



WASHINGTON STATE DEPARTMENT OF REVENUE

# Strategic Business Plan

## Appendix

JULY 2010-2015



# Contents

## External Environment

National Economy .....	1
Washington State Economy .....	1
Washington State Revenue Forecast .....	2
Local Tax Administration Obligations Increasing.....	2
Destination-based sourcing of local sales tax .....	2
More tax data provided to local jurisdictions to ensure proper local coding of taxes .....	3
Department assisting counties struggling with property tax administration .....	3
Business Climate.....	3

## Our Partners, Customers and Workforce: Our Partners

Businesses .....	4
Business partnerships at work .....	4
National associations and government offices .....	5
State and local government .....	5
Tribal Relations .....	5

## Our Partners, Customers and Workforce: Our Customers

Providing information one-on-one and through workshops .....	6
Taxpayers Prefer Internet, E-mail .....	6
Information Technology Partners .....	6

## Our Partners, Customers and Workforce: Our Workforce

Management and Employee Relations.....	7
Access to Information.....	7
Diversity .....	7
Recruitment .....	7

## Internal Capacity and Financial Health

Statutory Authority .....	8
Financial Health .....	8
Workforce Issues .....	9

## Internal Capacity and Financial Health: Equipment and Facilities

Facilities Planning .....	9
Technology .....	10
Infrastructure .....	10
IS Process .....	10
Emergency Preparedness .....	11

## Performance Assessment

Agency Assessments .....	11
Employee Surveys.....	11
Taxpayer Surveys and Stakeholder Feedback .....	12
Government Management Accountability and Performance .....	13
Performance Measures .....	13





# External Environment

## National Economy

Although the 2007-09 recession has ended, the Washington State Economic and Revenue Forecast Council expects the economic recovery to be slow and drawn out. Gross Domestic Product will remain positive but weak, at least through the first half of 2010. Although initial claims for unemployment insurance have moderated, employment growth is expected to lag the recovery. Consumer confidence remains weak, and high unemployment is continuing to weigh down confidence. While consumer spending has stopped declining, it remains restrained as households pay down debt and save rather than spend. In addition:

- *Small local and regional banks around the country are increasingly at risk due to weakness in commercial real estate. These banks are disproportionately exposed to loans in this sector. This has caused credit to remain tight, especially for small businesses, and slow down the economic recovery.*
- *Government spending and Federal Reserve policy accounts for most of the economic growth. Private spending, both by businesses and consumers, will have to pick up once the stimulus winds down in order for the economy to have self sustaining growth.*
- *A synchronized global recovery is under way, with both the Eurozone and East Asia now out of recession. Our trading partners are seeing incomes rise earlier in the cycle than they normally do. Although it has strengthened in recent weeks, a weak dollar should make U.S. exports more competitive earlier in the recovery cycle than usual.*
- *Housing metrics continue to improve. Home prices, while still down on an annual basis, are now seeing sequential monthly improvements. Housing starts have come off their historic lows and are increasing. The \$8,000 tax credit for first time home buyers has been extended. The program has also been expanded to cover some existing home owners buying new homes with a smaller \$6,500 tax credit.*

## Washington State Economy

The Forecast Council believes the recession in Washington probably ended in the third quarter of 2009, about the same time as the turning point in the U.S. economy. The Washington recovery, like the national recovery, is expected to be slow and U-shaped but Washington will outperform the U.S. economy. Washington's economy is more trade intensive than others, and will be helped relatively more than others as a result of the global economic recovery now underway. The state's aerospace and software industries have fared relatively well during the recession and are likely to continue to do well. The 787 is flying now, and Boeing remains strong and has an extensive backlog of orders. Microsoft also is healthy with a strong balance sheet and growth opportunities. On the other hand, continued tight credit for small businesses poses a significant headwind against the recovery, and will hinder job creation. Their main creditors, regional and local banks, remain extremely vulnerable to failure due to a disproportionately high exposure to commercial real estate.

Housing market indicators are signaling a potential turnaround, with the number of issued building permits improving to a seasonally adjusted annual rate of 18,000 units in the fourth quarter of 2009 from 17,500 in the third quarter and just 13,900 in the second quarter. The improvement is entirely in the single-family market. An upturn in non-residential construction is expected to lag the residential construction recovery by at least a year.



The state's economy continues to lose jobs, but the loss rate has slowed to a trickle in recent months and some sectors have turned positive. Because the unemployment rate tends to lag payroll employment, the Council expects the unemployment rate to peak at 9.8 percent in the second quarter of 2010. Construction employment is expected to bottom out in the third quarter of 2010. The recovery will initially be very slow as continued declines in nonresidential construction offset most of the gains in residential construction. The Council does not expect any strong growth in construction employment until the second half of 2011.

Both the aerospace and software sectors are expected to grow in 2012 and 2013. Population growth is also expected to recover as migration within the U.S. resumes. The manufacturing sector appears poised for a turnaround. Growth in exports and the inventory cycle both favor manufacturing. The recent strength in the state's purchasing management index is evidence of optimism among the state's manufacturers.

Washington's personal income grew in the second and third quarters of 2009, after sharp declines in the fourth quarter of 2008 and first quarter of 2009, and is believed to have grown during the fourth quarter of 2009. Personal income growth is expected to accelerate in the years ahead as positive job growth resumes.

### **Washington State Revenue Forecast**

The Economic and Revenue Forecast Council does not expect to return to Fiscal Year 2008 levels of tax revenue until Fiscal Year 2012, followed by trend growth thereafter. In its February 2010 forecast, it projected \$28.7 billion in total revenues for the 2009-11 biennium and \$32.2 billion for the 2011-13 biennium. Sales tax collections, the single largest component of state revenues, are expected to increase 10.4 percent increase in FY 2011 after a 10.8 percent decline in FY 2009 and a projected 3.5 percent decline in FY 2010.

### **Local Tax Administration Obligations Increasing**

Local option sales and use taxes continue to increase in both number and type, and continue to be a substantial revenue source for local taxing jurisdictions. More than 320 taxing jurisdictions exist in Washington. New taxing jurisdictions continue to be formed that create tax boundaries in nontraditional ways. These include creation of local increment financing districts that require interactive between the Department and local governments. The Department also must work with cities that annex major unincorporated areas and qualify for a share of state sales tax. Other local tax issues include:

### **Destination-based sourcing of local sales tax**

Washington State also is participating in a national effort, the Streamlined Sales Tax Project, to streamline the reporting of sales taxes by making the different states' sales tax reporting structure more uniform. This has required changing from an origin- to a destination-based system for coding local sales tax on products that are shipped or delivered between local taxing jurisdictions. The local sales tax is now credited to the location where the customer resides rather than the location from which it is shipped. This shift negatively impacted some cities with high concentrations of warehouses or retail outlets, so the Legislature provided them with compensation. The Department has worked closely with cities and counties to analyze this shift to ensure that negatively impacted jurisdictions are adequately compensated.

### **More tax data provided to local jurisdictions to ensure proper local coding of taxes**

Local governments also want more data from the Department to determine if businesses are coding taxes accurately. The Department has provided more local tax administration information via online applications for our local government customers.

### **Department assisting counties struggling with property tax administration**

The Department also advises counties on property tax issues, which has been of growing importance amid citizen initiatives to limit property taxes. It also analyzes county assessor operations, determines ratios needed to set the state school levy for each county, and works with counties on property tax policy and legislative issues. Many counties are experiencing funding issues and increased difficulty in the administration of property tax, and are relying heavily on the Department for assistance and advice.

### **Business Climate**

Washington State continues to do well in many of the various business climate rankings published by research organizations and the media. The rankings depend on what the rankers measure and how they measure it, but Washington ranked among the top 10 states in most of them.

- *Forbes Magazine ranked Washington as the second-best state for business;*
- *Washington ranked second-best in the Kaufmann New Economy Index, which measured 26 indicators of a state's ability to foster success in the new global economy;*
- *The Small Business & Entrepreneurship Council ranked Washington as the fourth-best state in its Small Business Tax Index;*
- *Washington ranked 9th-best in the Tax Foundation's Business Tax Climate Index;*
- *CNBC ranked Washington 18th among the 50 states in its ranking of top states for business;*
- *The Anderson Economic Group ranked Washington 18th in business tax burdens, defined as business taxes as a share of profits.*

Another set of measures is the annual Washington State Economic Climate Study published annually by the Economic and Revenue Forecast Council. The study measures various economic performance indicators relating to income, employment, population, research and development expenditures and foreign trade. It also includes economic climate benchmarks such as quality of life, education and skills in the workforce, infrastructure, and the cost of doing business. Altogether, 41 indicators are presented.

In latest study published in October 2009, 38 of the 41 benchmarks and indicators were updated. Overall, the state's performance was mixed. Of the 36 updated benchmarks and indicators that include ranks relative to the other states, Washington's rank improved in thirteen cases, regressed in sixteen, and stayed the same in seven. Of the 37 updated benchmarks and indicators that indicate year-to-year performance, the state improved in twenty-four cases, and worsened in twelve. Three indicators were not updated due to the unavailability of updated data at the time of publication.

Unlike the studies from 2006 through 2008 where the state showed the most improvement in "Economic Performance," Washington had the greatest improvement in "Quality of Life". Out of the nine indicators that were updated in that area, the state improved its performance in seven and its ranking in four, with three rankings unchanged. The state's performance was mixed in "Economic Performance" in the latest study. Of the fourteen indicators that were updated, performance improved in eight and worsened in



six, while the state's rank improved in just four while falling in nine, with one remaining unchanged. Washington's performance was also mixed in "Cost of Doing Business" with an improvement in performance in three of the four categories and an improvement in rank in two of the four. "Education and Skills of the Workforce" was mostly negative as none of the indicators improved relative to other states. The state did do well in "Infrastructure" with both its performance and rank improving in three of the four measures.

Among groups of rankings, Washington ranked:

- *15th nationally in economic performance and quality of life;*
- *20th nationally in education and skills of the workforce;*
- *30th nationally in infrastructure; and*
- *20th nationally in the cost of doing business.*

The entire report is available at

<http://www.erfc.wa.gov/publications/documents/climate2009.pdf>

Another way to assess the business climate may be in the growth in registered businesses over the years. The number of registered businesses increased from 385,405 in Fiscal Year 1994 to 804,145 in Fiscal Year 2009, a 108.6 percent increase. During this period, Department tax collections more than doubled through FY 2008, from \$8.7 billion in FY 1994 to \$18.2 billion in FY 2008, before falling back to \$16.7 billion in FY 2009 amid the global economic downturn.

## Our Partners, Customers and Workforce: Our Partners

### **Businesses**

Maintaining strong relationships with Washington's business community is critical to administering a tax reporting system based on voluntary compliance. From one-time contacts with individual businesses to ongoing stakeholder work with major associations, feedback from the business community helps the Department improve its services.

Some of the associations we work with regularly include:

- *Association of Washington Business*
- *Association of General Contractors*
- *Independent Business Association*
- *National Federation of Independent Businesses*
- *The Tax Executives Institute*
- *Washington Bar Association*
- *Washington Society of Certified Public Accountants*
- *Washington State Association of Counties*
- *Association of Washington Cities*

### **Business partnerships at work**

In 2009, the Department collaborated closely with the business community as it prepared to transition from the downloadable resale certificate to the Department-issued reseller permit. This legislatively-mandated move represented a significant change in the way many businesses made purchases. The Department invested countless hours working with its business partners to ensure that the transition went smoothly.



Another example of these collaborations is the Department's user-centered design program for its web site. When the site was to be redesigned, the Department asked business owners, tax preparers, and other stakeholders to tell us what they needed.

Once the design was developed, these stakeholders were asked to test the system. This innovative approach put our customers at the core of our web redesign process. The result was a more effective web site for our citizens. The Department has incorporated this methodology into the development of all its web-based applications.

### **National associations and government offices**

At the national level, the Department works with the:

- *Internal Revenue Service*
- *Federation of Tax Administrators*
- *Multi-state Tax Commission*
- *Streamlined Sales Tax Governing Board*
- *Congressional delegation*

The Department has been very active with the Federation of Tax Administrators and Multi-state Tax Commission, addressing state and national tax issues such as the Streamlined Sales and Use Tax Agreement, telecommunications taxation, and business activity tax legislation. Our active participation with these national organizations promotes Washington's interests.

### **State and local government**

The Department works closely with, and provides assistance to, the Governor's Office, the Office of Financial Management, and the Legislature on tax policy issues and proposals. The Department works with the House Finance and Senate Ways and Means legislative committees to consider tax and revenue-related legislation.

The Department also teams with the Office of the Forecast Council to forecast non-general fund revenue estimates, and to provide them with data for the state general fund forecast.

Information sharing with other state regulatory agencies, such as the Department of Labor and Industries and the Employment Security Department improves enforcement efforts and services to small business.

The Department of Revenue and Department of Commerce both benefit from sharing information related to stakeholder concerns about legislative proposals. In addition, establishing and maintaining regular legislative awareness meetings between agencies is an important Department focus.

The Department assists county and city governments by overseeing certain statutory property tax authority and by collecting and distributing local sales tax.

### **Tribal Relations**

The Department continues to develop and expand its efforts to work cooperatively with tribal governments to address and resolve taxation issues. The Department has formed a Tribal Relations Team that, in coordination with the Department's Tribal Liaison, conducts an ongoing effort to work with Tribes in various areas of taxation. Work continues on the development of rules, forms, publications and training programs that pertain to the application of taxes on transactions within the boundaries of tribal reservations.



## Our Partners, Customers and Workforce: Our Customers

### **Providing information one-on-one and through workshops**

The Department works cooperatively with numerous associations and trade organizations to enhance understanding of Washington State tax law. The Department offers guidance for businesses either locating, or expanding their operations in Washington State. While providing education on the state tax system, the Department helps determine if businesses qualify for any special programs.

Department employees also are available to speak at local business meetings to provide information and answer questions about tax issues. On a monthly basis, the Department offers free tax workshops statewide to assist new and small business owners. Between 2005 and 2009, Department of Revenue personnel offered more than 600 workshops that were attended by nearly 9,100 business owners.

### **Taxpayers Prefer Internet, E-mail**

For many taxpayers, e-mail and the Internet have quickly become the preferred methods of communications with the Department. In response, the Department offers a variety of electronic services which allow taxpayers to update their account information, file returns, make payments, and access current forms and publications online.

While the Department continues to maintain toll-free telephone assistance, many taxpayers choose to access the Department's web site for answers to their tax questions. An increasing number of taxpayers have requested letter rulings on tax questions by e-mail rather than traditional mail, and the ease with which they can do that has increased the volume of requests. To assist taxpayers who do not have access to the Internet, the Department offers free Internet service at all field offices open to the public.

### **Information Technology Partners**

The Department is committed to contributing to the state's Information Technology (IT) strategic plan and participating in enterprise-wide solutions. The IS division actively looks for opportunities to partner with other state agencies and continues to participate in statewide meetings evaluating potential shared services that make financial sense, reduce risks, and improve service.

The agency Director serves as a member of the Information Services Board (ISB), which is committed to using technology to improve delivery of information and services. The ISB was created by the state Legislature and given authority for policy development, strategic IT planning, oversight of executive branch agencies' IT projects, and delegating authority to agencies for IT investments.

Partnership at the Director level is key as well as having IS staff participate on statewide committees. The Department's Chief Information Officer is appointed and actively engaged in the ISB Enterprise Architect Committee and Geographic Information Technology Committee. Division staff also participates on the Customer Advisory Board and a number of Department of Information Services' committees. Engaging in these opportunities allows the Department to shape future decisions to meet the agency's needs in the context of the state enterprise.



## Our Partners, Customers and Workforce: Our Workforce

### **Management and Employee Relations**

The Department is committed to maintaining open communication with employees to support the core value of open communication of “listening and being clear and forthright in all communications to enhance understanding.” The Human Resources division coordinates regular communication between management and labor relations groups. The Director regularly communicates with all staff on a wide range of subjects, including safety and wellness, budget, strategic business plan strategies. The Department has a robust information technology program, which allows for communication between the Director and the employees across the state at once. This technology allows employees to dialogue with Director and Executive Team in real time. The Department’s Executive Team also make a concerted effort to regularly visit field offices to meet with staff and learn what the Department is doing right as well as what can be improved. The Department also conducts a biennial Employee Satisfaction Survey to learn about employee satisfaction and expectations.

### **Access to Information**

To support the Department’s value of open communication, the Department continues to assess ways to improve communication with employees. The Department utilizes a wide range of methods for sharing information with employees, including telephone, e-mail, publications on the Intranet, regular messages from the Director, division web pages, employee center intranet pages, staff meetings, and internal division communications. The use of the Inside Revenue internal web site allows for regular communications with all employees on important matters. Employees also have access to tax information through the Department’s intranet site. Manuals, rules and regulations, and research tools are readily accessible, as are regular notifications such as special notices, press releases, and pre-released taxpayer publications.

### **Diversity**

The Department values a diverse workforce and strives to create an open and collaborative environment. The agency is committed to the continued development of programs for employees to broaden knowledge and understanding of different backgrounds which will improve the level of service to the diverse segments of the taxpayer community. Through collective efforts, staff and management continue to make strides towards DOR’s objective of a diverse workforce, emphasizing our multilingual and multicultural outreach efforts in order to better communicate with all taxpayers. The Department supports a work environment valuing and promoting cross-cultural respect, understanding, and diversity. As the state and nation currently face unprecedented economic challenges, the agency’s commitment to diversity remains a priority through initiatives like succession management and workforce development called out in the strategic business plan.

### **Recruitment**

The Department utilizes flexible and innovative strategies in recruiting talent to maintain a diverse workforce. This is accomplished through professional organizational partnerships, outreach to downsizing organizations, participation in regional career fairs, recruitment organization partnerships, and educational outreach. While participation in these events serves the immediate goal of connecting with more diverse candidates for open positions,



the Department's presence at these events also increases participation in segments of diverse communities and continues the process of building on-going relationships. Student interns, in-house job shadowing, in-training designations, and college recruitment programs are all used as flexible recruitment tools to access a broad pool of qualified, diverse candidates.

## Internal Capacity and Financial Health

### Statutory Authority

The Department of Revenue was created by and derives its authority from the Washington State Legislature, pursuant to Chapter 26, Laws of 1967, 1st Extra Session. This statute, codified as Chapter 82.01 of the Revised Code of Washington, was effective on July 1, 1967. The Department is the successor agency to the former Tax Commission, which was initially established in 1905 and re-authorized in 1925.

As the principal tax-collecting agency in Washington, the core responsibility of the Department is to assess and collect all taxes and administer all programs which are assigned to the agency by the Legislature (RCW 82.01.060). The Department is also directed to investigate the effectiveness and adequacy of the revenue laws of this state, and other states, and to make recommendations to the Governor for any changes in state law necessary "to remedy injustice and irregularities in taxation and to facilitate the assessment and collection of taxes in the most economical manner." In addition to the general provisions of Chapter 82.01 RCW, there are dozens, if not hundreds, of other specific references to the Department and its responsibilities throughout state law.

### Financial Health

During the past two years Washington State has endured the most difficult economic times seen in 80 years. The downturn has significantly affected the general fund not only because of reduced revenue collections, but also from the increased demand for state services caused by the weakened economy.

The 09-11 biennial budget includes additional funding for enhancing the Department's revenue collection through increased enforcement and audit activities along with budget reductions consisting of curtailed hiring and travel and personal service contract expenditures. These reductions are in addition to the services frozen in the previous biennium, and a reduction expected from eliminating publications by using the Internet for communication. The Governor's proposed fiscal year 2010 supplemental budget includes additional reductions which will challenge the Department to be even more efficient and creative in finding new ways to maintain service levels and revenue collections with fewer funds.

More than 70 percent of Department's budgeted expenditures are for salaries and benefits and is primarily funded from the General Fund. Other important expenditures include:

- *Contracts with out-of-state auditors*
- *Auditor travel*
- *Staff training on emerging tax law issues*
- *Legislatively approved statutory changes*
- *Information technology to keep up with customer's increasing expectations for efficient and effective service delivery*
- *Printing and postage*

Funding these services help maintain a high level of voluntary taxpayer compliance, while preserving the Department's ability to focus on revenue collection for state and local governments.

Working within current and future budget constraints will not be easy. Despite these challenges, the Department will continue to make strategic investments that optimize efficiencies and drive down costs.

During the 11-13 biennium, the Department will continue to focus on operational efficiencies through migration of outdated work processes and reducing facility costs while still meeting performance expectations.

Additional budget reductions, in addition to those mentioned, could result in the need to divert resources from revenue producing areas, which would negatively impact revenue collections.

### **Workforce Issues**

With the reality that sizable segments of the Department's workforce will soon become retirement eligible, we continue to experience a decline in the number of experienced and knowledgeable employees. The Department continues to assess proactive measures to compensate for the increasing number of retirements. Data reveals that 35 percent of the agency's senior leaders and managers will be eligible to retire between now and 2012. As the Department is a knowledge-based organization that is highly dependent on its employees, the agency continues to provide succession planning tools that divisions can use to assess and plan for preparing employees for future promotional opportunities in these critical and hard-to-fill positions. These tools will help assess the knowledge, skills, and abilities (KSAs) needed for leadership positions, identify learning opportunities available for employees to gain those KSA's, and make current employees competitive for future leadership roles.

## **Internal Capacity and Financial Health: Equipment and Facilities**

### **Facilities Planning**

The Department has three main offices located in Thurston County, and 16 field offices throughout Washington State. All of these facilities are leased space, and although the number of field offices has remained fairly constant over the last 10-15 years, the location of many offices has changed to accommodate the needs of taxpayers and staff. Field offices outside of Thurston County house approximately 40 percent of the Department's staff.

The Department uses a strategic approach in analyzing long-term facility needs, and provides facility needs studies and space requirements to the Office of Financial Management for the six-year facility planning process. The Six-Year Facilities Plan identifies Department facilities that require no actions to be taken, lease renewals, and facilities for further considerations. Before the end of 2011, contracts for 17 of our leased offices will expire. These offices will either need to renew their current leases or relocate. The remaining two offices have leases that expire beyond 2011.

The Department's programs and functions are relatively stable. Future space needs are mainly impacted by new legislation, the taxpayer base (in relation to facility locations), and workload due to the growth in number of businesses and out of state activity.



The Department's facility space needs have reached maximum capacity in several locations. Resources need to be applied to identify and investigate alternatives to meet near-term and future growth needs.

### **Technology**

The Department understands that Information technology (IT) is a rapidly changing environment, and staying abreast of current trends is imperative to continued success. In this current economic environment, IT-related needs and opportunities exceed the available staff and financial resources within the Department. As such, the agency created the Customer Advisory Team (CAT). This information management and decision-making body is responsible for the oversight of the Department's IT project portfolio. The CAT prioritizes, selects, and monitors the agency's various IT projects that help improve employee performance, mitigate risk, and provide better customer service. To help the CAT in its decision-making process, the Information Services (IS) division assesses technology options for each potential investment by considering several key areas such as: internal capacity, expected return on investment, and impacts on taxpayers, internal users, and other DOR systems.

### **Infrastructure**

The Department constantly looks for opportunities to reduce costs and increase business flexibility. Technology is rapidly changing and new opportunities continue to present themselves. For instance, the Department has continued its efforts to virtualize its servers. Taking this proactive step has helped reduce the amount of physical hardware and energy consumption.

Technology has advanced and virtualization has become the new "best practice." In managing employees' PCs and laptops, IS has recently initiated a desktop virtualization project. Exploring and implementing this solution will allow an easy way to provide better security, longer PC lifecycles, and more efficient power usage.

As the agency evaluates this new technology, other issues concerning bandwidth usage, potential impact on employees, and device compatibility must be explored. To ensure DOR has the necessary IT infrastructure in place requires coordinated efforts between the agency's strategic business and budgeting plans.

### **IS Process**

It is crucial that IT services align with the current and future business and customer needs. In addressing this challenge, the IS division works regularly with other divisions to create new opportunities. Also, working closer with customers and understanding their business requirements yields IT solutions that meet their needs.

The IS division follows a software development life cycle approach to project management in the design of applications. In addition, the IS philosophy is to continually take measures to foster greater communication and accountability. As a result, up-to-date information is posted to the IS SharePoint (Intranet) site and the project dashboard is regularly updated with information regarding project status. Efforts are also taken to ensure compliance with statutes and adopted standards ranging from customer privacy, to governance, and security.



## Emergency Preparedness

The Department publishes and distributes an Employee Emergency Reference Guide to all employees. This plan contains Standard Operating Procedure checklists and instructions to be followed in the event of an emergency. Each building has designated evacuation team members and on-site incident coordinators who are responsible for coordinating activities in the event of emergency or other situations which are outlined in the emergency plan.

The Department has adopted and implemented the National Incident Management System (NIMS) and Homeland Security into its Emergency Preparedness operations. The agency provides Emergency Support Functions to the Department of Emergency Management as outlined in the state wide Comprehensive Emergency Management Plan. During an incident, the agency will use the Incident Command Structure (ICS) for managing incident response activities. Key staff have been identified and trained in NIMS and ICS.

The Department completed the Continuity of Operations Plan to ensure continued operation if faced with an emergency. This plan includes a section that addresses pandemic influenza and how the Department will manage and maintain essential functions during an epidemic.

Also, the Department has hazard mitigation actions identified in its annex to the Washington State Enhanced Hazard Mitigation Plan. The plan identifies hazard mitigation goals, objectives, and recommended actions and initiatives that will reduce injury and damage from natural hazards.



## Performance Assessment

### Agency Assessments

The Department's management framework is based on the nationally acclaimed Malcolm Baldrige Criteria for Performance Excellence. For 10 years, regular self-assessments and an external examination have identified organizational strengths and opportunities for improvement in these interdependent categories:

- *Leadership*
- *Strategic Planning*
- *Customer and Market Focus*
- *Measurement, Analysis, and Knowledge Management*
- *Human Resources*
- *Process Management*
- *Business Results*

Based on evaluation data and analysis, annual priorities are selected. Current strategies for improvement focus on the strategic business planning process, succession planning framework and tools, and internal Government Management Accountability and Performance (GMAP) program.

### Employee Surveys

Every two years, employees take both the Department of Revenue Employee Satisfaction Survey and the Statewide Climate Survey, posting an 89 percent response rate in 2009. Expectations and satisfaction levels are measured in categories including Career Development, Work Climate, Communication, Service Quality, Supervision, and Morale.

In the months following the surveys, employees participate in Employee Feedback Sessions where they discuss the results, divisional priorities, and agency strategies for improvement. Priorities are often aligned with other programs and initiatives, thereby sharing accountability tools to track progress. An extensive communications plan occurs throughout the survey process.

The Department's Employee Satisfaction Survey process was highlighted as a national best practice at the 2008 New York Leadership Forum. Consultation has been sought by private sector businesses and public agencies including the New York State Tax Department, Office of the State Comptroller (NY), Public School Retirement Systems of Missouri, and Coconino County (AZ).

### **Taxpayer Surveys and Stakeholder Feedback**

The Department is committed to meeting customer needs effectively and efficiently. To learn whether we are being successful in our efforts, we survey our customers.

Every three years, the Department distributes a Taxpayer Satisfaction Survey. The last survey in 2007 was sent to approximately 2,500 randomly-selected businesses, representing a spectrum of business sizes and locations. The survey contains questions regarding all areas of the Department's operations. Key questions are kept the same to compare responses over time. The Department uses the feedback from the survey to review and improve internal processes.

The Department also conducts other surveys:

- *Audit Process Survey requests information from the taxpayer once an audit has been completed.*
- *Field office and Telephone Information Center surveys gain insight into why a taxpayer uses a particular service and whether or not they were satisfied.*
- *Online usability surveys are available on the Internet web site for testing of new web services.*

Other means of soliciting input include:

- *Hosting business and local government stakeholder meetings statewide to get input for the Department's Strategic Business Plan.*
- *Asking taxpayers to participate in committees, focus groups, and panel discussions to resolve specific issues or discuss policy matters.*
- *Conducting "new business workshops" to provide new companies with information on tax policy and requirements.*
- *Meeting with industries to discuss tax issues of specific importance to them and to gather ideas for improvements and possible legislative proposals.*

The Department has postponed the 2010 Taxpayer Satisfaction Survey to allow time to reevaluate the survey model that has been used for the last 15 years. An interdivisional Customer Feedback Committee is working to analyze the bigger spectrum of the Department's efforts and mechanisms used in obtaining feedback. Through this process, the effectiveness the Taxpayer Satisfaction Survey provides will be considered and recommendations for changes, if any, will be presented to agency leadership.





## **Government Management Accountability and Performance**

The Department has a long and decorated history with Data-Driven Decisions (3-D Model). The Government Management Accountability and Performance (GMAP) program is a complementary next step that ensures regular management review and improvement based upon performance and results. The agency's GMAP Dashboard was highlighted as a best practice at the 2007 Washington Governor's Leadership Conference. In 2010, GMAP will broaden to a hybrid format that includes accountability for performance measurement, strategic planning, process improvement, and hot topics. Efficiency will be gained through alignment and improvement of these programs and processes.

## **Performance Measures**

The Department has a long commitment to performance management. In FY2009, the agency developed and implemented a new Performance Measure Tracking system for compiling and tracking performance measures. This system provides a central location for performance measures where designated staff can input monthly progress and everyone throughout the Department can monitor workloads, activities, and trends. In addition, performance measure results are monitored monthly by the Department's Executive Team and reviewed during internal GMAP sessions to identify gaps and potential areas for improvement. Outside the Department, specific performance measure data is reported to OFM and presented during Governor GMAP sessions.

