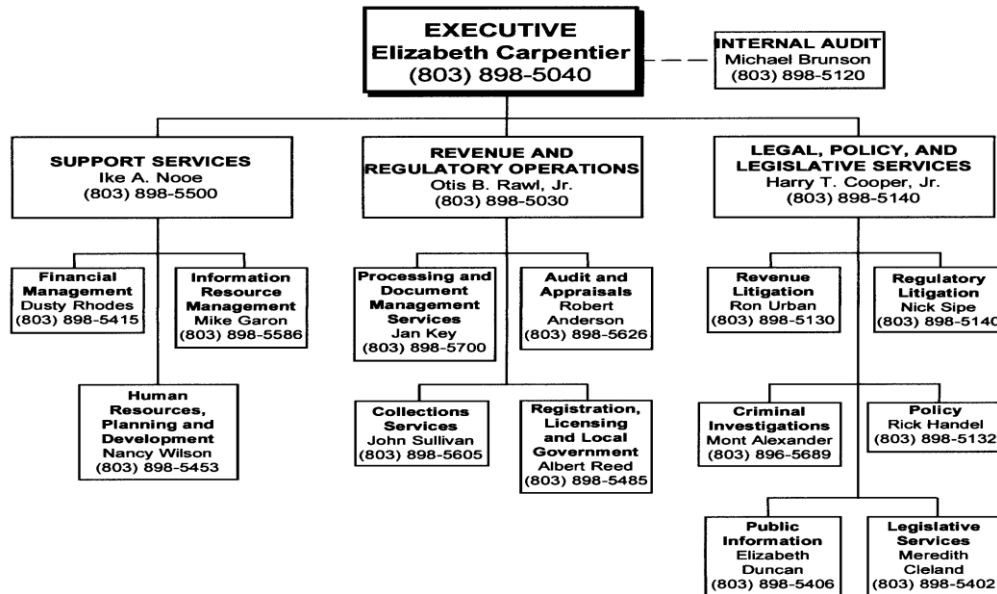
Our major customers are all those who use the state revenues we collect. A full listing of our customers/stakeholders is shown in Category 3.6.

Our key suppliers are the citizens of South Carolina who supply us with tax revenues and information. We also rely on the Employment Security Commission and other state and local governmental entities, to supply required information. The Budget and Control Board – Office of Information Resources is a major supplier of technology infrastructure for the department. Traditional suppliers include Dell Computers, forms manufacturers, and other suppliers of supplies and services.

The South Carolina Department of Revenue

is also a regulatory agency. We administer 32 state taxes and numerous fee, credit, and exemption programs. The department also regulates and licenses retail establishment, bingo operations, and alcoholic beverage sellers. The department is in direct contact with nearly every South Carolina resident and many non-resident taxpayers and corporations. We therefore manage our enterprise in a customer-focused, fair, and efficient manner.

Organizational Structure: Our organizational structure is shaped around core business competencies and support functions. The chart below shows that structure and leadership.



III. Malcolm Baldrige Performance Excellence Standards

Leadership

1.1a - f Senior leadership in the Department consists of the Director, Elizabeth Carpentier, three deputy directors, and administrators of each of the major operating units. The agency’s leadership sets, deploys, and communicates direction through the strategic planning process, the annual business planning component of that process, and the five-year business plans developed for agency level objectives. All of these elements are tied to the agency’s four key results detailed in the Executive Summary.

In rolling out the newest strategic plan in 2000, management began using a “Wizard of Oz” theme to communicate the vision, mission, values, key results, and objectives of the agency. Alignment of these components of the strategic plan is compared to placing bricks upon the yellow brick road. The presentation is located on our intranet. This same theme is communicated on posters throughout the agency listing the key results, the annual business plan objectives, and key accomplishments (boaster posters).

1.2 In FY 00-01, management focused direction on both internal and external customers by reaching consensus on 13 major goals with 59 underlying projects to be tracked at the agency level. Management directed that these projects have longer term planning. In August 2000, project teams drafted 5 year planning documents for each newly focused objective. These goals, objectives, and projects are tied numerically to the four key results of the strategic plan. Agency-level performance measures are likewise numerically tied to the key results. Management meets each Monday morning for reporting by one operational division, discussion of one of the 13 projects, and

progress on one set of performance measures. Month-end performance is also scheduled for regular review by the management team. Progress on each annual business plan objective is compiled and reported quarterly.

1.3 The agency level performance measures reviewed regularly by the senior leaders are as follows:

- 1.A Dollars collected voluntarily as a percent of total receipts
- 1.B Percent of tax returns filed timely
- 1.C Percent of tax returns filed not generating a reconciliation-based deficiency notice.
- 1.D Voluntary remittances as a percent of total due for audited taxpayers
- 1.E Percent of total revenues audited
- 1.F Percent of tax returns audited
- 1.G Total number of assessments issued and cleared; total dollars of assessments collected
- 1.H Total number of warrants issued and cleared; total warrant dollars collected
- 1.I Number of call-in/walk-in customer contacts per day per taxpayer service center
- 1.J Percentage of available work hours devoted to direct audit time
- 1.K Dollars assessed per audit per tax type
- 1.L Private collection agency placements, collections, cleared, and fees paid
- 1.M Number of regulatory violation cases opened and closed
- 1.N Number of successful prosecutions
- 1.O Days to complete policy documents
- 1.P Disposition of revenue litigation cases
- 2.A.1 Average number of days to issue sales refunds
- 2.A.2 Percent of sales refunds mailed after 75 days
- 2.A.3 Percent of refunds issued accurately - Sales
- 2.B.1 Average number of days to issue withholding refunds
- 2.B.2 Percent of refunds mailed after 75 days – Withholding
- 2.B.3 Percent of refunds issued accurately – Withholding
- 2.C.1 Average number of days to issue refunds – Corporate
- 2.C.2 Percent of refunds mailed after 75 days – Corporate
- 2.C.3 Percent of refunds issued accurately – Corporate
- 2.D.1 Average number of days to issue Motor fuel refund

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- 2.D.2 Percent of refunds after 75 days
- 2.D.3 Percent of refunds issued accurately
- 2.E.1 Average number of days to issue IIT refunds
- 2.E.2 Percent of refunds mailed after 75 days
- 2.E.3 Percent of refunds issued accurately
- 2.F Average call center queue time
- 2.G Call center abandon rate
- 2.H Transactional - based taxpayer surveys
- 2.K IRM work request cycle times
- 2.L Timely and high quality issuance of DOR reporting to third parties
- 3.A Receipt to Deposit Time and Average Processing Times
- 3.B Percent of Dollars received EFT
- 3.C Percentage of reconciliation based deficiency dollars and notices
- 3.D Revenue Collected Per Dollar Spent
- 3.E Revenue collected per filled FTE
- 3.F Enforced involuntary collections per enforce--related dollar spent
- 3.G Involuntary enforced collections minus enforce-related expense
- 3.H Enforcement related expenses as percent of total
- 3.I No. of days from return receipt to mailing reconciliation-based deficiency notice
- 3.J Average number of days from receipt of return until completion of reconciliation.
- 3.K Percent of returns filed that produce a reconciliation exception
- 3.L Percent of reconciliation exceptions cancelled prior to deficiency notification
- 3.M Average returns processed per employee
- 3.N Total number of returns processed by tax type
- 3.O Refund Debt Set Off volume
- 3.P Percentage of people selected for telefile who used telefile
- 3.R Percentage of non-paper returns filed by type
- 3.S LAN down time
- 3.T Deposit opportunity cost.
- 3.U Mainframe down time
- 4.A Number of improvement suggestions by division and per FTE
- 4.B Average training hours per employee.
- 4.C EEO Parity Rate
- 4.D Percentage of new hires exceeding minimum job qualifications.
- 4.E Number and percentage of minority applications to total; #'s by federal E category.
- 4.F Number of employees resigning (excluding retirements).
- 4.G Number of grievances

- 4.H Number of employees, by supervisor, who have received a meets by default.
- 4.I % of employees by division whose position descriptions have been reviewed and updated to conform to the Strategic Plan
- 4.J % of employees by division whose EPMS have been aligned with the strategic plan; and have been reviewed quarterly with the employee.

Additional measures are reviewed at the deputy and division level. Performance measures track processes that are “out of control,” monitor improvement, track performance to specifications, and indicate processes needing change.

1.4 Members of the management team have engaged in executive development training, including 360 degree feedback. Information about the agency’s climate is part of that feedback. This year management used that feedback to develop a “pulse takers” team to improve climate during stressful change related to budget reductions.

Our values represent our guiding principles or the things about which we care most as we carry out our mission. Senior leadership not only models these beliefs, but also clearly and consistently articulates these values throughout the organization. Our intent is to demonstrate these beliefs in all our dealings with our external and internal customers.

Our senior leaders have been trained in fourth generation quality management principles, team leadership, and Baldrige criteria. Leaders “walk the talk” through participation in training and teams using the quality tools and process. Management has set a target for suggestions, implemented a web-based suggestion form, and solicited ideas for cost reductions from all employees.

Our senior leaders are recognized for their abilities statewide and nationally through

their positions in many professional organizations. We have an Executive Leadership Development process to ensure that our future senior leaders have both the skills and experience to excel and to continue the tradition of excellence. We are in the third year of a mentoring program in which senior leaders are matched one-on-one with potential future leaders.

1.5 Current and potential impact on the public of our products, programs, services, facilities, and operations to include associated risks have been integrated into our strategic planning process. See Category 2.

1.6 Priorities for improvement are also determined by our strategic plan, performance measures, and subsequent annual objectives that tie to overarching five-year plans. See also Executive Summary and Category 2.

1.7 The department demonstrates its public responsibilities and practices good citizenship in many ways. Public trust is a vital component of maintaining high levels of voluntary compliance with the state's tax laws. Our methods of accomplishing customer focus and listening to their concerns and problems are detailed in pages 13 through 15 of this report. We assure ethical business practices proactively through policy and training. Several teams work annually (1) to ensure compliance with implementation of new statutes; (2) to identify suggested improvements to the laws; and (3) to communicate advisory opinions and regulations to assist taxpayers. Direct e-mail, the Problems Resolution Office, monthly interviews, and the Taxpayer Advocate are avenues for citizens to resolve concerns. Taxpayer errors and calls are monitored to identify where improvements are needed.

The department is a leading agency in the government community. On the state level, our employees lead or participate in multi-agency teams to improve the processes of government. We have trained not only our employees, but also many from other agencies. We regularly facilitate teams in other agencies. We are actively involved with professional groups in leadership roles, such as the Federation of Tax Administrators (FTA) Best Practices and Benchmarking Team. Ms. Carpentier serves on the Board of FTA and was President of the Southeastern Association of Tax Administrators from July 2000-2001. These collaboration efforts not only help us identify best practices, but also to give us the opportunity to be a partner in continuously improving all governmental services for our citizens.

We partner with business groups, such as the State Chamber of Commerce, Municipal Association, Association of Counties, and the Small Business Chamber on joint projects. Our collaboration with state partners includes the Departments of Transportation, Health and Environmental Control, Commerce, and Labor, Licensing and Regulation, to name but a few. We have taken the lead for the Master Application System (SCBOS) that will provide a more streamlined one-stop shop approach for citizens registering to do business in South Carolina. We have regularly served as a pilot site with the Internal Revenue Service to bring taxpayer friendly programs to South Carolina citizens, such as issuing federal employer tax identification numbers. We frequently are called upon to make presentations to a wide variety of audiences about both taxation and our quality leadership approach.

Our agency actively supports other community groups, such as the United Way, the Good Health Appeal, United Black Fund of the Midlands, Cooperative Ministries, the Red Cross, Harvest Hope Food Bank, the Ronald McDonald House project, First Ladies' Walk for Cancer, and our community schools. The director is the chair of the 2001 state government employee United Way campaign.

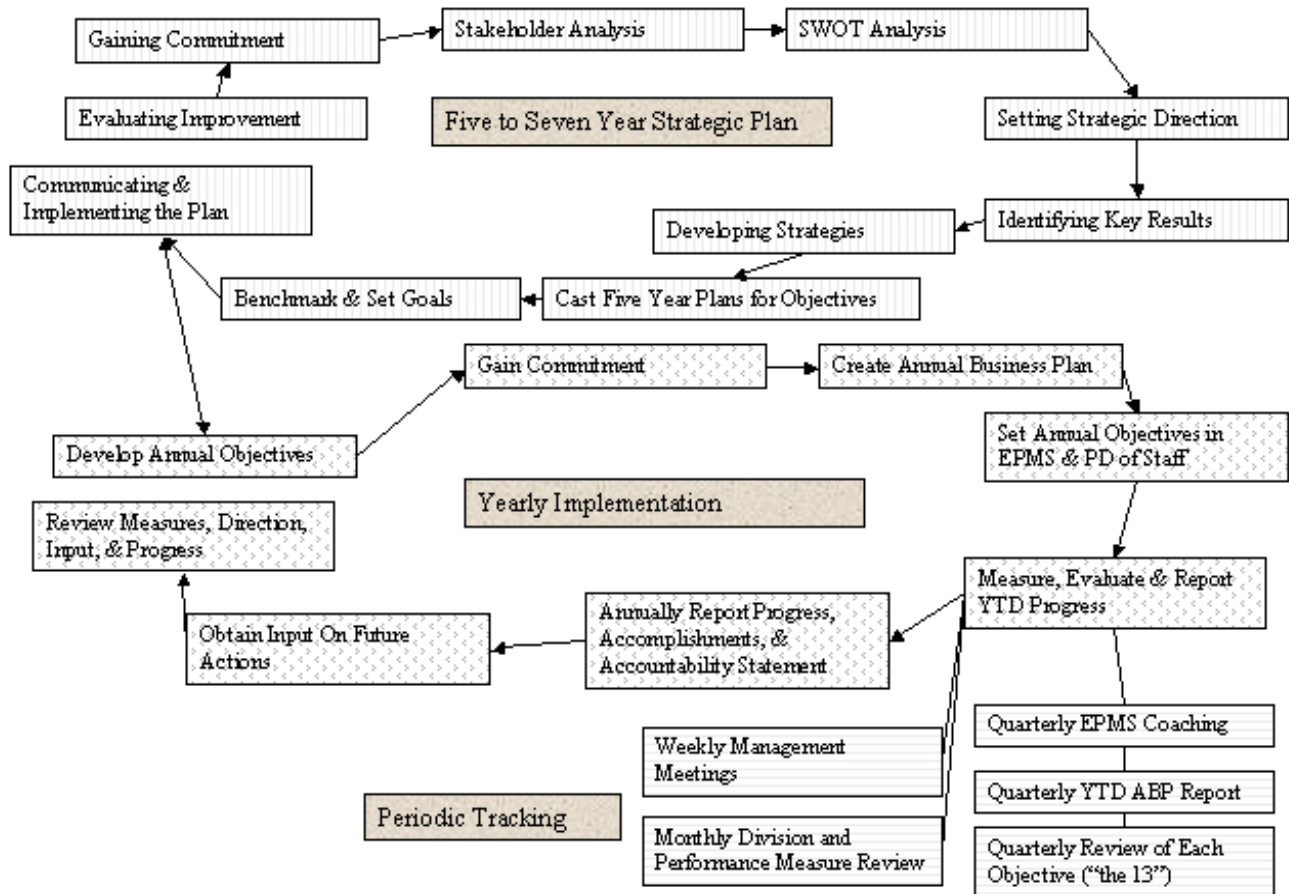
include a planning team of more than 60 managers, many agency employees, and external groups and individuals. Our strategic planning process gives us a future-oriented basis for business decisions, resource allocation, and management.

An intensive stakeholder research and analysis process gathered input from employees, business and non-business taxpayers, elected officials from both state and local government, tax practitioners, media, other state agencies, government entities within the state, and professional associations. Teams were assigned to each of the stakeholder groups and we collected information.

Strategic Planning

2.1 The department's strategic plan is the basis for both our long- and short-term planning processes. In July 1999 the leadership team revisited our strategic plan to meet the challenges of the future. We significantly broadened the scope of input to

Strategic Planning Cycle



We examined our strengths, weaknesses, opportunities and threats (SWOT on the chart above). In the external scan we identified factors that will impact our future. These included technology; socioeconomic and demographic considerations; cutting edge business trends; IRS reorganization and its impact on the department; political trends, including the media and lottery; federal mandates; and intergovernmental issues, including other state revenue departments and state/local government. This year, it has included budget reductions. The internal assessment focused on the strengths and weaknesses of our department. Areas assessed included our culture, human resources, structures, systems and processes, services, and technology. The results of the focus group responses were made available via e-mail to all employees.

Performance measures help us track and evaluate our progress. Measures were identified and prioritized by all divisions that tie directly to the strategic plan. They include items that are important to our customers and that address efficient use of resources.

2.2 Each annual business plan objective is expressly tied to strategic objectives and key results under the strategic plan. They are tracked through: (a) rotating presentations of the 13 objectives at the Monday management meetings (quarterly review); (b) quarterly year-to-date progress reports; (c) monthly review of the performance measures under each key result; (d) monthly review of business management measures on collections activities. During 00-01, objectives were ranked for resources as I or II. Level I objectives were targeted for additional resources as available; Level II objectives set goals for performance within existing budgets.

2.3 The plan was communicated in large group meetings with all employees and was reinforced by sectional meetings within each division. In addition, through other media such as e-mail, brochures, posters, and contests, we continue to promote the plan's key components and results. During Fiscal Year 00-01, the "Baldrige Bunch" conducted refresher courses for employees and management engaged in "Talk Back" sessions, during which employees were asked to respond to questions about the vision, mission, values, and key results of the plan.

Deployment of this plan involves all department employees. Each year each natural work team and project team sets objectives that target one or more of the strategies. Our Annual Business Plan addresses improvement opportunities at the team, operating division, and agency level. Progress is reported quarterly. Planning is an annual process that we believe not only aligns employee efforts with the issues of most importance to our agency, but also helps us monitor progress and use resources wisely. We have supplemented the annual business planning cycle with a five-year planning process that better ties the strategic key results with our annual business planning. Our five-year plans address 13 major initiatives we believe will focus our resources to better accomplish our key results for fiscal years 2001-2005. New employees are oriented to the agency and this strategic planning process in a course we call "DOR-101."

The significance of aligning individual duties and accountability to the strategic plan is underlined through explicitly tying job duties to key results on each employee's position description and EPMS. In addition, quarterly coaching sessions occurred for each employee during the EPMS process.

Part of that coaching includes reinforcement of the key results and the employee's unique responsibilities that will help us better accomplish our mission.

Customer Focus

3.1 Through our strategic planning process and implementation, the agency's key customers and stakeholders have been identified as those who use state revenues; the agencies that rely upon state revenues; individual and business taxpayers of the State; tax practitioners acting on behalf of those taxpayers; regulated businesses; statewide property tax payers; local governments; elected officials; and federal, state and local governments.

3.2 We determine the identity of our stakeholders by reviewing the products and services we provide, and determining the identity of the end users of those services. We determine and fulfill our customers' key requirements by asking questions, defining terms, setting standards, and continuous improvement. For example, if taxpayers want refunds "fast," we ask for a definition of fast (e.g., 12 weeks? 10 days?), determine how to set standards to meet that speed (e.g., direct deposit, electronic filing, use of coded labels to speed up data entry, separate mailing address for refund returns), and continuously monitor our processes to ensure that we meet those requirements.

3.3. We seek customer-friendly feedback vehicles. Our web site is an avenue for our customers to provide feedback and access services. All notices that are sent by the department contain a telephone number for customers to make inquiries and suggestions. We use The Benchmarking Exchange and the Federation of Tax Administrators' Benchmarking project to acquire additional insight on obtaining customer feedback.

3.4 We view every complaint or comment as an opportunity to improve our services. Agency level objective 2.2 is focused on developing a five-year plan for a structured, systematic, stakeholder feedback system to receive and respond to concerns and suggestions. The team's benchmarking report recommends several steps for improving our feedback system so that we can improve all of our systems. Capitalizing on a "best practice" initiated last year, the department includes tax practitioners, tax accountants, CPA's, and taxpayers in our forms design teams. This supplier-customer input has proved invaluable in simplifying content and format of information on our tax forms.

3.5 The department has employed several methods to collect customer satisfaction input and determine the strength of our relationships. These include:

- ◆ Monthly customer satisfaction interviews. The director writes each interviewed stakeholder and follows up on suggestions.
- ◆ Postage prepaid customer comment cards.
- ◆ The University of South Carolina's Institute of Public Affairs Biannual Survey of the South Carolina Public includes our annual satisfaction survey on overall service delivery, quality of information received, and the ease of the process. See Figure 7.1.1.
- ◆ Taxpayer education initiatives are used in part to measure customer satisfaction.
- ◆ Focus groups help us measure when we are doing things well or poorly.
- ◆ The Taxpayer Advocate's Report is a measure of the number of types of complaints, the resolutions of those complaints, and the processes that have been changed as a result.
- ◆ Monitoring comments, complaints, and feedback.

3.6 Below is a listing of our major customer

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groups and methods employed for building positive relationships.

All stakeholders

Publications: Revenews, brochures
Taxpayer Assistance Officers
Taxpayer Advocate
Taxpayer Education
Problems Resolution Office
Automated Tax Help Line
FormsFax and Web Forms
Email systems
Satellite office hours at 22 locations in SC
Award-winning web site
TaxsmART
Summary of current year's new tax legislation
Policy document listserve
MySCTaxes project 1.2
Experts on TV
Speakers Bureau/Public Speaking/Toastmasters
PATs system and expansion on electronic payments,
Direct Check, epay projects
Contact – Customer Research Center project

Elected Officials

Revenue collection and reporting
Legislative liaisons
Drafting assistance
Courtesy calls
Constituent services
Proactive response to issues
Survey

Other state agencies

Revenue collection and reporting
SCBOS
Tobacco settlement enforcement
JDC workshops with Commerce
MySCGov.com coordinating payment modules and publications
Dyed Fuel Program
Use Tax compliance information
Check stuffers at filing time
Seats in our training sessions
Statewide Training Coordinators Group

Individual taxpayers

Forms drive through
VITA volunteers
Public access computers for online filing at each office
Publications for new residents, military, college tuition credits
SCNetFile, Telefile, web extensions and declarations
Local telephone numbers for telefile
Outreach to high schools, vocational schools, prisoners re: filing taxes
Fastfile outreach

Business taxpayers

Sales tax listserve
Workshops
SCBOS/DORBOS
JDC workshops
Business development
Economic Incentives book
Special efforts related to the first sales tax holiday
Special efforts related to the 1% exemption on food (January 1 implementation and July 1 lapse)

Tax practitioners

Forms design teams
Joint seminars with IRS/ERO
White-collar crimes course
Articles in the CPA newsletter
Speakers at CPA seminars
Fed/State filers' handbooks

Regulated Businesses (bingo, alcoholic beverages);

New ABL tracking process
Considering changes to county renewal timing
New bingo processing system
New bingo paper rules
Working to allow electronic daubers.

Statewide property taxpayers (e.g., manufacturers, motor carriers, utilities, car lines)

Changes to FILOT (Fee In Lieu Of Taxes)
Adding BPP (Business Personal Property) review
Streamlining Motor Carrier Property Tax administration

Local Governments (property tax administration, local option taxes, index of taxpaying ability, exemptions);

Refund offset
GEAR
CAMA
Motor Carrier Audits
FILOT
Motor Vehicle Assessment Guides
Visits to counties
Seminars sponsored for county officials
Focus groups on processes affecting counties
Adding listserve for policy documents/comment/CG

Federal Government

IRS SITLIP
IRS refund offset
IRS Fed/state liaison
IRS classes
Streamlined sales tax initiatives

Other state governments

SEATA
FTA
Exchange of use tax information
Expanded exchange agreement with Connecticut
Below the rack task force
Supply motor fuel training instructors nationwide

FTA listserves for internal audit, commissioners, HR, training

Software developers

Product testing
Links to their web sites

Most taxpayers will voluntarily comply if the instructions are clear, understandable, and simple. The agency coordinates workshops, keeps abreast of trends, and organizes collaborative projects to eliminate governmental redundancy and improve service. For example, we are currently working with federal, local, county, and other state government representatives to design a seamless method to register businesses in South Carolina (SCBOS). The department holds workshops to update taxpayers on tax law changes and forms revisions (i.e., Clemson Individual Income Tax Workshops, Small Business Workshops, and Sales and Use Tax Workshops). Additionally, other regional workshops are conducted on a variety of tax matters. These workshops allow us to gain valuable input to our processes.

The department has structured ways in which to educate and be responsive to the various needs of our customers. Our web site contains tax information, tax policies, tax regulations, and opinions. It was ranked fourth in the nation by the NPD Group for ease of downloading tax information and in the top 12 states for navigability for tax sites.

Taxpayer assistance officers are trained to deliver the service our customers expect. A tax helpline and our web site's frequently asked questions sections also answer taxpayer questions. Each April, citizens greatly appreciate the department's "forms drive-through," which allows taxpayers the ability to pick up their state and federal tax forms without leaving their automobiles.

In response to customer input, the department employs a variety of methods for customers to file taxes and obtain forms. Our web site allows for certain tax filings, and both current and past year tax forms are available. Also available via the web site and our Refund Hotline is refund status information. Internet filing is available, as is the touchtone telefile program that utilizes touch-tone phones for individual income tax, business sales (\$0), and withholding (\$0 owed). New this year, we accept credit card payments over the web and telephone for filings and for delinquent taxes via an Interactive Voice Response (IVR) system.

Information and Analysis

4.1 In 1997, the agency compiled a list of 129 measures of key performance. Since then the measures have been refined, national benchmarking measures have been added to the list, and others have been developed. During 00-01, the performance measures were aligned to the strategic planning key results. As agency level projects are completed, operational performance measures are added to track the new operation.

The department has expanded its senior leadership appraisal system to the next management level. The criteria include performance measures and accountabilities that are tied to Baldrige criteria, the strategic plan, and the managers' areas of responsibility.

4.2 Agency level measures are reviewed at management meetings each Monday so that timely information is available for decision-making. The information includes: the related key result, whether it is an FTA measure, one of the original agency measures, and measure type (input, output, outcome); location of the data and charts; averages for the last five years, goals for this year; contact person; definitions; data

sources; description of why the measure is important; factors that affect performance; analysis of current performance; and an image of the current performance chart. These agency level measures are listed in Category 1.

4.3 Taxpayers, tax groups, the Governor's Office, the General Assembly, and suppliers identify items which each feels reflect the productivity of the department. Of the performance measures that have been identified by the agency, 67 were identified as agency-level measures. These measures have been appropriately tracked daily, weekly, monthly, quarterly, and/or annually to ensure that systems are operating properly to meet the customers' expectations. As indicated in our strategic plan, the selection of proper indicators and tracking of data has become a part of the everyday work life of our management and employees.

Our major performance measures tie directly to the core processes and the key results of the strategic plan. The department measures improved compliance by monitoring enforced collections, fraud referrals, cases prosecuted, and cases won, allowing for a more reliable method to allocate resources. Additionally, the department uses feedback from focus groups and partners to identify statutes, which will maximize voluntary compliance and reduce the burden of compliance.

The department needs activity based costing to determine the cost associated with each of our numerous processes. Project 3.4 combines our efforts to partner for new and integrated financial software. Meanwhile, databases and schedules with the capability to support some outsourcing decisions in the Tax Operations program have been developed. Likewise, the mapping of systems continues to enhance the decision making process on allocation of dollars and

personnel to achieve effective use of resources. Greater productivity and efficiencies could be obtained with a new statewide software system.

Many of our performance measures are geared to customer expectations. One of these measures is the cycle time for issuance of a refund, often the only contact that taxpayers with the department. A short refund cycle is a key indicator of customer satisfaction. The improvements in refund cycle time are attributable to electronic filing initiatives, process improvements, and resource allocation. Results of these improvements are detailed in the Business Results section on page 21. Another measure is the timely deposit of revenue. Our external customers - the Governor, the Treasurer, and General Assembly - expect the department to deposit revenues timely to maximum earning on investments.

The department monitors electronic fund transactions and electronically filed returns; both allow us to reduce processing costs. We also benchmark South Carolina's participation rates with those of other revenue departments.

The department measures alignment with our key human resource measures by looking at our recruiting practices to insure that the department is hiring a qualified and diverse work team. The department's tracking of turnover rate allows for the constant review of reasons employees leave the department so that management can address issues directly related to employee departure.

4.4 The department is an integral part of a national movement by state revenue departments to identify performance measures that are common to all revenue departments. Once these measurements have begun to serve as true benchmarks and

as the data expands, this will better aid in identifying best practices and improvements. To date, 35 national performance measures have been identified that measure service delivery. Areas being measured link directly to customer satisfaction, compliance, rework, timely deposits, and recognition of funds. Many of the measures demonstrate effective use of resources, and are a monitor for expected outcomes. They give the department an accurate reflection of its operating positions in comparison to other revenue departments.

Human Resources

5.1 Each division has work teams that have specific responsibilities. These teams are empowered to cross team and division lines to communicate issues and collaborate. Cross-divisional work teams are chartered to work on substantive improvements and implementation. The talents and initiative of our employees are the ultimate keys to our success. Teams encourage and motivate employees to make continuous improvements. Key result four and its strategies are all directed to ensuring we have a capable, satisfied and diverse work team.

We have taken all Position Descriptions and rewritten them to tie directly to the mission of the organization. All EPMS documents have been rewritten to tie directly to our strategic plan. In addition, approximately 80 percent of our workforce has a Career Development Plan that ensures progression in knowledge and skills and encourages employees to develop their potential. We also have employed several targeted methods for receiving suggestions from our workforce. These include our effort to cut costs via the cost savers suggestions program, named the **Budget RedUction TEam** or BRUTE Force. Director Carpentier initiated a “3000 suggestions”

program to further encourage innovation. Both of these programs compliment our long-standing STAR (Suggestions, Thanks, And, Recognition) program.

The department has committed to its employees by providing state-of-the-art computer equipment by “bulldozing” every three years with leased equipment.

A team of Baldrige Criteria trained employees and the Pulse Takers continuously assess the progress and climate of the agency in implementing the criteria.

Our weekly publication *This Week* keeps employees informed, summarizes executive staff meetings, provides short educational pieces on the Baldrige Criteria, and motivates our employees to becoming the world class organization to which we aspire.

5.2 We have multiple methods to address the developmental and training needs of our employees. We augment traditional classroom training with accelerated learning techniques. We incorporate e-learning techniques and on-the-job training methodologies. We have both a technical training initiative and a quality and leadership initiative.

Our formal job development plans for non-management workforce requires development of specific skills and duties. Teaching and training are required for certification and progression to the next step of each plan. Each employee can reach the top of the individual plan with dedicated effort.

Tuition reimbursement, and variable work week or work hour options assist those interested in completing accounting hours or degree requirements to qualify for entry into another job area in our agency.

The department is well recognized for its progressive and sustained efforts to improve employee skills. We send all new employees a booklet before the first day of work. It introduces them to the mission, vision, values, structure, and functions of our agency. Structured checklists reinforce that information for supervisors and a training session for new employees (DOR-101). Senior management comes to each class, and participants experience the flow of work through the agency to better understand our mission.

The department is a state benchmark for quality improvement and leadership training. For the last 12 years we have introduced our employees and many from other agencies to the quality tools and process through our quality and leadership training plan. Our Executive Leadership (XD) program was benchmarked using best practices of successful Fortune 500 companies. Individual 360-degree feedback is a cornerstone of the XD program development process. Ms. Carpentier and all deputies and administrators have also participated in the 360-feedback process.

Additional training opportunities the department endorses are: Rev'n U online Smartforce learning, regional and national tax administrator courses, Motor Fuel task force classes (as trainers and participants), CPE Training, Weeks Scholarship for employees' children, employee tuition reimbursement; Tax Law, Technical Skills, quality and leadership training; Executive Institute; Leadership Columbia; Governor's Excel, and the department's mentoring program.

5.3 Formal and informal recognition is another key factor in our success. Our Suggestions, Thanks and Recognition

(STAR) program is run by an all-employee committee and promotes individual and team recognition. Quarterly visits are made to the nine taxpayer service centers and at the central office for the STAR awards. Senior management is represented at all of these functions. This program has served as a benchmark for other state agencies.

Other successful components of our performance management system include: quarterly EPMS coaching sessions, training development plans, universal review date for managers that ties to the timeline of the annual business plan, formalized succession planning, and mentoring.

5.4 Employee well-being and satisfaction is a significant indicator of return on our investment. Our measures include results of focus groups, exit interview feedback, turnover, absenteeism, and grievance statistics. We couple the diversified state benefits package with other initiatives that have proven successful, such as ongoing health screenings and stress reduction programs (e.g., exercise room, basketball equipment, softball team, reading group, stress management programs). An ergonomics audit was completed and significant improvements were made. Tuition reimbursement and variable work week or work hour options assist employees in balancing their lives and professional development needs. The availability of a laundry pickup and delivery service, ATM, childcare referral, on-site meal delivery, and postal services in the main office building has been well received. The Employee Assistance Program is available to all employees. Formal appreciation events included a car wash and cookout by management for all employees. The Director held talkback sessions with work teams to answer their questions and concerns,

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particularly those dealing with the budget reduction and its impacts.

5.5 Initiatives in this area include: ergonomics and air quality studies; health screenings, a renovated and upgraded exercise room, walking club, weight loss club, CPR training, and on-site mammography.

5.6 Community involvement initiatives include: United Way, Good Health Appeal, savings bonds, public education initiatives (e.g., apple license tags), United Black Fund of the Midlands, blood drives, and Cooperative Ministry's Back-to-School Supply Drive. We regularly encourage and

recognize individual community involvement and professional involvement.

Process Management

6.1 – 6.4 The department is aligned to its identified core competencies. Below is a table identifying those. **Note:** Support processes are included in the Administration category. All products and services, which are either in place or to be designed link to one of the areas of core competencies. The department uses the Joiner 7 Step model as the way in which we review all of our current processes for improvement opportunities or design new processes. The model below shows the steps and how we ensure customer/stakeholder involvement.

Core Processes	Sub-Processes	Stakeholders
Revenue Processing & Allocation	Forms Design and Management Mail Processing Records EFT/EDI Electronic Filing/Payment Enforced collections deposits/cash management Payment Processing Return Processing Refund Processing Data Collection Data Management Data Dissemination Statistics Revenue allocation Local Option Taxes Property Taxes Motor Fuel Taxes Dry cleaning \$9 million road/gas fund Accommodations Tax Index/Ratio Lists of corporate officers	Elected Officials Other state agencies Governments Non-Business Taxpayers Business Taxpayers Practitioners Citizens Comptroller General
Registration, Licensing, and Exemptions	Registration Licensing Code Enforcement Determine Exemptions Oversight Local Government Assistance Question Answering	Elected Officials Other agencies Governments Business Taxpayers Practitioners Citizens
Valuations	Manufacturing Property Utilities, carlines Business personal property FILOT Motor Vehicle guides	Local Governments Department of Public Safety Department of Transportation

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	Motor Carrier	
Compliance	Audits Data Reconciliations Collections Code Enforcement Process Regulatory Violations Criminal Investigations/Prosecutions Assist Other Agencies/Governments	Elected Officials Other state agencies Governments Non-Business Taxpayers Business Taxpayers Practitioners
Guidance, Education, Marketing, “Answers” and	Policy Decisions Problems Resolution Contact Center Taxpayer Assistance Officers Speakers Bureau Taxpayer Rights Advocate Training Resource Rings Rev’n U DOREE Publications New Legislation Guide Annual Report Teletopics Legislative Affairs Press Releases Forms Policy Documents Assist Other Agencies Local Government Liaison Provide Statistics/Data Education and Training	Elected Officials Governments DOR Staff Non-Business Taxpayers Business Taxpayers Practitioners Citizens
Dispute Resolution	Mediation Negotiations Error and Assessment Notices Error & problem resolution Taxpayer Advocate Appeals ALJ and court cases	Elected Officials Governments Non-Business Taxpayers Business Taxpayers Practitioners
Administration	Human Resources Planning and Development Technology Facility Management	Elected Officials Governments Non-Business Taxpayers Business Taxpayers Practitioners

Joiner Seven Step Problem Solving Model							
Step	1. Project	2. Current Situation	3. Cause Analysis	4. Solutions	5. Results	6. Standard-ization	7. Future Plans
Goal	To define the project's purpose and scope.	To further focus the improvement effort by gathering data on the current situation.	To identify and verify deep causes with data; to pave the way for effective solutions.	To develop, try out, and implement solutions that address deep causes.	To evaluate both the solutions and the plans used to implement them.	To maintain the gains by standardizing work methods or products.	To anticipate future improvements and to preserve the lessons from this effort.
Questions to be answered	<p>What is the project's purpose? What problem or "gap" are you addressing?</p> <p>What impact will closing this gap have on customers?</p> <p>What other reasons exist for addressing this gap?</p> <p>How will you know if things are better?</p> <p>What is your plan for this project?</p>	<p>What is the history?</p> <p>Can the problem or situation be depicted in a sketch or flowchart?</p> <p>What happens now when the problem appears? What are the symptoms?</p> <p>Where do symptoms appear? Where don't they appear?</p> <p>When do symptoms appear? When don't they appear?</p> <p>Who is involved? Who isn't?</p>	<p>What are the possible causes of the symptoms? Which of these are verified with data?</p> <p>What are possible deeper causes of the verified causes?</p> <p>How does the verification of causes affect decisions about who should be working on this effort?</p>	<p>What solutions could address the deeper causes?</p> <p>What criteria are useful for comparing potential solutions?</p> <p>What are the pros and cons of each solution? How do they relate to the gaps and causes?</p> <p>Which solutions seem best? Which will you select for testing?</p> <p>How will you try them on a small scale? What data will you collect?</p> <p>Which trial solution turned out to be most effective?</p> <p>What are the plans for implementing it full scale?</p>	<p>How well do results meet the targets?</p> <p>How well was the plan executed? What can this tell you about planning for improvement?</p>	<p>What is the new standard method or product?</p> <p>How will all employees who do this work be trained?</p> <p>What's in place to assure the gains are maintained to prevent backsliding?</p> <p>How will methods, procedures, and results be monitored? How will anyone know if things are working the way they should work?</p> <p>What means are in place to foster ongoing improvement?</p>	<p>What remaining needs were not addressed by this project?</p> <p>What do you recommend for investigating these remaining needs?</p> <p>What did you learn from this project? How can these lessons be communicated?</p> <p>How will the documentation be completed? What happens to it when it's finished?</p> <p>How will this project be brought to a close? How will you celebrate?</p>

Business Results

7.1 Customer Satisfaction The department continues the use of a market based survey conducted by the University of South Carolina to determine customer satisfaction with service delivery. The survey (Fig.

7.1.1) indicates that 90.8 percent of the time the department met or exceeded the expectations with the service delivery. The trend over the last five years continues to show positive results of our emphasis on customer satisfaction.

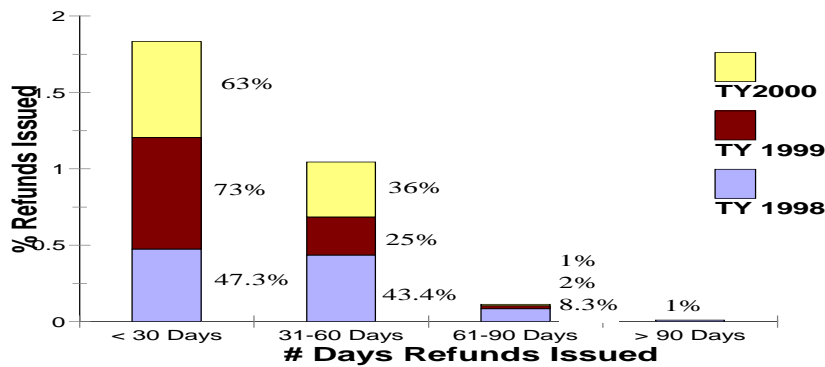
Figure 7.1.1 The customer satisfaction

measure looks at customer service as measured by the University of South Carolina survey. The respondents who had contact with us overwhelmingly indicated in all six years that they were satisfied with our services. Another measure of customer satisfaction is the amount of time it takes to issue a refund (Fig. 7.1.2)

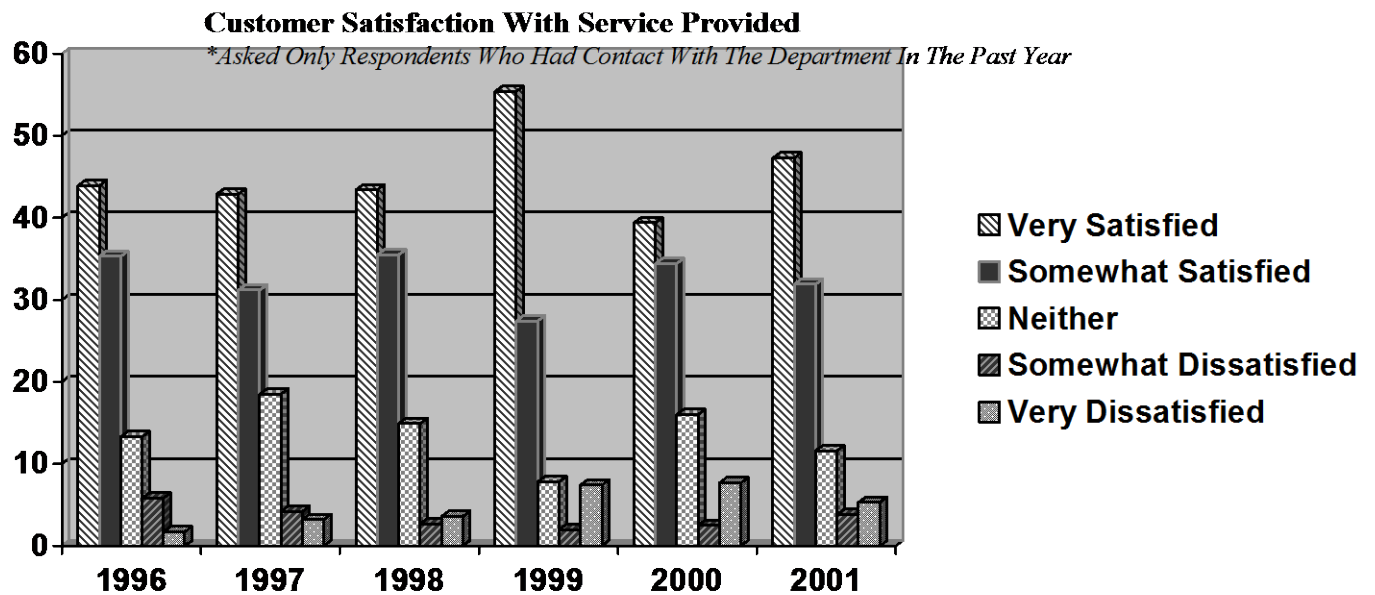
Our broadest customer group is our individual income tax payers. This chart shows that 99 percent of our income tax

refunds are issued within 60 days from date of receipt in our Mail Center until the check is mailed or deposited (direct deposit). With over 730,000 taxpayers filing electronically in 2001, monies are deposited within 10 to 14 days. Over the past two years, 97 process improvements have been implemented to reduce the time it takes to process paper returns. Our goal is to continue to improve and streamline our processes to reduce this time.

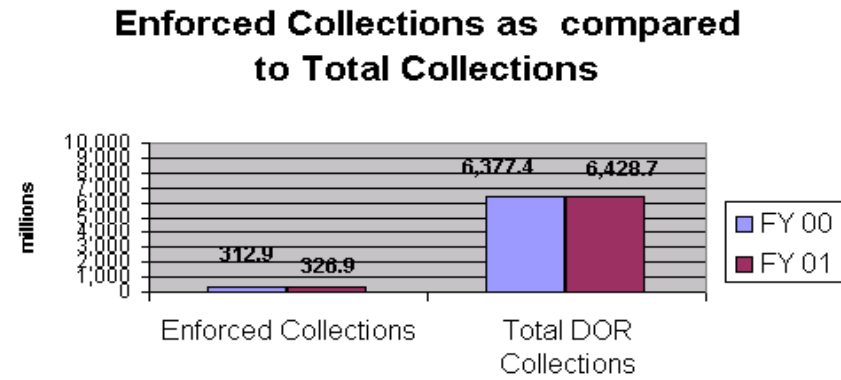
Individual Income Refu Percent Issued within 0 to 90 Days



7.1.2 Time to issue refunds



7.2 Mission Accomplishment Total and enforced collections (Figs. 7.2.1 and 7.2.2) show how well we fulfill our mission of collecting state revenue. FY 00/01 enforced collections as percent of voluntary collections is 5.1%



As of 08/20/01, Total Collections increased by .80%

Figure 7.2.1

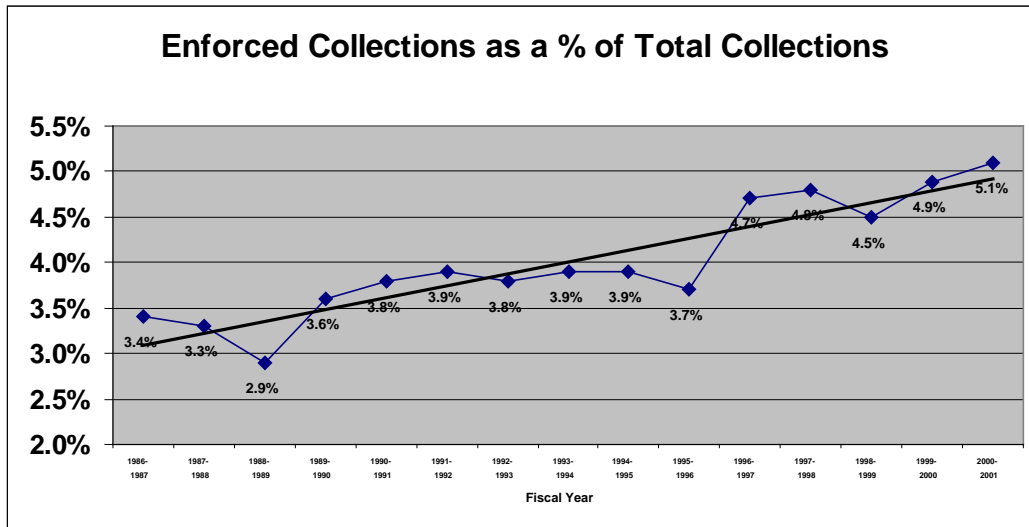
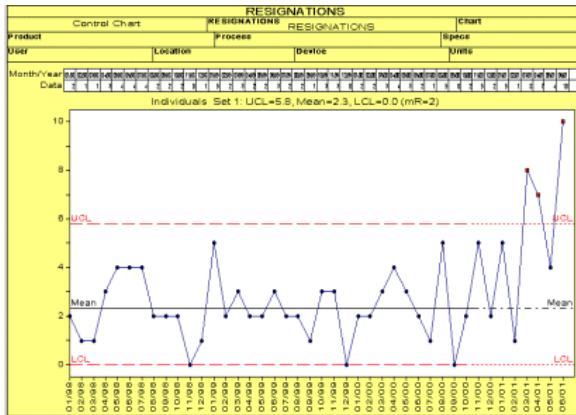


Figure 7.2.2

During FY 2000-2001 enforced collections grew to \$326.97 million dollars despite a hiring freeze implemented in November 2000.

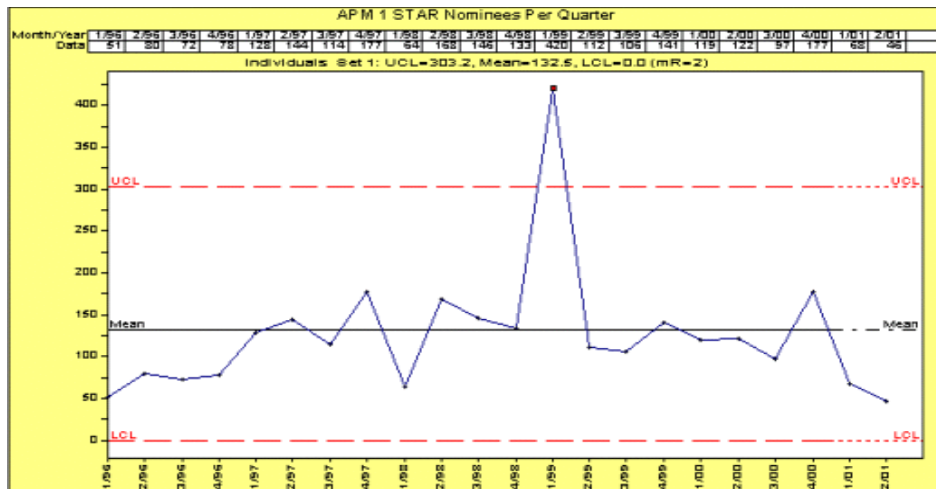
7.3 Employee Satisfaction -Several measures that we review to determine employee satisfaction are the number of employees resigning (Fig. 7.3.1), the number of grievances, and number of employees recognized (Fig. 7.3.2)



7.3.1 Resignations

Data has been measured since January 1998. Analysis of the data for January 1998 through February 2001 shows the agency maintaining an average of 2.3 resignations per month. The data for March, April and June 2001 shows an increase of resignations. These data points are outside the upper control limit. The state budget shortfall and a possible reduction in force prompted this increase.

We have had only one grievance filed that was a grievable action that was mediated under the agency grievance policy since 1995.



7.3.2 Star Nominees Per Quarter

This chart shows the number of employees recognized per quarter through the STAR program and those receiving service awards. In the first quarter of 1999, we had an unusual number of teams that had completed projects that were being recognized as well as an unusual number of service award recipients.

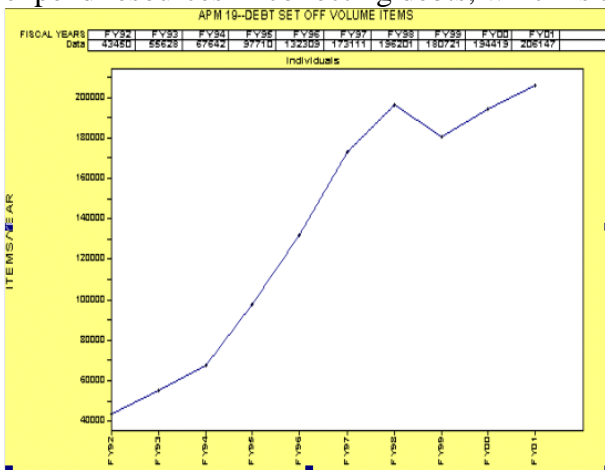
7.4 Supplier/Contractor/Partner Performance The department continues to develop and build partnerships with multiple entities. Our GEAR (Government Enterprise Accounts Receivable) program is one example of how the department works with other state and local government entities. Seven (7) GEAR contracts have been signed and three accounts are in production. Debts listed below have been accepted into the GEAR program (Fig.

7.4.1)

Figure 7.4.1 : GEAR

Entity	#Notices	Estimated \$
Central Tech.	288	\$4,013
Midlands Tech.	957	\$192,895
LRADAC	4,170	\$316,842

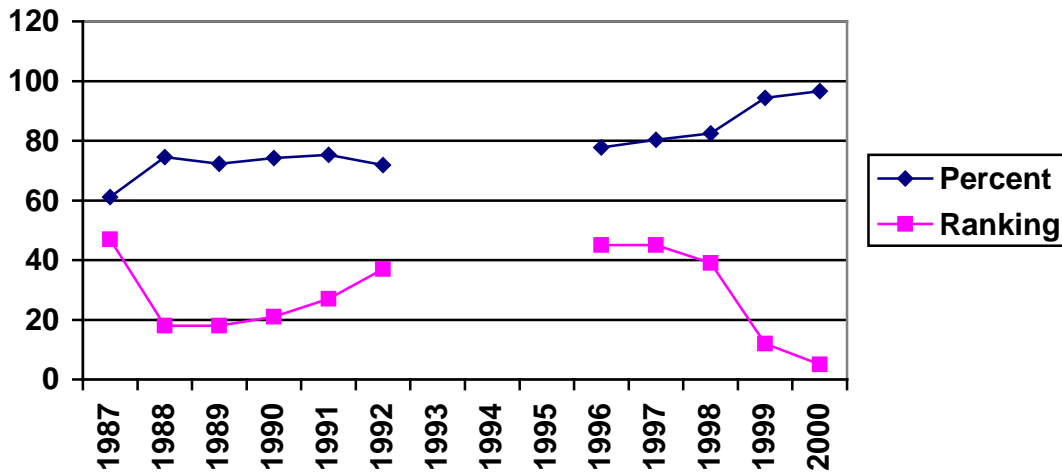
Our SCBOS (South Carolina Business One-Stop) is another partnering effort that is detailed in 3.6. Another partnering activity that the department initiated and administers is the collection of debts for other governmental entities through our refund debt offset program (Fig. 7.4.2). This provides a service to other governmental entities and eliminates, to a degree, their need to expend resources in collecting debts, which is a core competency of the agency.



7.4.2 Items in Refund Offset

7.5 Regulatory/Legal Compliance and Citizenship The department has had no regulatory violations or significant findings by those external entities that are in positions to do so in the past fiscal year. Some of these entities include: State Auditor; Legislative Audit Council (see automobile assessment guide report); Internal Revenue Service; Occupational Safety and Health Organization; State Materials Management; and State Fire Marshall.

Equal Employment Opportunity (Fig 7.5.1) - The department has a 96.6% success rate in attaining our affirmative action goal. This puts the agency second in ranking of all state agencies with over 500 employees.



7.5.1 EEO Goal (%) / Statewide Ranking
 (Due to agency merger with DMV, no data is available for years 1993 – 1995.)

The department embraces the recycling efforts of the state by purchasing recycled paper products, recycling of paper products and aluminum cans. Approximately 90 percent of our purchased paper products are from recycled material. We have recycled 222,135 pounds of paper, 8,703 pounds of cardboard, and 442 pounds of aluminum cans this fiscal year.

7.6 Financial Performance Indicators of our financial performance are the numbers of nonpaper tax returns filed. South Carolina leads the nation in the number of electronically filed returns at 55 percent. Fig. 7.6.1 depicts our ranking with the five other highest ranking states.

Percent of Electronically Filed Returns by State

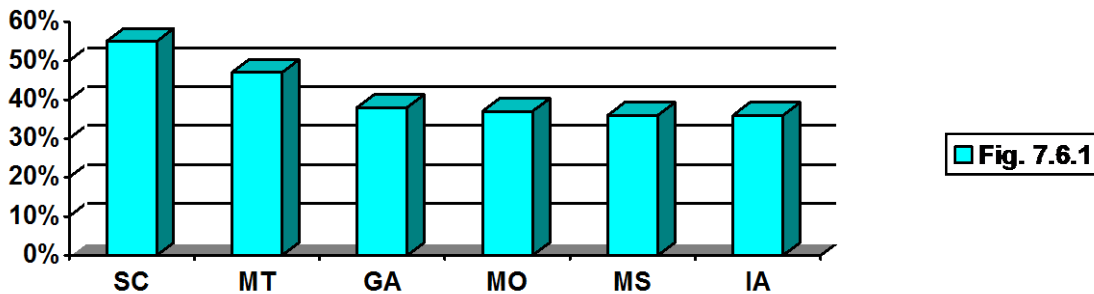
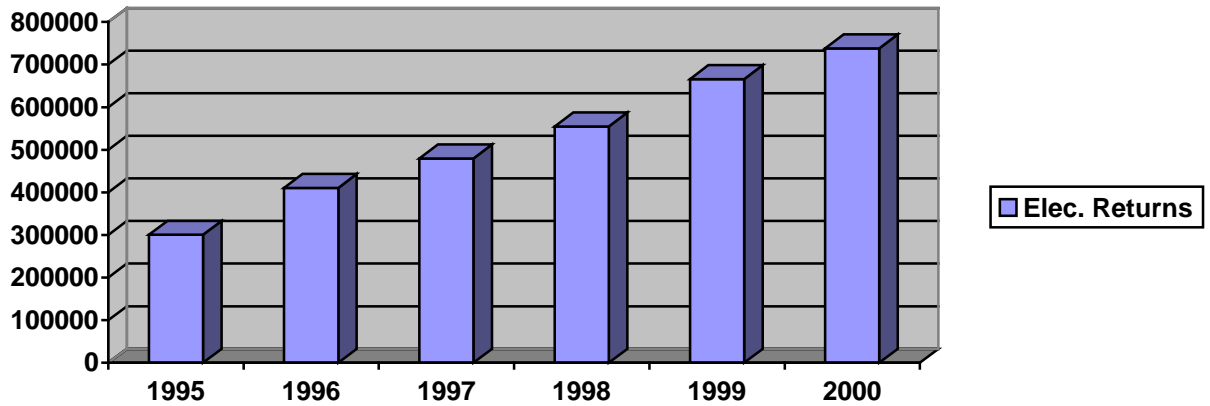


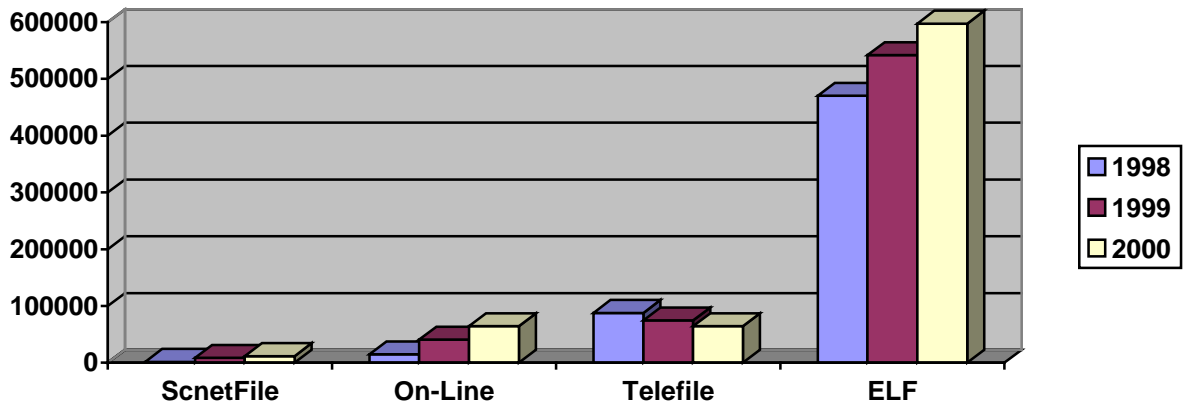
Fig. 7.6.1

The number of electronically filed returns (Fig. 7.6.2) increased by 10.9 percent over the last year.



7.6.2 Electronically Filed Returns (#)

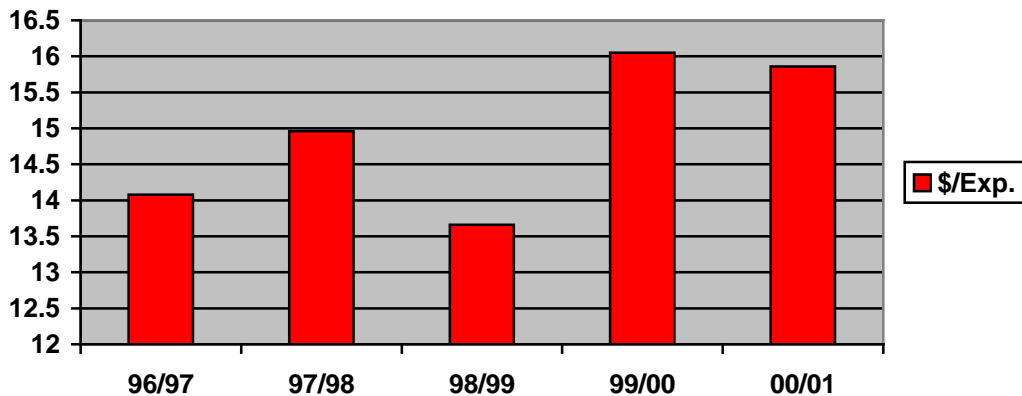
Figure 7.6.3 details returns filed by different technological methods.



7.6.3

Filing Methods

Other measures of our financial performance are enforced collections per enforcement dollars spent (Fig. 7.6.4), involuntary enforced collections minus enforcement related expenses (Fig. 7.6.5), and enforcement related expenses as a percent of total agency expenditures Figure 7.6.6)



7.6.4 Enforced Collections/Enforcement \$

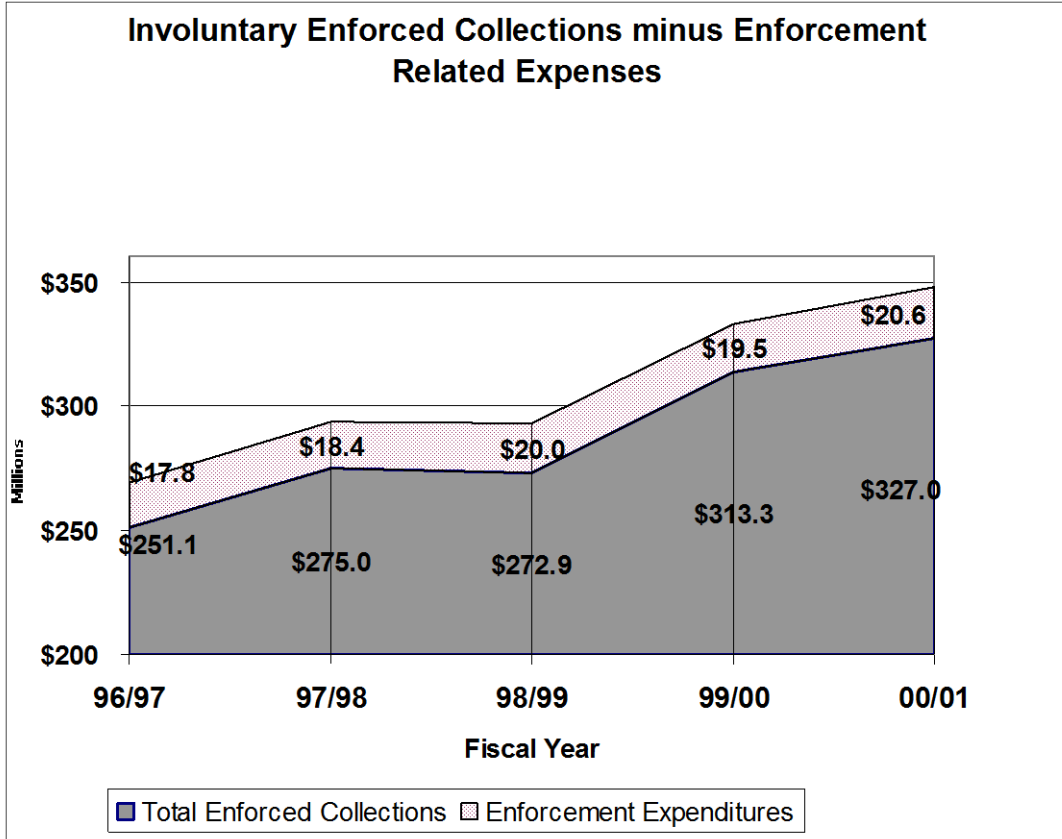
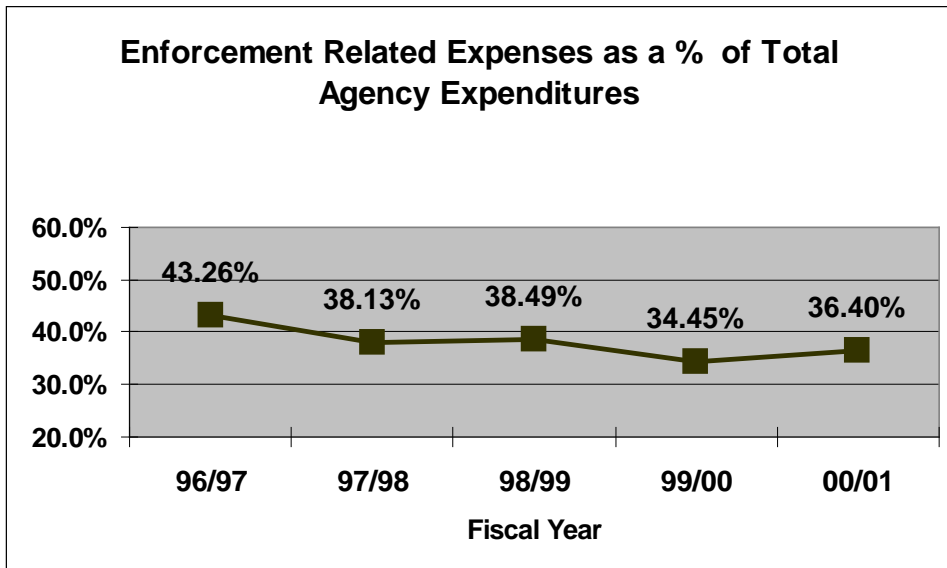
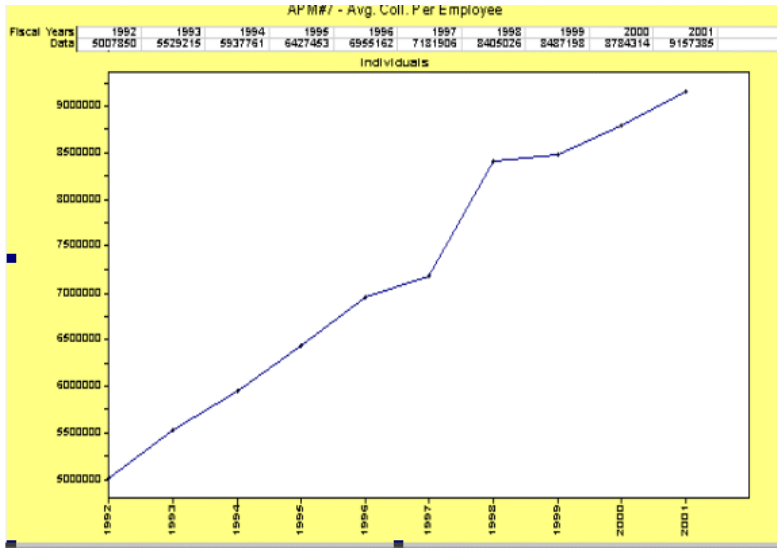


Fig. 7.6.5



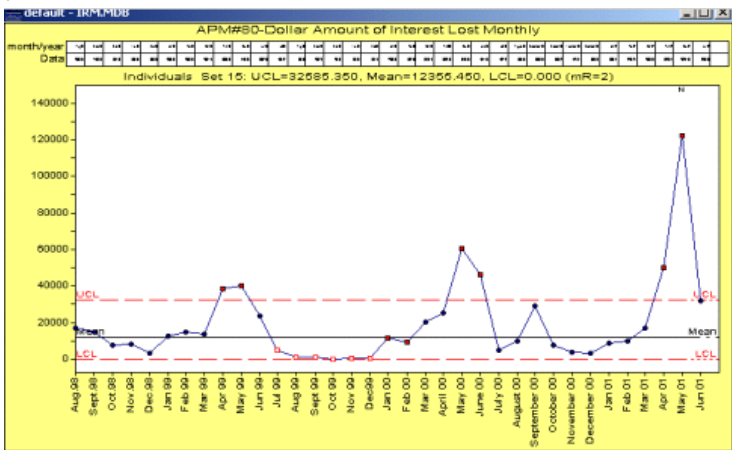
7.6.6 Enf. Coll/Enforcement \$\$

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7.6.7 Ave. Collections/Filled FTE

The chart for interest lost (Fig. 7.6.7) shows a 3-year comparison of data. The data for the months of April and May 1998 and 1999 tax seasons show a greater increase of interest lost due to the heavy volume of tax returns. An increase in interest lost for the months of April and May of the 2000 tax year due to the heavy volume of tax returns.



7.6.8 Opportunity Cost-deposit interest