



Susan Combs Texas Comptroller of Public Accounts

AGENCY STRATEGIC PLAN

Agency Strategic Plan for the Period 2013 - 2017

AGENCY STRATEGIC PLAN

For the Period 2013 - 2017

Table of Contents

Overview

What is a Strategic Plan?	1
Strengthening Our Prosperity	1
Our Compact with Texans – What You Can Expect From Us	2
Graphic – The Strategic Planning and Budgeting System of Texas	3

External/Internal Assessment

I. Overview of Agency Scope and Functions	7
II. Organizational Aspects	10
Graphic – Exhibit 1, Statewide Employment Statistics	10
Graphic – Exhibit 2, Comptroller Field Offices	26
Graphic – Exhibit 3, Colonia Counties	29
Graphic – Exhibit 4, Age	30
Graphic – Exhibit 5, Tenure	30
Graphic – Exhibit 6, Turnover	31
Graphic – Exhibit 7, Employees Eligible to Retire	31
Graphic – Exhibit 8, Skill Levels	32
Graphic – Exhibit 9, HUB Goals	37
III. Fiscal Aspects	39
IV. Service Population Demographics	40
Graphic – Exhibit 10, Texas Population Projections and Components of Change: 2008 to 2020	41
Graphic – Exhibit 11, Texas Population by Age Group: 2011 to 2021	42
Graphic – Exhibit 12, Texas Population by Race and Ethnicity: 2011 to 2021	43
Graphic – Exhibit 13, Metropolitan Statistical Areas	44
Graphic – Exhibit 14, Texas Metropolitan Statistical Area Population Projections	45
V. Technological Developments	47
VI. Economic Variables	49
Graphic – Exhibit 15, Texas and U.S. Nonfarm Employment Growth by Fiscal Year	49
Graphic – Exhibit 16, Nonfarm Employment Change in the Ten Most Populous States	49
Graphic – Exhibit 17, Number of Jobs for Every One Job in 1990 by Fiscal Year	50
Graphic – Exhibit 18, Expected Job Growth by Industry in Texas	51
Graphic – Exhibit 19, Texas Net Migration by Fiscal Year	52
Graphic – Exhibit 20, Texas Unemployment Rates	53

VII. Impact of Federal Statutes/Regulations.....	54
VIII. Other Legal Issues.....	57
IX. Opportunities.....	58
Development of Agency Goals	
Funded Goals.....	59
Non-funded Goals.....	60
Agency Goals and Strategies	
Goal I (Budgeted)	
Improve voluntary compliance with the tax laws.....	61
Goal II (Budgeted)	
Efficiently manage the state’s fiscal affairs.....	62
Goal III (Budgeted)	
Expediently manage the receipt and disbursement of state tax revenue.....	64
Goal IV (Non-budgeted)	
Develop and maintain a skilled work force, committed to quality performance.....	65
Goal V (Non-budgeted)	
Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.....	65
Goal VI (Non-budgeted)	
Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).....	66
State Energy Conservation Office (SECO)	
Develop and administer programs that promote energy efficiency.....	66
Technology Resource Planning	
Technology Assessment Summary.....	67
Technology Initiative Assessment and Alignment.....	68
Appendices	
Appendix A: Description of Agency Planning Process.....	75
Appendix B: Current Organizational Chart.....	79
Appendix C: Projections of Outcomes for 2013-2017.....	81
Appendix D: Performance Measure Definitions.....	83
Appendix E: Work Force Plan.....	119
Glossary of Terms	
Term Definitions.....	135

AGENCY STRATEGIC PLAN

For the Period 2013 - 2017

Overview

WHAT IS A STRATEGIC PLAN?

As a document, a strategic plan identifies what an agency is and what it intends to be. It defines agency goals and objectives and charts a course for the future. As a process, strategic planning is continuous, with no clear beginning and no clear end. While plans are developed on a regular basis, it is the process of planning that is important. It implies strategically thinking about the future and how to get there; it optimally involves front-line employees as well as customers; and it provides a common understanding of where the state and the agency are going and how everyone involved can work to that common purpose.

The iterative cycle of strategic planning and budgeting began in Texas in 1992 with the issuance of a statewide vision and the creation of the Statewide Planning and Budgeting System (SPBS). The SPBS links agencies' strategic plans to the state budgeting process, using each agency's strategic goals, objectives and strategies as the basis for constructing the state budget. Performance measures developed under each appropriation provide legislators with a basis for evaluating an agency's ability to meet its objectives.

STRENGTHENING OUR PROSPERITY

In 1996, the Governor's Office issued the first statewide strategic plan, *Vision Texas: The Statewide Strategic Planning Elements for Texas State Government*, containing goals for major service areas in state government and benchmarks that measure progress toward the statewide goals. Since the 1998-99 biennium, Texas state agencies have been required to link each budget strategy in their appropriation requests to at least one of the statewide goals, state-level benchmarks and service categories. As a result of these innovations, Texas government today is more efficient, effective and account-

able to its customers, the citizens of Texas. The current statewide plan, *Strengthening Our Prosperity*, articulates the core values and principles toward which state government must direct its efforts.

Statewide Philosophy

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise, we will promote the following core principles:

First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics or individual recognition.

Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.

Decisions affecting individual Texans, in most instances, are best made by those individuals, their families and the local governments closest to their communities.

Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.

Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.

State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.

Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Statewide Vision

Working together, we must set clear priorities that will help maintain our position as a national leader now and in the future by: ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means and limiting the growth of government; investing in critical water, energy and transportation infrastructure needs to meet the demands of our rapidly growing state; ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace; defending Texans by safeguarding our neighborhoods and protecting our international border; and increasing transparency and efficiency at all levels of government to guard against waste, fraud and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

Statewide Mission

Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Statewide Priority Goal for General Government

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

Supporting effective, efficient and accountable state government operations;

Ensuring the state's bonds attain the highest possible bond rating; and

Conservatively managing the state's debt.

Statewide Benchmarks for General Government

- Total state taxes per capita
- Total state spending per capita
- State and local taxes per capita
- Number of state services accessible by Internet

- Total savings realized in state spending by making reports/documents/processes available on the Internet and accepting information in electronic format

Agency Philosophy

We will carry out our duties openly, ethically and fairly. We will emphasize transparency and ensure greater accountability by making records freely accessible. We will listen to those we serve and ask them to judge our performance. We will deliver more services at lower costs by continually examining and improving the efficiency of our work. Employees will be rewarded for initiative, good ideas and productivity. While mindful that the human element is the source of creativity, we will seek out and use innovative technology to do our jobs simpler, smarter and faster. We will keep our word and deliver what we promise.

Agency Mission

The Office of the Texas Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

Agency Goals

Improve voluntary compliance with the tax laws.

Efficiently manage the state's fiscal affairs.

Expediently manage the receipt and disbursement of state tax revenue.

Develop and maintain a skilled work force, committed to quality performance.

Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.

Establish and implement policies governing purchasing and all contracting that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).

OUR COMPACT WITH TEXANS – WHAT YOU CAN EXPECT FROM US

The Comptroller's office will provide every customer with fast, fair and efficient service; exceed expectations; and continually explore ways to save taxpayer dollars through simpler, smarter and faster solutions.

Our Customer Service Principles

- Dynamic Assistance
- Quality Work
- Accessible Staff and Facilities

The Strategic Planning and Budgeting System of Texas

Statewide Vision

Working together, we must set clear priorities that will help maintain our position as a national leader now and in the future by: ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means, and limiting the growth of government; investing in critical water, energy, and transportation infrastructure needs to meet the demands of our rapidly growing state; ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace; defending Texans by safeguarding our neighborhoods and protecting our international border; and increasing transparency and efficiency at all levels of government to guard against waste, fraud, and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

Statewide Mission

Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Statewide Priority Goal

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- Supporting effective, efficient, and accountable state government operations;
- Ensuring the state's bonds attain the highest possible bond rating; and
- Conservatively managing the state's debt.

Agency Mission

The Office of the Texas Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

Agency Goals

Improve voluntary compliance with the tax laws.

Efficiently manage the state's fiscal affairs.

Expediently manage the receipt and disbursement of state tax revenue.

Develop and maintain a skilled work force, committed to quality performance.

Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.

Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).

-
- Fair and Equitable Treatment
 - Innovation and Improvement
 - Privacy and Confidentiality
 - Fast Response to Problems

Dynamic Assistance

The “Taxpayer Bill of Rights” summarizes the agency’s commitment to customer service for Texas taxpayers. The goal of this bill of rights is to ensure those individuals and businesses who file and pay state taxes receive the treatment and service to which they are entitled without interfering with the government’s responsibility to collect taxes and assess the accuracy of returns. Customers can expect:

- Prompt and accurate responses to requests for information.
- Readily available and easy to understand rules and regulations.
- A complaint system that is fair and timely.
- A tax process that is fair, timely and confidential.
- A tax system that is equitable.
- A close working relationship with the business community.

Offices are open between 8 a.m. and 5 p.m., Monday through Friday. Tax assistance telephone lines are open from 7:30 a.m. until 5:30 p.m., Central Standard Time, Monday through Friday. Information is available on the agency’s website 24 hours a day, 7 days a week.

Quality Work

The agency’s trained, professional staff aims to get every aspect of a customer’s affairs right the first time. A customer service liaison is available at (888) 334-4112 or comptroller.help@cpa.state.tx.us.

Accessible Staff and Facilities

Agency staff may be contacted by email, telephone or letter. Field offices located across Texas are also open to visitors.

Headquarters address:

111 East 17th Street
Austin, Texas 78774

Mail correspondence to:

P. O. Box 13528
Austin, Texas 78711

Agency switchboard:

(800) 531-5441

(7:30 a.m.-5:30 p.m., Central Standard Time,
Monday-Friday)

Fair and Equitable Treatment

The Comptroller’s office promises tax and fiscal processes that are fair, equitable and timely. For special needs, any of the agency publications can be made available in Braille, large print, audiotape or Spanish. An alternate format can be requested by contacting the agency’s customer service liaison.

Innovation and Improvement

Customer input is critical to the agency’s continuous improvement efforts. Customers are surveyed on a regular basis to obtain input and ideas to improve agency processes.

Privacy and Confidentiality

The Comptroller’s office will follow the letter of the law when it comes to taxpayer privacy and confidentiality.

Fast Response to Problems

Despite the agency’s best efforts, there could be times when delays arise. All complaints are handled with a sense of urgency. If a complaint is filed, a response can be expected within 10 working days.

Tax disputes previously handled by the Comptroller’s office are now heard by administrative law judges with the Tax Division of the State Office of Administrative Hearings. Contact the State Office of Administrative Hearings at questions@soah.state.tx.us.

Fraud Prevention

The State Auditor’s Office is authorized to investigate allegations of fraud and illegal acts affecting state resources. Anyone with information about the misuse or misappropriation of state resources can report this information by phone to (800) TX-AUDIT or use the State Auditor’s Fraud website.

Our Customer Service Standards

Agency staff will treat all customers with care and attention whether filing a tax return, undergoing an audit or simply seeking information.

-
- Online tax information will be available 24 hours a day, seven days a week.
 - Qualifying taxpayers can file a variety of state sales tax returns via the Internet 24 hours a day, seven days a week.
 - Telephone messages will be returned within 24 hours.
 - Complaint letters will receive responses within 10 working days.

The Comptroller's office regularly assesses its customer satisfaction levels through a number of surveys and report cards. Because of the complexity and range of duties performed by the agency, areas individually survey their customers. The agency also monitors its progress through the use of performance measures designed to evaluate the level of customer satisfaction with major areas of the agency. A separate *Comptroller's Report on Customer Service* is available on the agency's *Window on State Government* website.



AGENCY STRATEGIC PLAN

For the Period 2013 - 2017

External/Internal Assessment

I.

OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

The Texas Comptroller of Public Accounts, created by the Texas provisional government on Dec. 30, 1835, was directed to keep an accounting of the infant nation's debts and pay them if and when money became available. The office continued as an appointed position in the Republic of Texas and, after statehood, became an elected position authorized by Article IV, Section 23, of the Texas Constitution of 1850.

Today, the Comptroller's office serves virtually every citizen in the state. As Texas' chief tax collector, accountant, revenue estimator, treasurer and purchasing manager, the agency is responsible for writing the checks and keeping the books for the multi-billion dollar business of state government.

As chief financial officer, the Comptroller's office collects taxes and fees owed the state. Most of the office's duties and powers are enumerated in the Texas Tax Code and in Chapter 403 of the Texas Government Code. As guardian of the state's fiscal affairs, agencies depend on the Comptroller's office to pay their bills and issue paychecks to state employees. Legislators rely on the Comptroller to chart the course of the Texas economy, produce annual financial reports and estimate future state revenues. Local officials and businesses look to the agency for economic development guidance and data analysis. Taxpayers rely upon the agency for assistance and guidance regarding compliance with tax laws. Strict accountability in the collection and expenditure of taxpayer dollars is essential. All Texas residents depend on the agency to safeguard their tax dollars and ensure they are handled wisely.

Senate Bill 20, as passed by the 74th Legislature, amended Chapter 404 of the Government Code to transfer the powers and duties of the State Treasurer to the Comptroller, effective Sept. 1, 1996. As the state's cashier, the Comptroller's office receives, disburses, counts, safeguards, raises, records, allocates, manages and reports the state's cash. In addition, the Comptroller chairs the state's Treasury Safekeeping Trust, which invests, manages and oversees close to \$43 billion in assets.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, amended various chapters of the Government Code to transfer the statewide procurement, fleet management, statewide historically underutilized businesses and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

The 81st Legislature charged the Comptroller's office with tracking the more than \$22.7 billion in stimulus funds flowing through the state's treasury. More than 80 state agencies and public institutions of higher education report weekly to the Comptroller's office on the amount of stimulus funding awarded and spent.

In addition, the State Energy Conservation Office was awarded more than \$290 million in stimulus funds from the U.S. Department of Energy to support energy efficiency and renewable energy initiatives through four different programs: the State Energy Program, Energy Efficiency and Conservation Block Grant Program, State Energy Efficient Appliance Rebate Program and the Energy Assurance Program.

The work of the Comptroller's office doesn't end there. Turning around and growing Texas' economy is vitally important to the prosperity and quality of life of all in the state. By assisting communities and businesses in their efforts to create new jobs and improve the standard of living, the Comptroller's office is committed to creating an environment in which a healthy economy can flourish. The agency provides services to business owners, business taxpayers, local officials, Historically Underutilized Businesses (HUBs) and everyday Texans. From online tax data and payment systems to Web pages that track how state government spends taxpayer dollars, the Comptroller's office provides vital information and data.

TAKING CARE OF TEXANS AND THE BUSINESS OF TEXANS

Business Owners and Business Taxpayers

The Comptroller's office supports Texas business owners with a variety of resources to help them get ahead. With online tax help, interactive Web tools for economic data and up-to-the-minute information on how proposed legislation could affect businesses, the Comptroller's office offers a tool for everyone.

- The Comptroller's *Window on State Government* website provides businesses with complete tax information and online tools that allow business owners and taxpayers to pay taxes, apply for a sales tax permit, download tax forms and register as a state vendor, all with a few mouse clicks. General information about state taxes, including relevant statutes, Comptroller rules and pre-printed tax-related forms can also be obtained online (www.window.state.tx.us).
- The *Texas EDGE* (Economic Data for Growth and Expansion) website allows users to tap into data and analysis for revenue planning, financial analysis, economic forecasting, site-location decisions and issues affecting trade, industry and growth. Up-to-the-minute reports on factors such as population and tax information for counties and other Texas areas can be created or custom economic research can be requested (www.window.state.tx.us/texasedge).
- The *Texas Ahead* website provides a comprehensive source of state economic information, including economic indicators and forecasts and in-depth reports (www.texasahead.org).
- For business owners interested in doing business with Texas, the Texas Procurement and Support Services

Division manages the state's procurement and contracting programs and services. With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors. Businesses can register on the state's Centralized Master Bidders List to be notified of state bid opportunities (www.window.state.tx.us/procurement).

- *Where the Money Goes*, the Comptroller's award-winning transparency tool, can be used to identify opportunities to do business with the state through a review of state agency expenditures and vendors (www.texastransparency.org).
- Telephone assistance for each of the taxes the Comptroller's office administers is provided and sales taxpayers can file certain reports via telephone — all of it toll-free. For face-to-face contact, any of the agency's field offices throughout Texas are open to visitors. Field personnel can accept tax returns and payments, assist with tax permit applications and returns, answer taxability and collection-related questions and process requests for the permits, licenses and decals the agency provides.
- Taxpayer seminars are offered at locations around the state and online to provide useful information for buyers, sellers and service providers.

Historically Underutilized Business (HUB) Owners

State agencies and universities are constantly looking to work with businesses certified as HUBs. The goal of the Comptroller's statewide HUB program is to actively involve HUBs in the Texas procurement process and ensure they receive a fair share of state business.

- Certifying minority- or women-owned businesses in the agency's program provides opportunities to do business with more than 300 state entities. The state awarded more than \$2 billion in contracts and more than \$877 million in subcontracting opportunities to HUB-certified companies in fiscal 2011.
- The agency's internal HUB program is ready to do business with all minority- or women-owned companies certified as HUBs. The HUB program offers a toll-free HUB Program Information line to obtain current bid opportunities and other information.

Local Officials

The Comptroller's office is committed to partnering with local governments by providing vital management assistance to help streamline operations, improve customer service and ensure compliance with state laws. The agency provides a wealth of online information for local taxing authorities, including local sales and use tax information and tax rate histories for each taxing jurisdiction, answers to frequently asked questions and historical information on local sales and use tax and mixed beverage tax allocation payments.

- The agency's TxSmartBuy initiative created an online shopping cart system that allows local governments to purchase goods and services from existing, prearranged state contracts. The system greatly simplifies the purchasing process for hundreds of thousands of common items.
- The Texas Cooperative Purchasing Program (CO-OP) brings the volume purchasing power of Texas to more than 1,900 local government members. Member governments have access to more than 200 state contracts with no bidding required.
- Local governments can obtain up-to-date data for revenue planning and analysis, economic forecasting and site location decisions at the *Texas EDGE* Web page.
- Property tax advisory and monitoring services are provided by the agency's Property Tax Assistance Division. In-depth information on Texas' system of local property taxation, including explanations of exemptions and reporting requirements and advice on rights and remedies under Texas law, can be found online.
- The Comptroller's office oversees TexPool, a \$15 billion local government investment pool that serves more than 2,000 communities throughout the state. The TexPool program offers a convenient and effective choice for the investment of local funds. As a triple-A-rated local investment vehicle, it's a vital tool for maintaining safe and stable community revenues.
- The agency's State Energy Conservation Office (SECO) assists local governments in developing energy efficiency and renewable energy programs and offers loans and grants to help slash utility bills by improving or retrofitting buildings.

Everyday Texans

From award-winning newsletters to in-depth special reports on issues that affect all Texans, the Comptroller's office offers cutting-edge analysis and data that can be used

every day. To see how tax dollars are spent, Open Book Texas initiatives offer a number of tools allowing citizens to track and analyze spending by state agencies, read about local government transparency efforts and follow the flow of federal stimulus spending in the state.

- All citizens can sign up to receive email updates, with news on topics ranging from franchise taxes to economic indicators, or subscribe to the agency's free newsletters, *Fiscal Notes* and *Texas Rising*, which provide regular updates on issues and events affecting the state.
- A new website, *The Texas Economy*, offers the Web's first comprehensive guide to the economic forces shaping the state. From public education trends to federal regulation, from state spending figures to key business indicators — if it concerns the Texas economy, it can be found here (www.thetexasconomy.org).
- The federal stimulus funding site provides the state's most extensive list of grant and loan opportunities available to businesses, state and local government agencies, nonprofit agencies and individuals, including information, links and dollar amounts (www.window.state.tx.us/recovery).
- An online database of unclaimed property can be accessed and searched 24 hours a day, seven days a week to reunite owners, or their heirs, with abandoned or unclaimed properties. A claim form can also be generated online (www.ClaimItTexas.org).
- The Comptroller's new *Keeping Texas First* website is devoted to pending and future federal actions that could impact the Texas economy — and the economic well-being of individual Texans — by looking at federal activity on air, water and endangered species (www.texasahead.org/texasfirst).
- Fraud can be reported to the Criminal Investigation Division, which works to keep taxes as low as possible by detecting, deterring and publicizing criminal conduct and fraud involving state tax laws.
- The State Energy Conservation Office (SECO) provides information and educational programs on energy efficiency and renewable energy, including lesson plans and educator training as well as tips for saving energy at home.
- In-depth information on Texas' system of local property taxation, including explanations of exemptions and reporting requirements and advice on taxpayers' rights and remedies under Texas law, such as how to contest

appraisals, can be obtained from the Property Tax Assistance Division.

- The Comptroller’s office offers a variety of programs to support and develop an educated and trained Texas work force, from plans to help families save for college to scholarships for Texans. The Comptroller’s Financial Allocation Study for Texas identifies school districts that combine high academic achievement and cost-effective operations (www.fastexas.org). The *Every Chance, Every Texan* website is a one-stop center for planning a college career in Texas, with information on Texas colleges and universities, scholarships, savings strategies and more (www.everchanceeverytexan.org).

II.

ORGANIZATIONAL ASPECTS

AGENCY WORK FORCE

Goals

Recruiting and retaining a skilled work force to meet the overall goals and objectives of the Comptroller’s office, both short and long term, are critical to the agency’s continued success. The agency offers a dynamic work environment where individual skills and talents can shine. From innovative employees come innovative ideas to improve the way the agency and state government are run.

Objectives

During the 2014-15 biennium and beyond, the Comptroller’s office will strive to maintain an optimum staffing level of 2,859.8 full time equivalents (FTEs). Contract workers will be used during peak and seasonal periods or in instances where state employees cannot be hired to provide the same level of expertise and skill needed to implement a specific function. Contract workers may also be used when the project duration is short-term and a cost-benefit analysis determines that it will be more cost effective to hire a contract worker versus an FTE. The agency will evaluate each situation independently, while ensuring compliance with staffing levels.

Strategies

Equal Employment Opportunity Program

The Comptroller’s office is dedicated to an aggressive equal employment opportunity program to ensure ethnic minorities and females are utilized in proportion to their availability in the work force. Currently, minorities comprise almost 51 percent of the agency’s labor force. Women comprise 56 percent of the agency’s total labor force and more than 47 percent of the agency’s upper management positions.

The Texas Workforce Commission lists statistics for the statewide civilian work force using a series of broad job categories. **Exhibit 1** compares these statistics with Comptroller staffing patterns:

EXHIBIT 1
Statewide Employment Statistics

Job Category	African American		Hispanic American		Females	
	Comptroller	State	Comptroller	State	Comptroller	State
Officials/Administration	19.5%	7.5%	11.5%	21.1%	43.7%	37.5%
Professional	14.2%	9.7%	23.2%	18.8%	50.2%	53.3%
Technical	10.1%	13.9%	11.9%	27.1%	42.8%	53.9%
Administrative Support	22.7%	12.7%	35.6%	31.9%	70.7%	67.1%
Skilled Craft Worker	40.0%	6.6%	60.0%	46.3%	0.0%	6.0%
Service and Maintenance	19.9%	14.1%	26.5%	49.9%	56.9%	39.1%

Source: Uniform Statewide Payroll System and Texas Workforce Commission (TWC).
TWC statistics extracted from "Equal Employment Opportunity and Minority Hiring Practices Report, Fiscal Years 2009-2010."

The Comptroller's office, for most job categories, is comparable to or above the statewide work force.

Training

In accordance with the goal of developing a better-educated work force, the Comptroller's office offers programs to support employee growth and assist employees in dealing with the challenges of work, home and family. All non-supervisory employees are required to attend a minimum of 21 hours of training, while managers are required to attend at least 35 hours of training annually.

To facilitate employee training, the agency's Human Resources area continually evaluates employees' job skills to identify where training is needed. In addition, surveys of employees are periodically conducted to obtain feedback on the training offered and identify areas where training is needed.

In-house training at the cpaAcademe! Enrichment Center or attendance at workshops and conferences is coordinated to ensure that employees attain the skills needed to meet the challenges and demands of a changing workplace. A "Software Solutions Lab" enables employees to bring actual work to the classroom and work with subject matter experts for on-the-job training and development.

Comptroller Television (CTV) is another innovation established to provide employees with the ability to train via online video available on the Comptroller's internal website. Employees are able to watch training videos, seminars and other programs from their computers. Recorded broadcasts can be accessed "on demand" as many times as desired. Additional content on various topics, including most mandatory training, is offered using online flash video as an easy-to-update, cost-effective training delivery method.

Webinars, which allow for online student/trainer interaction, are also employed with great success. Given the dispersion of agency staff throughout the state and in four out-of-state offices, training via the Web allows timely, pertinent information to reach a larger audience while eliminating travel costs. New hires in field offices are also able to receive valuable agency information via webinar on their first day of employment.

Other efforts are far-reaching, including the Texas Fiscal Officers' Academy (TFOA). This initiative, which began in 2002 in cooperation with the leadership and staff of the Governor's Office, Legislative Budget Board, the State

Auditor's Office and the Employees Retirement System, was designed to meet the loss of knowledge and experience created by the retirement of the state's financial leaders. Eligible students are drawn from both large and small agencies, but each nominee must have two to five years of experience as an accountant, auditor, economist, budget officer or purchasing officer, or have been in a similar position. TFOA meets every other year – in even-numbered years when the Legislature isn't in session. The program received an award from the National Association of State Comptrollers (NASC) as an Outstanding Project in State Financial Management.

A challenging curriculum was designed based on real-life situations. The coursework focuses on the state budget process, fiscal management, accounting, reporting and auditing. While studying these areas, the academy's students learn about strategic planning, forecasting caseloads and devising performance measures and business plans. Students learn how the legislative process works and how to manage appropriation authority and transfers. Students also learn to comply with state and federal reporting requirements. When students graduate from the academy, they return to their state agencies with expertise in a variety of areas, including federal funds, cash management, purchasing and investments.

Wellness Program

To improve the health, fitness, well-being and productivity of Comptroller employees, the Wellness Program was devised to create an environment that promotes and maintains individual fitness and health through voluntary employee participation in program activities. Annually, a wellness fair is held featuring speakers who are leading experts on current wellness issues, demonstrations, vendors, health screenings and other activities.

The agency's wellness committee relays information and concerns between the committee and employees. Committee members serve as role models for fellow employees by practicing a healthy lifestyle; motivating and encouraging employees to choose a healthy lifestyle and participate in wellness events; and contributing individual expertise by attending and participating in meetings and activities and organizing wellness activities and events. The agency's fitness leave policy enables employees to earn leave for participating in physical activities, which not only encourages employees to be physically active, but also helps foster a culture that supports healthy behaviors.

Additional Incentives

To further retain skilled employees, the Comptroller's office offers a Work Alternative (WALT) Program to offer flexible, compressed work week options. In addition, the Telework Program provides employees who have special needs with the flexibility to work from home. Both programs allow the agency to benefit from reduced absenteeism and leave usage, as well as higher employee morale and lower turnover.

Further incentives include leave for exceptional performance on special projects or other special achievements and the Employee Assistance Program, which provides employees with confidential, personal support for a wide range of issues, from everyday concerns to serious problems.

Recruitment

A strong recruitment program is essential to obtaining not only talented individuals, but also the right mix of skills for the agency. Currently, the average age of Comptroller employees is around 46 years old, with a high number eligible for retirement over the next few years. To recruit new employees, the agency utilizes specific print media advertising and posts vacant positions on Internet sites, including the Texas Workforce Commission's *Work in Texas* website.

Outsourcing

Finally, the Comptroller's office is dedicated to improving the quality of service to all customers. The agency evaluates its functions to determine if the functions can be done more efficiently and at a lower cost by the private sector. Consultants and other contractors are also utilized for special projects when the required expertise is not available internally.

The agency's Contract Administration Office (CAO) provides the agency with internal contract management support and strives to ensure all contracts are in compliance with established contract requirements. Additionally, all contract managers are required to attend contract management training presented by the CAO within 60 days of assignment as a contract manager. An advanced contract management class provides continuing education annually for experienced internal contract managers who have already attended the introductory training. The advanced class concentrates on daily management issues faced by contract managers as well as best practices solutions.

ORGANIZATIONAL STRUCTURE

The Comptroller's office accomplishes its mission through various programs focused on implementing tax laws, processing tax revenue, managing the state's fiscal activity and providing services for both internal and external customers, including agency employees, state agencies, taxpayers, public officials and the general public. Within this framework, the agency is a cohesive organization dedicated to the continuous improvement of employee skills, the work environment, business practices and customer service. The organizational chart found in **Appendix B** identifies the basic functional areas that carry out the Comptroller's mission.

Tax Administration

The Comptroller's primary duty is to collect more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,400 cities, counties and other local governments. State taxes collected by the agency will generate an estimated \$80.1 billion in the state's 2012-13 budget period.

The *Tax Administration* area includes the Audit, Tax Policy and Enforcement divisions. Offices are located in 25 cities throughout the state where taxpayers can conduct business with the agency. The agency also maintains four out-of-state offices to effectively audit the activities of companies doing business in Texas.

Audit reviews taxpayer records to determine compliance with state tax laws and educates taxpayers about tax requirements. Its goal is to enhance taxpayer compliance and maximize tax collections. More than 15,000 tax audits and refund verifications are conducted annually to ensure the correct amount of taxes have been paid to the state. Audit's Business Activity Research Team identifies and contacts non-permitted businesses.

In addition to the traditional audit program, the Desk Audit Program was implemented to accelerate the verification of specific aspects of the franchise tax. In fiscal 2011, Audit conducted 4,192 field verifications and refunds.

Demand for greater audit coverage and taxpayer services increases significantly in difficult economic times as weaker businesses fail and new businesses start, making it imperative that Audit be prepared to handle the additional demand. Audit continues to look for innovative ways to improve taxpayer compliance through the use of technology and online assistance and educational seminars for taxpayers.

Web applications to query data, coupled with predictive models used to score and rank taxpayers less likely to be in compliance, are in use. The division's Advanced Database System and data mining software continue to serve as a platform for analytics that aid in identifying non-permitted businesses. Maintaining a strong presence through a variety of taxpayer contact activities is vital to protecting the state's interests.

In conjunction with Audit, Enforcement manages and tracks delinquent taxpayer accounts for collection. This program enforces state tax laws and promotes voluntary compliance by contacting delinquent taxpayers for payment and providing taxpayer service.

Program success depends largely upon the division's public presence throughout the state. Taxpayers can obtain assistance and information by visiting any field office location or by contacting the Enforcement call center via toll-free lines. Enforcement also contracts with a private collection agency to handle delinquent accounts falling below a specified tolerance, which allows field staff to concentrate on high dollar cases.

Case workers in the Austin call center initiate the collection process. Collectors handle both inbound and outbound calls, responding to questions regarding delinquent accounts, collecting on past due liabilities and providing tax assistance. In addition to obtaining commitments to pay and warning of possible collection actions, phone collectors have the ability to freeze and place a levy on the bank accounts and third party assets of delinquent taxpayers, as well as issue permit suspensions. The majority of all cases are first routed through the call center before being sent to field offices for advanced collection action, if necessary.

The biggest difference between field offices and the call center is the personal contact with taxpayers. In many cases, face to face contact is necessary to address a taxpayer's particular needs or to resolve a delinquency effectively and efficiently. In addition to accepting payments and answering taxability questions, field office personnel are able to negotiate payment agreements, provide training at taxpayer seminars and conduct hearings. Field personnel may also conduct investigations to pursue non-compliant businesses, partner with other agencies in collection activities and canvass special events to ensure participants are properly permitted.

The Tax Policy division interprets tax policy and provides timely tax information to taxpayers, tax professionals,

state officials, Texas citizens and agency personnel. Specialists in Tax Policy implement changes to the tax laws, develop rules and bulletins to help taxpayers understand and comply with those laws, assist taxpayers and make tax information available in a variety of ways to promote voluntary compliance. Tax specialists also provide taxability and account assistance to the public through dedicated toll-free telephone lines. Experienced tax specialists respond to questions about all taxes and fees administered by the Comptroller's office, assist callers with tax returns and provide general collection information.

Tax Policy staff actively participates in various multi-state organizations, including the Multistate Tax Commission, the Federation of Tax Administrators, the International Fuel Tax Agreement, the State Bar of Texas Taxation Section, the Streamlined Sales Tax Project, Texas Surplus Lines Association, Surplus Lines Stamping Office of Texas and the Surplus Lines Multistate Working Group. By participating in these groups, the agency is aware of trends and changes across the state and country on matters affecting tax policy.

A key element of voluntary compliance is education. Staff presents taxpayer education seminars throughout Texas to groups such as the Texas PTA, the Association of General Contractors, the Utility Excise Tax Association of Texas, Texas Taxpayers and Research Association and County Tax Assessor-Collectors to encourage voluntary compliance and keep taxpayers and their representatives up-to-date on agency policies. Tax Policy staff also participates in and makes presentations to the Taxpayer Advisory Group (TAG), a small group of industry representatives and tax practitioners chosen by the Comptroller's office to encourage dialogue and information exchange on tax topics and agency process issues.

Tax Policy continues to examine ways to utilize the agency's website to ensure that taxpayers can find relevant information without the need to call, write or drive to a field office for assistance. A *Frequently Asked Questions* website allows customers to search for frequently asked questions using key words. The results of these public searches are used to develop future outreach programs. Plans are underway to create industry specific Web pages with information and publications targeted to various industries.

Webinars are also used to increase the flow of information, while limiting expenditures for travel and other costs related to speaking engagements. The webinars are offered in segments, so that specific topics can be selected rather than

forcing viewers to watch complete presentations. Through the use of webinars and other Web-related services, Tax Policy can maximize agency resources, while increasing the agency's presence throughout the state.

Fiscal Management

The *Fiscal Management* area is responsible for the accounting functions of the state. This area audits and processes vouchers, monitors the financial status of state agencies and analyzes each General Appropriations Act to determine if the funds appropriated are within the amount of revenue certified to be available.

On behalf of the state of Texas, the Comptroller's office received the twenty-first consecutive Certificate of Achievement for Excellence in Financial Reporting for the *2011 Comprehensive Annual Financial Report* (CAFR). This award, made by the Government Finance Officers Association, is presented to government units whose CAFRs achieve the highest standards in government accounting and financial reporting.

Fiscal Management administers seven statewide financial systems, including the Uniform Statewide Accounting System (USAS), the Uniform Statewide Payroll System (USPS), the Centralized Accounting and Payroll/Personnel System (CAPPS), the Human Resources Information System, the Standardized Payroll/Personnel Reporting System (SPRS), the Texas Identification Number System and the State Property Accounting System. These statewide systems monitor and account for the state's revenues, expenditures and cash flow, generate payments and provide data used to forecast future revenues for the state budgetary process. Limitations in terms of standardization, functionality and level of detail, however, hinder the ability to uniformly report on items such as expenditures, budgets and purchases.

To further financial and reporting uniformity, the Comptroller's office is leading the effort to develop, maintain and support Enterprise Resource Planning (ERP), a statewide effort called for by legislators during the 80th legislative session in 2007. House Bill 3106, which transferred the responsibility for ERP to the Comptroller's office, required the agency to ensure that the uniform statewide accounting project includes the administration of general ledger, accounts payable, accounts receivable, budgeting, inventory, asset management, billing, payroll, projects, grants and human resources.

ProjectONE – Our New Enterprise – was created to develop a system that will provide a single set of real-time books for the general ledger, accounts payable, accounts receivable, budgeting, inventory, asset management, payroll, projects, grants, human resources and procurement activities of state agencies and allow for the replacement of USAS, USPS and a multitude of other systems managed by state agencies.

The first release of the CAPPS Financials system was implemented on September 1, 2011, with the Comptroller's office operating as the application service provider for agencies implementing the system. In this release, the Central Texas Turnpike System, an enterprise fund within the Texas Department of Transportation, and the Department of Information Resources implemented CAPPS Financials. The Comptroller's office and the Texas Department of Insurance will convert to CAPPS Financials by the end of fiscal 2012. Five Health and Human Services agencies are working to upgrade their current PeopleSoft HR/Payroll system, which will then serve as the baseline for the payroll/personnel component of CAPPS.

Fiscal Management is also leading the way in setting new standards for transparency and accountability in state government. Financial transparency at the state level was implemented in January 2007 with the posting of Comptroller's office expenditures on the *Where the Money Goes* website. This effort was expanded in December 2008 via the *Texas Transparency* website.

The *Texas Transparency* website offers a comprehensive look at how the state spends tax dollars. The site features the agency's award-winning *Where the Money Goes* tools to track state spending, a *Where the Money Comes From* tool to show state revenues, an Open Data Center for direct access to Comptroller data, information about the state budget process and a spotlight on transparency efforts at the local government level.

FMQuery is a business intelligence tool for authorized users of the statewide financial systems. FMQuery is part of the agency's initiative to establish an enterprise warehouse for the state's data. Two applications of the platform are available.

- FMQuery – Payroll draws payroll information from USPS and SPRS. Users can choose from an array of on-demand reports or pose their own queries against their agency's data.

- FMQuery – SIRS (Statewide Internet Reporting System) allows users to generate predefined ad hoc reports from USAS and USPS. Custom reports can also be created from certain financial and personnel information.

Fiscal Management also makes direct deposit a top priority. Today's economy calls for agencies to save money wherever possible and state agencies serve a critical role in promoting direct deposit to their vendors, employees and other payees.

The cost of making payments with warrants compared to direct deposit is high. The cost is largely derived from the money, time and staff resources used in the process that begins with the warrant being issued at the Comptroller's office and ends with the warrant being received by mail by the vendor or other payee. According to a 1996 study originated by the Comptroller's office and verified by the National Automated Clearing House Association (NACHA), it costs \$1.80 for each state warrant (check) to be processed and mailed. A payment made by direct deposit and not by a mailed paper warrant saved the state \$1.80 per payment. According to NACHA, the cost in 2010 dollars is now \$2.87 – \$3.15 per payment. For a large agency that processes 40,000 warrants a month, potential annual savings to that agency and the state by using direct deposit is \$1.5 million.

The Comptroller's office supports state agency efforts by offering downloadable promotional materials through a *Texas Direct Deposit* website. A group of staff is also dedicated to helping state agency personnel understand and promote direct deposit. Tools offered via the website include a state-to-vendor payment search engine and fax line that provides vendors with access to information on non-confidential payments issued within the past 10, 20 or 30 days. Instructions for requesting a fax report can be heard 24-7 in English or Spanish. The *Savings Calculator* is a simple tool for finding out how much an agency could save by making payments using direct deposit rather than warrants. Payment Services staff conducts agency visits and training, in part to work with an agency in communicating with its payees on where to direct questions about their payments.

Finally, the Comptroller's office was charged with oversight of the more than \$22.7 billion in American Recovery and Reinvestment Act (ARRA) stimulus funding received by the state. More than 80 state agencies and public institutions of higher education report to the Fiscal Management area weekly on the status of the funds. Funding is allocated across eleven categories: contracts, education, energy, environ-

ment, health and human services, housing and community development, labor, public safety, research, transportation and other.

At both the state and federal levels, transparency and accountability are critical to the recovery effort. The information gathered each week generates stimulus tracking reports that provide additional transparency for ARRA activities in Texas. These reports are available to the public on the Comptroller's *American Recovery and Reinvestment Act: A Texas Eye on the Dollars* website:

- *Money Awarded by Category:* Includes amounts awarded to state agencies from the federal government and sorted into ten spending categories (education, energy, environment, health and human services, housing and community development, labor, other, public safety, research and transportation).
- *Summary of Funds Received:* Includes federal revenues received, to date, by the respective state agency.
- *By State Agency:* Includes amounts allocated or requested, awarded, received, obligated and disbursed by the respective state agency.
- *By Federal Agency:* Includes amounts allocated or requested by state agencies, and also amounts awarded to state agencies from the federal government.
- *Disbursement Information:* Lists transactions made in the state Treasury by state agency by disbursement category and include the payee's name, disbursement description, transaction date and disbursement amount. Transfers in and out of the Federal American Recovery and Reinvestment fund 0369 are included in the transaction detail. Disbursement activity conducted outside of the state Treasury is not included.

The website also includes an interactive map displaying ARRA activity in Texas counties as reported by recipients.

Revenue Administration

The *Revenue Administration* area, including Revenue Processing, Account Maintenance and Revenue Accounting, collects and processes state revenue and distributes local sales tax collections to cities and counties. This area is also responsible for maintaining taxpayer accounts and processing tax payment exceptions and adjustments. Approximately 5 million payments, worth around \$54 billion, and 4.8 million tax return documents flow through the Revenue Administration area annually.

Although it is the agency's desire to conduct all taxpayer filing and paying transactions using automated means (Internet or telephone), many taxpayers still prefer to send paper returns through the mail. The agency has invested in technologies for the imaging and electronic capture of data from paper to allow faster processing of information and enable the more rapid receipt of revenue. For some time, the agency has had the capability to capture basic data from paper tax returns.

A program called WebFile allows taxpayers to file 31 taxes and fees, including sales tax returns and franchise tax reports and extensions online. By making tax filing more convenient, WebFile helps taxpayers save time and money, resulting in increased tax compliance and tax revenues.

Tax filing on the Web also allows the agency to cut down on manual work, workload, paperwork and clerical errors, resulting in significant productivity and efficiency gains. Once online, a taxpayer can complete a sales tax return and the computer checks the electronic form for errors and calculates the amount of tax due. The taxpayer has two payment options: by credit card or by electronic payment via the Texas Network for Electronic Transfers, better known as TEXNET.

Taxpayers who paid \$100,000 or more in the preceding state fiscal year must pay electronically via TEXNET. Certain taxpayers who paid \$10,000–\$99,999 in the preceding state fiscal year must pay by credit card or via WebFile. They can also pay electronically if they enroll in TEXNET. Taxes affected by this requirement include Sales and Use, Natural Gas, Crude Oil, Franchise, Gasoline, Diesel Fuel, Hotel Occupancy, Insurance Premium, Mixed Beverage Gross Receipts and Motor Vehicle Rental. Requiring certain taxpayers to file electronically reduces the number of paper returns processed by over 2.7 million annually.

Currently there are 142,162 taxpayers enrolled in the electronic funds transfer system, with approximately 96.8 percent of all tax dollars remitted electronically. During the January 2012 peak, more than 318,600 taxpayers used electronic data interchange and WebFile to electronically file their taxes, including 85 percent of all sales tax monthly filers. The increasing number of electronic filers and payers has significantly reduced the handling and processing of paper reports and payments. In addition to depositing money in the Treasury faster, other benefits include the ability to allocate funds to local authorities more quickly, make data available within 24 hours and minimize human error.

Treasury

The *Treasury* area, which includes Treasury Accounting, Cash and Securities Management, and Banking and Electronic Processing, oversees the cash management functions of the state. Responsibilities include forecasting, reconciling and depositing the state's revenues. Thousands of people, systems and institutions take part in Texas state banking. Texas receives 46 million payments a year — 40.7 million direct deposits and 5.2 million checks. Billions of dollars move through hundreds of automated and manual processes. Transactions number in the millions, circling in and out of 600 bank accounts.

In the early days, the Treasury batched checks, called a bank about a deposit and sent the batch over for processing. There was no real order to where the checks went or when. Today, the Treasury processes each check to ensure the lowest cost and best availability of funds — at more than 1,100 checks a minute. In fiscal 2011, the Treasury area performed more than 13,500 bank account reconciliations, allocated approximately \$270 million in interest earnings, processed 8,861 wire transfers totaling approximately \$256 billion, paid four million state warrants, monitored depository relationships with 262 approved depositories, held approximately \$3.4 billion in securities for safekeeping and posted cash transactions to approximately 2,455 agency funds.

The Treasury, working with the Revenue Estimating and Fiscal Management areas, also coordinates the sale of the state's short-term securities, known as Tax and Revenue Anticipation Notes (TRAN). Texas' TRANs have received the highest possible rating from each rating agency. For fiscal 2012, the Treasury issued \$9.8 billion in TRAN notes.

In addition, the Treasury oversees the collateralization of more than half a billion dollars of state deposits held in approved depositories. Oversight requires monitoring and coordinating the pledge of securities to ensure coverage against the failure of the depository institution. As part of this process, the Treasury approves and contracts with eleven banks to be custodians for the securities pledged as collateral. The Legislature recently established a Pooled Collateral Program to operate as a viable alternative to the individual collateralization of local public funds. Leveraging its expertise in this area, the Treasury operates this voluntary program to ensure that local governments participating in the pool have a pledge of securities from a depository institution to cover their deposits.

The Treasury area recently modernized its financial system, which processes all state tax revenue and supports all Treasury functions, including banking and electronic processing services, treasury accounting and cash and securities management and reporting. The new system replaced numerous fragmented systems joined together with a number of bridge programs that had been in operation for 20 years or more.

Texas Procurement and Support Services

The *Texas Procurement and Support Services (TPASS)* area awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members. With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors of a wide variety of goods and services, including minority- and women-owned businesses.

The TPASS area performs an assortment of purchasing operations and customer service that is core to state of Texas purchasing – ranging from administering the Centralized Master Bidders List (CMBL) to processing hundreds of bid invitations, tabulations and awards for all statewide term, Texas Multiple Award Schedules, or TXMAS, and open market contracts.

TPASS also works with the agency's Strategic Sourcing area to improve the state's procurement practices to maximize buying power and implement best value procurements. The contract management team actively engages in continuous process improvement to identify strategies for reducing costs or gaining efficiencies for major categories of state contract expenditures. Analysis is directly applied in developing and implementing sourcing initiatives for statewide contracting and for ensuring adherence to legal requirements and best practices for contract management.

Daily statewide procurement operations include:

- Administering more than 200 statewide term contracts and procurement schedules representing several thousand line items of products/services;
- Providing information and customer service related to statewide purchasing processes as well as the CMBL and the state of Texas Cooperative Purchasing (CO-OP) program, which provides state of Texas volume purchasing power to local governments and assistance organizations;
- Processing open market requisitions (including school buses) on behalf of 200 state agencies and more than 1,900 CO-OP members, consisting of schools, cities, counties and other government entities, many of whom have limited budgets and use the state's buying power and purchasing expertise to get the best values for their organizations;
- Conducting outreach to vendors, state agencies and local governments at state trade shows and conferences; and
- Managing the statewide purchasing system, the Electronic State Business Daily and the Purchasing Web Applications portal plus user support for these systems.

A variety of functions assist the contracting community, including processing and reviewing major contract solicitations as the lead agency on the Contract Advisory Team, processing requests for delegated purchasing authority and managing and revising the Contract Management Guide.

Other TPASS programs include:

- **Training and Certification** – The statewide training and certification program meets the training requirements and professional development needs of the state's procurement and contracting professionals. Any state employee engaged in state purchasing should receive training towards certification as a Certified Texas Purchaser or as a Certified Texas Procurement Manager. The TPASS Training and Certification team develops curriculum, delivers training, manages a database to track the certification and recertification requirements of state contracting and procurement professionals, manages contracts for contracted training services and ensures the integrity of the certification and testing process.
- **State Credit Card, Travel and Vehicle Management** – The state credit card, travel and vehicle management program manages the day-to-day operations and needs of the statewide credit card, travel and vehicle users, including statewide corporate travel and procurement cards and fuel cards for fleet vehicles; contracts for airfare, hotels and rental cars; travel agency reservation services; and oversight of the state's vehicle fleet.
- **State Mail Operations** – TPASS mail operations provide state mail services contract administration; state contract development in conjunction with the Council on Competitive Government; mail equipment and service reviews and consultations, including analy-

sis, information, tracking, specification assistance, bid evaluations, pre-bid conferences, cost-benefit analysis and related administrative duties; development and distribution of guidelines; mail operation evaluations; training; and coordination with the United States Postal Service.

- **Statewide Historically Underutilized Business Program (HUB)** – HUB staff promote and support the HUB program by providing education and outreach to minority and women-owned businesses; administering the certification and compliance functions; assisting state agencies and institutions of higher education with training, planning and implementing HUB education and outreach efforts; developing and administering HUB rules and statutes to ensure full and equal access to state procurement opportunities for minority and women-owned businesses; and compiling and reporting the state’s HUB expenditures and contract awards to the Legislature semi-annually.

Strategic Sourcing and CCG

Working in conjunction with TPASS, the *Strategic Sourcing and CCG* area optimizes the use of taxpayer dollars by identifying savings opportunities, establishing enterprise contracts for commonly purchased goods and services and monitoring vendor performance, resulting in:

- increased quality and service;
- reduced total cost of goods and services;
- improved relationships with contracted vendors; and
- simple requisition-through-payment processes.

To further this effort, the agency developed TxSmartBuy, an online shopping cart system that Texas state agencies and eligible local government entities can use to purchase goods and services from state contracts. The online shopping cart system saves time and creates efficiencies for buyers and sellers via the elimination of paper mailings of purchase orders and other manual processing steps.

Customers are able to easily search and browse contractor e-catalogs for price and product information and use comparison tools to review price and product details side by side for best value. Contractors receive purchase orders immediately with no waiting. The TxSmartBuy system also allows strategic sourcing specialists to analyze procurement data at a much greater level of detail through the ability to aggregate, cleanse, classify and analyze spending data to identify further sourcing opportunities for the state.

To date, strategic sourcing initiatives have saved a projected \$71.5 million annually through various contracts. Savings have been found by analyzing commonly purchased goods and services and developing new contracts to secure better prices, as well as monitoring vendor performance to achieve long-term cost savings. Examples include:

1. *Utility Invoice Processing Services* – Consultation with the vendor community revealed there were several capable and experienced utility invoice processing competitors interested in the state’s business. Strategic Sourcing contracted for utility processing services on behalf of all state agencies, higher education and CO-OP members, achieving a 54 percent savings from the previous contract. The contract eliminates the need for entities to independently procure this service and provides the opportunity to acquire best in class services at competitively bid pricing.
2. *Electric Utility Procurement Services* – The deregulated electricity market brought competition to parts of Texas and improved pricing for customers in deregulated areas. The Texas Council on Competitive Government used strategic sourcing procedures to negotiate a contract that helps state agencies effectively buy energy in the deregulated market. In fiscal 2012, the contract is expected to generate almost \$4 million in cost savings, reducing the Texas Department of Criminal Justice’s deregulated electricity expenditures by 13.6 percent.
3. *Retail Fuel Card Services* – The rising cost of fuel has been offset to some extent by improved rebates and robust management tools for customers. The Texas Council on Competitive Government used strategic sourcing procedures to negotiate and award a contract that helps state agencies, universities and local governments effectively manage their vehicle’s fuel, oil, maintenance, repair and roadside assistance expenses.
4. *Office Supplies* – Strategic Sourcing worked closely with state agencies and the vendor community to create a comprehensive and competitive solicitation for the most commonly used supplies. The newly awarded contract has saved \$660,000, or 18.5 percent, over previous supply contracts.
5. *Traffic Control Devices* – Strategic Sourcing worked closely with the Texas Department of Transportation to develop a request for proposal for a wide range of traffic control devices, resulting in standardized specifications and a consolidation of multiple contracts into one solicitation. For the first time, the state asked for proposals on items that had traditionally been manu-

factured in-house. New contract pricing has saved 23.9 percent since November 2010. State agencies and CO-OP members have saved almost \$2.3 million.

6. *Fleet Vehicles* – Texas state government buys a wide range of vehicles for agencies and universities. Contracts were awarded to 15 suppliers, including five new Texas based suppliers, to generate competition and the lowest pricing. The competitive bidding and negotiations with key respondents resulted in a savings of \$11.4 million.
7. *Road Aggregate* – Dozens of vendors supply about 150 types of material, such as asphalt, gravel, ready-mix concrete and sealant, used in road building and maintenance by the Texas Department of Transportation and local governments. By streamlining the administrative process and developing term contracts that apply to multiple vendors, the \$402 million spent through the state road aggregate contracts since March 2009 have resulted in \$16.3 million in savings for the state and CO-OP members.
8. *Charge Card* – Corporate credit cards issued to state employees and state of Texas CO-OP members are used to pay for goods, services and travel expenses. At almost \$1 billion in annual volume, the state of Texas Charge Card Program is the largest state contract of its kind in the nation.

Strategic Sourcing contract monitors audit contract performance through the Vendor Performance Tracking System, which automates the compilation of vendor data, and direct, proactive outreach to customers. Unresolved contract-related discrepancies are investigated.

Additionally, Strategic Sourcing, in consultation with the Office of the Attorney General, the Department of Information Resources and the State Auditor's Office (SAO), developed and periodically updates the Contract Management Guide (CMG) for use by state agencies. The CMG provides practical suggestions, as well as best practices, to improve agency contracting practices. The SAO is required to periodically monitor agencies for CMG compliance and report any non-compliance to the state's leadership and the Contract Advisory Team.

Revenue Estimating

The Comptroller's office is responsible for reporting the state's financial condition to the Legislature annually and providing estimates of revenue for future years. *Revenue Estimating* monitors and reports on the condition of the

Texas economy, assists Fiscal Management and Treasury with projecting the state's cash flow position and produces fiscal analyses of legislation, administrative rules and other proposals affecting state revenue.

Revenue Estimating submits the *Biennial Revenue Estimate* to the Legislature in January of every odd-numbered year. Following each regular legislative session, Revenue Estimating reviews the appropriations made, as well as all other legislation affecting revenues and expenditures, to produce a post-session *Certification Revenue Estimate*.

The area produces a complementary report for the Legislature, the Governor and other interested parties. The *Tax Exemptions and Tax Incidence Report* provides estimates of the value of each exemption, exclusion, special rate, deduction and discount available for the state's largest taxes and the school property tax. The report also provides an estimate of the incidence (i.e., who pays) for each of these taxes and the incidence of each major exemption available for the tax.

During legislative sessions, the Legislative Budget Board requests fiscal impact analyses, or fiscal notes, of legislation that could affect state revenues. During a typical legislative session, Revenue Estimating produces more than 1,000 legislative fiscal notes and related estimates or analyses.

The area also assists with the *Annual Cash Report* and the *Comprehensive Annual Financial Report* and plays a key role in the state's annual sale of short-term debt securities, known as Tax and Revenue Anticipation Notes (TRAN). Revenue Estimating, working with the Treasury and Fiscal Management areas, prepares cash flow, revenue and economic projections supporting the TRAN sale, as well as tables, charts and commentary for use in the prospectus documents reviewed by the major bond rating agencies in New York. Each quarter, when the agency updates the appendices accompanying each state bond proposal, the area assists by revising the package's fiscal, economic and demographic information.

Revenue Estimating shares its analyses and products through contributions to various agency reports and by responding to requests from the public via letter, telephone and email. The dissemination of analyses and information has increased the area's visibility as a key source for Texas fiscal and economic data.

Property Tax Assistance

Property Tax Assistance promotes uniformity of property appraisal practices by county appraisal districts to ensure equitable funding of local school districts and equitable assessment of local property taxes for the benefit of public education and taxpayers. Property Tax Assistance encourages fairness and equity in local property taxation through the preparation of a biennial property value study for school districts and biennial reviews of the appraisal practices and administration of county appraisal districts.

The Property Value Study estimates the taxable value of all property in the state's school districts to determine funding allocations. Field appraisers inspect properties, verify the condition and description of property that sells, obtain warranty deed information from county clerks and collect sales data from multiple listing services, real estate brokers and fee appraisers.

Property Tax Assistance field staff also conduct reviews of appraisal districts as part of the Methods and Assistance Program (MAP) review process. Approximately one-half of the county appraisal districts are reviewed each year to ensure greater uniformity of appraisal and accountability. Review results are sent to the Texas Department of Licensing and Regulation for enforcement.

As part of its commitment to assisting property owners and local governmental entities, Property Tax Assistance maintains constant contact with taxpayers and local government officials involved in property appraisal and property tax administration. During the first quarter of 2012, Property Tax Assistance received more than 650,000 website page views; staff provided telephone assistance to 5,558 callers; nearly 5,013 taxpayers and officials received assistance via email or fax; and Property Tax Assistance sent more than 2,160 letters providing information.

Other outreach efforts include a continuous review and update of publications offered electronically. Online videos and webinars are available to assist homeowners and small business owners who may want to protest their values before appraisal review boards, train directors of appraisal districts and provide guidance on rate setting, or "truth-in-taxation," laws. The website serves as a repository of information, including county reappraisal plans, appraisal review board procedures, personnel policies, appraisal manuals, land schedules and other documents created locally.

Property Tax Assistance also participates in or hosts a number of outreach conferences and meetings, including:

- MAP training sessions;
- Texas Department of Licensing and Regulation test approval meetings;
- Texas Association of Assessing Officers meetings;
- appraisal review board training; and
- regional agricultural appraisal meetings.

In fiscal 2012, Property Tax Assistance conducted educational seminars in nine locations for newly appointed appraisal review boards and appraisal review board members with at least one year of experience. The seminars were also videocast to 13 other locations.

Economic Development and Analysis

Economic Development and Analysis serves as a resource for information and technical support on tax programs and incentives; job creation initiatives; economic impacts; financial transparency; and budgeting and purchasing efficiencies. Through detailed economic data and analysis, Economic Development encourages the use of best practices and the exchange of ideas among cities, counties, economic development officials and other entities to promote government efficiency and economic growth.

During fiscal 2011, Economic Development provided more than 1,860 responses to requests for assistance by local governments and received more than 600,000 requests for information by local governments, businesses and internal customers. The ability to use online resources to meet increasing demands for information allows Economic Development to expand its coverage and reach a greater number of customers.

Analysts also contribute to the *The Texas Economy* website and the *Texas Rising* publication, which are filled with information, insight and analysis focused on vital economic development topics. Through *Texas EDGE*, Economic Development provides an interactive online tool that allows the public to run dynamic statewide economic reports utilizing a wealth of data, including county population, employment, income, taxable sales, sales tax allocation payments, property values, state expenditures by county, state agency employment and education statistics.

The Texas Comptroller Leadership Circle program, launched by the Comptroller in 2009, continues to recognize local governments across Texas that meet a high stan-

dard for online financial transparency. A free, self-scoring process is available to local governments and verified by Economic Development staff. The *Texas Transparency* website shines a monthly spotlight on innovative steps Leadership Circle members are taking to become transparency leaders.

Unclaimed Property

One in four Texans has unclaimed property from forgotten bank accounts, insurance proceeds, uncashed checks, security deposits and utility refunds. Currently, more than \$2.5 billion in cash and other property is being held, waiting for the rightful owners to claim it. The Comptroller's *Unclaimed Property* area administers the Texas Unclaimed Property Program, one of the largest, most effective programs in the country.

Businesses, financial institutions and government entities, called holders, remit property that is presumed abandoned. These organizations, including courts, insurance companies, brokerage firms and utility companies, are required by statute to provide annual holder reports on abandoned properties. An online express reporting system for holders with 25 or fewer owners was implemented in October 2011. Free electronic filing software is available for holders with more than 25 owners.

Abandoned safe deposit box contents and safekeeping items are remitted to the state, inventoried and stored in a vault. The contents are sold online using eBay and the proceeds from the sales are returned to the owners when the property is claimed.

Owner outreach efforts include an online searchable database (www.claimitexas.org), owner notice mailings and participation in MissingMoney.com, a national unclaimed property database. Visitors to the site can conduct free searches on a single, easy to use website and search the databases of the participating states rather than conducting separate searches on each state's site.

These outreach efforts generate hundreds of daily inquiries in the form of phone calls, correspondence and emails. Through March 2012, 7,894,901 page visits and 35,399,827 page views were registered to the Unclaimed Property website, which continues to be a very effective way of reaching claimants and initiating the claims process.

"Claim It" events throughout the state provide additional outlets for Texans to reclaim what is rightfully theirs. Due to

these and other expanded outreach efforts, more than \$165 million was returned to the rightful owners in fiscal 2011.

General Counsel

The *General Counsel* represents the agency in administrative hearings on tax matters and provides legal counsel and research to the agency. During the hearings process, fair, accurate and consistent decisions provide taxpayers with the information they need to make responsible decisions about their tax obligations. Cases may include denials and proposed suspensions and revocations of motor-fuels permits and custom brokers' licenses, as well as taxpayers' claims for refunds and requests for redetermination of audit assessments.

The General Counsel area studies the underlying audits, refund requests or penalty and interest waiver requests, investigates and develops evidence and presents the agency's cases to the administrative law judges at the State Office of Administrative Hearings, either through oral argument or written submission. When the Comptroller's office is involved in litigation—either as a party or non-party to the suit—the area addresses litigation needs and questions, works with the Office of the Attorney General and monitors the progress of pending court cases.

The General Counsel's Open Records area serves as the agency's public information coordinator and the primary authority for public information and privacy issues. In fiscal 2011, more than 14,300 requests for information were processed by Open Records.

Criminal Investigations

The *Criminal Investigations* area investigates criminal offenses defined by the Texas Tax Code as well as the Texas Penal Code and other statutes. The numerous state taxes and funds administered by the Comptroller's office present the agency's criminal investigators with a wide area of jurisdiction.

Criminal Investigations' licensed peace officers detect, investigate and seek prosecution of tax-related fraud. The agency's investigators also work with local, state and federal law enforcement agencies in a variety of ways:

- **Case resource** – Under Texas Tax Code §111.006(e) and other statutory authority, agency investigators can assist law enforcement in obtaining certain types of information held by the Comptroller's office.

- **Case referral** – Case referrals are accepted from other law enforcement agencies, which may occur when a law enforcement agency receives a tax-related case requiring agency expertise.
- **Case investigation** – When an active criminal investigation develops a state tax angle, agency investigators are available to assist the primary agency with the case.

The most common criminal cases include evasion of motor vehicle taxes by falsification of motor vehicle title applications and/or failure to transfer titles on motor vehicle sales; cigarette and tobacco tax violations; motor fuels tax violations; and general sales and use tax violations.

On Sept. 1, 2011, Criminal Investigations received the “Recognized Law Enforcement Agency” award by a unanimous vote from the Texas Police Chiefs’ Association Law Enforcement Recognition Program. The program recognizes agencies achieving best practices standards in all aspects of law enforcement operations, including investigative operations, property and evidence management, protection of citizen rights and use of force. Criminal Investigations is the 47th law enforcement entity in the state to be recognized and the first among state law enforcement agencies.

Innovation and Technology

Innovation and Technology administers the agency’s computer infrastructure, including mainframe resources, network systems, operating systems, software applications and databases. Comprised of several divisions managed by the agency’s Director of Innovation and Chief Technology Officer, the Innovation and Technology area provides new and improved technologies that reliably allow its customers access to more online services and information at a lower cost.

The Project Management Office (PMO) leads and oversees the agency’s technology and process improvement projects. The PMO works closely with other Comptroller divisions and customers to ensure projects are successful by providing project oversight, process improvement analysis and system requirements and testing.

The Software Development division develops and supports the agency’s application systems. Software Development staff analyze, design, program, test, implement and maintain applications and databases on a variety of platforms in support of agency functions, including treasury operations, tax collections and allocations, statewide financial systems, business intelligence and procurement.

The Infrastructure division supports the flow and processing of information by using physical hardware to interconnect computers and users through voice and data networks. This division implements infrastructure to support a growing customer base, provide technical support and maintain the health and efficiency of all systems. Activities include planning, managing, securing and supporting the agency’s data and voice networks, servers and data storage, end-user hardware and data center operations.

The Information Resources Planning, Budgeting and Contracting (IRPBC) division provides centralized administrative management for the Innovation and Technology area.

Legislative Affairs

Legislative Affairs provides a variety of information services to Texas taxpayers, members of the Legislature, local government officials and business and civic leaders. The group serves as the principal point of contact for legislators and legislative staff.

Legislative Affairs prepares the agency’s bill proposals, screens all filed legislation to determine agency impact and costs; assists with the preparation, distribution and tracking of agency fiscal notes; monitors the Legislature including floor debate, committee hearings, press conferences and state agency hearings during the legislative session and interim; disseminates bills and legislative information within the agency; coordinates the agency-wide implementation of enacted legislation; compiles the *Legislative Wrap-Up* of key legislation passed during regular and special sessions; and assists the Comptroller and agency with special reports, research and analyses relating to public policy development, trends and implementation.

Internal Audit

Internal Audit, by independently and objectively evaluating agency programs and recommending improvements, plays a key role in ensuring the reliability, effectiveness, integrity and efficiency of financial and operational information, safeguarding assets and complying with laws, regulations and contracts. Internal Audit conducts an annual risk assessment of key agency processes to ensure its annual audit plan focuses audit resources on the overall goals and objectives of the agency, while concentrating on the agency’s high risk processes.

Various types of audits are conducted, including financial, information system, economy and efficiency, compli-

ance and effectiveness. Internal Audit also participates in special projects and coordinates all audits and requests made by the State Auditor and other external auditors.

Information Security

Information Security conducts risk management analyses to ensure the agency's mission-critical functions, strategic plans and supporting technologies are protected against disruption, abuse, breaches of confidentiality and loss of integrity. The Enterprise Risk Management process identifies, assesses, controls and monitors operational and security risk in relation to the agency's strategic goals and objectives, including the assessment of risks and controls required to protect assets and the agency. Information Security assists division management in identifying and prioritizing risks by conducting an annual Web-based survey that captures information relating to a division's:

- internal control environment
- key process risk analysis
- business continuity planning
- business impact analysis

The information is gathered from all levels of the agency and kept in a repository for use by Information Security, Internal Audit and the Privacy Office.

Privacy Office

The *Privacy Office* is responsible for managing the risks and business impacts of privacy laws and policies. As governments, individuals and companies increase reliance on information technology as part of routine daily activity, privacy and information protection is becoming a larger part of the realm of all levels of government as well as the private sector. The Privacy Office is responsible for designing and updating privacy standards; performing risk reviews to identify exchanges of personally identifiable information between the agency and other entities or individuals; identifying new privacy risks and developing mitigation strategies; and collaborating with chief privacy officers at the state and federal level on privacy related initiatives.

Communications

Communications is the agency's direct link with the news media. Services include news releases, public service announcements, graphics and reports. The area also organizes media tours, news events and press conferences and seeks to broaden public access and awareness of information from the Comptroller's office. Communications assists other

areas of the agency with publications and articles, including a bilingual news Web page. Monthly news graphics are provided in both Spanish and English.

Data Services

The Comptroller's office is highly regarded as a valuable source of information about Texas state government and the Texas economy. *Data Services* supports the Comptroller's role as the state's revenue estimator and chief tax collector by providing clear and accurate information to state officials, educators, students, business leaders and the general public via the design, development and maintenance of agency websites. The area maintains the *Window on State Government*, one of the oldest and most comprehensive state agency websites, which receives more than 5 million page views a month, as well as websites such as *TexasAhead*; *Every Chance, Every Texan*; *The Texas Economy*; and *Texas Transparency*.

Texas recently received the top ranking for government spending transparency in an annual report issued by the U.S. Public Interest Research Group (U.S. PIRG). U.S. PIRG noted the comprehensive financial information the *Texas Transparency* website provides along with historical check-register level detail that is downloadable.

Data Services also regularly develops and produces three award-winning publications found on the Web. *Fiscal Notes* reviews trends and events affecting the Texas economy. Data Services works closely with the Economic Development and Assistance area to produce *Texas Rising*, which offers resources, information and analysis on vital economic topics for local governments and economic developers. *Texas Innovator* examines new breakthroughs and innovative ideas from the worlds of science, government and business, with a focus on inventions made by Texans.

Agency Administration

Agency Administration supports the day-to-day operations and needs of the agency. Administrative services provided include agency budgeting, internal accounting, business planning, training, copying, human resources, purchasing, facilities management, document processing, records management and other support services. Although a support function, Agency Administration is responsible for providing services and data critical to the agency's operations. All procurements, including those from Historically Underutilized Businesses (HUBs), are handled by Agency Administration. The area's records management program oversees the agency's records and disseminates information

concerning administrative rules, state laws and agency policies and procedures relating to the management and retention of state records.

Agency Administration also produces a number of agency reports, including the *Annual Financial Report*, the *Legislative Appropriations Request*, quarterly and annual performance reports to the Legislative Budget Board and Governor's Office, HUB reports, Equal Employment Opportunity reports and the *Agency Work Force Plan*.

Special Programs

In addition to tax collection and fiscal management responsibilities, a number of special programs are managed by the Comptroller's office.

Educational Opportunities and Investments

Educational Opportunities and Investments manages the state's Texas Guaranteed Tuition Plan (originally known as the Texas Tomorrow Fund); the LoneStar 529 College Savings Plan; the Texas College Savings Plan; the Texas Tuition Promise Fund; the Texas Match the Promise Foundation; and the Jobs and Education for Texans (JET) program. The prepaid tuition and college savings plans are administered by the Texas Prepaid Higher Education Tuition Board chaired by the Comptroller, with board members appointed by the Governor and Lieutenant Governor. The Comptroller also chairs the JET Advisory Board and the Texas Match the Promise Foundation.

House Bill 1214, passed by the 74th Legislature in 1995, established a prepaid higher education tuition program, the Texas Guaranteed Tuition Plan. Although the plan was closed to new enrollments in 2003, continuing responsibilities include establishing plan rates, collecting payments from plan contract holders, disbursing funds to colleges and universities for tuition payments and issuing refunds in the event of plan cancellations or terminations.

Senate Bill 555, passed by the 77th Legislature in 2001, established a second plan allowing individuals to save money for qualified higher education expenses by establishing a 529 savings trust account. There are two plans available in the college savings program, including the LoneStar 529 Plan, sold by advisors, and the Texas College Savings Plan, sold directly.

House Bill 3900, passed by the 80th Legislature in 2007, established a new prepaid tuition plan that began selling contracts in September 2008. Through the Texas Tuition Promise Fund, a person may prepay all or part of a beneficiary's college tuition and mandatory fees at Texas public colleges and universities by purchasing tuition units that the beneficiary may apply to the payment of undergraduate tuition and fees at a particular institution.

Individuals and companies can make donations to the Texas Match the Promise Foundation to be used to supplement the college savings of families with prepaid tuition accounts in the Texas Tuition Promise Fund. Donations will provide matching scholarships to students with demonstrated needs. Agency staff is responsible for reviewing and summarizing scholarship applications for the Foundation, maintaining financial records and providing support to the Foundation board.

House Bill 3 and House Bill 1935, passed by the 81st Legislature in 2009, established the Jobs and Education for Texans (JET) program to help meet the demand for skilled vocational and technical workers. Under the program, the Comptroller's office has awarded grants and scholarships to nonprofit organizations and public and technical colleges and provided scholarships to low income students to meet training needs related to high demand occupations.

The Educational Opportunities and Investments area provides customer service in a variety of ways. Call centers for the prepaid tuition and college savings plans operate eight hours a day, five days a week via a toll-free line to respond to contract owner inquiries, requests for account changes, requests for cancellations and requests for changes in owner/beneficiary designations. Outreach efforts provide information about prepaid tuition and college savings programs. In addition to websites for each plan, *Every Chance, Every Texan*, a college planning and savings and workforce portal, provides useful tools and information on the various programs available to Texas citizens.

Texas Treasury Safekeeping Trust Company

The *Texas Treasury Safekeeping Trust Company (Trust Company)* is a special-purpose trust company that manages, safeguards and invests public funds and securities belonging to the state of Texas, its agencies and local political subdivisions of the state. The Trust Company's status as a special-purpose trust company provides the Comptroller's office direct access to services provided by the Federal Reserve

System and enables the Comptroller to achieve the highest return at the lowest cost to the state.

The Trust Company manages more than \$50 billion in assets. Investments include cash-equivalent funds such as the Texas Treasury Pool and separately managed portfolios for various Texas state agency clients. The Trust Company oversees the state's two largest Local Government Investment Pools: TexPool and TexPool Prime. TexPool and TexPool Prime were created on behalf of Texas entities whose investment objectives are preservation and safety of principal, liquidity and yield consistent with the Public Funds Investment Act. TexPool and TexPool Prime currently provide investment services to more than 2,000 local jurisdictions throughout the state.

The Trust Company also manages 12 separate endowment funds with assets totaling more than \$3 billion. Endowment portfolios are invested across a broad spectrum of asset classes, ranging from traditional fixed-income and long-only equity investments to hedge funds, private equity and real estate. The funds are invested in a diversified manner designed to preserve the purchasing power of the funds' assets and provide a stable and growing distribution to beneficiaries. The distributed funds are used by governmental entities to provide funding for health care, health education, higher education and historic preservation.

State Energy Conservation Office

The *State Energy Conservation Office (SECO)* administers and delivers a variety of energy efficiency and renewable energy programs that significantly impact energy cost and consumption in the institutional, industrial, transportation and residential sectors. Beneficiaries of these services include state agencies, public schools, city and county governments, institutions of higher education, private industries, electric and gas utilities and residential energy consumers.

The Texas LoanSTAR (Saving Taxes and Resources) Program, which has served as a national model for state and federal loan programs for energy efficiency retrofits, is SECO's most highly visible program. Legislatively mandated to be funded at a minimum of \$95 million, the program has saved Texas taxpayers more than \$299 million to date through energy efficiency projects financed for state agencies, institutions of higher education, school districts, county hospitals and local governments.

The Schools/Local Government Energy Program has helped more than 3,500 schools and other units of local government set up and maintain effective energy-efficiency programs. SECO provides facility preliminary energy assessments, energy management training workshops, technical support in designing new facilities and on-site training for student energy awareness projects.

The Innovative Energy Program promotes the use of renewable energy and sustainable building practices through technology demonstration, hands-on instruction and renewable energy education. SECO increases public awareness of Texas' vast renewable energy resources and provides the public better access to vendors, financing options and renewable energy incentives through its educational website, *The Infinite Power of Texas*.

Other SECO programs include the Energy Education Curriculum Program, the State Agencies/Higher Education Program, Energy Management Services, the Alternative Fuels Program, the Transportation Program and the Pollution Mitigation Program.

SECO also provides technical support and guidance through the Texas Energy Partnership, a joint initiative involving SECO, the U.S. Department of Energy and EnergyStar®. Information, planning tools and electronic reporting are offered at the *Texas Energy Partnership* website.

SECO received more than \$290 million in formula grant funding from the U.S. Department of Energy as a result of the American Recovery and Reinvestment Act. Funds are being used for a variety of projects, including appliance rebates, building efficiency and retrofit, transportation efficiency and energy efficiency and conservation. The Texas Cool Schools program was created to help schools lower operating costs by purchasing new and more energy-efficient heating, ventilation and air conditioning systems.

KEY ORGANIZATIONAL EVENTS AND AREAS OF CHANGE

Each legislative session inevitably brings changes. As the financial hub of the state, the Comptroller's office is impacted in numerous ways, whether by changes to tax laws or by new programs added to the agency's list of responsibilities.

Obesity Program

More than two-thirds of Texans are overweight or clinically obese, as are one in five young people. The insurance costs associated with obesity have more than doubled over the past decade. If nothing is done, by 2030, obesity could cost Texas businesses a whopping \$32.5 billion annually.

To further help Texans take control of their health, the Comptroller's office is launching a new obesity Web portal. The 82nd Legislature, Regular Session, 2011, instructed the agency to develop an online resource to gather all the research and information on the economic effects of obesity. This portal will be a tool for the business community, policymakers, researchers and concerned citizens seeking a 'one-stop shop' to learn more about the various programs available to encourage healthier, more active lives.

GEOGRAPHIC LOCATION OF THE AGENCY

With the Texas population continuing to grow, an ongoing challenge for the Comptroller's office is to serve all customers efficiently, equitably and effectively. To meet the needs of an ever-expanding population, the Comptroller's office relies on field offices, taxpayer service offices, call centers and a processing center located in 25 Texas cities. Four out-of-state Audit offices are strategically located in New York, Los Angeles, Tulsa and Chicago (Exhibit 2). These offices are linked electronically to the agency's mainframe and personal computer network. To ensure the best possible use of agency funds, the cost of employees, equipment, communications and office space must be considered in relation to the alternative costs of increased employee travel and related employee turnover. The potential benefits from an increased agency presence in various parts of the state and the country must also be considered.

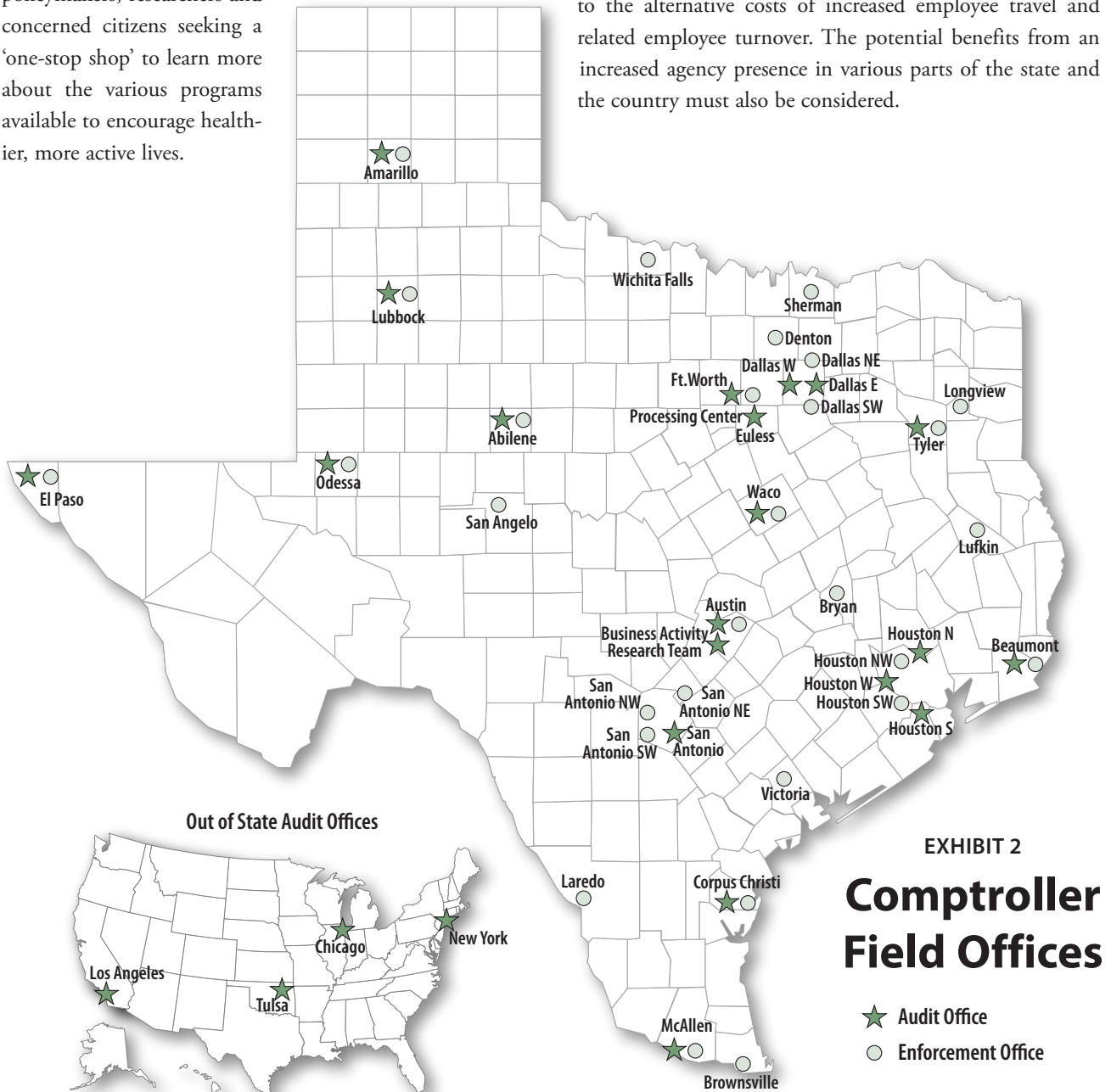


EXHIBIT 2
**Comptroller
Field Offices**

- ★ Audit Office
- Enforcement Office

GEOGRAPHIC REGIONS SERVICED BY THE AGENCY

Statewide

The Comptroller's office serves all areas of the state. Audit field offices are placed strategically throughout the state and around the nation for maximum coverage in the most populated cities in Texas, where the majority of Texas taxpayers are located. More than 750 audit staff is allocated between 18 in-state offices, four out-of-state offices, one centralized processing center and one Business Activity Research Team (BART), which is charged with detecting businesses that are not permitted for applicable tax responsibilities. The processing center, located in Euless, is responsible for performing technical and procedural reviews of audits and billing taxpayers for liabilities.

Of the total sales and franchise tax accounts subject to audit in fiscal 2011, 26 percent were located in the Houston audit area, 30 percent in the Dallas-Fort Worth audit areas and 15 percent in the San Antonio and Austin audit areas. Out-of-state audits also play a vital role in returning tax dollars due back to the state since a significant amount of tax liabilities comes from out-of-state firms.

Twenty-nine percent of the original audits completed in fiscal 2011 were conducted on out-of-state businesses and more than \$895 million in tax liabilities were assessed on out-of-state firms that do business in Texas. Of the \$22.1 billion reported tax dollars examined in original audits in fiscal 2011, 6 percent, or \$1.3 billion, came from businesses with headquarters outside Texas. To date, in fiscal 2012, out-of-state auditors have examined almost \$4.2 billion of reported tax dollars.

As the Comptroller's nexus/discovery unit, BART continues to explore methods of increasing coverage and encouraging voluntary compliance. Many out-of-state companies not familiar with state laws erroneously believe they have no reporting responsibility in Texas. BART contacts these companies through various outreach efforts to inform them about Texas law and promote compliance. As the number of out-of-state companies contacted regarding their tax reporting responsibilities increases, voluntary disclosure requests also increase.

Companies with nexus in Texas are required to remit back taxes along with penalty and/or interest. Because BART is so active in contacting out-of-state companies, many businesses choose to utilize the agency's Voluntary Disclosure program before being contacted by BART. The

Voluntary Disclosure program, which is also administered by the BART group, offers taxpayers a limited look back period, with a penalty and interest waiver if certain criteria are met.

BART's Desk Revenue program is also instrumental in increasing voluntary compliance. This program focuses primarily on contacting and educating individuals and companies who may have a use tax reporting responsibility. The program provides these companies and individuals an opportunity to voluntarily remit any use tax that may be due. Companies and individuals that choose not to take advantage of this program are reviewed and pursued through the audit process.

In addition to the traditional audit program, the Desk Audit Program was implemented to accelerate the verification of specific aspects of the franchise tax. In fiscal 2011, Audit conducted 4,192 field verifications and refunds.

The 80th Legislature, Regular Session, 2007, passed House Bill 11, which requires all tobacco, beer and wine distributors to report sales by individual location. With this additional tool, Audit has been able to direct its compliance efforts within the convenience store industry. To date, more than \$200 million has been directly assessed through audits and desk examinations. An additional \$159 million is estimated to have been remitted to the state through improved awareness and voluntary compliance within this business sector.

House Bill 11, passed by the 82nd Legislature, Regular Session, 2011, requires wholesalers of distilled spirits and package stores selling to bars and restaurants to follow reporting requirements similar to the current requirements for beer, wine or malt liquor sales. The additional reporting required by House Bill 11 will also enhance auditing and tax collections.

Enforcement, charged with enforcing the state's tax laws and providing taxpayer services, maintains a call center and 29 field offices, including 17 full service offices handling both collections and taxpayer service and 12 "taxpayer service only" offices. Additionally, Enforcement contracts with a private collection agency to handle delinquent accounts falling below a specified tolerance, which allows field staff to concentrate on high dollar cases.

Field offices are located in 25 Texas cities. Ten offices are located in the major metropolitan areas: Austin (1), Dallas (2), El Paso (1), Fort Worth (1), Houston (2), and San Anto-

nio (3). The remaining 19 offices are strategically located throughout the state in hub cities based on concentrations of permitted taxpayer populations. Services include:

- accepting tax returns and payments;
- conducting field investigations for compliance of tax laws;
- answering taxability questions;
- assisting with tax permit applications and return preparation;
- distributing tax forms;
- presenting taxpayer seminars; and
- representing the agency at conferences, seminars and fairs.

Though Enforcement uses technology effectively to assist in taxpayer service and collection functions, visibility throughout the state directly impacts the public's voluntary compliance with tax laws. Enforcement officers stay in close contact with taxpayers to inform them of due dates and provide appropriate tax information. The placement of offices enhances the agency's actual and perceived presence in communities and has been effective in the agency's tax compliance programs. In fiscal 2011, Enforcement collected \$884.7 million in delinquent taxes and issued almost 50,000 sales tax permits.

Other areas that rely on field staff include Criminal Investigations and Property Tax. The focus of Criminal Investigations is to deter intentional criminal conduct against state tax laws administered by the Comptroller's office, a problem estimated to cost Texas significant tax dollars annually. Investigators operate out of five regions: Northeast (Fort Worth, Dallas, Wichita Falls and Tyler); West (Odessa, Abilene, Lubbock and El Paso); Central (Austin HQ); South (San Antonio and Corpus Christi); and Southeast (Houston).

Deterrence is achieved by detecting and investigating felony criminal conduct and misdemeanor tax-related crimes and informing the public of the results of case prosecution. Examples include dishonest business owners who choose to underreport their sales tax, smugglers who bring untaxed or counterfeit cigarettes into Texas or criminal elements that circumvent the laws associated with dyed diesel and other motor fuels statutes. Criminal Investigations regularly receives referrals from business and industry about conduct that indicates intent to violate the state's tax laws. Such referrals may come from:

- corporate security departments investigating suspicious behavior within their organizations;
- corporate research divisions, particularly when research shows a suspicious drop in product sales in a particular area;
- business employees who observe duplicate sets of books, or the use of tax-free products for an unauthorized purpose; and
- industry and trade organizations, when their members note odd trends or illegal conduct.

The Texas Retailer's Association, the Texas Petroleum Marketers and Convenience Store Association and the Energy Security Council are just some of the industry organizations partnering with Criminal Investigations to fight illegal business activity.

Property Tax, responsible for determining school-funding allocations, relies mainly on field appraisers to evaluate property values in Texas counties. Field appraisers, divided into three geographic regions, work from their homes, which places them in closer proximity to the appraisal districts they gather data from, as well as the resources they need to conduct appraisals and analyze sales.

Appraisers provide coverage throughout the state, although Property Tax has the flexibility to allocate more resources to areas containing significant amounts of property wealth. Field appraisers must inspect properties when conducting appraisals, verify the condition and description of property that sells, obtain warranty deed information from county clerks and collect sales data from multiple listing services, real estate brokers and fee appraisers. Opportunities exist for increased usage of the Internet to obtain some types of data.

All office locations are regularly reevaluated to ensure the locations meet the needs of the taxpayer base. Placing agency staff where they can make a difference is critical to promoting voluntary taxpayer compliance, delivering quality service and administering the tax laws fairly and consistently. The geographic distribution of agency operations is designed to maximize close contact with customers and taxpayers and make agency services convenient to the public. It is essential that the Comptroller's office maintain an effective presence throughout the state. An ongoing evaluation of geographic factors is invaluable to the success of the agency's programs.

Border Regions

Extremely important to the state economy and to the people of Texas are the border regions. In particular, two regions, the Texas-Mexico border (Upper Rio Grande and South Texas) and the Texas-Louisiana border (Upper East Texas and Southeast Texas) present a variety of demographic, educational, labor force and immigration-related factors that significantly impact the state. More than 230 Comptroller employees are based in these regions to provide tax enforcement and audit services. Four additional personnel, based in Austin, provide direct technical assistance to local governments throughout these border regions.

With the passage of the North American Free Trade Agreement (NAFTA) in 1994, the value of Texas exports to Mexico has tripled since 1997, reaching \$86.6 billion in 2011. Mexico is Texas' number one trading partner — importing nearly 35 percent of the state's

total merchandise exports. The value of Texas' trade with Mexico exceeds the total world trade of every state except New York and California.

The Comptroller's office belongs to the Border States Caucus, an organization of state tax officials from Arizona, California, New Mexico, Oklahoma, Texas, Utah and Mexico, formed in May 1993. The caucus focuses on promoting free trade and reducing administrative barriers between the United States and Mexico through uniform and equitable laws, rules, procedures, documentation of taxable and non-taxable transactions and the exchange of information among caucus members.

Texas is also home to more colonia residents than any other state. Approximately 400,000 Texans live in roughly 2,300 colonias located primarily along the 1,248-mile stretch from Cameron County on the Gulf of Mexico to El Paso County in the west (**Exhibit 3**).

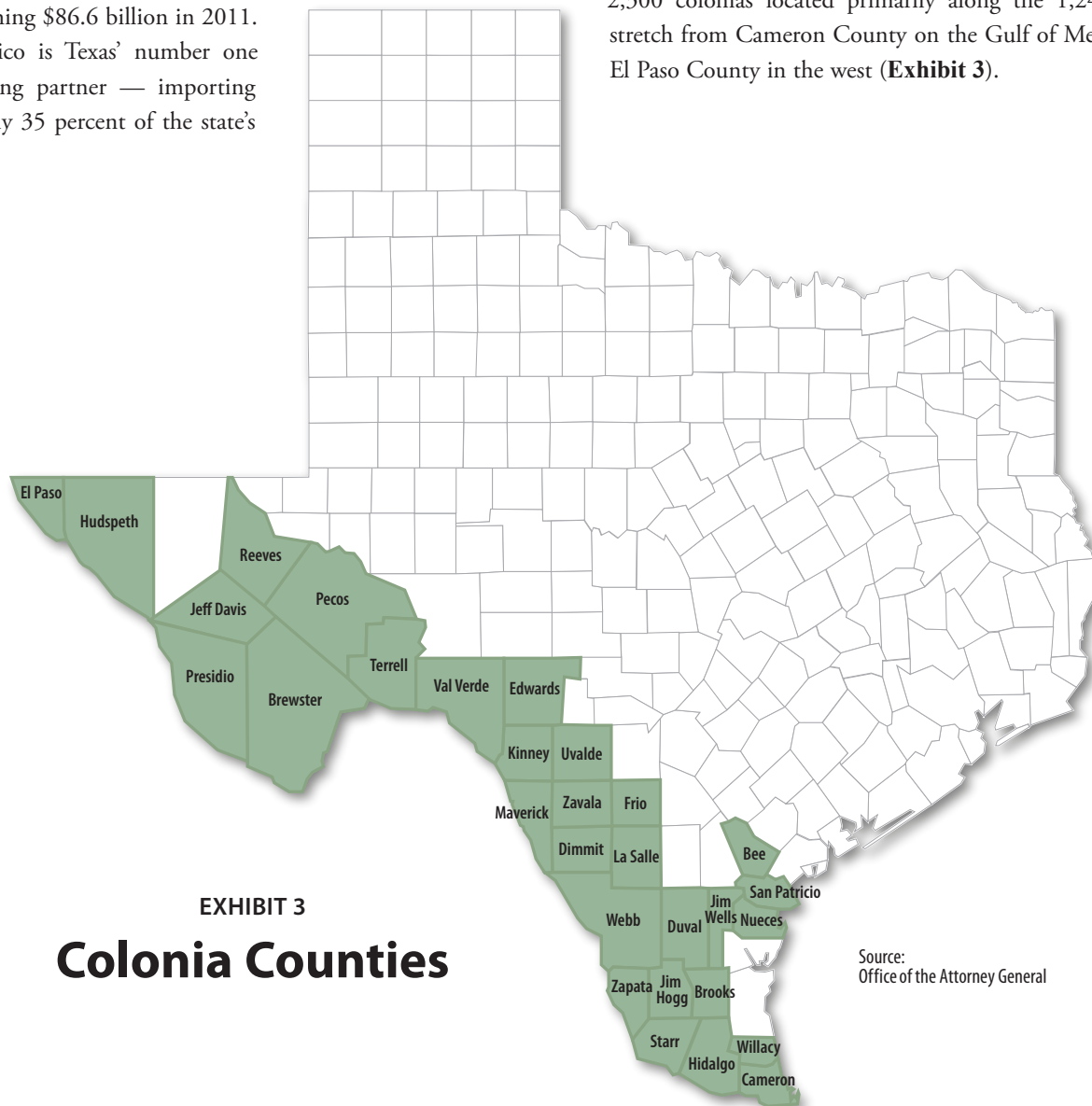


EXHIBIT 3
Colonia Counties

Source:
Office of the Attorney General

Colonias have the largest concentration of people living without basic services in the United States. These unincorporated, isolated settlements often lack water and sewer systems, electricity, health facilities, paved roads and safe and sanitary housing. In Texas, colonias exist mainly in the counties adjacent to the Texas side of the border. Colonias, which means neighborhood in Spanish, originated when developers bought tracts of farm and ranch land and sold them unimproved to mostly poor Mexican-Americans along the U.S.-Mexico border region.

The agency's State Energy Conservation Office is involved in a number of colonia and border community projects and initiatives that include low-income non-border counties. Specific projects include: school lighting and air conditioning improvements; affordable energy star homes support; affordable housing construction and rehabilitation support; utility resource education; solar-powered water purification systems; clean energy technology and safety lighting; and renewable energy systems.

The Comptroller's office also serves the Texas-Mexico and the Texas-Louisiana border regions by publishing, and updating, regional outlook reports that provide in-depth socio-economic analyses of these regions, as well as the state and other regions. These reports ensure that economic data gets into the hands of people who can act on the data: business, government and local leaders in the regions' cities and communities.

In addition, a Local Government staff member is assigned to each region to serve as a resource. These regional representatives provide education on tax issues and programs that facilitate economic development efforts at the local level. Assistance is available via onsite presentations and regional workshops as well as direct customer service via a toll-free telephone line and email account.

HUMAN RESOURCES

The Comptroller's complex and varied duties require experienced, highly skilled employees. Although more than 45 percent of the agency work force is 50 years or older (**Exhibit 4**), statistics show more than one-half of the work force has 10 years or less of experience working in the Comptroller's office (**Exhibit 5**), with proficiency levels ranging from minimal knowledge to working knowledge of processes.

Twenty-two percent or just under one-fourth of the Comptroller's work force has 11-20 years of tenure with expertise ranging from working knowledge to the mastery level. Employees with 21 years or more of experience with the Comptroller's office, with expertise levels ranging from mastery to acknowledged subject matter expert, comprise 23 percent of the work force. These employees are also keepers of institutional business knowledge.

EXHIBIT 4 Age

	Number of Employees	Percent of Employees
20–29 years	259	9.5%
30–39 years	521	19.3%
40–49 years	704	26.0%
50–59 years	874	32.3%
60–69 years	332	12.3%
70–79 years	17	0.6%
80 years & over	0	0.0%

Source: Uniform Statewide Payroll System.

EXHIBIT 5 Agency Tenure

	Number of Employees	Percent of Employees
0–5 years	1,002	37.0%
6–10 years	469	17.3%
11–15 years	390	14.4%
16–20 years	212	7.8%
21–25 years	273	10.1%
26–30 years	143	5.3%
31–35 years	161	6.0%
36–40 years	46	1.7%
Over 40 years	11	0.4%

Source: Uniform Statewide Payroll System.

Employee Turnover

During the economic downturn in 2009, agency turnover was 7 percentage points lower than the statewide average (**Exhibit 6**). In all other years, the agency's turnover rate averaged around 5 percentage points lower than statewide average. Although still below the statewide level, agency turnover increased over the past three years as the economy began to improve. Several factors impact turnover, including retirements and perceived job instability due to statewide budget reductions. Budget reductions also limit the ability to provide increased salary compensation. In an improving economy, professional positions, such as auditors, are able to move to the private sector for higher pay.

Fiscal Year	Comptroller	State
2011	11.4%	16.8%
2010	9.3%	14.6%
2009	7.4%	14.4%
2008	11.5%	17.3%
2007	12.0%	17.4%

Source: Uniform Statewide Payroll System and the State Auditor's Office (SAO). SAO statistics derived from "An Annual Report on Full-Time Classified State Employees Turnover" (for respective fiscal years).

Retirement Eligibility

Data obtained from the Employees Retirement System shows employees eligible to retire from the Comptroller's office over the next five fiscal years (**Exhibit 7**). The loss of employees due to retirement is, and will continue to be, a critical issue facing the agency. The loss of institutional business knowledge and expertise in key management and senior-level professional positions, coupled with normal attrition, poses a critical work force dilemma for this agency as well as the state. It is important to ensure that this technical knowledge and organizational experience is not lost.

EXHIBIT 7 Employees Eligible to Retire

Fiscal Year	Eligible Employees	Percent of Total Agency Employees (FTE Cap = 2,859.8)
2012	403	14.1%
2013	106	3.7%
2014	98	3.4%
2015	94	3.3%
2016	116	4.1%
Total Eligible Employees	817	28.6%

Source: Employees Retirement System.

Employee Skill Levels

After analyzing the work force information gathered from agency divisions, it is clear that the primary gap that must be addressed between the agency's current work force supply and future demands is in transferring institutional business knowledge and technical expertise (mastery level). Overall, the agency work force currently has the necessary skills to do the required work. In the next five years, however, the agency will experience a shortage of required skills, particularly in management and senior level professional positions due to potential retirements and normal attrition.

- There is a potential skills imbalance "gap" between tenured/skilled employees (employees with 15+ years of service) with institutional business knowledge and technical expertise and employees with less tenure (10 years or less service). Consequently, the future work force may lack mission critical skills unless steps taken to develop less tenured employees continue.
- Efforts to identify key positions in management and key senior-level professional positions for succession planning must also continue.

Human Resources will continue to work with divisions to develop desired skill sets and competencies for all areas. As part of the work force planning process, Human Resources distributed a "Work Force Planning Questionnaire" to division management to develop a profile of current division skill levels and future workload demands. The following skills were identified as priorities for employees over the next five years. These skills were rated on a scale from one to four

**EXHIBIT 8
Skill Levels**

Skill	Current Competency Level	Projected Competency Level Within the Next 5 Years	Needed Competency Level	Gap
Auditing	4	3	4	1
Advanced Financial Analysis	3	2	4	2
Analysis	4	2	4	2
Communication	3	3	4	1
Computer Proficiency	3	2	4	2
Customer Service	4	3	4	1
Investigation	4	2	4	2
Research	4	3	4	1
Management	4	2	4	2
Problem Solving	3	2	4	2

- Current = Average competency level for incumbents performing core functions
- Projected = Average competency level projected for employees performing core functions within the next 5 years
- Needed = Average competency level needed for future employees performing core functions
- Gap = Difference in skill level between needed and projected competency levels
- 0 = No knowledge
- 1 = Minimal knowledge, familiarity with skill
- 2 = Working knowledge, proficiency in skill
- 3 = Professional level, mastery skill
- 4 = Acknowledged expert in skill, able to mentor and train other employees

to determine the current proficiency level and the desired proficiency level. The results are illustrated in **Exhibit 8**.

Bridging the Gap

The Comptroller’s office has always emphasized training. One of the agency’s six primary goals is to:

Develop and maintain a skilled work force, committed to quality performance.

In order to address any deficits between the Comptroller’s current work force and future demands, several strategic goals have been incorporated into the agency’s work force plan. These objectives were developed based on factors identified through an agency work force analysis. The Comptroller’s future work force requirements can be met through the accomplishment of two key objectives:

1. Develop a competent, well-trained work force.

Almost 29 percent of the agency’s work force is projected to be eligible to retire within the next five years. The most critical staffing issue facing the agency is the potential skills gap that will occur due to employee retirements. The agency relies heavily on a competent and knowledgeable staff and the loss of mastery-level expertise and institutional business knowledge will have a significant impact on agency services. The training and development of current employees is critical to the success of the agency. The Comptroller’s office must assess existing staff to determine which employees demonstrate the potential or interest to develop new competencies and assume new or modified positions.

Action Steps

- Identify agency critical skills and competencies with input from divisions.
- Conduct an assessment of the level of risk facing the agency regarding the potential loss of knowledge, particularly in areas where loss is likely due to the imminent retirement of employees in key positions.
- Develop succession-planning and knowledge transfer strategies to ensure that institutional business knowledge and technical expertise is transferred to less tenured employees. Promote these strategies as an agency priority and include accountability measures.
- Train management staff to address skill imbalance issues. Implement accountability measures to ensure managers develop and execute appropriate strategies to successfully address skill “gaps” within their division.
- Expand and enhance training curricula and programs to include effective leadership, mentoring and contemporary management training skills, as well as assess and address division specific training needs.
- Expand and enhance the management development program based on specific assessment criteria to create a group of potential candidates for future leadership positions. Require candidates to participate in professional management training that includes opportunities to apply and prove leadership qualities and abilities.
- Implement mentoring programs for all levels of job categories matching seasoned employees with new employees.
- Include “job shadowing” or the pairing of new employees with more seasoned employees, as a routine part of both employees’ job descriptions.
- Enhance the agency’s tuition reimbursement program to encourage employees to further their education.
- Encourage employees to pursue professional certification(s) in their areas of employment when possible.

2. Attract and Retain the Right Employees for the Job.

Recruiting excellent workers is the cornerstone of building a quality work force. Retaining those same employees in a competitive market remains a continuing challenge. Retention of state employees will require a partnership between state leadership and state agencies. State leadership must offer competitive salaries and benefits packages, and allow flexibility to administer non-monetary incentives. State

agencies must take responsibility to recruit quality workers, recognize excellent performance and provide development opportunities. The Comptroller’s office must provide quality training and professional development for all employees that focus on agency and division critical skills, competencies and technical requirements. Mentoring and learning opportunities such as job shadowing must be expanded to maintain institutional business knowledge and technical expertise and enhance career and professional development opportunities for employees.

Action Steps

- Identify classification job series with the highest turnover and implement more aggressive recruitment and retention strategies for these positions.
- Implement more aggressive cross-training opportunities within divisions to ensure continuity of business functions and processes.
- Enhance and expand recruiting efforts to incorporate marketing CPA as an employer of choice.
- Market career assessment resources and professional development opportunities.
- Further develop and promote agency mentoring programs.
- Develop career paths that cross division lines and market as opportunities to develop additional skills and increase advancement possibilities.
- Create programs that allow employees who are seeking new challenges to work on special projects, rotations, and/or developmental or “stretch” assignments.
- Utilize pay incentives, where appropriate, to attract and retain staff.
- Adjust salaries within assigned pay ranges for employees in positions that are either critical or key functions or that have high turnover rates.
- Create formal rewards and recognition programs and activities within divisions.
- Promote the use of non-monetary rewards for exceptional performance (e.g., Administrative Leave for Outstanding Performance, etc.).
- Continue to allow employees to utilize the agency’s alternative work schedule programs to the extent possible.

SUCCESSION PLANNING PROGRESS

The Comptroller’s office has implemented and will continue to put into practice the action steps outlined above. Strategies such as creating opportunities for employ-

ees to work on special projects, development projects or “stretch assignments,” cross-training of staff by subject-matter experts, including job shadowing, structured on-the-job training programs and recognition programs have been implemented in various divisions.

The agency’s competency based performance appraisal system has proven to be a success. The revised process allows for the inventory of position competencies and skill requirements and includes an employee professional development plan. This model also includes the integration of employee job descriptions, accomplishments and specific behaviors expected for each performance rating as well as manager/employee feedback.

Human Resources continues to work on a more formalized process to capture and transfer institutional business knowledge to ensure continuity of agency functions. Staff is working on ways to streamline existing knowledge transfer strategies for replication in other agency divisions.

CAPITAL RESOURCES

The Comptroller’s office maintains an inventory of capital assets valued at \$30.6 million. A majority of these capital assets is invested in computer hardware and related technology. These assets include optical scanners, direct access storage devices, mainframe printers, network and telecommunications hardware and a variety of related equipment. The total also includes construction in progress costs for the Enterprise Resource Planning (ERP) initiative, a financial, human resources and payroll system that will be utilized by all state agencies.

In June 2007, the General Accounting and Standards Board (GASB) issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, to define reporting requirements for intangible assets. For the state of Texas, GASB 51 became effective on Sept. 1, 2009. Examples of intangible assets include:

- *Computer software*: Internally developed or licensed software purchased from external sources
- *Land use rights*: Easement, water, timber, mineral rights and other land use rights
- *Other capital intangible assets*: Patents, trademarks, copyrights and other capital intangible assets

With the advent of GASB 51, development costs for the ERP system are being capitalized. All labor, benefit, procurement and programming costs to date are included as part

of the agency’s capital asset total. The balance of the total is comprised of non-computer items such as office furniture, reproduction equipment and related items.

The ability to invest in capital resources has allowed the agency to revolutionize the way it conducts business. Numerous agency initiatives depend on the use of computer technology to automate manual processes and improve customer service. The innovative use of hardware systems to increase employee productivity and enhance the delivery of services to customers has enabled the agency to keep pace with an ever-growing and highly complex workload.

The *Information Technology Detail (ITD)* documents all information technology expenditures related to enhanced or expanded activities and projects. The plan is submitted to the Legislative Budget Board (LBB) for approval biennially. The *ITD* is based on approved funding levels, agency business and technology requirements and industry technical standards. All expenditures are approved and monitored using the Integrated Statewide Administrative System to ensure compliance with internal budget and LBB and Department of Information Resources (DIR) reporting guidelines.

The status or performance of information technology projects is monitored through the Quality Assurance Team (QAT) directed by the LBB. As part of this process, project managers meet with the Innovation and Technology Steering Committee and the Project Management Office regularly to discuss the progress of their projects and to resolve pertinent issues or challenges affecting these projects. Project managers may be required by the LBB and DIR to submit a Project Development Plan in accordance with the Texas Project Delivery Framework methodology. The QAT process is an essential component of project assessment and monitoring. This process ensures that projects are on schedule, within budget and successfully completed according to specifications.

In order for the Comptroller’s office to function at peak efficiency, the agency must be allowed to continue its investments in capital resources. These resources provide Comptroller staff with the essential tools to effectively perform their jobs, but more importantly, allow the agency’s customers to conduct their business electronically. As technologies improve, so will the services provided to the state’s citizens.

HISTORICALLY UNDERUTILIZED BUSINESSES

Minority- and woman-owned businesses play an increasingly important role in the Texas economy. Until fairly recently, however, they had relatively little success in winning a portion of the billions Texas state government spends on goods and services each year. The Texas Legislature has made greater involvement in state contracts by these historically underutilized businesses (HUBs) a significant priority.

In 1991, Texas instituted the HUB program to increase the opportunities available to businesses owned by minorities and women in the area of state procurement and contracting. In accordance with Title 34, Section 20.13 of the Texas Administrative Code, each state agency shall make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The Texas HUB program sets state goals by procurement category and allows for HUB subcontracting plans for contracts above \$100,000.

Statewide HUB Program

In September 2007, the Comptroller's office assumed responsibility for the Statewide HUB Program, which provides HUB certification and support for minority- and woman-owned Texas businesses. In 2008, the agency retained MGT of America, an independent vendor, to determine if there was a compelling interest to continue a narrowly tailored HUB program, as required by the U.S. Supreme Court. The purpose of the study was twofold: to comprehensively review the state's utilization of HUBs and to evaluate various options for program development.

The 2009 *State of Texas Disparity Study* examined the effect of remedial race- and gender-based efforts by Texas to redress ongoing influences of past discrimination in the marketplace. All state agencies, along with medical and health centers and institutions of higher education, were included in the study. The participating state agencies and institutions of higher education were clustered into four groups due to variation in size and volume of procurement activities:

- State Agencies (148);
- Universities (52);
- Medical and Health Centers (9); and
- the Texas Department of Transportation (TxDOT).

The study confirmed the need for the continuation of the Statewide HUB Program based on:

- statistical disparities by race, ethnicity and gender classification in current HUB utilization, particularly in prime contracting;
- statistical disparities by race, ethnicity and gender classification in the private marketplace, particularly in the area of utilization of women- and minority- owned firms in commercial construction;
- statistical disparities in firm earnings by race, ethnicity and gender classification, even after controlling for capacity-related factors; and
- anecdotal testimony of disparate treatment as presented by business owners in interviews, surveys, public hearings and focus groups.

Armed with these results, the Statewide HUB program has aggressively sought to involve HUBs in the Texas procurement process and ensure they receive a fair share of state business. By the end of July 2011, nearly 14,200 businesses were registered as Texas-certified HUBs, representing a 19.3 percent increase in the number of businesses that were registered as Texas-certified HUBs at the beginning of fiscal 2009. In fiscal 2011 alone, the Statewide HUB Program certified more than 1,200 new businesses as HUBs and awarded more than \$2 billion in contracts to HUB vendors.

Vision Statement for the Statewide HUB Program

The Statewide HUB Program is intended to certify all eligible Texas businesses as HUBs and to increase the share of Texas state government contracts that are awarded to HUBs.

Mission Statement for the Statewide HUB Program

The Comptroller's mission is to encourage and increase the use of HUB vendors in state purchasing and to provide minority- and woman-owned businesses with useful information on the state's procurement processes.

Goals of the Statewide HUB Program

The Statewide HUB Program plans to:

- increase awareness of the Statewide HUB Program;
- increase the number of certified HUBs;
- increase the number of HUBs registered on the state's Centralized Master Bidders List;
- refine the HUB certification process as necessary; and

- continue to enhance HUB understanding of the state's purchasing processes and maximize their award opportunities.

Objectives of the Statewide HUB Program

The Statewide HUB Program will:

- network with minority- and woman-owned business trade organizations, small business development centers and other economic development organizations to increase the awareness of the state's HUB program;
- refine education and outreach materials and efforts to meet HUB needs by obtaining feedback from HUBs;
- identify new training opportunities, including events to reach the maximum number of potential HUBs;
- provide extensive specialized training and education presentations; and
- work closely with state agencies and institutions of higher education to encourage the use of HUBs in state purchasing.

Education, Outreach and Information Dissemination

With a massive marketplace and purchasing power larger than many small countries, the state of Texas offers abundant opportunities for minority- and women-owned businesses through the Statewide HUB Program. The Statewide HUB Program's education, outreach and information dissemination policy is to promote full and equal opportunities for all businesses involved in state contracting, in accordance with the goals specified in the state of Texas Disparity Study. The program works closely with Texas HUBs, partner organizations and state agencies and institutions of higher education to increase HUB participation in and opportunities for state contracts.

The Statewide HUB Program employs a variety of marketing strategies and materials designed to provide clear and concise details and instructions based on the targeted audience's needs. Information is provided through general and detailed presentations, mailed materials, electronic materials provided online for 24-hour access, video training, one-on-one assistance over the phone and in person and through staffed booths at outreach events and conferences across the state.

Education and outreach components of the Statewide HUB Program in support of the program's vision and mission include the following:

- providing information to minority- and woman-owned businesses regarding Statewide HUB Program initiatives;
- educating these companies about opportunities to do business with the state;
- assisting state agencies and institutions of higher education with HUB education and outreach efforts;
- developing and administering HUB rules and statutes to ensure full and equal access to state contract opportunities for minority- and woman-owned businesses;
- administering the program's certification and compliance functions; and
- compiling the state's HUB expenditures and contract awards and reporting them to the Legislature semi-annually.

Texas Government Code §2161.126 requires the Statewide HUB Program to report to the Governor, Lieutenant Governor and Speaker of the House on its education and outreach efforts at the end of each fiscal year. These efforts include educating businesses about HUB resources, encouraging state certification and facilitating the use of HUB vendors in the state procurement process.

The Comptroller's office has made a concerted effort to provide HUBs with the resources they need to understand the state purchasing process and to improve their opportunities to pursue state contracts. This includes information on how to: become certified as a HUB and registered as a state vendor; track state agency purchases from HUBs to identify new opportunities; make contact with agency HUB coordinators; learn about HUB subcontracting opportunities; and search daily bid postings.

Comptroller's Internal HUB Program

The Comptroller's internal HUB Program, administered by the Support Services area, works with agency purchasers to procure products and services for agency users. HUB program staff identifies HUBs to ensure they have an equal opportunity to bid on agency contracts and related subcontracts.

Mission Statement for the Comptroller's Internal HUB Program

The Comptroller's mission in advocating the HUB Program is to continually work to make a good faith effort to eliminate barriers for HUBs, to purchase from HUBs and to ensure that HUB vendors are provided with full and equal business opportunities in state contracting.

Goal of the Comptroller's Internal HUB Program

Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of HUBs.

The Comptroller's internal HUB goals are based on the results of the Texas Disparity Study, which established statewide goals based on the availability and utilization of HUBs.

Objective of the Comptroller's Internal HUB Program

Include HUBs in at least 32.7 percent of all agency dollars spent for special trade construction; 24.6 percent of all agency dollars spent for other services; and 21.0 percent of all dollars spent for commodities.

HUB expenditures are reported monthly as management information statistics and goals on which to focus the agency's work. The goals for each of the categories the Comptroller's office uses are found in **Exhibit 9**. Of the six goals established, only the following apply to the Comptroller's office:

Procurement Category	Statewide HUB Goal
Special Trade Construction	32.7%
Other Services	24.6%
Commodities	21.0%

To achieve the above goals, the Comptroller's office contracts directly with HUBs or indirectly through subcontracting opportunities in accordance with Texas Government Code, Chapter 2161.252.

Strategy of the Comptroller's Internal HUB Program

Maintain ongoing program of activities to ensure HUB vendor participation in the procurement process.

Measures of Success

Outcome Measure:

- Percent of agency dollars spent on HUBs (with subcontracting)

Output Measures:

- Number of purchase orders issued directly to HUB vendors
- Number of HUB Economic Opportunity Forums attended or co-hosted
- Number of internal agency HUB training sessions conducted
- Amount of agency dollars spent on HUB vendors (without subcontracting)
- Number of HUB subcontracting dollars
- Number of non-HUB prime contractors reporting HUB subcontracting (cumulative)
- Number of non-HUB prime contractors contacted for HUB subcontracting
- Number of HUB outreach opportunities conducted

Good Faith Efforts to Meet HUB Goals

The Comptroller's internal HUB Program prepares and distributes information on procurement procedures to encourage participation in agency contracts by all businesses. A toll-free bid line is offered to inform interested businesses of upcoming bids. Program staff also participates in Economic Opportunity Forums (EOFs), sponsored by state and local government agencies, minority/women development centers and trade organizations. Scheduled throughout the state, EOFs provide numerous opportunities to disseminate and share information about public and private sector procurement, as well as increase networking opportunities with Texas-based small, minority- and women-owned businesses.

The Centralized Master Bidders List (CMBL), maintained by the statewide HUB program, is used by the internal HUB Program as the primary source for notifying businesses of procurement related activities and opportunities. The agency also posts bid information at least 14 days prior to bid opening on the *Electronic State Business Daily* for procurement opportunities expected to cost \$25,000

or more. All solicitations for consultant services for which the anticipated costs will exceed \$15,000 are advertised in the *Texas Register*, which is published once a week by the Secretary of State's office and is available at most municipal and university libraries.

All specifications for bids are reviewed to ensure they are structured into reasonable lots in keeping with industry standards and competitive bid requirements. Bond and insurance requirements are assessed and designed to reasonably permit more than one business to perform the work. Delivery schedules are reviewed and specified to make certain they are reasonable, realistic and consistent with the agency's needs. Specifications are reviewed to ensure the requirements, terms and conditions are clearly stated, reflect the agency's actual requirements and do not impose unreasonable or unnecessary contract requirements.

HUB Subcontracting Plan (HSP)

In accordance with the Texas Government Code, Chapter 2161.252, when the agency considers entering into a contract with an expected value of \$100,000 or more, HUB Program staff determines whether subcontracting opportunities are probable under the contract before soliciting bids, proposals, offers or other applicable expressions of interest. If subcontracting opportunities are probable, the agency states that probability and requires a HUB Subcontracting Plan (HSP) and supporting documentation from all respondents, including state of Texas certified HUBs. The Comptroller's office has also incorporated the HSP in all written bids between \$25,000 and \$99,999.

The agency's internal HUB Program staff works directly with the Prime Contractor to establish procedures to ensure compliance with HUB reporting requirements. Program staff asks prime contractors to identify and report dollars spent on HUB and Non-HUB subcontractors and material suppliers with whom they work in the execution of an agency contract. By reporting subcontractor expenditures each month, prime contractors help the agency make a good faith effort to meet the goals set by the Legislature. The agency compiles and maintains monthly information relating to the agency's use of HUBs, including subcontracting information.

HUB Program Reporting and Data Analysis

As required, the Comptroller's office reports the agency's HUB activity to the Statewide HUB Program each March and September. The agency's internal HUB Program staff uses several computer applications to monitor agency HUB purchases. These systems are used to prepare a wide range of reports, such as expenditure analyses by object code, purchasing summaries by method detail, dollars spent on each vendor and spending by HUB ethnicity and gender over a given time period. Reports by division include the purchase order number and type of purchase, dollars spent and spending percentages. This reporting mechanism is designed to provide divisions with feedback and allow them to measure their progress toward HUB goals.

In accordance with Texas Government Code, Title 10, Subtitle D, Section 2161.124, the agency's internal HUB Program prepares a report for each fiscal year documenting the progress under its plan for increasing the use of HUBs in accordance with a prescribed reporting format as developed by TPASS. The report is included in the agency's *Annual Financial Report of Non-financial Data*.

Other Special Programs and Services

- **The Mentor Protégé Program:** The Comptroller's internal HUB Program has implemented a Mentor Protégé Program, which promotes programs and procedures that encourage prime contractors to mentor HUB vendors, foster long-term relationships between contractors/vendors and HUBs and increase a HUB's ability to contract with the state or receive subcontracts under a state contract, primarily in providing goods and services for the agency. The policy is written in accordance with the Texas Government Code, Section 2161.065. The objective of the program is to provide the protégé professional guidance and support to facilitate development and growth. All participation is voluntary and program features remain flexible to maximize participation.
- **Vendor Outreach:** The Comptroller's internal HUB Program staff participates in Economic Opportunity Forums (EOFs) sponsored by state and local government agencies, business organizations, trade associations and development centers. EOFs provide numerous opportunities to educate minority- and women-owned businesses about how they can earn more business with the state. In addition, HUB vendors are invited to make marketing presentations

to HUB Program staff, purchasers and end-users to increase HUB utilization.

- **Published Material:** HUB brochures are published both in English and Spanish. HUB information is also posted on the *Window on State Government*, which includes a list of frequently asked HUB questions, purchasing questions, purchasing contacts and links to bids posted on the *Electronic State Business Daily*.
- **Training and Education:** The agency's internal HUB Program conducts training sessions on a regular and as-needed basis for all agency employees involved in the procurement process. Staff has the opportunity to learn about HUB legislation, HUB goals and overall HUB program objectives. HUB issues are on the agenda of every quarterly Purchasing Liaison meeting.

III.

FISCAL ASPECTS

SIZE OF BUDGET

The Comptroller's office is one of several general government agencies that serve as the nucleus of Texas state government and perform the state's core business functions. For the 2012-13 biennium, the agency's \$426.9 million appropriation is one of the largest of the general government agencies. The agency's General Revenue appropriation for the current biennium, however, was reduced by almost \$40 million to meet the statewide reduction mandates enacted by the 82nd Legislature.

Organizationally, the Comptroller's office is structured around three primary goals: tax administration, fiscal management and revenue administration. The Tax Administration goal, including the Audit, Criminal Investigations, Enforcement, Tax Policy and General Counsel Divisions, comprises the largest component of the agency's budget. The Fiscal Management goal, including the Fiscal Management area and the Enterprise Resource Planning (ERP) project, Revenue Estimating, Treasury Operations, Property Tax Assistance and the Texas Procurement and Support Services Divisions, is the second largest functional area of the agency. The Revenue Administration goal is responsible for collecting and processing state tax revenue and disbursing funds to local city and county governments. Various administrative divisions provide financial, human resource, information technology and other levels of support to all of the primary functional areas of the agency.

As the state's chief financial officer and purchaser, the Comptroller's office recognizes how critical it is for state agencies to take advantage of potential savings, particularly when purchasing goods and services. In an effort to apply industry best practices to Texas state government procurements, the agency implemented a highly successful strategic sourcing initiative that has already created millions of dollars in savings while streamlining purchasing processes statewide. Many of the savings have far exceeded initial expectations.

Since November 2008, more than \$71 million in annual savings and rebates have been achieved for the state. Other areas are being examined for additional opportunities. Savings from the program will continue to increase as new commodities and services are evaluated and targeted for inclusion in the strategic sourcing initiative.

Operations at the Comptroller's office have not been exempt from review. The agency continually reviews internal processes to look for opportunities to reduce costs and streamline operations. Through ongoing process improvements, innovations and other belt-tightening measures, the agency has yielded \$11.9 million in hard dollar savings and cost avoidance that has been redirected to systems modernization and other critical priorities. The agency will continue to explore ways to both reduce spending and increase productivity through a continuous self-assessment process.

METHOD OF FINANCE

The agency is funded almost exclusively by general revenue funds. In the current biennium, more than 90 percent of the total appropriations are funded from general revenue, with the remainder coming from appropriated receipts and interagency contracts. Most of these receipts are attributable to interagency contracts with agencies participating in the ERP project and receipts from services provided by the Texas Procurement and Support Services areas.

BUDGETARY LIMITATIONS

Since the agency's service population includes everyone in the state, changing economic conditions are fundamental to the agency's planning in response to these changes. The direction of oil and natural gas prices, the changing mix of alternate energy sources, environmental impacts, inflation rates and the aging of agency staff and the state's population also affect long-term planning.

Technology improvements will provide both a challenge and an opportunity for the agency to increase its productivity and accommodate the growing demand for agency services. Business and population growth in the face of budget constraints will place greater demands on the agency's limited resources, requiring the agency to actively plan to fulfill its operational and informational functions and effectively continue to serve the citizens of Texas.

The agency must also work within various employment and spending limitations on state agencies imposed by the Legislature. The current employment cap limits the number of full-time equivalent (FTE) positions in each agency, while the out-of-state travel cap limits the expenditure of funds for that purpose. The Comptroller's office concurs with the efforts to limit the size of state government and has always adhered to all riders that impose limitations on state spending and employment levels.

FUTURE BUDGET NEEDS

The Comptroller's appropriations needs for the 2014-15 biennium are not expected to fluctuate significantly from the current biennial funding level. Any further reductions to General Revenue appropriations, however, could severely impact the level of service provided by the agency and affect future performance and revenue collections. Of critical importance is continued funding for the ERP project, which impacts implementation and development as well as ongoing support for the agencies that have converted their financial/human resource systems to the new operating platform.

The agency has taken the necessary steps to ensure that expenditures are maintained at current funding levels. The Comptroller continues to stress the need to eliminate redundant and inefficient processes and identify cost saving ideas that could lead to a more productive work environment.

The future poses many challenges and opportunities for the agency. The Comptroller's office is committed to providing access to its information and services to all Texans via

the Web. Through major technology initiatives and innovative approaches to government, the Comptroller's office will strive to improve its services at the least cost to Texas taxpayers while keeping its constitutionally mandated responsibilities at optimum service levels. As the state's leader in fiscal responsibility, the Comptroller's office will continue to promote openness in government and transparency at all levels.

IV.

SERVICE POPULATION DEMOGRAPHICS

OVERALL POPULATION GROWTH

As the state moves forward into the 21st century, four major demographic trends continue to shape the future of the Texas work force:

- overall population growth;
- an aging population;
- growing racial and ethnic diversity; and
- variations between metropolitan and non-metropolitan areas.

Texas is one of the fastest growing states in the nation. Since 2000, the state's population has increased by 26 percent. At the same time, however, the population is becoming older, less rural and more diverse. These changes require business and community leaders to address the needs of maintaining and building an infrastructure, coping with the cost of health care and providing the educational system needed to compete in a global economy.

By July 2012, an estimated 26.3 million people will live in Texas. According to the Comptroller's winter 2011-12 state economic forecast, Texas' population will rise by 8.7 percent over the next five years, to 28.5 million in 2017 (**Exhibit 10**).

EXHIBIT 10
Texas Population Projections and Components of Change: 2008 to 2020

Year	Population	Annual Change*		Components of Change*		
		Amount	Percent	Births	Deaths	Net Migration
2008	24,370,210	469,700	1.97%	411,030	162,530	224,620
2009	24,848,570	478,360	1.96%	407,200	165,190	236,350
2010	25,321,680	473,110	1.90%	410,280	167,460	230,290
2011	25,790,190	468,510	1.85%	411,510	169,590	226,590
2012	26,258,250	468,060	1.81%	423,070	172,310	217,300
2013	26,710,720	452,470	1.72%	434,560	174,980	192,890
2014	27,156,070	445,350	1.67%	434,800	177,600	188,150
2015	27,612,690	456,620	1.68%	440,960	180,300	195,960
2016	28,077,410	464,720	1.68%	452,010	183,420	196,130
2017	28,546,860	469,450	1.67%	459,990	187,720	197,180
2018	29,029,210	482,350	1.69%	464,880	190,730	208,200
2019	29,529,000	499,790	1.72%	475,100	193,710	218,400
2020	30,041,450	512,450	1.74%	487,360	197,170	222,260

* For years from July to June
Source: Texas Comptroller of Public Accounts, Winter 2011-12 State Economic Forecast.

New residents continue to move to Texas. Because the Texas economy adds jobs at a faster rate than the U.S. economy, net migration to Texas continues to be a major factor in the state's population growth. Even in the recent economic downturn, the Texas economy continues to outperform the national economy. In 2012, an estimated 217,000 more people are projected to move into the state than move out. The numbers of people will likely decrease to an estimated 193,000 in 2013 and 188,000 people in 2014, then begin to increase again beginning in 2015. Overall, the pattern of net in-migration to Texas is expected to continue.

General population growth, reflecting the state's relatively high birth rate and continued positive net migration of new residents, will drive the growth in the state's total new jobs over the next 10 years. An estimated growth of 2 million jobs is anticipated between 2008 and 2018. Occupations that will benefit the most from the state's expanding population include primary and secondary teachers; combined food preparation and serving workers; health care practitioners and technical occupations such as registered nurses; personal and home care aides; nursing aides, orderlies and attendants; customer service representatives; office clerks; construction workers; and retail salespersons.

AN AGING POPULATION

The growing population of Texas has also been following a national aging trend. The state's population, like that of the U.S. as a whole, is maturing (although Texas' population remains relatively younger than the nation's). This trend is due to the aging of the large "baby-boom" generation, along with declining birth rates. As a result, the number of older working-age Texans (age 45 to 64) will grow by 11.7 percent over the next five years. In comparison, the number of young working adults (age 25 to 44) will grow at a slightly lower rate of 11 percent with those ages 24 and younger seeing growth of 5.5 percent (**Exhibit 11**).

In addition to overall population gains, the relatively high growth of both the younger and older populations will account for large growth in certain occupations. During this period, the relatively high gains in the younger age population will drive expanding demands for elementary/secondary teachers and teacher assistants; post-secondary teachers; business and financial occupations; and child care workers. On the other hand, the aging of the population will be the primary factor increasing the demands for a cluster of health-care related occupations, including registered nurses and other health practitioners and personal home and health care aides.

EXHIBIT 11
Texas Population by Age Group: 2011 to 2021

Year	Age 0-4	Age 14-May	Age 15-19	Age 20-24	Age 25-44	Age 45-64	Age 65-85	Total
Number of Texans by Age Group								
2011	2,008,007	3,600,137	1,804,728	1,924,456	7,780,237	6,185,264	2,581,170	25,883,999
2012	2,028,073	3,672,146	1,794,859	1,955,114	7,964,777	6,298,244	2,690,530	26,403,743
2013	2,046,875	3,749,404	1,785,493	1,979,364	8,152,339	6,415,258	2,803,886	26,932,619
2014	2,063,793	3,827,091	1,784,345	1,996,211	8,335,154	6,549,760	2,913,756	27,470,110
2015	2,078,402	3,904,155	1,792,928	1,996,132	8,505,609	6,703,076	3,035,248	28,015,550
2016	2,090,592	3,959,445	1,826,860	1,992,612	8,670,618	6,872,612	3,155,993	28,568,732
2017	2,100,560	4,010,634	1,872,125	1,984,728	8,844,437	7,034,029	3,283,017	29,129,530
2018	2,108,926	4,057,761	1,926,649	1,976,468	9,023,597	7,182,612	3,421,937	29,697,950
2019	2,116,394	4,100,095	1,985,492	1,976,066	9,204,334	7,326,468	3,565,420	30,274,269
2020	2,123,909	4,136,881	2,047,714	1,985,845	9,369,097	7,470,125	3,724,878	30,858,449
2021	2,134,046	4,171,050	2,088,793	2,021,990	9,531,617	7,620,861	3,884,458	31,452,815
Share of Texans by Age Group								
2011	7.80%	13.90%	7.00%	7.40%	30.10%	23.90%	10.00%	100.00%
2012	7.70%	13.90%	6.80%	7.40%	30.20%	23.90%	10.20%	100.00%
2013	7.60%	13.90%	6.60%	7.30%	30.30%	23.80%	10.40%	100.00%
2014	7.50%	13.90%	6.50%	7.30%	30.30%	23.80%	10.60%	100.00%
2015	7.40%	13.90%	6.40%	7.10%	30.40%	23.90%	10.80%	100.00%
2016	7.30%	13.90%	6.40%	7.00%	30.40%	24.10%	11.00%	100.00%
2017	7.20%	13.80%	6.40%	6.80%	30.40%	24.10%	11.30%	100.00%
2018	7.10%	13.70%	6.50%	6.70%	30.40%	24.20%	11.50%	100.00%
2019	7.00%	13.50%	6.60%	6.50%	30.40%	24.20%	11.80%	100.00%
2020	6.90%	13.40%	6.60%	6.40%	30.40%	24.20%	12.10%	100.00%
2021	6.80%	13.30%	6.60%	6.40%	30.30%	24.20%	12.40%	100.00%

Source: Texas State Data Center.

GROWING ETHNIC AND RACIAL DIVERSITY

Another key is the changing racial and ethnic character of Texas. The first Texas census in 1850 counted 154,034 white Texans (72.5 percent) and 58,558 African-American Texans (27.5 percent). Although the White category included Hispanics, the Non-Hispanic White population has been Texas' majority racial and ethnic group until recently and accounts for 43.5 percent of the state's total population in 2012.

The Non-Hispanic White population is growing more slowly than other racial or ethnic groups, however, and in 2004, for the first time, Texas no longer had a majority racial or ethnic group. Between 2012 and 2017, the Non-Hispanic White population should grow by just 0.8 percent (**Exhibit 12**). By contrast, the number of Texas Hispanics is expected to rise by 19.1 percent over the same time period, raising Hispanics' share of the state's total population from 40.1 percent to 43.4 percent. The African-American share of the state's population will drop just slightly over the next five years, from 11.5 percent to 11.3 percent.

EXHIBIT 12
Texas Population by Race and Ethnicity: 2011 to 2021

Year	Non-Hispanic White	Non-Hispanic Black	Hispanic	Non-Hispanic Other	Total Population
Number of Texans by Race and Ethnicity					
2011	11,468,216	2,978,813	10,219,674	1,217,296	25,883,999
2012	11,493,060	3,032,077	10,600,448	1,278,158	26,403,743
2013	11,516,009	3,085,386	10,989,822	1,341,402	26,932,619
2014	11,536,966	3,138,525	11,387,497	1,407,122	27,470,110
2015	11,555,667	3,191,394	11,793,119	1,475,370	28,015,550
2016	11,571,993	3,243,863	12,206,543	1,546,333	28,568,732
2017	11,585,852	3,295,810	12,627,843	1,620,025	29,129,530
2018	11,597,226	3,347,165	13,057,030	1,696,529	29,697,950
2019	11,606,044	3,397,921	13,494,337	1,775,967	30,274,269
2020	11,612,122	3,447,896	13,940,031	1,858,400	30,858,449
2021	11,615,825	3,497,509	14,395,525	1,943,956	31,452,815
Share of Texans by Race and Ethnicity					
2011	44.3%	11.5%	39.5%	4.7%	100.0%
2012	43.5%	11.5%	40.1%	4.8%	100.0%
2013	42.8%	11.5%	40.8%	5.0%	100.0%
2014	42.0%	11.4%	41.5%	5.1%	100.0%
2015	41.2%	11.4%	42.1%	5.3%	100.0%
2016	40.5%	11.4%	42.7%	5.4%	100.0%
2017	39.8%	11.3%	43.4%	5.6%	100.0%
2018	39.1%	11.3%	44.0%	5.7%	100.0%
2019	38.3%	11.2%	44.6%	5.9%	100.0%
2020	37.6%	11.2%	45.2%	6.0%	100.0%
2021	36.9%	11.1%	45.8%	6.2%	100.0%

Source: Texas State Data Center.

VARIATIONS BETWEEN METROPOLITAN AND NON-METROPOLITAN AREAS

Finally, the trend toward Texas as an urban state continues. Texans continue to be drawn to the state's metropolitan (metro) areas in search of greater economic and cultural opportunities. Economic stability spurs business investments in metro economies and further encourages the in-migration of people seeking employment, education or other opportunities. With economic expansion come higher income levels, a greater demand for goods and services and the increasing attractiveness of the metro areas.

Texas is one of the most metropolitan states in the nation. As of 2012, 87.9 percent of all Texans live in Metropolitan Statistical Areas (MSAs) (**Exhibit 13**). By 2017, the state's MSA population will have risen by 11.3 percent compared to non-MSA growth of just 3 percent. The MSA share of the state's total population will be 88.7 percent by 2017 (**Exhibit 14**).

NOTE: The map of Texas Metro Areas shown in **Exhibit 13** reflects the metropolitan area definitions used to calculate the population totals shown in **Exhibit 14**.

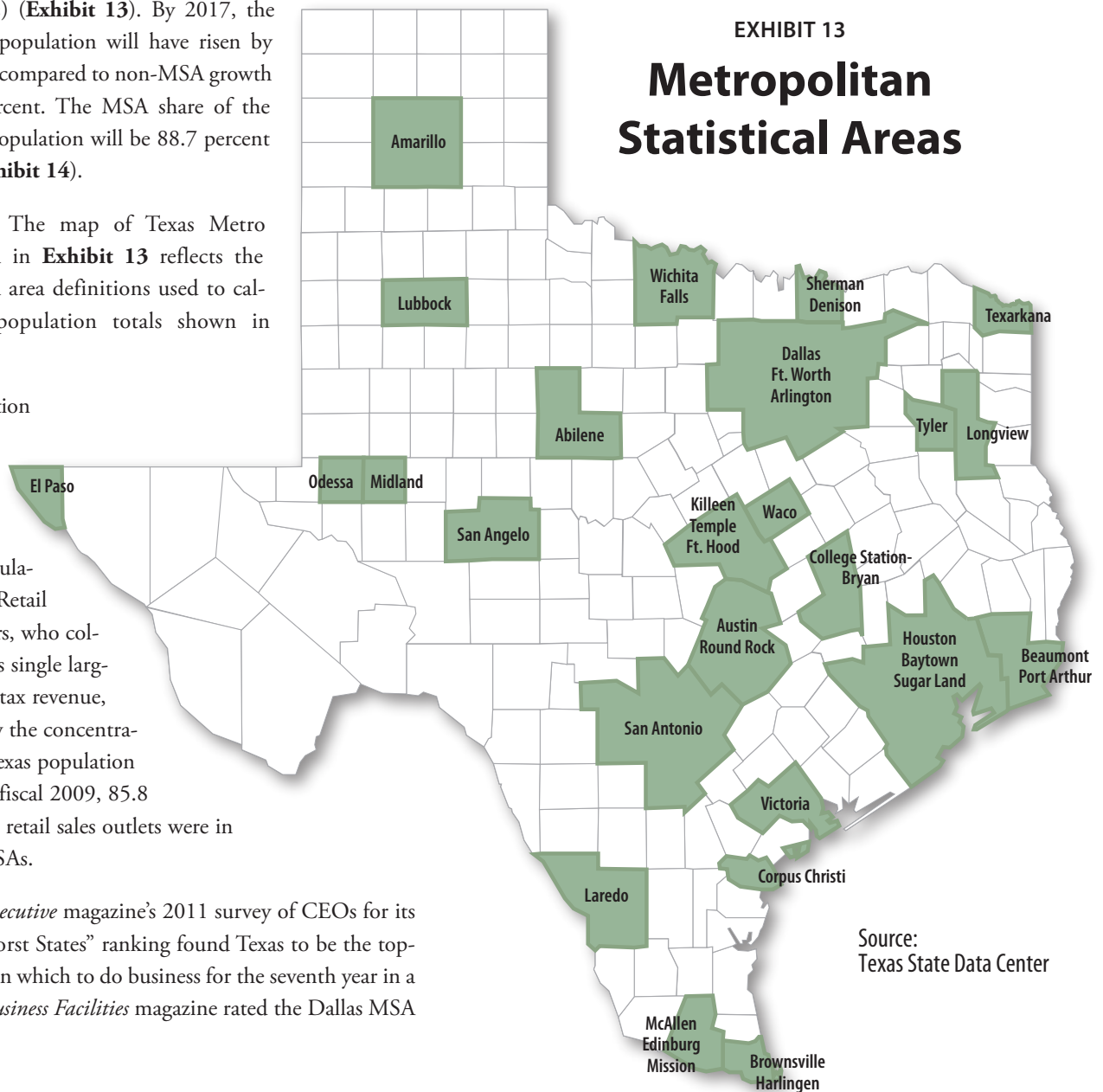
The distribution of Texas taxpayers reflects the distribution of Texas' population overall. Retail sales taxpayers, who collect the state's single largest source of tax revenue, closely follow the concentration of the Texas population in MSAs. In fiscal 2009, 85.8 percent of all retail sales outlets were in the state's MSAs.

Chief Executive magazine's 2011 survey of CEOs for its "Best and Worst States" ranking found Texas to be the top-ranked state in which to do business for the seventh year in a row, while *Business Facilities* magazine rated the Dallas MSA

as the top job growth leader in the large MSA category. Two other Texas MSAs made the list with Houston coming in at number three and the Austin/San Marcos area claiming the fourth spot. In its 44th annual *Magnet States Report*, Allied Van Lines ranked Texas as the top relocation destination in the country for 2011 for the seventh straight year.

Technology and the Internet will also be factors in bringing people and services closer together. Even though the Internet reduces proximity as a factor in the buyer-seller relationship, geography remains important for companies doing business over the Internet. They can benefit by being close to education facilities, business partners, services and even competitors.

EXHIBIT 13
Metropolitan Statistical Areas



Source:
Texas State Data Center

EXHIBIT 14
Texas Metropolitan Statistical Area Population Projections

MSA	2011	2012	2013	2014	2015
Abilene	167,116	167,500	167,783	167,948	167,984
Amarillo	258,528	261,345	264,115	266,895	269,597
Austin-Round Rock	1,765,010	1,818,740	1,873,435	1,929,420	1,986,359
Beaumont-Port Arthur	379,588	379,176	378,875	378,501	378,096
Brownsville-Harlingen	425,569	433,449	441,430	449,232	456,635
College Station-Bryan	213,839	216,544	219,155	221,776	224,325
Corpus Christi	424,059	425,814	427,474	428,808	430,065
Dallas-Fort Worth-Arlington	6,778,524	6,955,794	7,137,723	7,326,449	7,520,708
El Paso	782,541	791,317	799,976	808,395	816,573
Houston-Sugar Land-Baytown	6,127,645	6,280,138	6,435,268	6,593,498	6,754,896
Killeen-Temple-Fort Hood	401,478	407,477	413,605	419,486	425,178
Laredo	263,985	270,381	276,656	282,859	288,968
Longview	213,322	215,359	217,606	219,817	222,024
Lubbock	276,119	277,682	279,138	280,426	281,623
McAllen-Edinburg-Mission	817,533	842,344	867,378	892,878	918,291
Midland	131,349	133,004	134,671	136,326	137,962
Odessa	134,087	135,331	136,616	137,834	139,010
San Angelo	105,465	105,335	105,153	104,906	104,635
San Antonio	2,118,730	2,156,984	2,196,295	2,235,108	2,274,244
Sherman-Denison	121,968	123,128	124,308	125,474	126,628
Texarkana (Texas side only)	93,227	93,477	93,739	93,954	94,132
Tyler	210,929	215,243	219,840	224,616	229,602
Victoria	120,870	121,587	122,287	122,942	123,671
Waco	236,186	238,787	241,494	244,149	246,892
Wichita Falls	148,030	147,643	147,230	146,792	146,351
Total MSA	22,715,697	23,213,579	23,721,250	24,238,489	24,764,449
Share	87.8%	87.9%	88.1%	88.2%	88.4%
Total Non-MSA	3,168,302	3,190,164	3,211,369	3,231,621	3,251,101
Share	12.2%	12.1%	11.9%	11.8%	11.6%
Texas	25,883,999	26,403,743	26,932,619	27,470,110	28,015,550

Source: Texas State Data Center.

Concluded on the following page

EXHIBIT 14 (CONCLUDED)
Texas Metropolitan Statistical Area Population Projections

MSA	2016	2017	2018	2019	2020	2021
Abilene	167,893	167,723	167,441	167,047	166,576	166,052
Amarillo	272,305	275,003	277,677	280,275	282,855	285,423
Austin-Round Rock	2,044,743	2,104,391	2,165,859	2,228,488	2,292,737	2,358,575
Beaumont-Port Arthur	377,740	377,163	376,932	376,385	375,855	375,356
Brownsville-Harlingen	464,022	471,157	478,043	484,895	491,465	497,982
College Station-Bryan	226,782	229,157	231,523	233,891	236,309	238,549
Corpus Christi	431,131	431,940	432,638	433,056	433,250	433,272
Dallas-Fort Worth-Arlington	7,720,821	7,928,274	8,140,822	8,360,071	8,585,596	8,818,992
El Paso	823,880	831,283	838,111	844,476	850,770	856,457
Houston-Sugar Land-Baytown	6,919,395	7,085,485	7,254,402	7,426,218	7,599,748	7,776,564
Killeen-Temple-Fort Hood	430,821	436,214	441,650	446,833	452,066	457,261
Laredo	294,901	300,935	306,707	312,541	318,283	323,852
Longview	224,332	226,646	228,991	231,432	234,003	236,627
Lubbock	282,803	283,846	284,853	285,696	286,480	287,195
McAllen-Edinburg-Mission	943,859	969,544	995,161	1,021,189	1,046,945	1,073,027
Midland	139,615	141,234	142,841	144,368	145,889	147,402
Odessa	140,176	141,284	142,356	143,413	144,438	145,491
San Angelo	104,295	103,925	103,513	103,069	102,585	102,064
San Antonio	2,313,292	2,352,264	2,391,510	2,430,182	2,469,116	2,507,784
Sherman-Denison	127,773	128,850	129,915	130,988	132,022	133,085
Texarkana (Texas side only)	94,297	94,375	94,466	94,459	94,474	94,427
Tyler	234,804	240,254	245,972	251,998	258,284	264,878
Victoria	124,310	124,872	125,399	125,884	126,299	126,681
Waco	249,533	252,167	254,815	257,372	259,975	262,522
Wichita Falls	145,840	145,345	144,822	144,252	143,645	143,017
Total MSA	25,299,363	25,843,331	26,396,419	26,958,478	27,529,665	28,112,535
Share	88.6%	88.7%	88.9%	89.0%	89.2%	89.4%
Total Non-MSA	3,269,369	3,286,199	3,301,531	3,315,791	3,328,784	3,340,280
Share	11.4%	11.3%	11.1%	11.0%	10.8%	10.6%
Texas	28,568,732	29,129,530	29,697,950	30,274,269	30,858,449	31,452,815

Source: Texas State Data Center.

V.

TECHNOLOGICAL DEVELOPMENTS

The Comptroller's office has integrated technology into all aspects of its operations. This integration – past, present and future – has been, and will continue to be, in direct support of the goals of the agency.

Improve Voluntary Tax Compliance

The Comptroller believes the easier it is for taxpayers to register, file and pay taxes, the higher the degree of voluntary tax compliance. As a result, the Comptroller's office has aggressively pursued the use of technology to give taxpayers access to services either through the Internet or over automated telephone systems. The Comptroller's office will continue to expand taxpayer self-service options via a Web portal as a “one-stop tax shopping solution.”

Customer tax automation efforts historically have been focused on providing online services for sales tax patrons, including providing the ability to register, pay and file. Building on the positive customer reception to online tax services, the Comptroller's office created a multi-year technology modernization initiative to update core agency tax systems for even greater customer convenience. Recently, several taxes have been made available online for filing and paying taxes, including crude oil, natural gas and franchise tax services. More than 25 of the state's 60 plus separate taxes and fees are already Web-enabled as a result of the modernization initiative and more are being added.

The Comptroller's office has begun the next phase of the technology modernization initiative, focusing on the delinquent tax collection and audit functions. A new system for better tracking and managing tax audits while auditors are outside of the office has already been successfully implemented. The agency will continue to examine new solutions to make it easier for tax auditors to work remotely as well as allow enforcement officers to contact taxpayers and allow taxpayers to make payments. In addition, the Comptroller's office is conducting initial planning on the benefits of implementing mobile applications to assist taxpayers.

Manage the State's Fiscal Affairs

Transparency in government is a top priority for the Comptroller's office. Since the Comptroller's office administers many of the statewide financial systems used by agencies on a daily basis, efficiently managing the state's fiscal affairs is highly dependent on universal access to the detailed finan-

cial information of state agencies and institutions of higher education.

In the past, state agencies managed financial information and reporting independently, resulting in various data formats and types. In an attempt to provide some level of standardization, the Comptroller's office developed the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll System (USPS). Limitations in standardization, functionality and level of detail still remain, however, hindering the ability to uniformly report on items such as expenditures, budgets and purchases.

To further financial and reporting uniformity, the Comptroller's office is leading the effort to develop, maintain and support Enterprise Resource Planning (ERP), an effort called for by legislators during the 80th legislative session. The goal of the state's ERP initiative, ProjectONE – Our New Enterprise, is to standardize and integrate financial, human resources and payroll applications across state agencies and institutions of higher education. The endeavor will make each agency more transparent and accountable to taxpayers and enable each agency to track spending more easily.

Currently in development, ProjectONE is being implemented by the Texas Departments of Transportation, Family and Protective Services, State Health Services, Assistive and Rehabilitative Services, Aging and Disability Services and the Health and Human Services Commission. Future phases will expand ProjectONE to additional state agencies.

ProjectONE will create a single set of real-time books for the general ledger, accounts payable, accounts receivable, budgeting, inventory, asset management, payroll, projects, grants, human resources, and procurement activities of state agencies and institutions of higher education. Progress to date includes:

- procuring statewide licenses for Oracle/PeopleSoft ERP software for use by all agencies;
- implementing the ERP financial solution for the Department of Information Resources and the Central Texas Turnpike System;
- partnering with the Health and Human Services Commission to implement an upgraded ERP human resources and payroll system;
- transitioning the Comptroller's office and Texas Department of Insurance to the ERP financial system; and

-
- partnering with the Texas Department of Transportation to replace their legacy systems with the new ERP solution.

Another strategy employed by the Comptroller's office to manage the state's fiscal affairs includes enhancing the state's procurement systems. The Comptroller's office recently replaced multiple outdated systems with newer technology, including a PeopleSoft-based bid management system for statewide contracts. Plans are underway to significantly enhance the online shopping cart system, TxSmartBuy, to provide an even better shopping experience with more functionality such as vendor and product reviews.

Finally, the Comptroller's office continues to improve automation for the Treasury Operations area. With the retirement of the Treasury's outdated revenue system in fiscal 2012 and the implementation of the legislatively required pooled collateral system, the agency can now focus on further securing and enhancing existing systems to achieve additional efficiencies.

Manage the Receipt and Disbursement of State Tax Revenue

One of the most important responsibilities of the Comptroller's office is to efficiently manage the receipt and disbursement of state tax revenue. Although it is the

agency's desire to conduct all taxpayer filing and payment transactions using automated means (Internet or telephone), many taxpayers still prefer to send paper returns through the mail. The agency has invested in technologies for the imaging and electronic capture of data from paper to allow faster processing of information and enable the more rapid receipt of revenue. For some time, the agency has had the capability to capture basic data from paper tax returns. With the implementation of the updated franchise tax system, the agency is capturing data in a completely electronic format. In addition, the sales, crude oil and natural gas tax filings and any paper payments received are now part of the automated process. The agency will continue to add additional taxes to this enhanced imaging system to reduce the time and effort to process paper tax returns.

In order to guarantee the timely receipt and disbursement of revenue, the Comptroller's office is engaging in an aggressive program to modernize all information technology systems. Several Innovation and Technology initiatives are focused on this effort. Activities are in progress to upgrade the computing environment that houses these applications, such as determining the best use of server hardware to house the applications, the use of server virtualization, the consolidation of applications on fewer servers and the use of low-cost cloud solutions for utility and back-end systems such as email.

VI.

ECONOMIC VARIABLES

Job growth and sales tax collections — both from business and consumer purchases — as well as automobile sales, signal that the Texas economy has emerged from the recent recession. Over the past year, Texas added jobs at a faster rate than any of the ten largest states. Forecasts by the Comptroller’s office indicate that over the next five years, Texas will continue to add jobs at a faster rate than the nation (**Exhibit 15**).

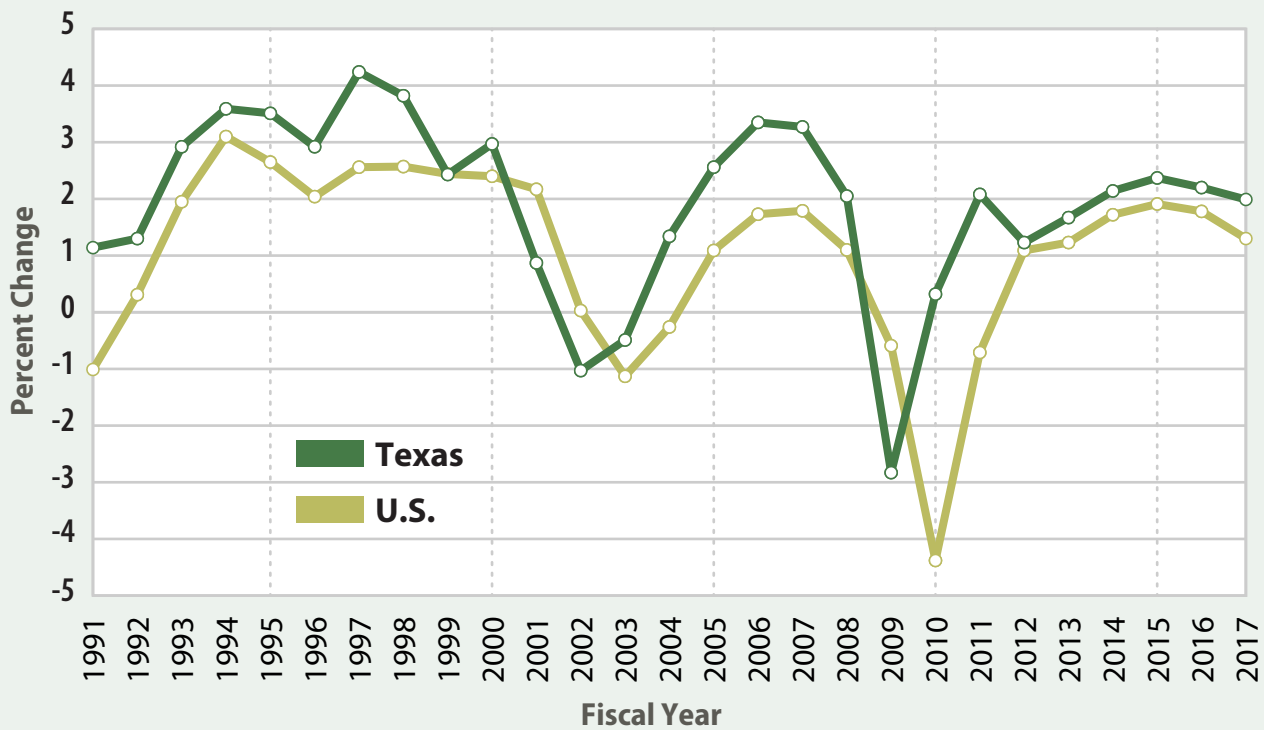
Exhibit 16 shows Texas job growth over the past year compared to the most populous states. In addition to growing faster than the largest states, Texas ranked fourth among all 50 states in the rate of job change over the past year, with job growth rates exceeded only by the comparatively low population states of North Dakota, Oklahoma and Utah. Among the ten largest states, Texas also had the lowest unemployment rate, at 7 percent in March 2012, even though that rate is high by historical standards. Other large states had unemployment rates that ranged from 7.5 percent in Pennsylvania and Ohio to 11 percent in California.

EXHIBIT 16
Nonfarm Employment Change in the
Ten Most Populous States
(Thousands of Jobs)

State	Number of Nonfarm Jobs		Job Change	
	March 2011	March 2012	Jobs Added	Annual Percent Change
California	14,056	14,237	181	1.3%
Texas	10,496	10,742	246	2.3%
New York	8,649	8,805	156	1.8%
Florida	7,239	7,329	90	1.2%
Pennsylvania	5,682	5,728	46	0.8%
Illinois	5,666	5,698	32	0.6%
Ohio	5,077	5,137	60	1.2%
Michigan	3,926	3,982	56	1.4%
North Carolina	3,920	3,959	39	1.0%
Georgia	3,877	3,909	32	0.8%

Source: U.S. Bureau of Labor Statistics.

EXHIBIT 15
Texas and U.S. Nonfarm Employment Growth
Annual Percent Change



Source: U.S. Bureau of Labor Statistics and Texas Workforce Commission.

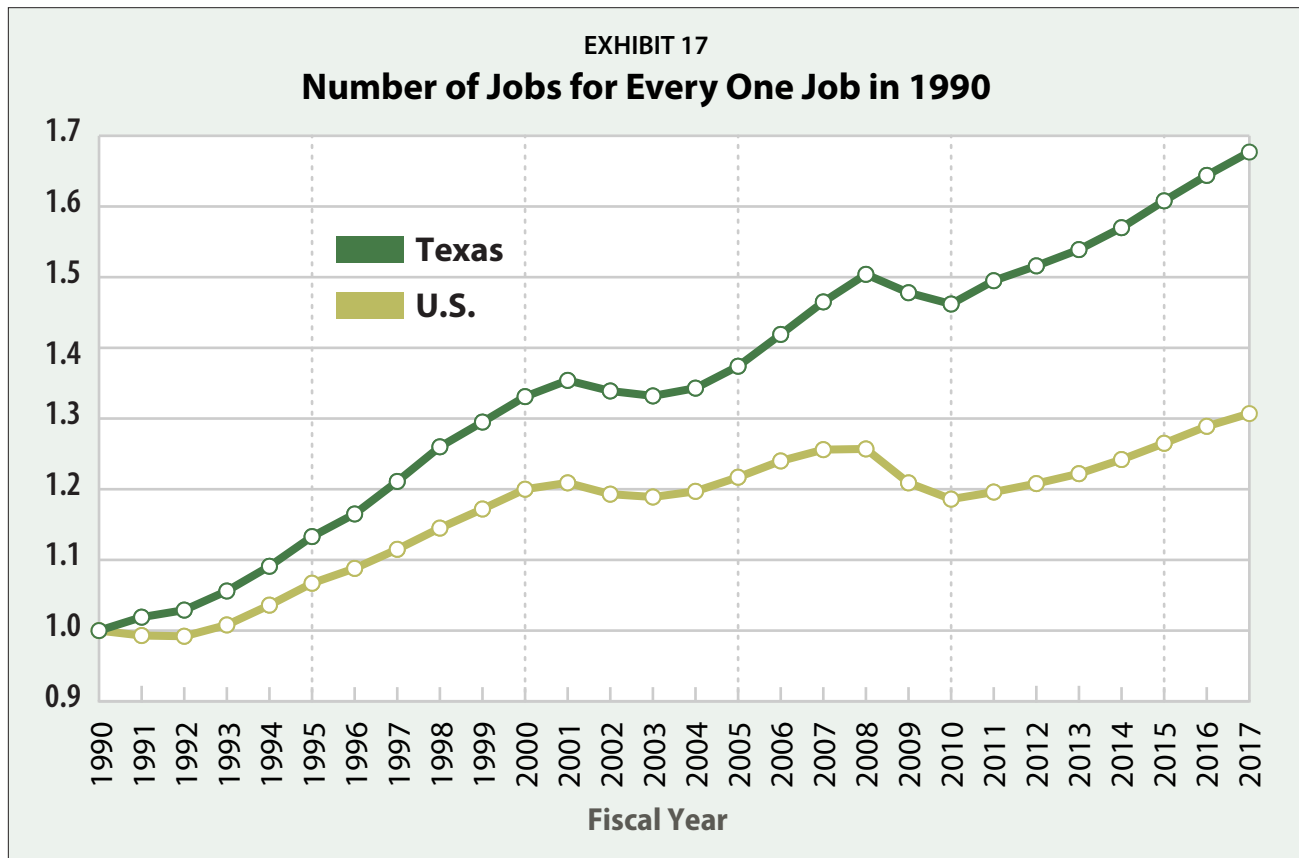
With such growth, Texas is challenged to accommodate a growing labor force and match the jobs that will be available in the future with the skills and training of available workers. The state has a long-standing history of growing faster than the nation, but must continue to find ways to face the education and infrastructure demands inherent in such growth.

In fiscal 2012, Texas' nominal gross domestic product (GDP) is estimated at \$1.30 trillion, a 3.7 percent increase from 2011. Based on estimates from the U.S. Bureau of Economic Analysis and IHS Global Insight, Inc., Texas, if it were a nation, would be the fourteenth largest economy in the world. Between 2012 and 2017, the Texas economy, as measured by real GDP, will average 3.3 percent growth per year, about one-half percentage point faster than the national rate.

Over the past 30 years, the Texas economy has more closely mirrored the national economy, but it maintains distinguishing characteristics. The most notable difference,

in addition to the state's faster relative rate of growth, is the comparative importance of the mining and logging industry, which is about five times more concentrated in Texas than the nation due to the state's greater involvement in oil and natural gas production and services. Consequently, the Texas economy outperforms the national economy when oil and natural gas prices are relatively high, as they have been in the last two years, and performs comparatively less well when prices fall.

The mix of Texas industries and the state's geographic and demographic advantages indicate the Texas economy will continue outperforming the national economy over the next five years. By 2017, Texas is expected to have five jobs for every three jobs it had in 1990 (**Exhibit 17**). The nation in 2017 will have only four jobs for every three it had in 1990. Texas, with average annual employment growth of 2 percent per year over the period from 1990 to 2017, will have grown more than twice as fast as the nation, with its 0.9 percent average annual rate of job growth.



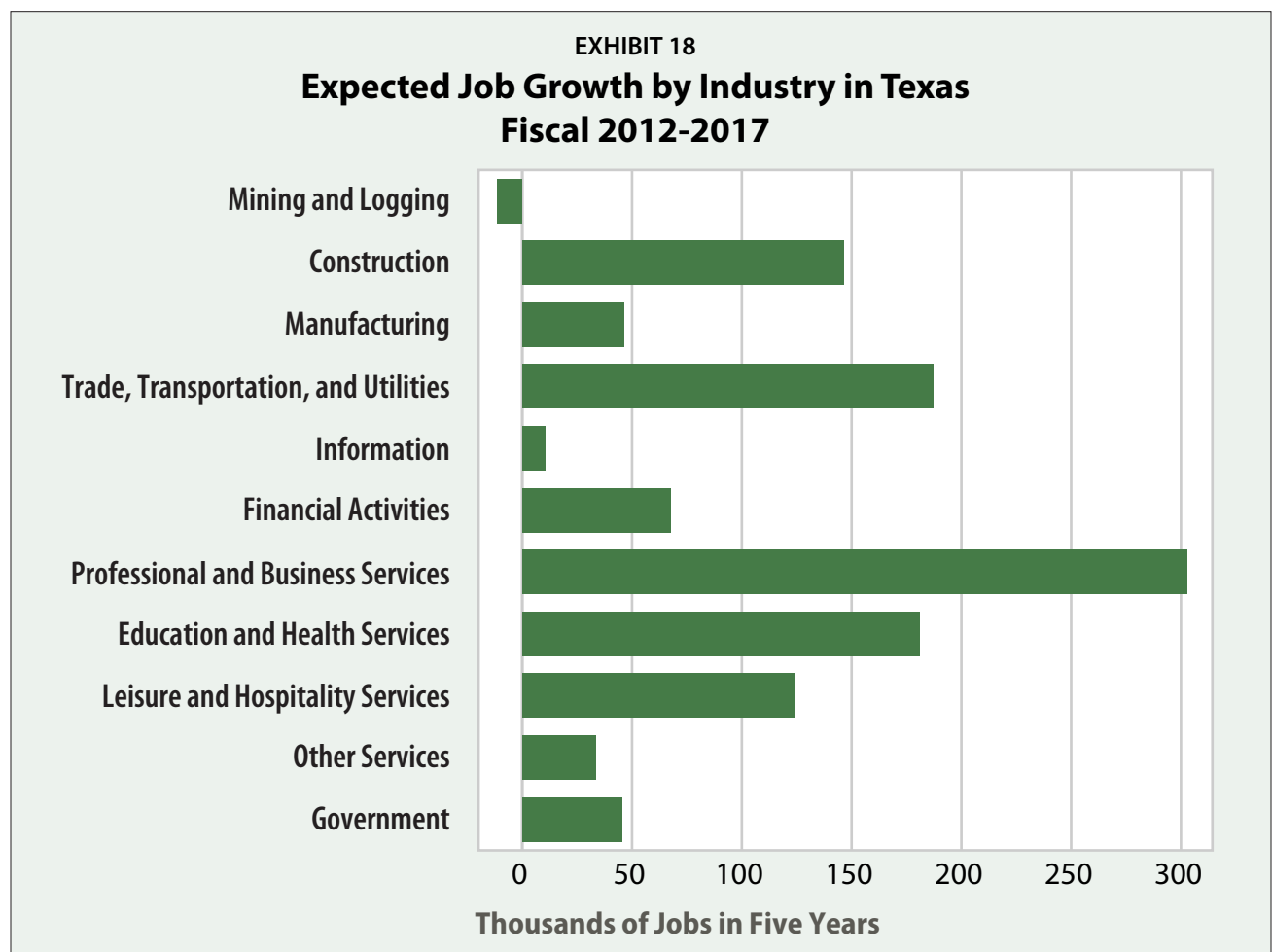
Source: U.S. Bureau of Labor Statistics and Texas Workforce Commission.

This increase presents a challenge to state government since the demand for government services expands with population and employment growth. The state will need to adequately prepare workers for the jobs available and ensure that infrastructure grows in tandem with population and employment.

Another key economic variable that will continue to challenge the state is the ongoing shift to a greater percentage of jobs that are service-providing, rather than goods-producing, primarily in the private sector (**Exhibit 18**). Over the five-year period between now and 2017, 952,000—or 84 percent—of an expected increase of 1,133,000 non-farm jobs will be in service-providing industries. Training requirements for these largely knowledge-based jobs will demand educational practices to provide workers with the skills required for the jobs available. Also, job growth in the government sectors will be slower than that of private industries, indicating a continuing shift of some functions out of government sectors.

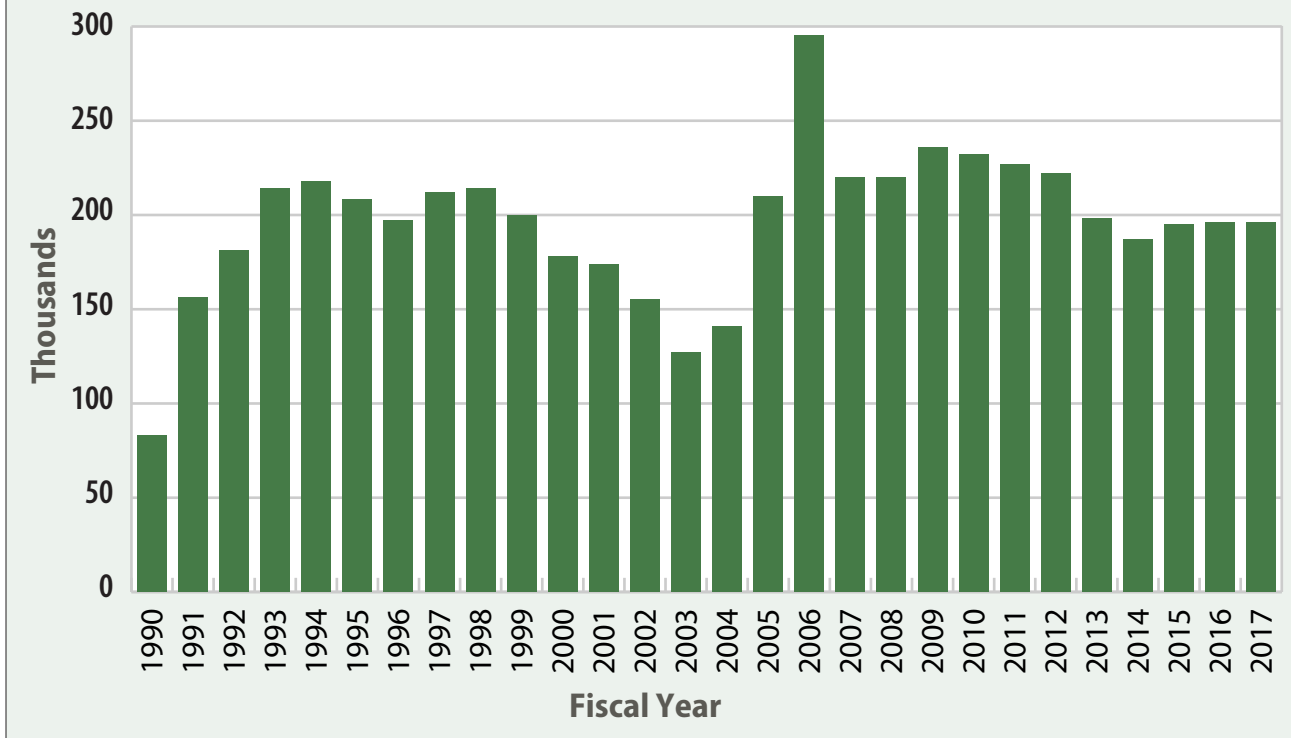
The professional and business services industry includes many positions in engineering, software, management, law, accounting and architecture, as well as employment services and temporary help positions. After being the state’s fastest growing service industry every year from 2004 through 2008, professional and business services underwent a difficult retrenchment of 110,400 jobs lost in slightly over a year. After a two year recovery, this industry surpassed its 2008 employment peak in September 2011 and has continued to expand. With 3.4 percent job growth over the past year, the industry has resumed its role as a pre-eminent source of new Texas jobs. This industry alone, with an almost 4.1 percent growth rate per year, is expected to account for 27 percent of the state’s nonfarm job growth over the next five years.

The trade, transportation and utilities industry will provide the second largest number of new jobs, followed closely by education and health services. Construction will grow slowly in the near term but eventually re-emerge as a major source of new jobs over the planning horizon.



Source: Texas Workforce Commission.

EXHIBIT 19
Texas Net Migration



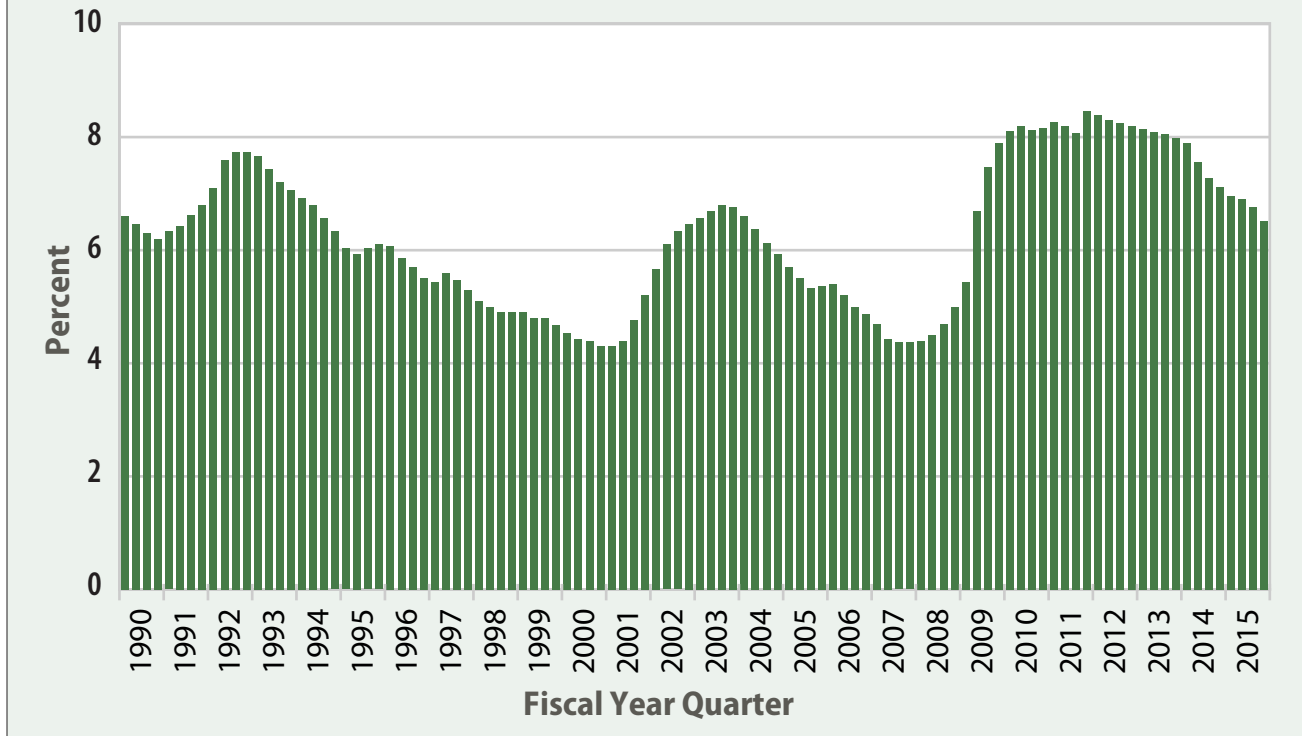
Real per capita disposable income in Texas has begun to grow again. As this trend continues between now and 2017, leisure and hospitality services will gain about 25,000 jobs per year. Manufacturing production will grow faster than manufacturing job growth, owing to productivity increases per worker and renewed export growth, but there will still be a net addition of manufacturing jobs. Mining and logging, which has been a major driver of new jobs in recent years, will follow the fortunes of difficult-to-forecast oil and natural gas prices, but it is likely to continue its cyclical pattern, leading to a slow period ahead.

A key economic variable with implications for infrastructure, education, housing and the overall economy is migration to and from the state. The last fiscal year when more people moved away from Texas than moved in was 1989. The typical pattern is for Texas to add about one mil-

lion people from net migration every five years. Net migration peaked in fiscal 2006, with a substantial gain attributable to Hurricane Katrina immigrants, but strong in-flows continue almost every year as the Texas economy historically grows faster than the national economy.

Relatively strong job growth in the state translates into an average of about 200,000 net migrants to Texas annually. Given the state's geographic location at the buckle of the nation's fast-growing southern and western regions, as well as along an international border with Mexico and Latin America, migration will continue to fuel population growth, accounting for 970,000 of the additional 2.3 million Texans expected between fiscal 2012 and 2017, when the state's population is projected to reach 28.4 million. The total population will grow by 1.7 percent per year over the period (**Exhibit 19**).

EXHIBIT 20
Texas Unemployment Rate
 Historical and Projected



One downside of migration is higher than average unemployment rates as many migrants arrive in the state hoping to find jobs in an economy that is relatively healthier than in the places they left. The state’s unemployment rate has averaged 7.9 percent over the past three years, compared to a previous twenty-year average of 5.8 percent. Although the recent high rates are improving and expected to continue mending moderately over the five-year horizon, a larger labor force requires more jobs to decrease unemployment. By historical standards, the average unemployment rate is likely to remain uncomfortably high (**Exhibit 20**).

Another key concern that will affect Texas over the next five years is the economic health of other countries in increasingly globalized markets. The value of Texas exports is expected to maintain a long-standing trend of rapid growth with an increase of 9 percent per year, pushing Texas exports’ share of gross state product from its current 19 percent of the economy to as much as 24 percent by 2017.

Since the agency’s service population includes everyone in the state, changing economic conditions are fundamental to the agency’s planning in response to these changes. The direction of oil and natural gas prices, the changing mix of alternate energy sources, environmental impacts, inflation rates and the aging of agency staff and the state’s population also affect long-term planning.

Technology improvements will provide both a challenge and an opportunity for the agency to increase its productivity and accommodate the growing demand for agency services. Business and population growth in the face of budget constraints will place greater demands on the agency’s limited resources, requiring the agency to actively plan to fulfill its operational and informational functions and effectively continue to serve the citizens of Texas.

VII.

IMPACT OF FEDERAL STATUTES/ REGULATIONS

The 112th session of Congress is dealing with a number of issues that may affect the Comptroller's office and Texas state government in years to come, including state taxation and federal spending. The following areas of current legislative interest illustrate the critical nature of these issues, which must be followed closely to monitor the potential impact on the state's tax base as well as the state's federal funding.

APPROPRIATIONS

The Comptroller's office evaluates Congressional changes to annual spending levels and how those adjustments impact state-administered federal programs including transportation, Medicaid, Medicare, education grants, child support enforcement and student loans.

State Energy Conservation Office

The agency's State Energy Conservation Office (SECO) relies directly on State Energy Program (SEP) federal funds from the U.S. Department of Energy for program operation. SEP has faced unstable funding levels for several years, with annual appropriations in recent years as high as \$49.5 million and a current fiscal year federal budget of \$30 million. Texas receives approximately 6 percent of the total SEP formula appropriations. The uncertainty of annual appropriations makes mid- and long-term planning difficult.

American Recovery and Reinvestment Act

In fiscal 2009, SECO received more than \$290 million in American Recovery and Reinvestment Act (ARRA) funding from the U.S. Department of Energy through four programs: the State Energy Program, the Energy Efficiency and Conservation Block Grant Program, the State Energy Efficient Appliance Rebate Program and the Energy Assurance Program. These grants expire in fiscal 2013. Due to the nature of ARRA funding, there are additional compliance and reporting requirements that SECO and its grantees must adhere to. In some cases, however, those final closeout and monitoring guidelines have not yet been provided by the U.S. Department of Energy. There is also more scrutiny on these funds and the likelihood of continued federal and state audits is high, creating additional administrative burdens for the agency.

At the statewide level, the Comptroller's office, in conjunction with the Governor's Office and Legislative Budget

Board, was charged with monitoring ARRA funds allocated or requested by Texas state agencies and institutions of higher education, which must follow state and federal accountability and transparency standards for reporting ARRA funds. The Comptroller's office developed weekly reports to collect additional information not found in the federally required Section 1512 quarterly reports.

The federal Office of Management and Budget issued a memo requiring all ARRA discretionary grant funding to be expended by Sept. 30, 2013. At least one state agency has a capital project extending into the year 2015. Federal agencies are preparing a waiver request process for entities not able to meet the deadline.

Federal Funds Reporting Requirements (non-ARRA)

The Office of Management and Budget requires non-ARRA federal funds reporting in compliance with the Federal Funding and Accountability Transparency Act (FFATA). Reporting the data elements required by FFATA began Oct. 1, 2010, on a rolling basis, using the award date as the reporting prompt. State agencies considered prime awardees must report sub-award and executive compensation information by the end of the month following the month the award, sub-award or obligation is made.

The Digital Accountability and Transparency Act, or DATA Act, is a bill currently being considered by Congress that would make the current *Recovery.gov* website a permanent online portal for tracking government spending and adopt other technical standards to make government more transparent. The DATA Act would establish a new Federal Accountability and Spending Transparency Board that would assume the current functions of the Recovery Accountability and Transparency Board overseeing ARRA. The new board would collect and serve as the authoritative government source for information on federal spending. The Data Act would also require quarterly reporting of all federal awards, similar to ARRA reporting. Any state entity that receives federal funding would be affected.

NEW AND EXISTING TAXES

The Tax Administration area, consisting of Audit, Enforcement and Tax Policy, monitors federal legislation and implements the necessary changes to state law when federal laws preempt the state from imposing taxes on certain items or otherwise affect tax administration activities. The Mobile Telecommunications Sourcing Act of 2000, for

example, provided specific rules for state and local governments imposing sales and use taxes on mobile telecommunications services.

More recently, the 2010 Prevent All Cigarette Trafficking Act (PACT Act) became law. The PACT Act imposes licensing, reporting and tax collection requirements on Internet and other remote sellers of cigarettes and smokeless tobacco products in an effort to stop sales to minors, reduce sales by organizations that might have ties to illegal activities and improve state, local and federal excise tax collections. The revenue impact, if any, on Texas' collection of cigarette and sales taxes has not been determined. The constitutionality of the law is being challenged outside Texas and those proceedings are being monitored.

When appropriate, agency staff works with members and staff of the Texas Congressional delegation to provide information about how proposed legislation or matters being considered for federal action will affect Texas. In 2007, Congress extended the Internet Tax Freedom Act, which preempts states from imposing sales and use taxes on charges for Internet access until 2014. Agency staff worked in conjunction with staff from Texas Senator Kay Bailey Hutchison's office to insert language in the bill to protect Texas' tax revenues. These provisions allowed Texas to continue to impose sales and use tax on such services and to ensure the state was not precluded from collecting its revised franchise tax on businesses providing such services. Without that language, Texas stood to lose an estimated \$155 million annually. Congress is expected to revisit this subject as 2014 approaches.

Since September 2008, one employee from the Tax Policy division has been based out of the Texas Office of State-Federal Relations in Washington, D.C., to allow for closer monitoring of federal legislation, attendance at relevant hearings and meetings and greater contact with Congressional staff on behalf of the agency.

Agency staff members in Austin with expertise in various areas of taxability are also involved in federal matters affecting Texas tax revenues or administration through involvement in organizations such as the Federation of Tax Administrators and the Multistate Tax Commission.

Congress will begin new, two-year sessions in January 2013 and 2015. Legislation filed in the current, 112th session of Congress, which began in January 2011, must be refiled in future sessions in order to be considered for further

action. The end date for the current session of Congress has not been established, but the following legislation, filed in the 112th Congress, would impact Texas if passed and is likely to be filed in future sessions.

FRANCHISE TAX – BUSINESS ACTIVITY TAX SIMPLIFICATION ACT

The business activity tax simplification act would impose a “physical presence” nexus standard, as defined by the act, to determine when a person's business activities within a state are sufficient for the state to tax the activity. Litigation throughout the country has failed to provide clear guidance on whether a physical presence, as opposed to an economic presence, is the proper nexus standard for imposing a tax on income (or other similar tax bases) earned from business activity in the state.

The U.S. Supreme Court has not addressed the question of nexus since 1992, when a physical presence standard was unquestionably established on when a state can impose sales and use tax collection responsibilities on out-of-state sellers. The proposed standard, supported by many large businesses and opposed by Texas and other states, would reduce Texas franchise tax revenues by an estimated \$200 to \$400 million annually. The Multistate Tax Commission has proposed a clearer alternative that would pose a lesser threat to state revenue.

INSURANCE TAX – NONADMITTED INSURANCE AND REINSURANCE REFORM ACT OF 2010

The Nonadmitted and Reinsurance Reform Act passed as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010 under H.R. 4173. The legislation applies to multi-state nonadmitted insurance policies and is an attempt to simplify the requirements for taxpayers who must report and pay taxes on these policies. The “home state” of the insured governs the licensing regulations applicable to agents placing these policies as well as tax reporting and paying requirements. The legislation provides that states may enter a compact or establish other procedures to allocate among themselves the premium taxes paid to an insured's home state.

At this time, Texas has not joined a compact or agreement with other states. Texas continues to monitor the progress of the available options and will pursue the course that best protects state tax revenues. In 2011, the Texas

Legislature made conforming amendments to the Insurance Code to comply with this federal legislation.

Hotel Tax – Online Travel Companies Selling Hotel Rooms

Online travel companies (OTCs) have disagreed with state and local taxing entities in Texas and across the nation about the correct basis for calculating hotel occupancy taxes when the rooms are sold through the “merchant” business model. The OTCs argue that hotel occupancy taxes should be levied on the wholesale price the OTCs pay hotels for rooms, while tax administrators contend the tax should be calculated on the higher retail price paid by the consumers who ultimately occupy the rooms. Private attorneys have filed numerous lawsuits on behalf of local taxing entities seeking back taxes from the OTCs.

At the federal level, S.1934 has been filed “... to repeal certain communications taxes and for other purposes.” One purpose is to prohibit tax on “...amounts charged or retained for facilitating the booking of air transportation, hotel accommodations, car rental or other travel-related services.” This provision could arguably preempt state and local taxing authorities from imposing taxes on the difference between the cost OTCs pay for hotel rooms and the cost customers pay OTCs for the rooms. Agency staff is closely monitoring this issue in the courts, in Congress and in legislatures across the country as well as participating in a coalition of other state and local representatives asking Congress not to act on the issue.

Sales and Use Tax – Collection Authority over Remote Sellers

The streamlined sales and use tax project, now over a decade old, encourages simplicity and uniformity in the administration of sales and use taxes. States that conform to a streamlined agreement stand to benefit from the ultimate goal of the project: passage of federal law overturning U.S. Supreme Court nexus decisions and allowing states who are in compliance with the agreement to require sellers with no physical presence in the state to collect and remit use tax on purchases made by citizens of the state.

A decision to join the agreement will ultimately be up to the Texas Legislature. Agency staff continues to monitor the project through participation in work group meetings on potential amendments and rules for implementation to ensure the state’s interests are protected should Texas decide to join.

In December 2007, due to the involvement of Comptroller staff and the Comptroller personally, Texas-friendly amendments on the sourcing of sales tax collections were adopted. The Main Street Fairness Act has been introduced during this session of Congress to specifically allow states that have joined the streamlined agreement to have remote collection authority over sellers who are currently not required to collect sales and use taxes on taxable items sold in their states.

Two other bills, the Marketplace Fairness Act in the Senate and the Marketplace Equity Act in the House, have been filed to create opportunities for non-streamlined states to gain remote collection authority in exchange for various simplifications and changes to existing tax laws and tax collection procedures. Comptroller staff has been working with the Federation of Tax Administrators and other non-streamlined states to study the proposed bills and provide comments to Congressional staff in case a federal bill becomes law and the Texas Legislature decides to modify Texas laws to conform with the changes.

Sales and Use Tax – Voice over Internet Protocol Services

Federal laws that affect the state’s ability to collect sales and use taxes on telecommunications services could have a dramatic impact on overall sales and use tax collections. In 2009, at the request of the telecommunications industry and the Commercial and Administrative Law Subcommittee of the House Judiciary Committee, Tax Policy staff worked with leaders of the Federation of Tax Administrators and the telecommunications industry to see if agreement could be reached on amendments to the Mobile Telecommunications Sourcing Act as it related to certain Voice over Internet Protocol services. No bill was filed and no resolution was reached, but the issue is expected to be addressed again in the future.

Sales and Use Tax – Taxation and Sourcing of Digital Goods

Both houses of Congress have filed the Digital Goods and Services Tax Fairness Act (Digital Act). Agency staff estimates the Digital Act would result in a loss of \$100 million per year in state revenue. The rationale for the bills is that action is needed by Congress to stop multiple and discriminatory taxes imposed on digital goods and services and to create sourcing rules to give guidance to sellers on which state and local taxing jurisdictions should receive any tax that is due. The Comptroller’s office, along with the state

of Washington and the Federation of Tax Administrators, worked together to analyze the bill and present House staff and industry representatives with information on areas of concern.

AGENCY OPERATIONS

From a tax administration perspective, when Congress acts by passing federal law, it is usually aimed at preempting tax on certain activities or requiring administration of existing taxes in a certain way. The effects of federal court cases, which also impact the agency, are harder to predict. The agency must continuously monitor how possible changes imposed by federal laws or court cases may alter a tax or fee administered by the agency and impact state revenue. When Congress acts, or federal decisions affect Texas laws or agency policies, Texas citizens and businesses may benefit from lower taxes paid or lower administrative costs if a tax is not required to be collected or vice versa.

Internally, changes caused by federal law or court cases impact agency resources. Staff must educate the public through publications, webinars, speeches and training. Tax form changes and rule updates may also be required. Frequently, state statutes must be amended, requiring agency staff to work with state legislators on the amendments.

VIII.

OTHER LEGAL ISSUES

Legislation, court decisions, administrative hearings decisions and routine business issues requiring legal analysis and attention may present both challenges and opportunities for the agency. New legislation may affect state revenue, impact businesses and individual taxpayers, alter state services or simply allow the agency to offer improved taxpayer service.

IMPACT OF STATUTORY CHANGES

Prior to a legislative session, staff of the General Counsel area, working with Executive Administration, operating divisions and Legislative Affairs, prepares drafts of legislation on issues impacting the agency. Bills usually include items related to taxes, state finance or other programs the agency administers. Agency staff also reviews pending legislation relating to agency functions such as tax administration and state fiscal management. Upon request, agency staff serves as a resource for legislators by drafting amendments, preparing alternative drafts of proposed legislation or testifying as a resource witness.

Following a legislative session, agency staff has a significant amount of implementation work, including drafting rules, researching issues surrounding new legislative initiatives, interpreting legislation and meeting with industry representatives to develop workable methods for implementing changes in the tax laws. After the 82nd legislative session, more than 165 bills were assigned to the Comptroller's office for implementation. Senate Bill 1, Article 67, passed during the 1st called session, authorizes the Comptroller to apply for and receive permits under the Endangered Species Act, in an attempt to balance economic growth and endangered species regulation. Legal support is required throughout the process.

IMPACT OF CURRENT COURT CASES AND ADMINISTRATIVE HEARINGS

Because the Comptroller is the state's chief tax administrator, the redetermination hearings process is a significant part of General Counsel's duties. The Administrative Hearings Section represents the Comptroller's office in these hearings. Continuation of efforts to attract and retain highly qualified staff is essential to ensure that the state's interests are properly represented in these cases.

Interpretation of the Tax Code and administration of the state's revenue and collections also presents a challenge. In excess of 222 tax lawsuits are currently pending against the Comptroller's office. The following court cases, if lost by the state, could necessitate statutory changes or have a significant fiscal impact.

Sales Tax

There are several cases involving whether the sales tax exemption for manufacturing equipment applies to equipment used in extracting oil, gas and other minerals from the earth, including:

Southwest Royalties, Inc., v. Combs, et al.; Cause No. D-1-GN-09-004284 in the 353rd Judicial District Court, Travis County

Apache Corp. v. Combs, et al.; Cause No. D-1-GN-08-001989 in the 126th Judicial District, Travis County

Leoncito Plant, LLC. v. Combs, et al.; Cause No. D-1-GN-11-001116 in the 126th Judicial District, Travis County

Each case presents the same basic issue: whether certain equipment used in extracting oil, gas or other minerals from the earth, such as piping, tubing and other well bore equip-

ment is exempt from sales tax under the manufacturing exemption.

IMPACT OF LOCAL GOVERNMENT REQUIREMENTS

The General Counsel area also assists in implementing certain legal requirements that relate to local governments and the Comptroller's statutory duties, including local sales tax allocation and the collection of taxes and fees by local governments that must be transmitted to the state.

IX. OPPORTUNITIES

Ultimately, the Comptroller's office is about numbers. Agency numbers tell the story of how the Texas economy has evolved and how it's doing. The statistics and data the agency compiles fuel important policy decisions that help shape the state's future. Numbers show where the state may be falling short, make the case for prudent investments and can serve to bring greater efficiencies in spending tax dollars.

Transparency in government means citizens must be able to see through its workings to know exactly what goes on when public officials transact public business. At the Comptroller's office, staff continually strives to provide greater access to the information an informed electorate needs to strengthen its government and hold it accountable.

In a recent report by the U.S. Public Interest Research Group (U.S. PIRG), Texas received the top ranking for government spending transparency. U.S. PIRG noted the comprehensive financial information the *Texas Transparency* website provides along with historical check-register level detail that is downloadable.

Texas Transparency offers a comprehensive look at how the state spends tax dollars. The site features the agency's

award-winning *Where the Money Goes* tools to track state spending, a *Where the Money Comes From* tool to show state revenues, an Open Data Center for direct access to Comptroller data, information about the state budget process and a spotlight on transparency efforts at the local government level. The Open Data Center gives visitors direct access to machine-readable, platform-independent raw datasets and the unique data slicing tools researchers at the Comptroller's office use.

In fall 2011, the agency launched a new online resource called *Monthly State Revenue Watch* to provide a regular snapshot of state revenue collections with side-by-side comparisons to previous year collections and the fiscal year revenue estimate. *The Texas Economy* was launched in January 2012 to assist Texas residents, business owners and policymakers connect with economic data in a comprehensive yet easy-to-understand format.

The Texas Economy features state revenue and spending data, more than a dozen economic indicators and analysis on a wide variety of topics, including fast-growing Texas industries and jobs, the drought's effect on the state economy and the impact of obesity on Texas businesses and taxpayers. *The Texas Economy* strives to make economic information and data more available to taxpayers through the use of informational graphics, video interviews, tables and snapshots of key data.

As the state's leader in financial accountability and fiscal responsibility, the Comptroller's office will continue efforts to promote openness in government and financial transparency at all levels. As the Comptroller has said, "When we talk about transparency in terms of government spending, we're opening financial records for public examination so taxpayers can see exactly where their money is going. Increased transparency helps taxpayers hold officials accountable for the way money is spent."

AGENCY STRATEGIC PLAN

For the Period 2013 - 2017

Development of Agency Goals

To accomplish its mandated functions, the Comptroller's office has developed goals that reflect its priorities and direct its efforts toward the achievement of those functions. The goals are clear statements of where the agency wants to be in the future and what it intends to accomplish. Agency goals also address issues raised in the internal planning process.

Six primary goals, three of which are non-funded, direct the agency's efforts.

FUNDED GOALS

I. Improve voluntary compliance with the tax laws.

Texas Tax Code, Titles 2 and 3.

As state government's chief tax collector, the Comptroller administers the state's tax laws through auditing, enforcement and the dissemination of tax policy information. Voluntary compliance is viewed as the cornerstone of tax administration. The state's ability to fund its many programs depends in large part on taxpayers meeting their tax responsibilities willingly.

II. Efficiently manage the state's fiscal affairs.

Texas Constitution (Art. III, Sec. 49a, 49g, 49k); Texas Local Gov't Code, Sections 112.003, 154.008; Texas Gov't Code, Chapters 41, 401, 403, 404, 406, 604, 608, 659-662, 666, 815, 825, 830, 840, 1201, 2101, 2103, 2155, 2162, 2175, 2252, and 2254; Texas Education Code, Chapter 57; Texas Election Code, Chapter 19; Texas Property Code, Chapter 74.

As Texas' chief financial officer, the Comptroller manages most of the state's fiscal affairs. The Comptroller is state government's primary accountant, responsible for writing the state's checks and monitoring all spending by state

agencies. The Comptroller is also the state's official revenue estimator, providing the Legislature with anticipated state revenue information.

Beginning on Sept. 1, 1996, the Comptroller assumed the functions of the State Treasury, including the receipt, custody and safekeeping of public moneys and the administration of unclaimed property reported to the state. As the state's cashier, the Comptroller's office receives, disburses, counts, safeguards, raises, records, allocates, manages and reports the state's cash. In addition, the Comptroller chairs the state's Treasury Safekeeping Trust, which invests, manages and oversees more than \$43 billion in assets.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, transferred the statewide procurement, fleet management, statewide historically underutilized businesses and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

The 81st Legislature charged the Comptroller's office with tracking the more than \$22.7 billion in stimulus funds flowing through the state's treasury. More than 80 state agencies and public institutions of higher education report weekly to the Comptroller's office on the amount of stimulus funding awarded and spent. The agency, in cooperation with the State Auditor's Office, is also charged with prescribing and implementing any payment and post-payment audit procedures deemed necessary to ensure compliance with the state and federal requirements.

In addition, the State Energy Conservation Office was awarded more than \$290 million in stimulus funds from the U.S. Department of Energy to support energy efficiency and renewable energy initiatives through four different programs: the State Energy Program, Energy Efficiency and Conservation Block Grant Program, State Energy Efficient Appliance Rebate Program and the Energy Assurance Program.

III. Expediently manage the receipt and disbursement of state tax revenue.

Texas Gov't Code, Chapter 403; Texas Tax Code, Titles 2 and 3; Texas Property Code, Chapters 72-76.

As the state's chief tax collector, the Comptroller is responsible for collecting more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,400 cities, counties and other local governments. This responsibility includes maintaining taxpayer accounts, processing tax payment exceptions and adjustments and paying all unclaimed property claims.

NON-FUNDED GOALS

IV. Develop and maintain a skilled work force, committed to quality performance.

(No specific statutory authorization).

The Comptroller's complex and varied duties require experienced, highly trained employees. The Comptroller's pledge is to provide useful training and educational opportunities for all staff. Extensive efforts have been made to make high-quality training available and accessible to those who need it, when they need it.

V. Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.

(No specific statutory authorization).

The Comptroller's office serves two types of customers. The agency's external customers are the taxpayers, vendors, state agencies and government officials for whom it provides various services. The nature of the agency's relationship to its external customers is different from those in the private sector, in that most of the agency's customers are required by law to do business with the Comptroller's office. Success in improving voluntary compliance with tax laws depends in large part on the level of satisfaction external customers feel toward the agency's services.

Within the Comptroller's office, divisions support each other, thus creating internal customers. The level of service provided internally is a crucial factor in efforts to achieve the agency's goals.

VI. Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBS).

Texas Gov't Code, Chapter 2161.

The Comptroller's HUB Program is committed to promoting equal opportunities in the contract awards process for HUBs statewide and to serving as an exemplary model for other state agencies in meeting the HUB mandate.

AGENCY STRATEGIC PLAN

For the Period 2013 - 2017

Agency Goals and Strategies

AGENCY GOAL I (BUDGETED)	IMPROVE VOLUNTARY COMPLIANCE WITH THE TAX LAWS
FIRST OBJECTIVE	Guarantee that the accuracy rate on tax amounts reported by taxpayers does not fall below 97 percent on original audits; permit at least 2,000 non-permitted businesses operating in Texas each fiscal year; and guarantee that audits are efficiently performed with average dollars assessed to dollar cost of \$25 or higher, based on historical performance.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Percent accuracy rate of reported amounts on original audits 2. Number of non-permitted businesses permitted
STRATEGY	Maintain an ongoing program of audit and verification activities in support of improved tax compliance.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of audits and verifications conducted 2. Number of non-permitted taxpayers contacted through correspondence 3. Number of hours spent on completed refund verifications
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> 1. Average dollars assessed to dollar cost
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> 1. Percent of audit coverage
SECOND OBJECTIVE	Average 269 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Average turnaround time for closing delinquent and other accounts (days) 2. Average monthly delinquent and other account closure rate per Enforcement Collector 3. Percent of positive surveys received from attendees at taxpayer seminars
STRATEGY	Improve voluntary compliance with tax laws by maximizing the efficiency of the delinquent taxpayer contact and collection program.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of field office service area evaluations conducted 2. Average taxpayer contacts by a call center collector per phone hour 3. Number of taxpayer seminars conducted

<i>Efficiency Measure</i>	1. Delinquent taxes collected per collection-related dollar expended
<i>Explanatory/Input Measures</i>	1. Minimum percent of field collector time in the field 2. Total delinquent dollars collected (in millions)
THIRD OBJECTIVE	Obtain a 96 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.
<i>Outcome Measure</i>	1. Percent of favorable responses obtained to quality control surveys sent to taxpayers concerning speed and accuracy of information disseminated
STRATEGY	Provide accurate and timely tax information to taxpayers, tax professionals, state officials and the citizens of Texas.
<i>Output Measures</i>	1. Number of calls handled by Tax Assistance specialists 2. Total number of responses issued by Tax Policy
<i>Efficiency Measures</i>	1. Average time taken (in work days) to respond to correspondence assigned to Tax Policy 2. Average number of calls handled per Tax Assistance telephone specialist per work day 3. Percent of responses issued by Tax Policy within seven working days
<i>Explanatory/Input Measures</i>	1. Average overall monitoring score for Tax Assistance telephone specialists 2. Number of taxpayers participating in Independent Audit Reviews
FOURTH OBJECTIVE	Issue position letters in 85 percent of all cases within 90 days of receipt of the file in the Administrative Hearings Section.
<i>Outcome Measure</i>	1. Percentage of all cases in which position letters are issued within 90 days of receipt of the file in the Administrative Hearings Section
STRATEGY	Provide fair and timely hearings, represent the agency in administrative hearings on tax matters, and provide legal counsel and research to the agency.
<i>Output Measure</i>	1. Number of position letters issued
<i>Efficiency Measure</i>	1. Average length of time (work days) taken to issue a position letter for all cases received by the Administrative Hearings Section
<i>Explanatory/Input Measure</i>	1. Number of new requests for hearings received in Administrative Hearings Section

AGENCY GOAL II (BUDGETED) EFFICIENTLY MANAGE THE STATE'S FISCAL AFFAIRS

FIRST OBJECTIVE	Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; ensure that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Act; facilitate the flow of financial resources in support of the state's fiscal functions by achieving a good or excellent rating in 98 percent of customers surveyed; and ensure 100 percent compliance with statutory mandates and deadlines.
------------------------	--

<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Percent of targeted state agencies with improved performance. 2. Percentage of proposed state expenditures guaranteed to be entirely supported by a valid revenue estimate before certification of the General Appropriations Act for the next biennium. 3. Average percent variance (plus or minus) between estimated and actual total revenue collections 4. Percentage of Fiscal Management Division customers who return an overall customer service rating of good or excellent on the Fiscal Management Customer Service Survey 5. Percent of payroll and retirement payments issued via direct deposit
STRATEGY	Project, account, audit and report the state's receipts, claims and disbursements efficiently, accurately and timely; provide assistance and training to state agencies.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of financial reports published by their statutory deadline 2. Number of Texas economic update reports published each fiscal year 3. Total number of payments (excluding WES Child Support warrants) issued 4. Number of post-payment audit reviews completed
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> 1. Percent of ad hoc report requests responded to within 10 working days in compliance with the Texas Public Information Act
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> 1. Number of WES Child Support payments issued
SECOND OBJECTIVE	Ensure the effectiveness of the property value study in each scheduled school district by obtaining at least a 95 percent level of targeted Independent School Districts' (ISDs) total value in which Property Tax Assistance Division (PTAD) met the target margin of error.
<i>Outcome Measure</i>	<ol style="list-style-type: none"> 1. Percentage of scheduled Independent School Districts' total value in which PTAD met the target margin of error
STRATEGY	Fulfill tax code and education code mandates by conducting an annual property value study; providing technical assistance; and reviewing appraisal methods, standards and procedures.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of properties included in the Property Value Study 2. Number of public outreach activities conducted annually
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> 1. Average cost of staff changes to certified preliminary findings expressed as a percentage of total cost
<i>Explanatory/Input Measures</i>	<ol style="list-style-type: none"> 1. Percentage of Independent School District reports of property value produced electronically from central appraisal district (CAD) appraisal roll data 2. Average direct cost per property included in the Property Value Study
THIRD OBJECTIVE	Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.
<i>Outcome Measure</i>	<ol style="list-style-type: none"> 1. Percentage of funds processed electronically
STRATEGY	Ensure that the state's assets, cash receipts and warrants are properly secured, processed, deposited and accounted for.

<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of rapid deposit transactions processed 2. Number of checks deposited 3. Number of warrants processed 4. Number of state depository bank account reconciliations performed
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> 1. Average daily amount of securities and assets safekept (billions)
FOURTH OBJECTIVE	Manage a statewide procurement system that ensures that the state receives quality, cost-effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses and providing support services to state agencies in a timely, cost-effective manner.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Percent increase in dollar value of purchases made through term contracts for the CO-OP Program 2. Number of new HUBs certified 3. Presort and barcode savings achieved
STRATEGY	Provide statewide procurement and support services to state agencies and cooperative entities that ensure the receipt of quality, cost-effective goods and services and maximize competition while facilitating business opportunities for Historically Underutilized Businesses.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of new and renewed statewide volume contracts awarded 2. Number of solicitations reviewed for agencies and delegated to agencies 3. Number of contracts awarded for other state agencies 4. Number of new and renewed purchasing certifications issued 5. Number of HUB field audits conducted 6. Number of HUB desk audits conducted 7. Number of HUB seminars and outreach efforts conducted 8. Number of pieces of mail processed
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> 1. Number of business days to process non-delegated open market requisitions from client agencies (under Texas Government Code Annotated §2155.132) using the Request for Proposals (RFP) procurement method
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> 1. Number of new HUB applications received

AGENCY GOAL III (BUDGETED)	EXPEDITIOUSLY MANAGE THE RECEIPT AND DISBURSEMENT OF STATE TAX REVENUE
FIRST OBJECTIVE	Maintain the 10-day turnaround time required to generate taxpayer refunds; return monthly tax allocations to local jurisdictions in an average of 22 days; and maintain the average tax document processing time within established limits.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Time required to generate taxpayer refunds (days) 2. Time taken to return tax allocations to local jurisdictions (days) 3. Average tax document processing time (hours)
STRATEGY	Provide for and improve the processing of tax and voucher data, collection and allocation of tax revenue and the disbursements of tax refunds.

<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of tax returns processed 2. Number of payments deposited 3. Number of permits and licenses issued 4. Number of taxpayer account adjustments 5. Number of collection actions performed 6. Number of tax refunds issued 7. Number of staff hours spent allocating local option taxes to government entities
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> 1. Average number of hours to deposit receipts
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> 1. Percent of tax payments received via direct deposit

AGENCY GOAL IV (NON-BUDGETED) DEVELOP AND MAINTAIN A SKILLED WORK FORCE, COMMITTED TO QUALITY PERFORMANCE

FIRST OBJECTIVE	Ensure that each year the Comptroller’s work force will be able to attend classes that will enable them to become more productive and knowledgeable employees.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Percent of agency management completing 35 hours of management training 2. Percent of employees completing 21 hours of job-related training
STRATEGY	Make high-quality training available and accessible to those who need it, when they need it.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of agency management completing 35 hours of management training 2. Number of employees completing 21 hours of job-related training

AGENCY GOAL V (NON-BUDGETED) MAXIMIZE CUSTOMER SATISFACTION BY IMPROVING SERVICES WHILE MINIMIZING ADMINISTRATIVE BURDENS ON THOSE WE SERVE

FIRST OBJECTIVE	Attain highest ratings possible from those we serve as evidenced by feedback provided through surveys, cards or any other measuring device used in the agency.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Percentage of surveyed customer respondents expressing overall satisfaction with services received 2. Percentage of surveyed customer respondents identifying ways to improve service delivery
STRATEGY	Improve services delivered to our internal and external clients in support of the Comptroller of Public Accounts’ mission to serve the people of Texas.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of customers surveyed 2. Number of customers served
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> 1. Cost per customer surveyed
<i>Explanatory/Input Measures</i>	<ol style="list-style-type: none"> 1. Number of customer groups inventoried 2. Number of customers identified

AGENCY GOAL VI (NON-BUDGETED) ESTABLISH AND CARRY OUT POLICIES GOVERNING PURCHASING AND ALL CONTRACTING THAT FOSTER MEANINGFUL AND SUBSTANTIVE INCLUSION OF HISTORICALLY UNDERUTILIZED BUSINESSES (HUBs)

FIRST OBJECTIVE	Include HUBs in at least 32.7 percent of all agency dollars spent for special trade construction; 24.6 percent of all agency dollars spent for other services; and 21 percent of all dollars spent for commodities.
<i>Outcome Measure</i>	1. Percentage of agency dollars spent on HUBs (with subcontracting)
STRATEGY	Maintain ongoing program of activities to ensure HUB vendor participation in the procurement process.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of purchase orders issued directly to HUB vendors 2. Number of HUB Economic Opportunity Forums attended or co-hosted 3. Number of internal agency HUB training sessions conducted 4. Amount of agency dollars spent on HUBs (without subcontracting) 5. Number of HUB subcontracting dollars 6. Number of non-HUB prime contractors reporting HUB subcontracting 7. Number of non-HUB prime contractors contacted for HUB subcontracting 8. Number of HUB outreach opportunities conducted

STATE ENERGY CONSERVATION OFFICE (SECO) DEVELOP AND ADMINISTER PROGRAMS THAT PROMOTE ENERGY EFFICIENCY

FIRST OBJECTIVE	Maintain \$95 million balance in LoanSTAR Program.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Energy dollars saved as percent of energy expenditures 2. Energy dollars saved by LoanSTAR projects (in millions)
STRATEGY	Promote and manage energy programs.
<i>Output Measure</i>	1. Number of active LoanSTAR loans processed and managed by SECO
<i>Efficiency Measure</i>	1. Energy dollars saved per dollar spent for energy retrofit programs

AGENCY STRATEGIC PLAN

For the Period 2013 - 2017

Technology Resource Planning

TECHNOLOGY ASSESSMENT SUMMARY

The following technology initiatives will be underway during the fiscal 2013-2017 strategic planning period. These initiatives are based on the agency's goals and objectives, along with the statewide priorities identified in the *State Strategic Plan for Information Resources Management* developed by the Department of Information Resources.

Technology Modernization: Move tax-related systems to new technologies to increase the efficiency and effectiveness of related business processes, including registering, filing and paying returns, providing refunds, collecting delinquent revenue and auditing taxpayers. Taxes collected by the Comptroller's office are the primary source of revenue for funding programs across the state.

Statewide Enterprise Resource Planning (ERP): Implement financial, human resources and payroll solutions for the state of Texas. ERP will create an opportunity for agencies and institutions of higher education to synchronize the flow of critical information and reduce costs.

Security Modernization: Enhance the Comptroller's current network, system and data security posture by implementing several new technologies and strengthening current processes and procedures related to security.

Property Tax Enhancements: Rewrite and enhance several legacy systems used to prepare the annual Property Value Study (PVS). Many of the systems utilized require manual workarounds in order to complete processing. This initiative will concentrate on rewriting and enhancing the most critical systems to increase efficiency and limit manual workarounds.

Procurement Enhancements: Implement enhanced procurement systems to improve customer (state agencies and local governments) satisfaction by making it easier to process purchase orders through statewide procurement systems and provide lower prices on strategically sourced state contracts.

TECHNOLOGY INITIATIVE ASSESSMENT AND ALIGNMENT

Initiative Name: Technology Modernization

Initiative Description: Move tax-related systems to new technologies to increase the efficiency and effectiveness of related business processes, including registering, filing and paying returns, providing refunds, collecting delinquent revenue and auditing taxpayers. Taxes collected by the Comptroller's office are the primary source of revenue for funding programs across the state.

Associated Projects: N/A

- Agency Objectives:*
- **Objective 1.1** – Guarantee that the accuracy rate on tax amounts reported by taxpayers does not fall below 97 percent on original audits; permit at least 2,000 non-permitted businesses operating in Texas each fiscal year; and guarantee that audits are efficiently performed with average dollars assessed to dollar cost of \$25 or higher, based on historical performance.

Strategy 1.1 – Maintain an ongoing program of audit and verification activities in support of improved tax compliance.
 - **Objective 1.2** – Average 269 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.

Strategy 1.2 – Improve voluntary compliance with tax laws by maximizing the efficiency of the delinquent taxpayer contact and collection program.
 - **Objective 1.3** – Obtain a 96 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.

Strategy 1.3 – Provide accurate and timely tax information to taxpayers, tax professionals, state officials, and the citizens of Texas.
 - **Objective 3.1** – Maintain the 10-day turnaround time required to generate taxpayer refunds; return monthly tax allocations to local jurisdictions in an average of 22 days; and maintain the average tax document processing time within established limits.

Strategy 3.1 – Provide for and improve the processing of tax and voucher data, collection and allocation of tax revenue and the disbursements of tax refunds.

Statewide Technology Priorities: P4 — Infrastructure
P5 — Legacy Applications
P6 — Mobility

- Guiding Principles:*
- Connect – expanding citizen access to services
 - Innovate – leveraging technology services and solutions across agencies
 - Trust – providing a clear and transparent accounting of government services and data
 - Deliver – promoting a connected and agile workforce

Connect: A major focus of this initiative is the development and expansion of self-service solutions for taxpayers, including a mobile application to provide these customers with greater access to information.

Innovate: The Comptroller's office is partnering with private businesses to examine the potential for developing applications for filing and paying taxes. One idea being reviewed is an application to guide taxpayers step-by-step through the filing process. In partnership with a private business, the Comptroller's responsibility would be to build an electronic interface between the application and the agency's systems.

Trust: The Comptroller's office continues to examine ways to improve transparency by providing access to historical returns and payment histories for taxpayers.

Deliver: The Comptroller's office utilizes the *Texas.gov* shared payment portal to process financial transactions.

Technology Initiative Assessment and Alignment (continued)

Anticipated Benefits:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Compatibility of processes with mobile devices
- Foundation for future operational improvements
- Compliance (required by state/federal laws or regulations)

The technology modernization initiative will continue to benefit the agency by creating operational efficiencies. New and enhanced Web applications will allow the public to file tax returns, view their own historical returns, make electronic payments and register for tax permits. Web applications reduce the time and cost required to process a return, payment or application. These systems also increase customer service since transactions are processed immediately and not delayed by postal delivery or in-house processing time. This effort will also allow for an increase in customers' ability to conduct business with the agency via mobile devices, such as smart phones or tablets. New applications will focus on being mobile friendly to further increase the number of services that are available to users who may not have access to a personal computer, but do have access to the Internet via a smart phone.

Capabilities or Barriers:

The agency's Integrated Tax System (ITS) lies at the core of the technology modernization effort. The initial phases of the initiative focused on providing immediate cost savings to the agency by offering online applications to the public. Later phases must address the replacement of ITS with either a custom in-house solution or a major purchase and subsequent customization of an off-the-shelf product. Existing workloads, shrinking staff and budget constraints will be the primary impediments to the replacement of this mission critical system.

Initiative Name: Statewide Enterprise Resource Planning (ERP)

Initiative Description:

Implement financial, human resources and payroll solutions for the state of Texas. ERP will create an opportunity for agencies and institutions of higher education to synchronize the flow of critical information and reduce costs.

Associated Project:

ProjectONE – In Progress

Agency Objectives:

- **Objective 2.1** – Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; ensure that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Act; facilitate the flow of financial resources in support of the state's fiscal functions by achieving a good or excellent rating in 98 percent of customers surveyed; and ensure 100 percent compliance with statutory mandates and deadlines.
Strategy 2.1 – Project, account, audit and report the state's receipts, claims and disbursements efficiently, accurately and timely; provide assistance and training to state agencies.
- **Objective 2.3** – Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.
Strategy 2.3 – Ensure that the state's assets, cash receipts and warrants are properly secured, processed, deposited and accounted for.
- **Objective 2.4** – Manage a statewide procurement system that ensures that the state receives quality, cost-effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses and providing support services to state agencies in a timely, cost-effective manner.
Strategy 2.4 – Provide statewide procurement and support services to state agencies and cooperative entities that ensure the receipt of quality, cost-effective goods and services and maximize competition while facilitating business opportunities for Historically Underutilized Businesses.

Technology Initiative Assessment and Alignment (continued)

Statewide Technology Priorities: P2 – Data Management
P4 – Infrastructure
P5 – Legacy Applications
P8 – Open Data
P9 – Security and Privacy

Guiding Principles:

- Connect – expanding citizen access to services
- Innovate – leveraging technology services and solutions across agencies
- Trust – providing a clear and transparent accounting of government services and data
- Deliver – promoting a connected and agile workforce

Connect: Many state agencies use manual or antiquated processes for ERP functions. Modern ERP solutions provide workflow automation that allows paper processes to be replaced with a more efficient electronic and automated process. In addition, self-service functionality allows managers and employees to perform their ERP-related assignments directly (e.g., tracking time and leave).

Innovate: The Comptroller’s office is implementing ERP solutions that are shared across multiple state agencies to make the solution more cost effective to maintain.

Trust: Having statewide financial data in a central repository, either through a shared system or enhanced reporting standards, allows for improved citizen transparency and management decision making.

Deliver: The Comptroller’s office is currently implementing Web-based ERP applications that can be accessed easily from multiple locations.

Anticipated Benefit(s):

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

Implementing financial, human resources and payroll solutions for the state of Texas will create opportunities for agencies and institutions of higher education to synchronize the flow of critical information and reduce costs. An ERP system will provide a more efficient data repository and reporting environment for agency information, with consistent data models and standards that will make it feasible to share information among agencies. It will also automate manual processes for calculating and running statewide and operational reports, as well as provide more extensive procurement information to assist with strategically obtaining better prices on future procurements.

Capabilities or Barriers: Moving from relatively basic legacy systems to a state-of-the-art ERP solution requires funding and dedicated resources. If consistent funding is not provided, progress toward this initiative will be significantly slowed.

Initiative Name: Security Modernization

Initiative Description: Enhance the Comptroller’s current network, system and data security posture by implementing several new technologies and strengthening current processes and procedures related to security.

Associated Project: N/A

Agency Objectives:

- **Objective 1.1** – Guarantee that the accuracy rate on tax amounts reported by taxpayers does not fall below 97 percent on original audits; permit at least 2,000 non-permitted businesses operating in Texas each fiscal year; and guarantee that audits are efficiently performed with average dollars assessed to dollar cost of \$25 or higher, based on historical performance.

Strategy 1.1 – Maintain an ongoing program of audit and verification activities in support of improved tax compliance.

Technology Initiative Assessment and Alignment (continued)

Agency Objectives:

- **Objective 1.2** – Average 269 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.
Strategy 1.2 – Improve voluntary compliance with tax laws by maximizing the efficiency of the delinquent taxpayer contact and collection program.
- **Objective 1.3** – Obtain a 96 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.
Strategy 1.3 – Provide accurate and timely tax information to taxpayers, tax professionals, state officials, and the citizens of Texas.
- **Objective 1.4** – Issue position letters in 85 percent of all cases within 90 days of receipt of the file in the Administrative Hearings Section.
- **Strategy 1.4** – Provide fair and timely hearings, represent the agency in administrative hearings on tax matters and provide legal counsel and research to the agency.
- **Objective 2.1** – Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; ensure that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Act; facilitate the flow of financial resources in support of the state’s fiscal functions by achieving a good or excellent rating in 98 percent of customers surveyed; and ensure 100 percent compliance with statutory mandates and deadlines.
Strategy 2.1 – Project, account, audit and report the state’s receipts, claims and disbursements efficiently, accurately and timely; provide assistance and training to state agencies.
- **Objective 2.2** – Ensure the effectiveness of the property value study in each scheduled school district by obtaining at least a 95 percent level of targeted Independent School Districts’ total value in which the Property Tax Assistance Division met the target margin of error.
Strategy 2.2 – Fulfill tax code and education code mandates by conducting an annual property value study; providing technical assistance; and reviewing appraisal methods, standards and procedures.
- **Objective 2.3** – Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.
Strategy 2.3 – Ensure that the state’s assets, cash receipts and warrants are properly secured, processed, deposited and accounted for.
- **Objective 2.4** – Manage a statewide procurement system that ensures that the state receives quality, cost-effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses and providing support services to state agencies in a timely, cost-effective manner.
Strategy 2.4 – Provide statewide procurement and support services to state agencies and cooperative entities that ensure the receipt of quality, cost-effective goods and services and maximize competition while facilitating business opportunities for Historically Underutilized Businesses.
- **Objective 3.1** – Maintain the 10-day turnaround time required to generate taxpayer refunds; return monthly tax allocations to local jurisdictions in an average of 22 days; and maintain the average tax document processing time within established limits.
Strategy 3.1 – Provide for and improve the processing of tax and voucher data, collection and allocation of tax revenue and the disbursements of tax refunds.
- **Objective 5.1** – Attain highest ratings possible from those we serve as evidenced by feedback provided through surveys, cards or any other measuring device used in the agency.
Strategy 5.1 – Improve services delivered to our internal and external clients in support of the Comptroller of Public Accounts’ mission to serve the people of Texas

Technology Initiative Assessment and Alignment (continued)

<i>Statewide Technology Priorities:</i>	P4 – Infrastructure P9 – Security and Privacy
<i>Guiding Principles:</i>	<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce <p>Innovate: The Comptroller’s office will use best practices and best-of-breed technology to ensure data security.</p> <p>Trust: Improving the security controls at the agency will ensure our customers feel comfortable that their data is safe.</p>
<i>Anticipated Benefits:</i>	<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) <p>Security modernization at the Comptroller’s office will provide significant improvements and increase customer satisfaction. By reducing security vulnerabilities and improving the monitoring of agency data, the Comptroller’s office can assure customers their data is well managed.</p>
<i>Capabilities or Barriers:</i>	Current security capabilities are robust. The constantly changing landscape of security threats and vulnerabilities, however, always leaves room for improvements and modernization. The agency’s current position will be enhanced by updating and adding technology to guard against threats. Barriers to successful completion of these initiatives are funding and workforce skill sets. Skill set deficiencies are being addressed through training and the workforce is being supplemented by trained contract staff. This strategy allows for knowledge transfer to occur as the initiatives are implemented.

Initiative Name: Property Tax Enhancements

<i>Initiative Description:</i>	Rewrite and enhance several legacy systems used to prepare the annual Property Value Study (PVS). There are multiple systems utilized by the Property Tax Assistance Division. Many of the systems require manual workarounds to complete processing. This initiative will concentrate on rewriting and enhancing the most critical systems to increase efficiency and limit manual workarounds.
<i>Associated Project:</i>	N/A
<i>Agency Objective:</i>	<ul style="list-style-type: none"> • Objective 2.2 – Ensure the effectiveness of the property value study in each scheduled school district by obtaining at least a 95 percent level of targeted Independent School Districts’ total value in which the Property Tax Assistance Division met the target margin of error. • Strategy 2.2 – Fulfill tax code and education code mandates by conducting an annual property value study; providing technical assistance; and reviewing appraisal methods, standards and procedures.
<i>Statewide Technology Priorities:</i>	<ul style="list-style-type: none"> • P2 – Data Management • P5 – Legacy Applications
<i>Guiding Principle:</i>	<ul style="list-style-type: none"> • Connect – expanding citizen access to services • Innovate – leveraging technology services and solutions across agencies • Trust – providing a clear and transparent accounting of government services and data • Deliver – promoting a connected and agile workforce <p>Innovate: The Comptroller’s office will leverage new technology to update existing legacy applications.</p>

Technology Initiative Assessment and Alignment (continued)

Anticipated Benefit:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by state/federal laws or regulations)

This initiative will increase operational efficiencies by limiting manual processes and time consuming workarounds.

Capabilities or Barriers:

There are no current barriers impacting the completion of this project. The agency has sufficient knowledge and resource capability in-house.

Initiative Name: Procurement Enhancements

Initiative Description:

Implement enhanced procurement systems to improve customer satisfaction (state agencies and local governments) by making it easier to process purchase orders through statewide procurement systems and provide lower prices on strategically sourced state contracts.

Associated Projects:

N/A

Agency Objective:

- **Objective 2.4** – Manage a statewide procurement system that ensures that the state receives quality, cost effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses and providing support services to state agencies in a timely, cost-effective manner.

Strategy 2.4 – Provide statewide procurement and support services to state agencies and cooperative entities that ensure the receipt of quality, cost-effective goods and services and maximize competition while facilitating business opportunities for Historically Underutilized Businesses.

Statewide Technology Priorities:

- P4 – Infrastructure
- P5 – Legacy Applications
- P9 – Security and Privacy

Guiding Principles:

- Connect – expanding citizen access to services
- Innovate – leveraging technology services and solutions across agencies
- Trust – providing a clear and transparent accounting of government services and data
- Deliver – promoting a connected and agile workforce

Connect: Customers will have improved access to items available on state contracts and the ability to order those items online.

Innovate: The Comptroller’s office has partnered with *Texas.gov* to provide a self-funded solution for ordering items.

Trust: Texas citizens have access to see contract amounts and the cost for individual items purchased by state agencies, furthering the transparency effort. As new enhancements are implemented, state agencies will be able to see vendor and product reviews to ensure best value.

Deliver: The Comptroller’s office is currently implementing Web-based ERP applications that can be accessed easily from multiple locations.

Technology Initiative Assessment and Alignment (concluded)

Anticipated Benefits:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

This initiative will increase customer satisfaction by providing faster response time and reduced cycle times for more efficient processing. Software upgrades will provide enhanced security and ensure the most current version of the software is used.

Capabilities or Barriers:

There are no current barriers impacting the completion of this project. The agency has sufficient knowledge and resource capability in-house.

AGENCY STRATEGIC PLAN

For the Period 2013 - 2017

APPENDIX A

Agency Planning Process

AGENCY STRATEGIC PLAN

House Bill 2009, passed by the 72nd Legislature in 1991, required all state agencies to submit strategic plans to the Governor's Office and the Legislative Budget Board (LBB) by March 1, 1992. Phase I of the strategic plan included the development of an agency mission statement, philosophy, external and internal assessment and agency goals. Phase II, comprised of the agency's objectives, strategies, measures and appropriations request, was due by Oct. 1, 1992.

During the summer of 1991, each division submitted a business plan in conjunction with its annual budget request for fiscal 1992. While not directly linked to funding, the first business plans identified each division's mission and objectives and described what each division planned to accomplish over the following year. While divisions made a very good attempt, there was little uniformity or consistency at developing and outlining the plans across the agency. As with any first attempt, agency personnel gained valuable experience. This initial planning process provided a benchmark for future planning efforts and set the direction for general overall agency planning.

The development of the Comptroller's strategic plan required the involvement, cooperation and interaction of executive management, division managers, budget personnel and frontline employees. A Strategic Plan Task Force, consisting of employees throughout the agency, led the effort in developing the plan. Division business plans were used extensively in developing the agency mission, philosophy and goals. With the strategic planning effort, the agency's focus shifted to the longer term, emphasizing results and accountability.

Various elements were reviewed during the development of the plan including: strategic issues, trends analysis, performance measurement and external factors. Task force members met with several outside groups, including Xerox, IBM and EDS, to examine how other entities approach strategic planning and benchmarking. The group also met with the Assistant Director for Program Evaluation at the LBB to discuss the performance and workload aspects of the statewide strategic planning effort.

Once the group completed the mission statement, philosophy, external/internal assessment and goals for the agency, the document was distributed to customer groups for feedback and suggestions for improvement. Customer groups reviewing the plan included the Texas Association of Taxpayers, the Texas Association of Appraisal Districts, the Texas Municipal League, and Texas Commerce Bank. Responses were very positive.

In developing the objectives, strategies and related performance measures for the second phase of the plan, the task force determined that updated division business plans should form the basis of this effort. An outside consultant provided a two-day training session on the terminology and concepts involved in the development of outcome-based objectives, strategies and measures. Approximately 40 division managers and key personnel attended the training. More than 150 personnel attended training via a videotape of the training session.

Agency personnel primarily viewed performance measurement as a way to track output. With an emphasis on the development of a planning and budgeting system based

on performance, a shift in traditional focus and thinking was necessary. As divisions updated business plans for fiscal 1993, personnel struggled to incorporate the new concepts and develop outcome-based performance measures designed to show results. As a result of the training, divisions prepared more consistent and uniformly written business plans. From division business plans, the task force developed agency objectives, strategies and measures.

Over the ensuing years, the Comptroller's office has continued to work toward a comprehensive approach to planning, focusing on its missions, goals and objectives and establishing meaningful performance measures to report its progress toward those goals and objectives. When appropriate, refinements made to the statewide planning and budgeting system have been incorporated into the agency planning and budgeting system on a division-by-division basis.

INFORMATION RESOURCES (IR) STRATEGIC PLAN

Even before the statewide implementation of the Strategic Planning and Performance Based Budgeting system, the 71st Legislature enacted House Bill 2736, the Information Resources Management Act (IRMA) of 1989, which established a strategic, coordinated and cost-effective approach to the acquisition and use of information resource technologies in Texas state government. IRMA directed state agencies to plan and account for all IR expenditures and to submit *IR Strategic Plans*.

The requirement for a separate *IR Strategic Plan* has since been eliminated. The "Technology Initiative Assessment and Alignment," included as part of the *Agency Strategic Plan*, aligns technology initiatives to the agency's business needs and priorities and the strategies of the *State Strategic Plan for Information Resources Management*, prepared by the Department of Information Resources. Strategically aligning agency technology initiatives with statewide technology objectives drives economies of scale, increases interoperability among the state's information systems and promotes interagency collaboration.

Senate Bill 381, passed by the 73rd Legislature in 1993, amended House Bill 2736 to incorporate procedures for the appointment of an Information Resources Manager (IRM). At the Comptroller's office, the Director of Innovation and Technology serves as the agency's Chief Technology Officer (CTO) and oversees the planning, budgeting and monitoring of technology expenditures and projects. The CTO,

in carrying out these duties, ensures that business needs provide the driving force behind technology. Under the stewardship of the CTO, the Comptroller's office uses technological innovation to provide the citizens of Texas with the highest value for their tax dollars.

LEGISLATIVE APPROPRIATIONS REQUEST

The Budget and Internal Accounting division uses the *Agency Strategic Plan* and division business plans to develop the *Legislative Appropriations Request* (LAR). Funding by agency strategy allows the agency to express the priorities of the strategic plan in financial terms. Strategies, which are ways to accomplish key objectives, become the basic building blocks for the budgeting and expenditure of state funds.

It must be noted that the objectives, strategies and measures funded in the LAR relate specifically to the primary functions or areas of the agency (i.e., Audit, Enforcement, Revenue Processing, etc.). Administrative divisions such as Human Resources and Budget and Internal Accounting provide support for all primary functions or areas. The costs of administrative divisions are allocated to each agency strategy.

INTERNAL AUDIT

The Budget and Internal Accounting division has worked with the Internal Audit division to develop ties between the audit process, divisions' business plans and performance measurement. Internal Audit has incorporated use of the division business plans and performance measures in the process of evaluating the agency's efficiency, effectiveness and accuracy of operations. Performance measures are audited using the methodology developed by the State Auditor's Office.

In addition, Internal Audit, in coordination with Information Security and the Chief Privacy Office, utilizes an enterprise risk management (ERM) process to assess the areas of greatest risk in the agency. The ERM process identifies, assesses, controls and monitors operational and security risk in relation to the agency's strategic goals and objectives, including the assessment of risks and controls required to protect the agency and its assets. The information is gathered from all levels of the agency and kept in a repository for use by Information Security, Internal Audit and the Chief Privacy Office.

Results are used by Internal Audit to develop the agency's annual audit plan. Internal audits can then focus on evaluating and recommending ways to improve the effectiveness of risk management, control and governance processes.

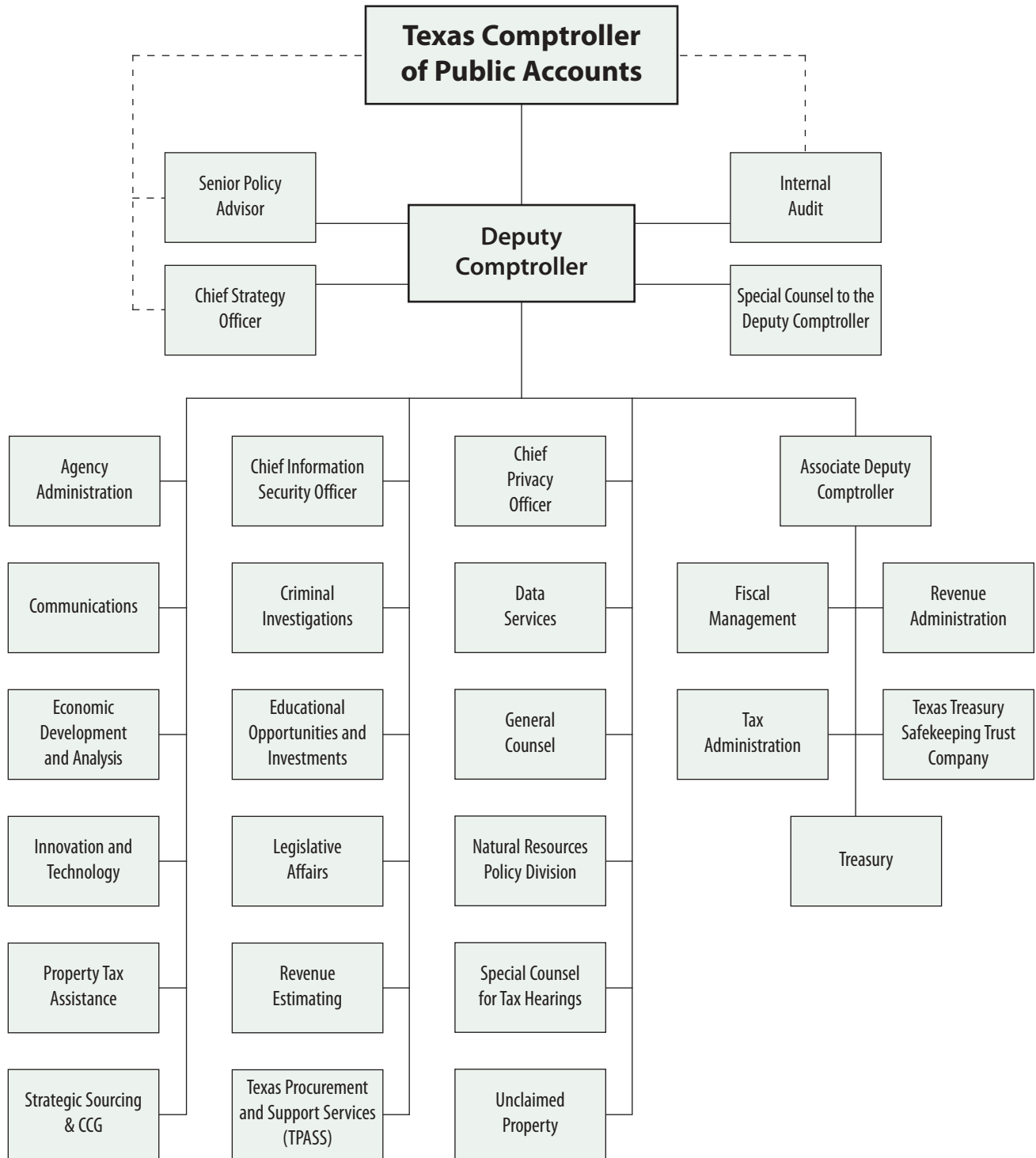
The cooperative effort between Budget and Internal Accounting and Internal Audit helps provide the agency with a reasonable assurance that controls exist to prevent or minimize disruptions to an area's key activities in the ongoing effort to improve agency performance and accountability.

THE FUTURE

Although the process continues to evolve, significant change and improvement has occurred since the first strategic plan was developed in 1992. The planning process continues to expand and improve with a renewed emphasis on the importance of management involvement in, and responsibility for, ensuring the integrity of reported data and the use of planning and performance measures as tools in obtaining results. Executive management has made it clear this responsibility rests directly with division directors and managers and cannot be delegated. Through executive leadership and the involvement of all divisions and, ultimately, the frontline employees, the agency is positioned to readily adapt to change and to focus on providing high-quality service to all customers, both external and internal, in the future.

APPENDIX B

Agency Organizational Chart



APPENDIX C

Projections of Outcomes for 2013–2017

Outcome	2013	2014	2015	2016	2017
Percent accuracy rate of reported amounts on original audits	97%	97%	97%	97%	97%
Number of non-permitted businesses permitted	2,000	2,000	2,000	2,000	2,000
Average turnaround time for closing delinquent and other accounts (days)	116	116	116	116	116
Average monthly delinquent and other account closure rate per Enforcement Collector	269	269	269	269	269
Percent of positive surveys received from attendees at taxpayer seminars	95%	95%	95%	95%	95%
Percent of favorable responses obtained to quality control surveys sent to taxpayers concerning speed and accuracy of information disseminated	92%	92%	92%	92%	92%
Percentage of all cases in which position letters are issued within 90 days of receipt of the file in the Administrative Hearings Section	85%	85%	85%	85%	85%
Percent of targeted state agencies with improved performance	80%	80%	80%	80%	80%
Percentage of proposed state expenditures guaranteed to be entirely supported by a valid revenue estimate before certification of the General Appropriations Act for the next biennium	100%	100%	100%	100%	100%
Average percent variance (plus or minus) between estimated and actual total revenue collections	+/- 2.67%	Na	+/- 2.54%	Na	+/- 2.41%
Percentage of Fiscal Management Division customers who return an overall customer service rating of good or excellent on the Fiscal Management Customer Service Survey	98%	98%	98%	98%	98%
Percent of payroll and retirement payments issued via direct deposit	90%	90%	90%	90%	90%
Percentage of scheduled Independent School Districts' total value in which Property Tax Assistance Division met the target margin of error	95%	95%	95%	95%	95%
Percentage of funds processed electronically	98%	99%	99%	99%	99%
Percent increase in dollar value of purchases made through the CO-OP Program	5%	5%	5%	5%	5%
Number of new HUBs certified	1,200	1,200	1,200	1,200	1,200
Presort and barcode savings achieved	\$322,037	\$322,037	\$322,037	\$322,037	\$322,037
Time required to generate taxpayer refunds (days)	10.0	10.0	10.0	10.0	10.0
Time taken to return tax allocations to local jurisdictions (days)	22.0	22.0	22.0	22.0	22.0
Average tax document processing time (hours)	90.0	90.0	90.0	90.0	90.0
State Energy Conservation Office					
Energy dollars saved as a percent of energy expenditures	21%	21%	21%	21%	21%
Energy dollars saved by LoanSTAR projects (in millions)	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0

APPENDIX D

Performance Measure Definitions

STRATEGY: ONGOING AUDIT ACTIVITIES

Measure:	Percent Accuracy Rate of Reported Amounts on Original Audits
<i>Short Definition:</i>	Percent accuracy rate is a comparison of the tax amounts reported from audited taxpayers to the tax amounts due as a percentage after verification through an audit.
<i>Purpose/Importance:</i>	Since we do thousands of audits a year, this measure helps provide some idea of the level of reporting accuracy of the taxpayer population. A decrease of even 1 percent could cost the state millions of dollars of timely reported tax revenue and may indicate trends in voluntary compliance.
<i>Source/Collection:</i>	Reported amounts are collected in each tax system, and audited tax information is from original audits and verifications on the Work Manager system.
<i>Method of Calculation:</i>	The measure is calculated by dividing the amounts reported from the audited taxpayers by the sum of the audited tax change and the amounts reported.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure:	Number of Non-Permitted Businesses Permitted
<i>Short Definition:</i>	A count of operating non-permitted businesses, which are identified and brought into compliance through permitting.
<i>Purpose/Importance:</i>	Helps to improve voluntary compliance, improves fair application of the tax laws to all business operators and preserves substantial sums of tax revenue for the state on the front end.
<i>Source/Collection:</i>	Data is obtained from the Work Manager system; the name of the report is BARTTPS.sql.
<i>Method of Calculation:</i>	The report BARTTPS.sql automatically sums the original Business Activity Research Team (BART) assignments where the TAX_SETU_CD = "Y" and the TAX_SETU_Dt is within the report period.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure:	Number of Audits and Verifications Conducted
<i>Short Definition:</i>	Any original verification of compliance or performance with laws and rules as conducted or provided by Audit Division staff.

<i>Purpose/Importance:</i>	To improve voluntary compliance with, and fair application of Texas' tax laws.
<i>Source/Collection:</i>	Data is gathered from three sources: an automated report entitled AWMVERS is obtained from the Work Manager system; manual data is obtained from the Business Activity Research Team; and the Project Manager of Unclaimed Property.
<i>Method of Calculation:</i>	The sum of audit and verifications data from the Work Manager system, Business Activity Research Team examinations and Unclaimed Property assignments conducted by contract examiners.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Non-Permitted Taxpayers Contacted Through Correspondence

<i>Short Definition:</i>	The number of non-permitted potential taxpayers who are identified and contacted through letters by the staff of the Business Activity Research Team (BART).
<i>Purpose/Importance:</i>	To improve voluntary compliance with, and fair application of Texas' tax laws.
<i>Source/Collection:</i>	Data is collected from an automated report entitled BART_CONTACTS.sql maintained on the Work Manager system.
<i>Method of Calculation:</i>	The measure is automatically calculated monthly by summing the number of original non-IRS BART assignments with first letter dates within the report period and the number of unique original IRS BART assignments with a generation date within the report period.
<i>Data Limitations:</i>	Due to IRS restrictions, some BART assignments are not entered into the Work Manager system until after the first letter date, so assignment generation is used instead. This results in a slight delay in the availability of data for this measure.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Hours Spent on Completed Refund Verifications

<i>Short Definition:</i>	Total hours spent on completed original refund verifications as input to the Work Manager system.
<i>Purpose/Importance:</i>	Hours represent time spent safeguarding the State from inaccurate or fraudulent refund of tax monies through taxpayer generated refund requests.
<i>Source/Collection:</i>	Data is obtained from a report entitled AWMREFS maintained on the Work Manager system.
<i>Method of Calculation:</i>	Mainframe program summarizes total hours on completed original refund assignments (WT03's).
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data relies on the integrity of a manual entry system. The risk of erroneous time accounting data is mitigated by regular management review of staff entries.
<i>Calculation Type:</i>	Cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Average Dollars Assessed to Dollar Cost	
<i>Short Definition:</i>	Auditor generated tax adjustments per dollar spent to generate them.
<i>Purpose/Importance:</i>	Efficiency measure representing the State's return in terms of auditor generated total tax adjustments as a ratio to the costs associated with generating those adjustments.
<i>Source/Collection:</i>	Dollars assessed data comes from the Work Manager system, the Business Activity Research Team and the Unclaimed Property Project Manager for dollars generated in their respective areas. Cost data is extracted from expenditure reports maintained on the agency's internal accounting system. This data is provided by Budget and Internal Accounting.
<i>Method of Calculation:</i>	Audits and verifications are obtained from the Work Manager system. The absolute value of both is totaled. Unclaimed Property assignment dollar figures are also totaled. All totals are summed. Cost data associated with field audit offices are summed. The sum of dollars assessed is divided by the sum of dollar-cost to arrive at this measure.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Percent of Audit Coverage	
<i>Short Definition:</i>	Annualized audit and verification completions as a percent of taxpayers eligible for audit.
<i>Purpose/Importance:</i>	The audit process establishes our regulatory presence with the taxpayer population thereby enhancing voluntary compliance by providing an incentive for accurate and timely reporting and payment of taxes collected.
<i>Source/Collection:</i>	Assignment summaries for audits and verifications from the Work Manager system are totaled. Examination summaries from the Business Activity Research Team are totaled. Assignment summaries from the Unclaimed Property Project Manager are totaled. These totals are summed. The automated inquiry MTIACT (or its equivalent) provides taxpayer counts.
<i>Method of Calculation:</i>	The sum of assignments for the Business Activity Research Team, Unclaimed Property and in the Work Manager system, are divided by the population of active and inactive taxpayers eligible for an audit during the time period in question. The inquiry MTIACT provides the taxpayer count.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: TAX LAWS COMPLIANCE

Measure: Average Turnaround Time for Closing Delinquent and Other Accounts (Days)

Short Definition: The average number of days it takes to close accounts (cases), beginning with when they are created on the agency's Work Manager (a mainframe inventory system) and ending on their closure date during the reporting period. The time an account is assigned to a private collection agency is not included in this measure.

Purpose/Importance: This measure provides an indication of the efficiency of the entire collection program, including initial taxpayer notification, taxpayer contact, collection activity and final resolution.

Source/Collection: The case closure (resolution) date for all accounts closed which were available for Comptroller collection activity during the reporting period, the date those cases were activated, and the number of cases closed during the reporting period are obtained from the agency's Work Manager.

Method of Calculation: Using the agency's Work Manager as the source of data, the average turnaround time is calculated by adding the number of days from case activation date to the case closure date for all cases closed which were available for Comptroller activity during the reporting period, and dividing the result by the total number of cases closed which were available for Comptroller activity during the reporting period. The number of days accounts are assigned to a private collection agency because they do not qualify for certification to the Attorney General is excluded from this calculation. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.

Data Limitations: Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Target or lower

Measure: Average Monthly Delinquent and Other Account Closure Rate Per Enforcement Collector

Short Definition: The average number of accounts (cases) closed per Enforcement collector (phone/field collector) per month.

Purpose/Importance: This measure gives an indication of the productivity of the division's collection staff as it relates to closing accounts.

Source/Collection: The number of cases closed by Enforcement collectors during the reporting period is obtained from the agency's Work Manager. Total enforcement minutes for field collectors are obtained from the agency time accounting system. Total enforcement minutes for phone collectors are obtained from the agency phone system and agency time accounting system.

Method of Calculation: This measure is calculated by dividing the number of cases closed by Enforcement collectors during the reporting period by the number of available collectors during the reporting period. The number of available collectors is calculated by adding total field collector enforcement minutes and total phone collector enforcement minutes for the reporting period, dividing the sum by the available work minutes (440 minutes) during a day and dividing the result by the number of working days in the reporting period. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.

<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data obtained from the agency time accounting system relies on the integrity of a manual entry system. The risk of erroneous agency time accounting data is mitigated by regular management review of staff entries.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Percent of Positive Surveys Received from Attendees at Taxpayer Seminars

<i>Short Definition:</i>	The number of positive surveys received at the end of taxpayer seminars, expressed as a percentage of all surveys received. Positive surveys are defined as a “yes” response to the question about the overall quality of the seminar.
<i>Purpose/Importance:</i>	This measure evaluates the perceived benefit of a critical customer outreach program. Data obtained from the surveys will also be used to assist with improving the overall customer service program of the division.
<i>Source/Collection:</i>	Survey results data are obtained from the division’s Taxpayer Seminar database after Headquarters staff enters response data.
<i>Method of Calculation:</i>	Using the Taxpayer Seminar database as the source of data, the number of positive surveys is divided by the total number of survey respondents to determine the percent of positive surveys. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of reported response data relies on the integrity of a manual entry system.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Field Office Service Area Evaluations Conducted

<i>Short Definition:</i>	The number of semi-annual evaluations of field office workload conducted by Enforcement Headquarters.
<i>Purpose/Importance:</i>	This measure accounts for a significant investment in staff resources used to determine workload efficiencies/inefficiencies and to prepare scenarios for affecting positive change in field resource allocation and office alignment within geographic areas.
<i>Source/Collection:</i>	Documentation of field office service area evaluations is maintained in Headquarters’ files for a minimum of four years.
<i>Method of Calculation:</i>	A manual count is taken of the total number of field service area evaluations conducted by Headquarters during the reporting period.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Taxpayer Contacts by a Call Center Collector Per Phone Hour	
<i>Short Definition:</i>	The average number of inbound and outbound telephone contacts per hour handled by call center collectors. Inbound calls primarily consist of delinquent taxpayers responding to collection notices and returning collection calls. Outbound calls are the result of call campaigns designed to initiate contact with taxpayers who have delinquent accounts with the agency.
<i>Purpose/Importance:</i>	This measure gives an indication of the productivity of the division's phone collection staff as it relates to making contact with delinquent taxpayers.
<i>Source/Collection:</i>	The total number of inbound and outbound calls handled, and the total sign-in time for all phone collectors, are obtained from the agency phone system.
<i>Method of Calculation:</i>	This measure is calculated by adding all inbound and outbound calls handled by call center collectors during the reporting period and dividing by the total sign-in time (minutes converted to hours) for all call center collectors during the period. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Taxpayer Seminars Conducted	
<i>Short Definition:</i>	The number of taxpayer seminars conducted during the reporting period. These seminars provide taxpayers with information regarding filing requirements, tax laws and rules and agency services.
<i>Purpose/Importance:</i>	This measure accounts for a significant investment of staff resources in a critical customer outreach program.
<i>Source/Collection:</i>	The number of taxpayer seminars conducted during the reporting period is entered on the division's Taxpayer Seminar database by Headquarters staff.
<i>Method of Calculation:</i>	Using the Taxpayer Seminar database as the source of data, this measure is the sum of taxpayer seminars conducted during the reporting period.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of seminar data relies on the integrity of a manual entry system.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Delinquent Taxes Collected Per Collection-Related Dollar Expended	
<i>Short Definition:</i>	The amount of delinquent tax dollars collected for every dollar expended by the division that has been allocated to collection activities.
<i>Purpose/Importance:</i>	This measure gives an indication of the rate of return for expenditures related to collection activities.
<i>Source/Collection:</i>	Data for this measure is obtained from the agency Work Manager (delinquent dollars collected), the Integrated Statewide Accounting System (ISAS-expenditure data), the agency phone system and agency time accounting system.
<i>Method of Calculation:</i>	Using the agency Work Manager, ISAS, the agency phone system and agency time accounting system as the sources of data, total delinquent dollars collected is divided by the sum of Enforcement division expenses attributed to collection activities in the field, total expenses attributed to the phone center and any fees paid to contracted private collection vendors. Enforcement division expenses attributed to collection activities in the field are calculated by office based on the ratio of enforcement hours to total hours for the reporting period. Headquarters' total expenses are allocated between the field and the phone center based on the ratio of field to phone center FTEs for the reporting period. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data for field collector enforcement hours relies on the integrity of a manual entry system, where field collectors enter their time allocation to an agency time accounting system. The risk of erroneous agency time accounting system data is mitigated by regular management review of staff entries. Further, the division is reliant on the accuracy and availability of expenditure data from ISAS.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Minimum Percent of Field Collector Time in the Field	
<i>Short Definition:</i>	The percent of a field collector's time that is spent conducting compliance activities in the field.
<i>Purpose/Importance:</i>	This measure is an indication of the percentage of time that is available to field collection staff for conducting compliance activities after accounting for required administrative, travel and in-office responsibilities. Time requirements are driven by staffing and workload.
<i>Source/Collection:</i>	Field collectors enter their daily time allocation on the time accounting system based on functions performed during the day.
<i>Method of Calculation:</i>	Using the agency time accounting system as the source of data, enforcement field hours (enforcement field and enforcement field travel) are divided by total enforcement hours (including enforcement field, enforcement field travel and enforcement office hours), to determine the percent of field collector time actually spent out of the office on compliance activities. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data for field collector work hours relies on the integrity of a manual entry system, where field collectors enter their time allocation to an agency time accounting system. The risk of erroneous agency time accounting system data is mitigated by regular management review of staff entries.

<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Total Delinquent Dollars Collected (In Millions)	
<i>Short Definition:</i>	The total delinquent dollars collected from all facets of the collection program, including the field, the phone center and any private collection vendors.
<i>Purpose/Importance:</i>	This is an explanatory measure that gives an indication of the final results of the collection program.
<i>Source/Collection:</i>	Delinquent dollars collected are obtained from the agency Work Manager.
<i>Method of Calculation:</i>	Using the agency Work Manager as the source of data, delinquent dollars collected are summed for the reporting period.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: TAXPAYER INFORMATION

Measure: Percent of Favorable Responses Obtained to Quality Control Surveys Sent To Taxpayers Concerning Speed and Accuracy of Information Disseminated	
<i>Short Definition:</i>	On each hard copy response, we include a hard copy customer survey. In each email response, we include wording inviting customers to complete our online customer service survey. The survey asks the taxpayer to agree or disagree with five short statements about their satisfaction with our service and provides room for comment. The responses are compiled and analyzed to determine the percentage of favorable responses.
<i>Purpose/Importance:</i>	This measure allows the division to determine the taxpayers' level of customer service satisfaction when they contact our office with tax policy questions and issues.
<i>Source/Collection:</i>	Information gathered from the questionnaires is maintained on our local area network (LAN).
<i>Method of Calculation:</i>	The percent equals the number of favorable responses divided by the total number of responses returned. Responses are defined as "agree," "disagree" and "not applicable." A favorable response occurs when the taxpayer selects "agree" in response to the statements in the survey.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Calls Handled by Tax Assistance Specialists	
<i>Short Definition:</i>	Number of calls handled captures the number of telephone inquiries regarding tax assistance that are handled by our Tax Assistance specialists. A call is considered handled when the caller is connected with a tax specialist.
<i>Purpose/Importance:</i>	This captures the total number of telephone inquiries handled by Tax Assistance specialists.
<i>Source/Collection:</i>	Information is captured electronically by the Cisco phone system.
<i>Method of Calculation:</i>	Calls handled are determined by subtracting the number of abandoned calls from the number of calls offered. A call is considered offered when it is accepted into the Cisco telephone system automated call distributor.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Total Number of Responses Issued by Tax Policy	
<i>Short Definition:</i>	This measure is the number of responses issued by Tax Policy Division. The responses are issued in order to answer correspondence assigned to the Tax Policy Division. The responses may be in the form of a letter, email, fax or telephone call.
<i>Purpose/Importance:</i>	This is a workload measure that tells us the total number of responses issued to taxpayers by Tax Policy.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager (AWM) System from a report entitled D35-02, Statistics of Completed Correspondence.
<i>Method of Calculation:</i>	The total number of responses is automatically calculated from a Statistics of Completed Correspondence report from the Agency Work Manager System.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Time Taken (In Work Days) to Respond to Correspondence Assigned to Tax Policy	
<i>Short Definition:</i>	This measure reflects the average time taken to issue a response to correspondence assigned to Tax Policy.
<i>Purpose/Importance:</i>	The information is important to the division in that we can determine from the total if we are responding to taxpayers in the required timely manner.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager (AWM) System from a report entitled D35-02, Statistics of Completed Correspondence.

<i>Method of Calculation:</i>	The average time taken (in work days) to respond to correspondence assigned to Tax Policy is automatically calculated from a Statistics of Completed Correspondence report from the Agency Work Manager system.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Average Number of Calls Handled Per Tax Assistance Telephone Specialist Per Work Day

<i>Short Definition:</i>	This measure is the average number of incoming calls handled on a daily basis by telephone specialists in Tax Assistance.
<i>Purpose/Importance:</i>	To provide accurate and timely tax information to taxpayers, tax professionals, state officials and the citizens of Texas and to promote voluntary compliance.
<i>Source/Collection:</i>	Information is obtained electronically from a Cisco Webview report.
<i>Method of Calculation:</i>	The measure is calculated by dividing the average number of calls handled per work day by the average number of tax specialists available per day. The average number of calls handled per day is determined by dividing the total number of calls handled each month by the number of work days in that month. The average number of tax specialists available per day is automatically calculated by a Cisco Webview report.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Percent of Responses Issued by Tax Policy Within 7 Working Days

<i>Short Definition:</i>	This measure reflects the percentage of responses issued by Tax Policy within 7 working days.
<i>Purpose/Importance:</i>	This measure reflects the percentage of correspondence assigned to Tax Policy to which a response was issued within 7 working days. It is our primary method of monitoring turnaround time.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager System Report ID-3503, Processing Time Percentages in Working Days.
<i>Method of Calculation:</i>	The percent of responses issued by Tax Policy areas within 7 working days is automatically calculated by running processing time percentages on the Agency Work Manager system.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Average Overall Monitoring Score for Tax Assistance Telephone Specialists	
<i>Short Definition:</i>	Telephone specialists in Tax Assistance are regularly monitored by their supervisors on how they handle phone calls based on predetermined criteria.
<i>Purpose/Importance:</i>	This measure assists in determining the quality and accuracy of the information being disseminated by the Tax Assistance telephone specialist.
<i>Source/Collection:</i>	The supervisors in Tax Assistance gather information on Tax Assistance telephone specialists. These statistics are calculated and maintained on a management summary file.
<i>Method of Calculation:</i>	The average is computed by adding together the weekly monitoring scores and dividing this number by the total number of weekly monitoring sessions for the month. The monitoring scores are computed by the supervisors in Tax Assistance and are determined by supervisors monitoring incoming phone calls and grading how these phone calls are handled based on predetermined criteria.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Taxpayers Participating in Independent Audit Reviews	
<i>Short Definition:</i>	The count of taxpayers who request and attend a meeting with an Independent Audit Reviewer.
<i>Purpose/Importance:</i>	Participation in an Independent Audit Review can reduce or eliminate the burdens and costs associated with participating in the hearings process for both the taxpayer and the State.
<i>Source/Collection:</i>	Reported monthly via email from the Independent Audit Reviewers and summarized on the general performance summary spreadsheet for that month and fiscal year.
<i>Method of Calculation:</i>	As reported monthly by the Independent Audit Reviewers, a count of the total number of taxpayers who request and attend (either in person or through a representative) a meeting with an Independent Audit Reviewer (IAR) concerning contested issues in their audit. The count of taxpayers participating would be taken from the “Independent Audit Review Report Form” issued by the IAR. If more than one taxpayer is represented at a conference, the count would reflect the actual number of taxpayers represented, even though only one conference and report form was generated. This is a manual count gathered on a monthly basis from the various IARs.
<i>Data Limitations:</i>	Often driven by complex, external factors such as taxpayer requests, consultant’s activities, tax law issues and rulings.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: TAX HEARINGS

Measure: Percentage of All Cases in which Position Letters are Issued Within 90 Days of Receipt of the File in the Administrative Hearings Section

Short Definition: A position letter analyzes and responds to the statement of grounds filed by the taxpayer when a hearing is requested. The position letter is considered issued when it is mailed.

Purpose/Importance: This measure indicates the percentage of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within the 90 working-day/135 calendar-day window, and it is important because it reflects how promptly taxpayer's objections are handled.

Source/Collection: Count the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within a reporting period and compare that number to the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within the 90 working-day/135 calendar-day window, and the percentage is reflected. Data is maintained within the Agency Work Manager (AWM). To obtain the percentage, the position letters' issue date must be within the parameters of the reporting period.

Method of Calculation: Using the AWM as the source of data, the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within 90 working days or less of the Administrative Hearings Section's receipt of the case is calculated, and this number is divided by the total number of position letters issued to arrive at the percentage. Ninety working days will be defined as 135 calendar days, excluding hold periods, which is a period of time during which action on a case is abated because of policy review, court action, bankruptcy and other considerations.

Data Limitations: The AWM has well-defined parameters and criteria for each reporting period.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Target or higher

Measure: Number of Position Letters Issued

Short Definition: A position letter (PL) analyzes and responds to the statement of grounds filed by a taxpayer when a hearing is requested. The PL is issued when it is mailed.

Purpose/Importance: This measure provides the total number of PLs issued each fiscal year by the Administrative Hearings Section, and it is important because it reflects the overall performance when compared with the number of hearings that taxpayers request.

Source/Collection: The total number of PLs issued is obtained through reports generated from the Agency Work Manager (AWM). The issue date of the PL, which is recorded in the AWM, must be within the parameters of the reporting period.

Method of Calculation: Using the AWM as the source of data, the number of PLs issued to taxpayers is calculated.

Data Limitations: The AWM has well-defined parameters and criteria for each reporting period.

Calculation Type: Cumulative

New Measure: No

Desired Performance: Target or higher

Measure: Average Length of Time (Work Days) Taken to Issue a Position Letter for All Cases Received by the Administrative Hearings Section

<i>Short Definition:</i>	A position letter (PL) analyzes and responds to the statement of grounds filed by a taxpayer when a hearing is requested. The PL is considered issued when it is mailed.
<i>Purpose/Importance:</i>	This measure averages the number of work days that it takes the Assistant General Counsels to issue PLs in all cases after the Administrative Hearings Section receives the request for a hearing. It is important because it reflects how promptly taxpayer's objections are handled.
<i>Source/Collection:</i>	PL issue dates of all cases are entered into the Agency Work Manager (AWM) daily. An AWM report determines the number of PLs issued within the parameters of the reporting period, counts the number of days (excluding hold periods) between the date on which the Administrative Hearings Section received the case, and the date on which the PL was issued, and then averages the length of time taken by the Assistant General Counsels to issue PLs in all cases during the reporting period. Data is maintained within the AWM, and the PL issue date must be within the parameters of the reporting period.
<i>Method of Calculation:</i>	Using the AWM as the source of data, the number reflects the average count of working days from when the Administrative Hearings Section receives a case file and when a PL is issued in the case, excluding hold periods. A hold period is the period of time during which action on a case is abated because of policy review, court action, bankruptcy or other considerations.
<i>Data Limitations:</i>	The AWM has well-defined parameters and criteria for each reporting period.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Number of New Requests for Hearings Received in Administrative Hearings Section

<i>Short Definition:</i>	Using the Agency Work Manager (AWM) as the source of data, the number of new requests for hearings received in the Administrative Hearings Section is calculated.
<i>Purpose/Importance:</i>	This measure counts the number of new cases that enter the Administrative Hearings process, and when added to the number of cases that are already in the process, the Administrative Hearings Section (AHS) is able to determine the average number of cases that are assigned to its Assistant General Counsels. By review of the new requests for hearing, AHS managers can determine the types and complexity of cases that enter the process.
<i>Source/Collection:</i>	Count the total number of new hearings that AHS receives during a reporting period. The data is maintained within the AWM, and a new hearing must be received during the parameters of the reporting period to be reflected on the AWM report.
<i>Method of Calculation:</i>	Using the AWM as the source of data, the number of new requests for hearings that AHS receives is calculated.
<i>Data Limitations:</i>	The AWM has well-defined parameters and criteria for each reporting period.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

STRATEGY: ACCOUNTING/REPORTING

Measure: Percent of Targeted State Agencies With Improved Performance

Short Definition: The percent of targeted state agencies and institutions of higher education, which, over the course of the year, improve their performance in selected areas from the previous fiscal year.

Purpose/Importance: This measure is intended to gauge Fiscal Management Division's performance in providing information and assistance to state agencies regarding applicable statutes, administrative rules and guidelines.

Source/Collection: Prior to the beginning of the fiscal year, the division will review data that contains relevant information about each agency. Areas of focus may include, but are not limited to, late interest paid, number of warrant cancellations, number of Letters of Authorization (LOAs), ITV payments, callbacks, cancellations, contractual agreements, bailment contract violations, etc. Based on this review, the division will identify poorly performing areas and select a group of agencies to apply appropriate strategies (training, one-on-one meetings, etc.) to improve their performance. The targeted agencies' initial performance level will be used to gauge improvement at year end.

Method of Calculation: A spreadsheet will track performance of selected state agencies and areas of focus each year. Although the targeted agencies and areas of focus may change from year to year, the method for calculating the percent of targeted agencies with improved performance will remain the same from year to year. It will consist of: 1) Prior to the beginning of the fiscal year, poorly performing specific areas will be selected for analysis and tracking; 2) A group of poorly performing state agencies will be targeted for appropriate strategies (training, etc.); 3) These targeted agencies' performance will be tracked throughout the year to see if the chosen strategies are improving performance; 4) At year end, the division will extract performance results and compare to the beginning of the fiscal year to determine if performance improved in any of the focus areas; and 5) Total number of agencies with improved performance divided by total targeted agencies equals percent of targeted state agencies with improved performance.

Data Limitations: None

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Target or higher

Measure: Percentage of Proposed State Expenditures Guaranteed to be Entirely Supported by a Valid Revenue Estimate Before Certification of the General Appropriations Act for the Next Biennium

Short Definition: The total percentage of all program costs in the General Appropriations Act and other legislation containing appropriations that are supported by estimated revenues.

Purpose/Importance: Demonstrates whether proposed appropriations are supported by the Comptroller's revenue estimates.

Source/Collection: Bills are reviewed by Legislative Affairs and forwarded to divisions to identify those that generate revenue or appropriate expenditures. All identified bills are forwarded to the Appropriations Control section of Fiscal Management where a manual "costing" process is applied to each bill.

Method of Calculation: This measure is calculated by dividing the total revenue estimate by total program costs in the General Appropriations Act and other appropriation bills.

Data Limitations: Revenue Estimating Division estimates revenue used in the calculation.

<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure:	Average Percent Variance (Plus or Minus) Between Estimated and Actual Total Revenue Collections
<i>Short Definition:</i>	The difference between estimated revenues in the General Revenue Fund for a 3-year period covered by the Biennial Revenue Estimate (BRE) or Certification Revenue Estimate (CRE) and the actual General Revenue Fund revenues (for the same 3-year period). Either the post-session Certification Revenue Estimate (CRE) or the earlier pre-session BRE, depending upon the actions of the Legislature, will be the basis from which to compare the estimated revenue for the upcoming biennium with the actual revenue for the biennium.
<i>Purpose/Importance:</i>	As directed by the State Constitution (Article III, Section 49a), the Comptroller must provide the Legislature and the Governor with a Biennial Revenue Estimate (BRE) at the beginning of each legislative regular session. The BRE contains a forecast of all state revenues expected for the remainder of the current fiscal year in which the BRE is prepared, along with revenues for the upcoming biennium for which the Legislature will be preparing a budget, a total of 3 fiscal years. The Comptroller also must certify that there will be sufficient revenue to cover the state budget as passed by the Legislature before the appropriations bill is sent to the Governor.
<i>Source/Collection:</i>	This figure is obtained from reports produced using computer programs maintained by the Revenue Estimating Division. Note that the estimated and actual figures are only for unappropriated General Revenue Fund revenues, and that some General Revenue Fund balances are not included in funds available for certification (such as gross lottery proceeds and oil overcharge receipts) because they are not available for general purpose appropriations.
<i>Method of Calculation:</i>	The average percent variance is computed by taking the difference between estimated revenues in the General Revenue Fund for the 3-year period covered by the BRE or CRE and the actual General Revenue Fund revenues (for the same 3-year period), and dividing by the actual revenues. Revenue Estimating staff maintains programs which compile the necessary statistics from the agency's accounting databases.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure:	Percentage of Fiscal Management Division Customers Who Return an Overall Customer Service Rating of Good or Excellent on the Fiscal Management Customer Service Survey
<i>Short Definition:</i>	This number represents the number of users who returned a good or excellent rating for the overall customer satisfaction question on the customer service survey expressed as a percentage of the total surveys returned.
<i>Purpose/Importance:</i>	This measure provides an indication of the level of customer service provided by Fiscal Management staff and identifies any areas that may need improvement or enhancement.
<i>Source/Collection:</i>	Customer service surveys returned from all state agencies annually.

<i>Method of Calculation:</i>	This measure is calculated by taking the total number of good or excellent customer responses to the Overall Satisfaction survey question and dividing this total by the total number of surveys returned.
<i>Data Limitations:</i>	None. Note: Customer service surveys are well defined, but are dependent on a successful return rate from the customer.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Percent of Payroll and Retirement Payments Issued Via Direct Deposit

<i>Short Definition:</i>	The percent of payroll and retirement payments issued via direct deposit.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and measure the relationship between payroll and retirement payments made through Direct Deposit and the total number of payroll and retirement payments.
<i>Source/Collection:</i>	Data is collected using reports produced by the statewide accounting systems (USAS, USPS, SPRS) that generate payroll and retirement payments, both warrants and direct deposits. "A" is defined as the total number of payroll and retirement warrants issued. "B" is defined as the total number of payroll and retirement payments issued via direct deposit.
<i>Method of Calculation:</i>	$B \text{ (total payroll and retirement direct deposits) divided by } C \text{ (total payroll and retirement payments) = } D \text{ (percent of payroll and retirement payments issued via direct deposit). } C \text{ is defined as } A \text{ (total payroll and retirement warrants) + } B \text{ (total payroll and retirement direct deposits).}$
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher

Measure: Number of Financial Reports Published by Their Statutory Deadlines

<i>Short Definition:</i>	The Cash Report and the CAFR are published by their due dates if they are published by the first Monday in November and the last day of February, respectively.
<i>Purpose/Importance:</i>	The purpose of this measure is to ensure the division meets the due dates of these statutory reports.
<i>Source/Collection:</i>	A manual record maintained by the division of the dates of delivery of statutory reports.
<i>Method of Calculation:</i>	A sum of the number of financial reports published by the statutory deadlines.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Texas Economic Update Reports Published Each Fiscal Year	
<i>Short Definition:</i>	Texas economic update reports contain the results of the most recent state economic forecast and the latest economic indicators for a readership interested in detailed economic information. The reports may also contain articles that analyze current economic or demographic topics and appendices with numerous detailed economic and demographic tables and figures.
<i>Purpose/Importance:</i>	Each economic update provides an analysis of current state economic conditions, results from the latest state economic and demographic forecasts, articles on major industries in Texas or other issues relevant to the economy and an appendix with detailed economic and demographic data. The process of developing written analyses of these forecasts, along with the feedback received from readers, helps the Division in evaluating its forecasting work. These reports also serve as vehicles for disseminating useful information to interested parties in the state.
<i>Source/Collection:</i>	A manual count of the number of reports produced in each fiscal year is maintained by the agency's publications section.
<i>Method of Calculation:</i>	The reported number of economic update reports in a fiscal year is the sum of a manual count maintained by the agency's publications section.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Total Number of Payments (Excluding WES Child Support Warrants) Issued	
<i>Short Definition:</i>	The total number of payments issued is the total of all payments issued via warrants (except WES Child Support warrants) and payments issued via direct deposit.
<i>Purpose/Importance:</i>	This measure is used to monitor the total number of all payments issued by warrants and direct deposit. It is important because it allows us to make projections in terms of quantities of supplies (warrant stock) and staff required for warrant distribution and administration.
<i>Source/Collection:</i>	Data is obtained using reports produced by the statewide accounting systems (USAS, USPS, SPRS) that generate payments, both warrants and direct deposit transactions. "A" is defined as the total number of warrants generated, including manual Expedite warrants, but excluding WES Child Support warrants. "B" Is defined as the total number of payments issued via direct deposit. "C" is defined as the sum of "A" (warrants) + "B" (direct deposits) for the total number of payments issued.
<i>Method of Calculation:</i>	$A \text{ (total warrants)} + B \text{ (total direct deposits)} = C \text{ (total number of payments issued)}$.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Post-Payment Audit Reviews Completed	
<i>Short Definition:</i>	The measure is the quantity of state agency post-payment audits completed each fiscal year.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and monitor the post-payment audits in the division audit plan.

<i>Source/Collection:</i>	The source documents used to collect the data are the final audit reports sent to state agencies.
<i>Method of Calculation:</i>	The total of all final audit reports sent to state agencies each fiscal year. This data will be tracked by the Expenditure Audit Section.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Percentage of Ad Hoc Report Requests Responded to Within 10 Working Days in Compliance With the Texas Public Information Act

<i>Short Definition:</i>	Percent of ad hoc report requests from the State Government Accounting systems responded to within 10 working days in compliance with the Texas Public Information Act. The response may include a completed report or written acknowledgement that the request has been received.
<i>Purpose/Importance:</i>	This measure provides an indication of the responsiveness of Fiscal Management staff in generating a response to ad hoc report requests, compliance with the 10 day mandate and resource requirements needed to perform the function.
<i>Source/Collection:</i>	All ad hoc requests are logged into the Open Records Tracking System. Statistics can be obtained from this system, including percentage of requests responded to within 10 working days.
<i>Method of Calculation:</i>	The percentage will be calculated by using the total number of ad hoc report requests responded to within 10 working days divided by the total number of ad hoc report requests received.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of WES Child Support Payments Issued

<i>Short Definition:</i>	The total number of payments issued is the total of all WES Child Support payments issued through warrants by the OAG.
<i>Purpose/Importance:</i>	This measure is used to monitor the total volume of the Office of Attorney General's Child Support payments issued through warrants. It is important because it allows us to make projections in terms of quantities of supplies (warrant stock) and in terms of staff required for warrant distribution and administration.
<i>Source/Collection:</i>	Data is collected from the daily USAS report DAFR3641, Payment Number Assignment Summary.
<i>Method of Calculation:</i>	Sum the number of WES Child Support payments listed on each daily DAFR3641 for the reporting period.
<i>Data Limitations:</i>	The number of WES Child Support payments is based on the volume of payments the Office of the Attorney General transmits to us for payment. The overall volume of activity is not within our control.
<i>Calculation Type:</i>	Non-cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

STRATEGY: PROPERTY TAX PROGRAM

Measure:	Percentage of Scheduled Independent School Districts' Total Value in which PTAD Met the Target Margin of Error
<i>Short Definition:</i>	The percentage of total value determined by the Property Value Study (PVS) with an actual margin of error at or less than 5 percent. Each ISD's margin of error is determined by employing standard statistical methods that consider sample variability for weighted mean ratios.
<i>Purpose/Importance:</i>	To measure the precision of the Property Value Study (PVS) conducted by the Property Tax Assistance Division.
<i>Source/Collection:</i>	The ratios are calculated and maintained on the Property Tax System (PTS) mainframe system.
<i>Method of Calculation:</i>	A sum of the total value of all scheduled ISD studies where the actual margin of error is at or below the targeted margin of error divided by the total value of all scheduled ISD studies (95 percent of the total ISD value studied). This quotient is then multiplied by 100.
<i>Data Limitations:</i>	Availability of sales data from County Appraisal Districts (CADs) and Multiple Listing Service (MLS) real estate data. Affected by CAD performance. CADs with very poor performance may require unattainable sample size.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure:	Number of Properties Included in the Property Value Study
<i>Short Definition:</i>	The total number of property value ratios (i.e., actual comparisons of CAD tax roll values in a given ISD to PTAD researched market sales and/or appraised values) included in the "current" PVS for the purpose of determining ISD taxable values for certification to the Texas Education Agency (TEA) in July. The number does not include any sales gathered that are not included in the annual PVS.
<i>Purpose/Importance:</i>	Necessary for completion of statutorily mandated annual Property Value Study.
<i>Source/Collection:</i>	The Property Value Study (PVS) systems are the source of actual property value and appraisal information. The monthly totals obtained from those systems are compared with the County Appraisal District (CAD) tax roll values.
<i>Method of Calculation:</i>	The number is calculated by summing the number of comparisons used in the PVS.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Public Outreach Activities Conducted Annually	
<i>Short Definition:</i>	The number of property tax related public outreach activities conducted, including publications (written or updated for distribution), webinars, live seminars, training opportunities, and public presentations to taxpayers, appraisal districts, taxing jurisdictions, other property tax professionals, state officials, the media and the public.
<i>Purpose/Importance:</i>	Provides vital information concerning property tax data to interested parties.
<i>Source/Collection:</i>	Division maintains files of completed publications, webinars, training sessions, seminars and other outreach activities.
<i>Method of Calculation:</i>	Manual summation of the number of public outreach activities.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Cost of Staff Changes to Certified Preliminary Findings Expressed as a Percentage of Total Cost	
<i>Short Definition:</i>	The average cost of staff changes to certified preliminary findings expressed as a percentage of total cost.
<i>Purpose/Importance:</i>	Efficient use of division resources based on cost of corrections after preliminary certification.
<i>Source/Collection:</i>	Direct costs consist of the following: staff salaries from sections within PTAD, i.e. Field Studies (100%), Analysis and Intake Area (100%), and Administration (50%), division travel costs (70%); and data purchases. Direct cost is based on expenses at the end of the fiscal year. Indirect costs of mainframe support and miscellaneous administrative expenses are excluded. Salary, travel and contract appraiser expenses are maintained by the Budget and Internal Accounting Division. PTAD maintains computer files of property value comparisons (or ratios) included in the annual Property Value Study. The cost per correction is estimated at 50 percent of the average cost of a sample.
<i>Method of Calculation:</i>	This number is equal to the total direct annualized costs of the initial certified Property Value Study (PVS) findings divided by the total cost of the certified findings plus the cost of the amended certified findings minus one.
<i>Data Limitations:</i>	The cost per amended preliminary finding is difficult to track and weigh. Using 50 percent of the total cost per parcel is based on management experience with the PVS over the past twenty years.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Percentage of Independent School District Reports of Property Value Produced Electronically from Central Appraisal District (CAD) Appraisal Roll Data	
<i>Short Definition:</i>	The percentage of ISD Reports of Property Value accepted and produced electronically from CAD appraisal roll data.
<i>Purpose/Importance:</i>	Electronic data submission by CADs improves the efficiency of the Property Tax Assistance Division (PTAD) staff by saving the amount of keystrokes required and by limiting data entry error.

<i>Source/Collection:</i>	CADs submit electronic tapes or paper reports by mail. Reports that cannot be produced from electronic appraisal rolls must be completed on paper forms by CADs, or ISDs within a CAD, and sent to PTAD.
<i>Method of Calculation:</i>	Manual summation of tapes of ISD Reports of Property Value accepted and produced electronically from CAD appraisal roll data is computed. The number of reports accepted from electronic appraisal roll data is then divided by the total number of reports processed for the annual Property Value Study (generally one per ISD). This quotient is then multiplied by 100.
<i>Data Limitations:</i>	Some CADs do not have the capability to produce appraisal roll data electronically.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Average Direct Cost Per Property Included in the Property Value Study

<i>Short Definition:</i>	The average total direct annualized cost of each property (value comparison or ratio) used in the annual Property Value Study (PVS).
<i>Purpose/Importance:</i>	Efficient use of budgeted funds.
<i>Source/Collection:</i>	Direct costs consist of the following: staff salaries from sections within PTAD, i.e., Field Studies (100%), Technical Properties (100%), Administration (50%), and Reporting (75%); division travel costs (90%); and data purchases. Direct cost is based on expenses at the end of the fiscal year. Indirect costs of mainframe support and miscellaneous administrative expenses are excluded. Salary, travel and contract appraiser expenses are maintained by the Budget and Internal Accounting Division. PTAD maintains computer files of property value comparisons (or ratios) included in the annual Property Value Study.
<i>Method of Calculation:</i>	This number is equal to the total direct annualized costs of the Property Value Study (PVS) divided by the total number of properties (property value comparisons or ratios) used in the annual PVS.
<i>Data Limitations:</i>	Dependent on number of parcels required. Not all data is available in electronic format at CAD offices. Rural areas have few sales to analyze and more properties must be appraised, which is more expensive. Some CADs may fail the property value study in their assigned year and must be included in the study for the following year. This may lead to variations in the sample size from year to year.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or lower

STRATEGY: TREASURY OPERATIONS

Measure: Percentage of Funds Processed Electronically

<i>Short Definition:</i>	Percentage of total monies processed electronically.
<i>Purpose/Importance:</i>	This measurement reflects the optimum method in which funds can be processed. EFT deposits received and electronic cash letters to banks ensure funds are available more quickly for investment purposes.

<i>Source/Collection:</i>	All deposits (checks and electronic) are captured in the check processing system. Reports are generated using the totals calculated by this system.
<i>Method of Calculation:</i>	The check processing system calculates the availability of funds for every deposited item based on schedules provided by clearing banks for electronic cash letters. The system also provides data to calculate the percentage of electronic transactions.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Rapid Deposit Transactions Processed

<i>Short Definition:</i>	Total number of transactions originated and received through: 1) Automated Clearing House (ACH) entries (includes credit card payments received); 2) Wire transfers received in the TEXNET program; and 3) Payments processed by the Lockbox area. An ACH transaction is considered processed when the ACH entry is successfully transmitted to or received from the bank and the appropriate deposit document is produced. A wire transfer is considered processed when notification of payment is received from the Texas Treasury Safekeeping Trust Company and a deposit document is produced. Lockbox transactions are considered processed when payments are processed by the Lockbox area.
<i>Purpose/Importance:</i>	This measurement reflects the results of the Banking and Electronic Processing (BEP) Division encouraging the use of innovative cash management (“rapid deposit”) programs that speed up the deposit of revenue so funds may be invested as soon as possible.
<i>Source/Collection:</i>	Reports to calculate the number of transactions processed come from the EFT/EDI system and lockbox applications.
<i>Method of Calculation:</i>	Reports from EFT/EDI systems and lockbox applications are manually entered onto summary spreadsheets that cumulatively total all transactions processed.
<i>Data Limitations:</i>	Some rapid deposit programs are required by statute, so their use is not solely the result of encouragement by the BEP Division. The BEP Division cannot encourage the use of Lockbox transactions due to constraints on number of staff persons.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Checks Deposited

<i>Short Definition:</i>	The total number of checks processed through the Banking and Electronic Processing Division for deposit to the state.
<i>Purpose/Importance:</i>	This measure is an indicator of the amount of work processed by the Check Processing staff.
<i>Source/Collection:</i>	A report, “Item Count Report - Checks and Warrants” produced by the Item Processing System, contains the number of checks deposited.
<i>Method of Calculation:</i>	The Item Processing System automatically counts the number of checks processed.
<i>Data Limitations:</i>	None

<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Warrants Processed	
<i>Short Definition:</i>	The total number of warrants processed. Warrants are considered processed when they are either paid or returned.
<i>Purpose/Importance:</i>	This measure is an indicator of the amount of work performed by the Warrant Section staff.
<i>Source/Collection:</i>	A monthly summary report, the “Item Count Report - Checks and Warrants,” containing the total number of warrants processed is produced by the Item Processing System.
<i>Method of Calculation:</i>	The Item Processing System automatically counts the number of warrants processed.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of State Depository Bank Account Reconciliations Performed	
<i>Short Definition:</i>	The number of state depository bank account reconciliations performed.
<i>Purpose/Importance:</i>	This measure indicates reconciliation workload volumes managed by Treasury Accounting personnel.
<i>Source/Collection:</i>	The CMD260 Report from the Cash Management System provides the number of Open Time Accounts (investment accounts). The Interactive Voice Response (IVR) System and the “missing statement” report from the Concentration System are netted to provide the number of reconciled monthly Concentration Accounts (field office accounts). An ad hoc report from the Cash Management System provides the number of NOW accounts (state’s operating accounts – interest earning accounts).
<i>Method of Calculation:</i>	NOW accounts are reconciled daily. The sum of NOW accounts reconciled daily is manually added to the number of Open Time accounts and Concentration accounts reconciled monthly to arrive at the total number of reconciliations performed monthly.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Daily Amount of Securities and Assets Safekept	
<i>Short Definition:</i>	The average daily amount of securities and assets safekept represents the sum of the average daily balances of agency investment securities safekept, securities held in trust for state agencies (e.g., Department of Insurance), and collateral pledged by financial institutions holding state deposits. These numbers do not include the value of items collected from bank safe-deposit boxes or stock certificates held in the vault for Unclaimed Property.

<i>Purpose/Importance:</i>	The average daily amount of securities and assets safekept is an important indicator of state agency and depository activity and helps in anticipating Securities Management’s workload.
<i>Source/Collection:</i>	Information used to calculate an overall average daily amount of securities and assets safekept is obtained from the operating systems used in daily processing.
<i>Method of Calculation:</i>	A calculation will be made using system generated data.
<i>Data Limitations:</i>	None. Note: The data is valid. The amount of securities and assets safekept, however, is determined by participating entities.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: PROCUREMENT

Measure: Percent Increase in Dollar Value of Purchases Made Through Term Contracts for the CO-OP Program Members

<i>Short Definition:</i>	The increase in dollar value of purchases made through term contracts for the Cooperative (CO-OP) Program compared to the dollar value of purchases made by the CO-OP members through term contracts in the previous (baseline) year.
<i>Purpose/Importance:</i>	The CO-OP Program expands availability of competitively bid goods and services to governmental entities such as cities, counties and school districts. Increasing the dollar value of purchases made through the CO-OP Program allows the state to maximize its volume buying power, resulting in lower costs to all state agencies. It also provides the CO-OP members with a cost-effective procurement mechanism.
<i>Source/Collection:</i>	TXSmartBuy Business Objects Spend Report.
<i>Method of Calculation:</i>	The increase in the dollar value of purchases made through the CO-OP Program on term contracts will be calculated as the difference between the dollar value of the purchases made in the current fiscal year and the dollar value of purchases made during the same reporting period in the previous fiscal year on term contracts. The increase in the dollar value of purchases will be divided by the total dollar value of the purchases to determine the percent increase in CO-OP purchases on term contracts.
<i>Data Limitations:</i>	Measure reporting is dependent on CO-OP members submitting term contract orders through the TXSmartBuy online statewide purchasing system, or reporting term contract orders when not using the system.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of New HUBs Certified

<i>Short Definition:</i>	Number of new HUBs certified during a reporting period.
<i>Purpose/Importance:</i>	Increasing the number of HUBs will increase state agencies’ and institutions of higher education’s ability to contract with HUBs. The number of new certified HUBs can best measure the program growth based on vendors that meet the certification criteria.

<i>Source/Collection:</i>	Cold Fusion System.
<i>Method of Calculation:</i>	The HUB program staff will set report parameters, with the actual report being generated from the Cold Fusion System.
<i>Data Limitations:</i>	Data is currently available on the Cold Fusion System.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Presort and Barcode Savings Achieved

<i>Short Definition:</i>	Report of the dollar value, expressed in thousands, of postage savings achieved for all classes of mail processed receiving postage discounts for presorting and/or bar coding.
<i>Purpose/Importance:</i>	Measures postage savings achieved for all classes of mail achieved by using presort and bar coding methods to process the mail.
<i>Source/Collection:</i>	Vendor invoices and current mailing rates.
<i>Method of Calculation:</i>	Volume information is calculated from vendor invoices. Savings are calculated by applying the contract costs to monthly volume and comparing it to the same volume at the full postage rate.
<i>Data Limitations:</i>	Mail volume is customer driven and postage rates are influenced by external factors.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of New and Renewed Statewide Volume Contracts Awarded

<i>Short Definition:</i>	The number of new and renewed statewide volume contracts awarded during the reporting period.
<i>Purpose/Importance:</i>	Statewide volume contracts allow the state to maximize the benefits of volume buying thereby increasing cost savings.
<i>Source/Collection:</i>	PeopleSoft System and Business Objects reports.
<i>Method of Calculation:</i>	Actual count of new and renewed statewide volume contracts awarded by the end of the reporting period.
<i>Data Limitations:</i>	Contingent on customer agencies' needs for common goods and services.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Solicitations Reviewed for Agencies and Delegated to Agencies

<i>Short Definition:</i>	The number of solicitations reviewed by TPASS staff and delegated to agencies for solicitation and contract award.
--------------------------	--

<i>Purpose/Importance:</i>	State agencies rely on TPASS procurement expertise to review and provide guidance on various procurement solicitations (RFPs, etc.) that are then returned to the agency for solicitation and award.
<i>Source/Collection:</i>	CATRAD Web-based system.
<i>Method of Calculation:</i>	Actual count of the total number of solicitations reviewed and delegated to agencies.
<i>Data Limitations:</i>	Contingent on customer agency requests for review of solicitations.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Contracts Awarded for Other State Agencies

<i>Short Definition:</i>	Number of solicitations reviewed and awarded for other state agencies.
<i>Purpose/Importance:</i>	Agencies rely on TPASS procurement expertise to award certain contracts procured through an RFP process.
<i>Source/Collection:</i>	PeopleSoft System and Business Objects reports.
<i>Method of Calculation:</i>	Actual count of the total number of contracts awarded for other agencies.
<i>Data Limitations:</i>	Contingent on expertise and requirements of customer agencies.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of New and Renewed Purchasing Certifications Issued

<i>Short Definition:</i>	The number of new and renewed purchasing certifications issued to purchasers through the Texas Purchaser Certification Program.
<i>Purpose/Importance:</i>	Measures the results of the Texas Purchaser Certification Program and the ongoing qualification of state purchasers through training, education and testing.
<i>Source/Collection:</i>	Internal certification tracking system.
<i>Method of Calculation:</i>	Actual count of the total number of purchasers receiving certification or recertification each reporting period.
<i>Data Limitations:</i>	Subject to agency requirements.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of HUB Field Audits Conducted

<i>Short Definition:</i>	A manual count of the number of field audits conducted of applicants and registered HUBs.
--------------------------	---

<i>Purpose/Importance:</i>	Field audits ensure vendors are in compliance with HUB certification requirements.
<i>Source/Collection:</i>	Cold Fusion System.
<i>Method of Calculation:</i>	Actual count of the number of field audits conducted during a reporting period.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of HUB Desk Audits Conducted

<i>Short Definition:</i>	A manual count of the number of desk audits conducted of applicants and registered HUBs.
<i>Purpose/Importance:</i>	Desk audits ensure vendors are in compliance with HUB certification requirements.
<i>Source/Collection:</i>	Cold Fusion System.
<i>Method of Calculation:</i>	Actual count of the number of desk audits completed during a reporting period.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of HUB Seminars and Outreach Efforts Conducted

<i>Short Definition:</i>	Measures the total number of statewide educational training/outreach seminars conducted for vendors and purchasers on an annual basis.
<i>Purpose/Importance:</i>	To provide HUBs and purchasers relevant information to increase the availability and utilization of HUBs in the state's procurement opportunities. HUBs are listed in the HUB directory and are encouraged to be listed on the Centralized Master Bidders List (CMBL).
<i>Source/Collection:</i>	TPASS maintains a database that tracks Economic Opportunity Forums (EOFs) and other HUB training and educational events. Outreach efforts include seminars, forums, one-on-one meetings, training and networking events. Tracking information includes the dates, locations, type of information provided and participation of vendors and state agencies.
<i>Method of Calculation:</i>	A sum of the number of seminars/outreach events conducted.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Pieces of Mail Processed

<i>Short Definition:</i>	The number of pieces of mail processed through TPASS postage meters.
--------------------------	--

<i>Purpose/Importance:</i>	TPASS provides the maximum available discount on postal rates. Providing this service to other state agencies will serve to reduce duplication of services by state government.
<i>Source/Collection:</i>	Mail is metered through TPASS postage meters. Piece volumes are automatically recorded on the CPA's Mail Management Software System.
<i>Method of Calculation:</i>	Sum the total number of pieces of mail processed through TPASS postage meters at the end of each reporting period.
<i>Data Limitations:</i>	Volume of mail metered is customer driven.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Business Days to Process Non-Delegated Open Market Requisitions from Client Agencies (Under Texas Government Code Annotated §2155.132) Using the Request for Proposals (RFP) Procurement Method

<i>Short Definition:</i>	The average number of business days needed by the Statewide Procurement Division to process individual agency requirements through the RFP procurement method for goods and services that are not available on term contracts or scheduled purchases.
<i>Purpose/Importance:</i>	Measure demonstrates and documents the efficiency of using the RFP procurement method to process larger open market purchases.
<i>Source/Collection:</i>	PeopleSoft System and Business Objects reports.
<i>Method of Calculation:</i>	All requisitions reported in the "final disposition" status during the month using the RFP procurement method are included. The program tracks the business days each open market requisition took to get to the final disposition status. Business days that are outside of TPASS jurisdiction (on hold for referral or additional detail) are not included. The report calculates the average business days by dividing the net business days in TPASS status by total number of requisitions using the RFP procurement method to arrive at the average business days to process these open market requisitions.
<i>Data Limitations:</i>	The processing of open market requisitions using the RFP procurement method may be affected by statutory posting requirements and addendums to solicitations.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Number of New HUB Applications Received

<i>Short Definition:</i>	Number of new HUB applications received during the reporting period.
<i>Purpose/Importance:</i>	Reporting the number of new HUB applications received will provide more planning information, i.e., level of resources vs. demand for service. In addition, it will provide the necessary information to derive the number/percentage of HUB denials.
<i>Source/Collection:</i>	Cold Fusion System.
<i>Method of Calculation:</i>	Electronically calculated based on information entered.

<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: REVENUE AND TAX PROCESSING

Measure: Time Required to Generate Taxpayer Refunds (Days)

<i>Short Definition</i>	This measure provides a monthly indicator of the average number of days to generate a taxpayer refund.
<i>Purpose/Importance</i>	Over 80 percent of refund requests for taxes administered by this agency are received, analyzed and submitted for processing by this division. Using data from the three taxes with the highest volume (Sales, Franchise and Fuels), this measure provides a barometer of the time it takes to review a potential refund and enter its approval/denial into the computer system. This indicator is important because tax refunds represent one of the three administrative areas of the division.
<i>Source/Collection:</i>	OTC and SAS reports are generated monthly for Sales, Fuels and Franchise Tax Overpayments, as well as Fuels Tax Refund Claims. The section responsible for these taxes extracts the appropriate information for each of the four components and reports it to the Operations Support (OS) section on its monthly MIS report. The OS section collates the data and makes the final calculation.
<i>Method of Calculation:</i>	For each of the four components of the measure, two pieces of information are reported: “numdays” – which is the number of days from the generation date of an overpayment notice (or the process date of a refund claim) to the release date of the notice or claim (note: numdays are counted only for those items released during the reporting period); and, “frequency” – which is the actual number of overpayment notices and refund claims released during the reporting period. The total of the “numdays” for each of the four components is then divided by the corresponding “frequency” total. The resulting quotient is the reported measure.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Time Taken to Return Tax Allocations to Local Jurisdictions (Days)

<i>Short Definition</i>	This measure determines the actual number of days between the current monthly sales tax return due date and the date the allocation payments are released to local jurisdictions.
<i>Purpose/Importance</i>	Tax allocation is one of the primary functions performed in this division. We have a responsibility to local jurisdictions to return local taxes collected in the most efficient and effective manner possible. This measure provides an indicator of how timely the allocation is returned.
<i>Source/Collection:</i>	The division utilizes a calendar to determine the number of days from the return due date to the date the payments are released.

<i>Method of Calculation:</i>	The number of calendar days is counted between the tax return due date to the date the allocation payments are released to local jurisdictions. The allocation warrants are released the second Friday of each month. An exception to the second Friday rule would occur if a state-observed federal banking holiday fell during the allocation week. In that case, allocation payments would be released the following Monday. The return due date is the 20th of each month unless it falls on a holiday or weekend, in which case the due date becomes the next business day. The target was derived by manually calculating the number of days between the return due dates to the date payments are released; adding the number of days between the return due dates and the payment release dates for a 12 month period; and dividing the number of days by 12 months. This calculation determines the average number of days to return tax allocation payments to local jurisdictions.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Average Tax Document Processing Time (Days)

<i>Short Definition</i>	The average tax document processing time is the average processing time in hours during both peak and non-peak processing periods, calculated from the time a tax document or return is received by the division until it is keyed into the tax systems. This average is based on a 24-hour day (including weekends and holidays).
<i>Purpose/Importance</i>	This measure captures the speed with which tax return information is updated to the tax systems. This information is necessary for accurate, up-to-date data accessibility for agency personnel to use while working with taxpayer accounts. In addition, this data is used in the allocation of tax monies to local tax entities and governmental agencies and used in forecasting the economic condition of the state.
<i>Source/Collection:</i>	A random sample of documents and tax returns received in the Incoming Mail area of Revenue Processing is compiled. The work is checked as entry is completed and the time to complete the work is compiled into a PC-based program maintained in the Operations Support area. The sample sheets are maintained on a PC-based program in the Operations Support area.
<i>Method of Calculation:</i>	Data queries are performed after entry and the turnaround time for the documents sampled is computed throughout the month. This information is entered into an Excel spreadsheet, which calculates the average turnaround time by taking the actual time it took to process each document divided by the total documents sampled to derive the turnaround time.
<i>Data Limitations:</i>	None. Data is collected from random samples. Data could be impacted by system downtimes and/or changes in agency-imposed tax.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or lower

Measure: Number of Tax Returns Processed

<i>Short Definition</i>	Number of Tax Returns Processed is a measure of documents identified as tax returns received from taxpayers, which are processed through agency systems.
-------------------------	--

<i>Purpose/Importance</i>	This measure is intended to show the number of tax returns processed by the agency in administering agency taxes. It is an important measure for determining staffing, system needs and effectiveness of administration.
<i>Source/Collection:</i>	All documents processed in the agency have a transaction code, which is captured at the source of entry or data capture. This code is maintained in a database along with the associated taxpayer information.
<i>Method of Calculation:</i>	A computer-generated register of transaction codes of documents identified as tax returns received from the taxpayer is compiled on the agency mainframe computer on a monthly basis. This register identifies all tax returns entered on a monthly basis and indicates the source of entry of the document. Additional registers and ad hoc reports are used to gather numbers of returns entered via electronic methods, such as WebFile and TELEFILE. All return totals are combined to arrive at the final result.
<i>Data Limitations:</i>	This measure allows for the collection of data of tax returns processed through all systems in the agency, both manual entry and through electronic means. This data is checked periodically for accuracy. Implementation of new data capture systems may change methodology and source data.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Payments Deposited

<i>Short Definition</i>	Number of Payments Deposited is the total number of checks, cash remittances and electronic payments deposited to the State Treasury by the agency. All payments processed in the agency have a transaction code, which is captured at the source of entry. This code is maintained in a database along with the associated taxpayer information.
<i>Purpose/Importance</i>	This measure provides information as to the effectiveness of the agency in processing tax receipts and maximizing interest to the state and in helping to determine the level of economic activity in the state.
<i>Source/Collection:</i>	The number of tax payments processed is captured off of a mainframe entry program, RMIXIS, through an automated program, ITIMS Proc, which captures both deposit and data entry information.
<i>Method of Calculation:</i>	A computer-generated register of transaction codes of documents identified as payments received from the taxpayer is compiled on the agency mainframe computer on a monthly basis. This register identifies all payments entered on a monthly basis and indicates the source of entry of the document.
<i>Data Limitations:</i>	This measure allows for collection of data of tax payments processed through all systems in the agency, both manual entry and through electronic means. This data is checked periodically for accuracy. Implementation of new data capture systems may change methodology and source data.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Permits and Licenses Issued

Short Definition This is the number of permits, decals and licenses verified and issued through Account Maintenance. Permits are issued for sales tax, fuels tax, tobacco tax and Maquiladoras. Licenses and decals are issued for amusement tax and IFTA.

Purpose/Importance A permit or license is required for doing certain types of business in the state of Texas which involve the collection of taxes.

Source/Collection: Permits and amusement license totals come from a TSO report entitled LBBPERM; totals for the remaining types are located on various reports maintained by the division.

Method of Calculation: The TSO program LBBPERM captures data from the Account Maintenance Division time accounting system. Accounts examiners working permits, decals or licenses allocate their time to a designated function code along with quantity processed for these tasks. Data from the time accounting system is summed.

Data Limitations: None

Calculation Type: Cumulative

New Measure: No

Desired Performance: Target or higher

Measure: Number of Taxpayer Account Adjustments

Short Definition The number of adjustments made to taxpayer accounts. Adjustments can be exceptions, adjustment notices and file maintenance entries to a taxpayer's account.

Purpose/Importance Corrections or updates are made to taxpayer accounts to ensure all data is current. Other areas of the agency, such as Enforcement and Audit, view this data via the mainframe system; taxpayer account information must be correct and current.

Source/Collection: Each accounts examiner processes exceptions, adjustment notices and file maintenance records and enters their time and the quantity of adjustments made to the time accounting system on a daily basis. A TSO program entitled LBBTAXES captures the data.

Method of Calculation: Totals are derived from information in the automated time accounting system function codes. A TSO program is submitted on a monthly basis giving the total number of exceptions, adjustment notices and file maintenance processed. These three totals are added.

Data Limitations: None

Calculation Type: Cumulative

New Measure: No

Desired Performance: Target or lower

Measure: Number of Collection Actions Performed

Short Definition Total number of collection actions performed in the division, including the number of hot check billings, liens filed, certifications filed with the Attorney General, judgments issued, bankruptcy claims filed, successor liability audits performed, security forfeitures, warrants held and determinations issued.

<i>Purpose/Importance</i>	Advanced collections make up approximately one-third of the overall division operations. A number of these collection processes have related expenses that must be included in our annual budget. Performance measures are maintained to assist in forecasting the associated costs.
<i>Source/Collection:</i>	The number of collection actions performed is either entered to the agency's time accounting system, obtained from other mainframe system-generated reports or maintained on a manual spreadsheet. This information is obtained on a monthly basis from each affected section.
<i>Method of Calculation:</i>	Monthly reports are utilized to gather the total number of actions performed in each category and are added together for a monthly grand total. Reports used are either mainframe system-generated or maintained on a manual spreadsheet. Mainframe system reports are supported by the Innovation and Technology Division and an in-house subject matter expert.
<i>Data Limitations:</i>	The Time Accounting System is used by all division employees to account for their time and inventory items cleared. We utilize this system for obtaining performance measure data, capturing the number of cleared inventory items and to assist us in workload management. In some instances we rely on other system-generated reports and manual spreadsheets to retrieve the reported data.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Number of Tax Refunds Issued

<i>Short Definition</i>	This measure counts the total number of tax and fee refunds processed through the Fund and Payment Reconciliations section of Revenue Accounting.
<i>Purpose/Importance</i>	This measure allows us to track the total number of tax refunds being issued each month, including those reviewed and processed outside the division. This is important in that it allows the division to track, with one number, the volume of tax refunds issued and to identify the impact of any refunds being processed outside the division.
<i>Source/Collection:</i>	A mainframe computer-generated report from the Uniform Statewide Accounting System (USAS) is received by the Fund and Payment Reconciliations section each month which details refunds issued. Adjustments are made to some figures by the section to account for manual adjustments not reflected in the report. Also, "refunds" issued for Unclaimed Property are deleted because they do not fall into the category of tax refunds. The report is then turned over to the Operations Support section along with other monthly MIS data from the section for the final calculations.
<i>Method of Calculation:</i>	The method of calculation is a straightforward sum. No formulas are applied in the process. From the report turned over to the Operations Support section, taxes and fees are grouped together and totaled for the division's internal MIS report. The grand total of these groups, exclusive of Unclaimed Property, represents the final reported measure.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Number of Staff Hours Spent Allocating Local Option Taxes to Government Entities

<i>Short Definition</i>	This measure indicates the total number of staff hours spent verifying and allocating local option taxes to government entities.
-------------------------	--

<i>Purpose/Importance</i>	We have a responsibility to local jurisdictions to return local taxes collected in the most efficient and effective manner possible. This measure provides an indicator of how many hours are spent analyzing data and processing necessary transactions prior to the release of the allocation.
<i>Source/Collection:</i>	This measure includes time spent allocating sales tax, mixed beverage gross receipts tax, hotel tax, the Law Enforcement Officers Standards and Education distribution to government entities and IFTA settlements between states. Hours also include the time spent on tasks directly affecting allocation such as reallocations, direct deposit, registers, election results, tax adoptions and annexations.
<i>Method of Calculation:</i>	Section monthly Time Accounting Reports are utilized to gather the total number of hours spent allocating local option taxes. Time Accounting is a mainframe system supported by the Innovation and Technology Division and an in-house subject matter expert.
<i>Data Limitations:</i>	The Time Accounting System is used by all division employees to account for their time and inventory items cleared. We utilize this system for obtaining performance measure data, capturing the number of cleared inventory items and to assist us in workload management.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Average Number of Hours to Deposit Receipts

<i>Short Definition</i>	This measure is intended to measure the effectiveness of depositing receipts, tax and fee payments, which are defined as checks received.
<i>Purpose/Importance</i>	This measure reflects the effectiveness of the agency in identifying and processing receipts from the public and maximizing interest revenue opportunities for the state.
<i>Source/Collection:</i>	A random sampling of receipt deposits is collected in the Incoming Mail Section. Key information (such as taxpayer number, tax type and payment amount) is received and recorded in a spreadsheet located on the division's departmental drive. This information is then checked against the RCS database located on the CLUSSQL/CLUSSQL server to determine the exact date and time of check entry and deposit.
<i>Method of Calculation:</i>	The average number of hours from the receipt of the payment in the Incoming Mail section through the remittance entry batch completion time is measured. The processing times for the samples taken are added together and this sum divided by the number of samples taken. This average is based on a 24-hour workday, seven days a week.
<i>Data Limitations:</i>	None. Data is collected from random samples. Data could be impacted by system downtimes and/or changes in agency-imposed tax. Implementation of new data capture systems may change methodology and source data.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Percent of Tax Payments Received Via Direct Deposit

<i>Short Definition</i>	The percent of all tax and fee payments processed by agency systems, which are remitted to the state via direct deposit or electronic funds transfer (EFT).
-------------------------	---

<i>Purpose/Importance</i>	Tax payments made via direct deposit or EFT are a more efficient means of processing state revenue, versus the handling of paper checks. Money is deposited into the treasury faster, which allows the state to immediately begin collecting interest on the funds deposited. Processing paper payments (checks), requires extensive handling of paper and creates “float time” from the time of deposit until the time the state is credited with the payment and interest begins to accrue. Direct deposit results in funds being immediately available to the state, while paper payments can take several days to deposit due to mail and agency handling times, resulting in delayed availability of funds to the state.
<i>Source/Collection:</i>	Data is collected through an automated remittance inquiry system (RMIXIS) on the agency’s mainframe computer. The Cashier’s Office in the Revenue Processing Division also issues a monthly report entitled “Cashier’s Statistics” reflecting this data.
<i>Method of Calculation:</i>	The percentage is calculated by dividing the total dollar amount of tax payments received via direct deposit by the total amount of tax payments received from all sources (paper and electronic).
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: STATE ENERGY CONSERVATION OFFICE

Measure: Energy Dollars Saved as Percent of Energy Expenditures	
<i>Short Definition:</i>	The percentage of state agency energy savings achieved by LoanSTAR participants as compared to energy expenditures.
<i>Purpose/Importance:</i>	This measure demonstrates the value of the LoanSTAR program in terms of return on investments.
<i>Source/Collection:</i>	Data is entered into an Excel database by the LoanSTAR Program Manager.
<i>Method of Calculation:</i>	Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update savings data. Stipulated savings are predetermined/estimated annual savings identified in a detailed energy assessment report of a particular facility. This data provides an annual consumption baseline, which is then used to determine if the energy savings are being achieved.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Energy Dollars Saved by LoanSTAR Projects (In Millions)	
<i>Short Definition:</i>	The total energy cost savings for the current fiscal year attributed to building energy retrofits implemented through the LoanSTAR Program.
<i>Purpose/Importance:</i>	This is a key measure that accounts for the total energy savings attributed to the LoanSTAR Program.
<i>Source/Collection:</i>	Savings data is entered into an Excel database by the LoanSTAR Program Manager.

<i>Method of Calculation:</i>	Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update savings data. Stipulated savings are pre-determined/estimated annual savings identified in the detailed energy assessment report of a particular facility. This data provides an annual energy consumption baseline, which is then used to determine if the energy savings are being achieved.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Active LoanSTAR Loans Processed and Managed by SECO

<i>Short Definition:</i>	The number of active LoanSTAR loans administered by the State Energy Conservation Office.
<i>Purpose/Importance:</i>	Loans in this category have been approved and are currently in some stage of completion between contract execution and final closeout.
<i>Source/Collection:</i>	Data is collected and entered into a program database (P.M. Loanstar Active Loans) by the LoanSTAR Program Administrator.
<i>Method of Calculation:</i>	The number of loans approved and in some stage of completion between contract execution and final closeout during the period being reported are manually summed based upon internal SECO documents. The number shown is an independent snapshot of activity for the time period being reported.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Energy Dollars Saved Per Dollar Spent for Energy Retrofit Programs

<i>Short Definition:</i>	Identifies the ratio between energy dollars saved by State Energy Conservation Office's (SECO's) institutional energy retrofit programs and the administrative dollars invested in program delivery.
<i>Purpose/Importance:</i>	The ratio established is critical in evaluating the overall administrative efficiency.
<i>Source/Collection:</i>	Data is entered into an Excel database by the LoanSTAR Program Manager.
<i>Method of Calculation:</i>	Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update savings data. Stipulated savings are predetermined/ estimated annual savings identified in the detailed energy assessment report of a particular facility. This data provides an annual energy consumption baseline, which is then used to determine if the energy savings are being achieved.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

APPENDIX E

Work Force Plan

I.

OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

The Texas Comptroller of Public Accounts, created by the Texas provisional government on Dec. 30, 1835, was directed to keep an accounting of the infant nation's debts and pay them if and when money became available. The office continued as an appointed position in the Republic of Texas and, after statehood, became an elected position authorized by Article IV, Section 23, of the Texas Constitution of 1850.

Today, the Comptroller's office serves virtually every citizen in the state. As Texas' chief tax collector, accountant, revenue estimator, treasurer and purchasing manager, the agency is responsible for writing the checks and keeping the books for the multi-billion dollar business of state government.

As chief financial officer, the Comptroller's office collects taxes and fees owed the state. Most of the office's duties and powers are enumerated in the Texas Tax Code and in Chapter 403 of the Texas Government Code. As guardian of the state's fiscal affairs, agencies depend on the Comptroller's office to pay their bills and issue paychecks to state employees. Legislators rely on the Comptroller to chart the course of the Texas economy, produce annual financial reports and estimate future state revenues. Local officials and businesses look to the agency for economic development guidance and data analysis. Taxpayers rely upon the agency for assistance and guidance regarding compliance with tax laws. Strict accountability in the collection and expenditure of taxpayer dollars is essential. All Texas residents depend on the agency to safeguard their tax dollars and ensure they are handled wisely.

Senate Bill 20, as passed by the 74th Legislature, amended Chapter 404 of the Government Code to transfer the powers and duties of the State Treasurer to the Comptroller, effective Sept. 1, 1996. As the state's cashier, the Comptroller's office receives, disburses, counts, safeguards, raises, records, allocates, manages and reports the state's cash. In addition, the Comptroller chairs the state's Treasury

Safekeeping Trust, which invests, manages and oversees close to \$43 billion in assets.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, amended various chapters of the Government Code to transfer the statewide procurement, fleet management, statewide historically underutilized businesses and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

The 81st Legislature charged the Comptroller's office with tracking the more than \$22.7 billion in stimulus funds flowing through the state's treasury. More than 80 state agencies and public institutions of higher education report weekly to the Comptroller's office on the amount of stimulus funding awarded and spent.

In addition, the State Energy Conservation Office was awarded more than \$290 million in stimulus funds from the U.S. Department of Energy to support energy efficiency and renewable energy initiatives through four different programs: the State Energy Program, Energy Efficiency and Conservation Block Grant Program, State Energy Efficient Appliance Rebate Program and the Energy Assurance Program.

The work of the Comptroller's office doesn't end there. Turning around and growing Texas' economy is vitally important to the prosperity and quality of life of all in the state. By assisting communities and businesses in their efforts to create new jobs and improve the standard of living, the Comptroller's office is committed to creating an environment in which a healthy economy can flourish. The agency provides services to business owners, business taxpayers, local officials, Historically Underutilized Businesses (HUBs) and everyday Texans. From online tax data and payment systems to Web pages that track how state government spends taxpayer dollars, the Comptroller's office provides vital information and data.

TAKING CARE OF TEXANS AND THE BUSINESS OF TEXANS

Business Owners and Business Taxpayers

The Comptroller's office supports Texas business owners with a variety of resources to help them get ahead. With online tax help, interactive Web tools for economic data and up-to-the-minute information on how proposed legislation could affect businesses, the Comptroller's office offers a tool for everyone.

- The Comptroller's *Window on State Government* website provides businesses with complete tax information and online tools that allow business owners and taxpayers to pay taxes, apply for a sales tax permit, download tax forms and register as a state vendor, all with a few mouse clicks. General information about state taxes, including relevant statutes, Comptroller rules and pre-printed tax-related forms can also be obtained online (www.window.state.tx.us).
- The *Texas EDGE* (Economic Data for Growth and Expansion) website allows users to tap into data and analysis for revenue planning, financial analysis, economic forecasting, site-location decisions and issues affecting trade, industry and growth. Up-to-the-minute reports on factors such as population and tax information for counties and other Texas areas can be created or custom economic research can be requested (www.window.state.tx.us/texasedge).
- The *Texas Ahead* website provides a comprehensive source of state economic information, including economic indicators and forecasts and in-depth reports (www.texasahead.org).
- For business owners interested in doing business with Texas, the Texas Procurement and Support Services Division manages the state's procurement and contracting programs and services. With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors. Businesses can register on the state's Centralized Master Bidders List to be notified of state bid opportunities (www.window.state.tx.us/procurement).
- *Where the Money Goes*, the Comptroller's award-winning transparency tool, can be used to identify opportunities to do business with the state through a review of state agency expenditures and vendors (www.texas Transparency.org).
- Telephone assistance for each of the taxes the Comptroller's office administers is provided and sales taxpayer-

ers can file certain reports via telephone — all of it toll-free. For face-to-face contact, any of the agency's field offices throughout Texas are open to visitors. Field personnel can accept tax returns and payments, assist with tax permit applications and returns, answer taxability and collection-related questions and process requests for the permits, licenses and decals the agency provides.

- Taxpayer seminars are offered at locations around the state and online to provide useful information for buyers, sellers and service providers.

Historically Underutilized Business (HUB) Owners

State agencies and universities are constantly looking to work with businesses certified as HUBs. The goal of the Comptroller's statewide HUB program is to actively involve HUBs in the Texas procurement process and ensure they receive a fair share of state business.

- Certifying minority- or women-owned businesses in the agency's program provides opportunities to do business with more than 300 state entities. The state awarded more than \$2 billion in contracts and more than \$877 million in subcontracting opportunities to HUB-certified companies in fiscal 2011.
- The agency's internal HUB program is ready to do business with all minority- or women-owned companies certified as HUBs. The HUB program offers a toll-free HUB Program Information line to obtain current bid opportunities and other information.

Local Officials

The Comptroller's office is committed to partnering with local governments by providing vital management assistance to help streamline operations, improve customer service and ensure compliance with state laws. The agency provides a wealth of online information for local taxing authorities, including local sales and use tax information and tax rate histories for each taxing jurisdiction, answers to frequently asked questions and historical information on local sales and use tax and mixed beverage tax allocation payments.

- The agency's TxSmartBuy initiative created an online shopping cart system that allows local governments to purchase goods and services from existing, prearranged state contracts. The system greatly simplifies the pur-

chasing process for hundreds of thousands of common items.

- The Texas Cooperative Purchasing Program (CO-OP) brings the volume purchasing power of Texas to more than 1,900 local government members. Member governments have access to more than 200 state contracts with no bidding required.
- Local governments can obtain up-to-date data for revenue planning and analysis, economic forecasting and site location decisions at the *Texas EDGE* Web page.
- Property tax advisory and monitoring services are provided by the agency's Property Tax Assistance Division. In-depth information on Texas' system of local property taxation, including explanations of exemptions and reporting requirements and advice on rights and remedies under Texas law, can be found online.
- The Comptroller's office oversees TexPool, a \$15 billion local government investment pool that serves more than 2,000 communities throughout the state. The TexPool program offers a convenient and effective choice for the investment of local funds. As a triple-A-rated local investment vehicle, it's a vital tool for maintaining safe and stable community revenues.
- The agency's State Energy Conservation Office (SECO) assists local governments in developing energy efficiency and renewable energy programs and offers loans and grants to help slash utility bills by improving or retrofitting buildings.

Everyday Texans

From award-winning newsletters to in-depth special reports on issues that affect all Texans, the Comptroller's office offers cutting-edge analysis and data that can be used every day. To see how tax dollars are spent, Open Book Texas initiatives offer a number of tools allowing citizens to track and analyze spending by state agencies, read about local government transparency efforts and follow the flow of federal stimulus spending in the state.

- All citizens can sign up to receive email updates, with news on topics ranging from franchise taxes to economic indicators, or subscribe to the agency's free newsletters, *Fiscal Notes* and *Texas Rising*, which provide regular updates on issues and events affecting the state.
- A new website, *The Texas Economy*, offers the Web's first comprehensive guide to the economic forces shaping the state. From public education trends to federal regulation, from state spending figures to key business

indicators — if it concerns the Texas economy, it can be found here (www.thetexasconomy.org).

- The federal stimulus funding site provides the state's most extensive list of grant and loan opportunities available to businesses, state and local government agencies, nonprofit agencies and individuals, including information, links and dollar amounts (www.window.state.tx.us/recovery).
- An online database of unclaimed property can be accessed and searched 24 hours a day, seven days a week to reunite owners, or their heirs, with abandoned or unclaimed properties. A claim form can also be generated online (www.ClaimItTexas.org).
- The Comptroller's new *Keeping Texas First* website is devoted to pending and future federal actions that could impact the Texas economy — and the economic well-being of individual Texans — by looking at federal activity on air, water and endangered species (www.texasahead.org/texasfirst).
- Fraud can be reported to the Criminal Investigation Division, which works to keep taxes as low as possible by detecting, deterring and publicizing criminal conduct and fraud involving state tax laws.
- The State Energy Conservation Office (SECO) provides information and educational programs on energy efficiency and renewable energy, including lesson plans and educator training as well as tips for saving energy at home.
- In-depth information on Texas' system of local property taxation, including explanations of exemptions and reporting requirements and advice on taxpayers' rights and remedies under Texas law, such as how to contest appraisals, can be obtained from the Property Tax Assistance Division.
- The Comptroller's office offers a variety of programs to support and develop an educated and trained Texas work force, from plans to help families save for college to scholarships for Texans. The Comptroller's Financial Allocation Study for Texas identifies school districts that combine high academic achievement and cost-effective operations (www.fastexas.org). The *Every Chance, Every Texan* website is a one-stop center for planning a college career in Texas, with information on Texas colleges and universities, scholarships, savings strategies and more (www.everchanceeverytexan.org).

OUR MISSION

The Office of the Texas Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

OUR PHILOSOPHY

We will carry out our duties openly, ethically and fairly. We will emphasize transparency and ensure greater accountability by making records freely accessible. We will listen to those we serve and ask them to judge our performance. We will deliver more services at lower costs by continually examining and improving the efficiency of our work. Employees will be rewarded for initiative, good ideas and productivity. While mindful that the human element is the source of creativity, we will seek out and use innovative technology to do our jobs simpler, smarter and faster. We will keep our word and deliver what we promise.

OUR COMPACT WITH TEXANS – WHAT YOU CAN EXPECT FROM US

The Comptroller's office will provide every customer with fast, fair and efficient service; exceed expectations; and continually explore ways to save taxpayer dollars through simpler, smarter and faster solutions.

Our Customer Service Principles

- Dynamic Assistance
- Quality Work
- Accessible Staff and Facilities
- Fair and Equitable Treatment
- Innovation and Improvement
- Privacy and Confidentiality
- Fast Response to Problems

Dynamic Assistance

The "Taxpayer Bill of Rights" summarizes the agency's commitment to customer service for Texas taxpayers. The goal of this bill of rights is to ensure those individuals and businesses who file and pay state taxes receive the treatment and service to which they are entitled without interfering with the government's responsibility to collect taxes and assess the accuracy of returns. Customers can expect:

- Prompt and accurate responses to requests for information.

- Readily available and easy to understand rules and regulations.
- A complaint system that is fair and timely.
- A tax process that is fair, timely and confidential.
- A tax system that is equitable.
- A close working relationship with the business community.

Offices are open between 8 a.m. and 5 p.m., Monday through Friday. Tax assistance telephone lines are open from 7:30 a.m. until 5:30 p.m., Central Standard Time, Monday through Friday. Information is available on the agency's website 24 hours a day, 7 days a week.

Quality Work

The agency's trained, professional staff aims to get every aspect of a customer's affairs right the first time. A customer service liaison is available at (888) 334-4112 or comptroller.help@cpa.state.tx.us.

Accessible Staff and Facilities

Agency staff may be contacted by email, telephone or letter. Field offices located across Texas are also open to visitors.

Headquarters address:

111 East 17th Street
Austin, Texas 78774

Mail correspondence to:

P. O. Box 13528
Austin, Texas 78711

Agency switchboard:

(800) 531-5441
(7:30 a.m.-5:30 p.m., Central Standard Time,
Monday-Friday)

Fair and Equitable Treatment

The Comptroller's office promises tax and fiscal processes that are fair, equitable and timely. For special needs, any of the agency publications can be made available in Braille, large print, audiotape or Spanish. An alternate format can be requested by contacting the agency's customer service liaison.

Innovation and Improvement

Customer input is critical to the agency's continuous improvement efforts. Customers are surveyed on a regular basis to obtain input and ideas to improve agency processes.

Privacy and Confidentiality

The Comptroller's office will follow the letter of the law when it comes to taxpayer privacy and confidentiality.

Fast Response to Problems

Despite the agency's best efforts, there could be times when delays arise. All complaints are handled with a sense of urgency. If a complaint is filed, a response can be expected within 10 working days.

Tax disputes previously handled by the Comptroller's office are now heard by administrative law judges with the Tax Division of the State Office of Administrative Hearings. Contact the State Office of Administrative Hearings at questions@soah.state.tx.us.

Fraud Prevention

The State Auditor's Office is authorized to investigate allegations of fraud and illegal acts affecting state resources. Anyone with information about the misuse or misappropriation of state resources can report this information by phone to (800) TX-AUDIT or use the State Auditor's Fraud website.

Our Customer Service Standards

Agency staff will treat all customers with care and attention whether filing a tax return, undergoing an audit or simply seeking information.

- Online tax information will be available 24 hours a day, seven days a week.
- Qualifying taxpayers can file a variety of state sales tax returns via the Internet 24 hours a day, seven days a week.
- Telephone messages will be returned within 24 hours.
- Complaint letters will receive responses within 10 working days.

The Comptroller's office regularly assesses its customer satisfaction levels through a number of surveys and report cards. Because of the complexity and range of duties performed by the agency, areas individually survey their customers. The agency also monitors its progress through the use of performance measures designed to evaluate the level

of customer satisfaction with major areas of the agency. A separate *Comptroller's Report on Customer Service* is available on the agency's *Window on State Government* website.

OUR GOALS, OBJECTIVES AND STRATEGIES

GOAL I.

Improve voluntary compliance with the tax laws.

Texas Tax Code, Titles 2 and 3.

As state government's chief tax collector, the Comptroller administers the state's tax laws through auditing, enforcement and the dissemination of tax policy information. Voluntary compliance is viewed as the cornerstone of tax administration. The state's ability to fund its many programs depends in large part on taxpayers meeting their tax responsibilities willingly.

Our Objectives:

- Increase the accuracy and number of audits and improve assessments from audits
- Achieve average account closure rates, ratios and turn-around times
- Improve taxpayer ratings of accuracy and speed of information disseminated
- Issue timely position letters

Our Strategies:

- Maintain an ongoing program of audit and verification activities
- Improve compliance with tax laws through contact and collection programs
- Provide information to taxpayers, government officials and the public
- Provide tax hearings, represent the agency and provide legal counsel

GOAL II.

Efficiently manage the state's fiscal affairs.

Texas Constitution (Art. III, Sec. 49a, 49g, 49k); Texas Local Gov't Code, Sections 112.003, 154.008; Texas Gov't Code, Chapters 41, 401, 403, 404, 406, 604, 608, 659-662, 666, 815, 825, 830, 840, 1201, 2101, 2103, 2155, 2162, 2175, 2252, and 2254; Texas Education Code, Chapter 57; Texas Election Code, Chapter 19; Texas Property Code, Chapter 74.

As Texas' chief financial officer, the Comptroller manages most of the state's fiscal affairs. The Comptroller is state government's primary accountant, responsible for writing the state's checks and monitoring all spending by state agencies. The Comptroller is also the state's official revenue estimator, providing the Legislature with anticipated state revenue information.

Senate Bill 20, as passed by the 74th Legislature, amended Chapter 404 of the Government Code to transfer the powers and duties of the State Treasurer to the Comptroller, effective Sept. 1, 1996. As the state's cashier, the Comptroller's office receives, disburses, counts, safeguards, raises, records, allocates, manages and reports the state's cash. In addition, the Comptroller chairs the state's Treasury Safekeeping Trust, which invests, manages and oversees close to \$43 billion in assets.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, amended various chapters of the Government Code to transfer the statewide procurement, fleet management, statewide historically underutilized businesses and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

The 81st Legislature charged the Comptroller's office with tracking the more than \$22.7 billion in stimulus funds flowing through the state's treasury. More than 80 state agencies and public institutions of higher education report weekly to the Comptroller's office on the amount of stimulus funding awarded and spent. The agency, in cooperation with the State Auditor's Office, is also charged with prescribing and implementing any payment and post-payment audit procedures deemed necessary to ensure compliance with the state and federal requirements.

Our Objectives:

- Reduce the variance between estimated and actual revenue collections
- Certify the General Appropriations Act
- Obtain a customer satisfaction rating of good or excellent on systems
- Increase the volume of direct deposits
- Ensure the accuracy of the property value study

- Maximize state revenue by processing monies electronically
- Ensure the receipt of quality, cost-effective goods and services

Our Strategies:

- Project, account, audit and report receipts and disbursements for the state
- Issue payments
- Provide assistance and training to state agencies
- Maintain an integrated and uniform financial management system
- Conduct a property value study and provide assistance to appraisal districts
- Ensure that the state's assets and cash receipts are properly secured
- Provide statewide procurement and support services to state agencies and cooperative entities

GOAL III.

Expediently manage the receipt and disbursement of state tax revenue.

Texas Gov't Code, Chapter 403; Texas Tax Code, Titles 2 and 3; Texas Property Code, Chapters 72-76.

As the state's chief tax collector, the Comptroller is responsible for collecting more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,400 cities, counties and other local governments. This responsibility includes maintaining taxpayer accounts, processing tax payment exceptions and adjustments and paying all unclaimed property claims.

Our Objectives:

- Generate taxpayer refunds
- Return tax allocations
- Maintain document processing times

Our Strategy:

- Improve tax and voucher data processing, tax collection and disbursements

GOAL IV.

Develop and maintain a skilled work force, committed to quality performance.

(No specific statutory authorization).

The Comptroller's complex and varied duties require experienced, highly trained employees. We pledge to provide useful training and educational opportunities for all staff. Extensive efforts have been made to make high-quality training available and accessible to those who need it, when they need it.

Our Objective:

- Ensure that each year the Comptroller's work force will be able to attend classes that will enable them to become more productive and knowledgeable employees.

Our Strategy:

- Make high-quality training available and accessible to those who need it, when they need it.

GOAL V.

Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.

(No specific statutory authorization).

The Comptroller's office serves two types of customers. Our external customers are the taxpayers, vendors, state agencies and government officials for whom we provide various services. The nature of our agency's relationship to its external customers is different from those in the private sector, in that most of our customers are required by law to do business with us. Nonetheless, our success in improving voluntary compliance with tax laws, for example, depends in large part on the level of satisfaction our external customers feel toward our services.

Within the agency, our divisions support each other, thus creating internal customers. The level of service we provide to one another is a crucial factor in our efforts to achieve our goals.

Our Objective:

- Attain highest ratings possible from those we serve as evidenced by feedback provided through surveys, cards or any other measuring device used by the agency.

Our Strategy:

- Improve services delivered to our internal and external clients in support of the Comptroller of Public Accounts' mission to serve the people of Texas.

GOAL VI.

Establish and carry out policies governing purchasing and contracting that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBs).

Texas Gov't Code, Chapter 2161.

The Comptroller of Public Account's HUB Program is committed to promoting equal opportunities in the contract awards process for Historically Underutilized Businesses statewide and to serving as an exemplary model for other state agencies in meeting the HUB mandate.

Our Objective:

- Include HUBs in at least 32.7 percent of all agency dollars spent for special trade construction; 24.6 percent of all agency dollars spent for other services; and 21 percent of all dollars spent for commodities.

Our Strategy:

- Maintain ongoing program of activities to ensure HUB vendor participation in the procurement process.

II.

CURRENT WORK FORCE PROFILE (SUPPLY ANALYSIS)

CORE FUNCTIONS AND CRITICAL WORK FORCE SKILLS

Core Functions

- Collect state taxes and fees
- Enforce tax laws
- Provide tax assistance
- Oversee the state's fiscal affairs
- Estimate state revenue
- Monitor state expenditures
- Process and deposit state revenue
- Manage statewide purchasing and contracts

Critical Work Force Skills

Although the agency has many talented and qualified employees, there are a number of critical skills that are

important to the agency's ability to operate. The Comptroller's office could not effectively accomplish basic business functions without these skills:

- Customer service
- Analysis/research
- Problem solving
- Communication (verbal and written)
- Computer proficiency (skills requirements range from entry-level end-user to the highly-skilled information technology specialist)
- Investigation
- Auditing/accounting
- Financial analysis
- Management

Work Force Demographics

As of April 1, 2012, the Comptroller's office had a total headcount of 2,707 employees. The following tables profile the agency's work force, including both full-time and part-time employees. The Comptroller's work force is comprised of 44 percent males and 56 percent females. More than 45 percent of the agency's work force is 50 years or older with more than 31 percent of the work force having 21 or more years of state service. Employee tenure with the agency breaks down as follows:

- 54 percent of the work force has 10 years or less tenure with the agency;
- 22 percent has 11-20 years of experience; and
- 23 percent of employees have 21 years or more of service with the agency.

Statistics show that more than one-half of the work force has 10 years or less of experience working in the Comptroller's office with proficiency levels ranging from minimal knowledge to working knowledge of processes. Twenty-two percent or just under one-fourth of the Comptroller's work force has 11-20 years of tenure with expertise ranging from working knowledge to the mastery level. Employees with 21 years or more of experience with the Comptroller's office, with expertise levels ranging from mastery to acknowledged subject matter expert, comprise 23 percent of the work force. These employees are also keepers of institutional business knowledge.

To prevent a decline in knowledge and experience levels within the next five years, succession-planning strategies must address the transfer of institutional business knowledge and professional expertise.

WORK FORCE BREAKDOWN

Gender

	Number of Employees	Percent of Employees
Male	1,189	44%
Female	1,518	56%

Source: Uniform Statewide Payroll System.

Age

	Number of Employees	Percent of Employees
20–29 years	259	9.5%
30–39 years	521	19.3%
40–49 years	704	26.0%
50–59 years	874	32.3%
60–69 years	332	12.3%
70–79 years	17	0.6%
80 years & over	0	0.0%

Source: Uniform Statewide Payroll System.

Agency Tenure

	Number of Employees	Percent of Employees
0–5 years	1,002	37.0%
6–10 years	469	17.3%
11–15 years	390	14.4%
16–20 years	212	7.8%
21–25 years	273	10.1%
26–30 years	143	5.3%
31–35 years	161	6.0%
36–40 years	46	1.7%
Over 40 years	11	0.4%

Source: Uniform Statewide Payroll System.

State Tenure

	Number of Employees	Percent of Employees
0–5 years	719	26.5%
6–10 years	451	16.7%
11–15 years	388	14.3%
16–20 years	287	10.6%
21–25 years	365	13.5%
26–30 years	214	7.9%
31–35 years	179	6.6%
36–40 years	88	3.3%
Over 40 years	16	0.6%

Source: Uniform Statewide Payroll System.

COMPTROLLER OF PUBLIC ACCOUNTS WORK FORCE COMPARED WITH STATEWIDE CIVILIAN WORK FORCE

The “Statewide Employment Statistics” table below compares the percentage of African American, Hispanic and Female Comptroller employees (as of March 31,

2012) to the statewide civilian work force as reported by the Texas Workforce Commission’s Civil Rights Division. For most job categories, the agency is comparable to or above statewide work force statistics.

Statewide Employment Statistics

Job Category	African American		Hispanic American		Females	
	Comptroller	State	Comptroller	State	Comptroller	State
Officials/Administration	19.5%	7.5%	11.5%	21.1%	43.7%	37.5%
Professional	14.2%	9.7%	23.2%	18.8%	50.2%	53.3%
Technical	10.1%	13.9%	11.9%	27.1%	42.8%	53.9%
Administrative Support	22.7%	12.7%	35.6%	31.9%	70.7%	67.1%
Skilled Craft Worker	40.0%	6.6%	60.0%	46.3%	0.0%	6.0%
Service and Maintenance	19.9%	14.1%	26.5%	49.9%	56.9%	39.1%

Source: Uniform Statewide Payroll System and Texas Workforce Commission (TWC).
TWC statistics extracted from “Equal Employment Opportunity and Minority Hiring Practices Report, Fiscal Years 2009-2010.”

Employee Turnover

During the economic downturn in 2009, agency turnover was 7 percentage points lower than the statewide average. In all other years, the agency's turnover rate averaged around 5 percentage points lower than statewide average. Although still below the statewide level, agency turnover increased over the past three years as the economy began to improve. Several factors impact turnover, including retirements and perceived job instability due to statewide budget reductions. Budget reductions also limit the ability

to provide increased salary compensation. In an improving economy, professional positions, such as auditors, are able to move to the private sector for higher pay.

Despite a lower percentage of staff turnover as compared to the state as a whole, a total of 1,496 employees left the agency over the last five years. More than 42 percent of the employees were lost within the first five years of employment as indicated by the "Turnover by Length of Service" table, although the "Turnover Rates by Age" shows that 51 percent of the employees lost were older than age 50.

Overall Turnover

Fiscal Year	Comptroller	State
2011	11.4%	16.8%
2010	9.3%	14.6%
2009	7.4%	14.4%
2008	11.5%	17.3%
2007	12.0%	17.4%

Source: Uniform Statewide Payroll System and the State Auditor's Office (SAO). SAO statistics derived from "An Annual Report on Full-Time Classified State Employees Turnover" (for respective fiscal years).

Turnover by Job Classification

Classification Job Series	Total Terminations
Auditor	63
Accounts Examiner	56
Program Specialist	32
Systems Analyst	30
Tax Compliance Officer	33

Source: Uniform Statewide Payroll System (Fiscal 2011 data).

Turnover by Length of Service

FY	# Terms	0-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
2011	339	184	39	23	15	23	28	27
2010	286	125	31	14	20	24	35	37
2009	206	88	25	15	19	17	28	14
2008	321	115	66	27	16	18	48	31
2007	344	126	69	21	24	25	55	24

Source: Uniform Statewide Payroll System.

Turnover by Age

FY	# Terms	20-29 Years	30-39 Years	40-49 Years	50-59 Years	60-69 Years	70-79 Years	80-89 Years
2011	339	49	68	65	100	51	6	0
2010	286	42	44	36	119	44	1	0
2009	206	24	33	31	82	35	1	0
2008	321	31	64	58	128	38	2	0
2007	344	60	65	58	115	46	0	0

Source: Uniform Statewide Payroll System.

Retirement Eligibility

Data obtained from the Employees Retirement System shows projected retirements for the Comptroller's office over the next five fiscal years. The loss of employees due to retirement is, and will continue to be, a critical issue facing the agency. The loss of institutional business knowledge and expertise in key management and senior-level professional positions, coupled with normal attrition, poses a critical work force dilemma for this agency as well as the state. It is important to ensure that this technical knowledge and organizational experience is not lost. The following chart examines the potential loss of employees due to retirements.

Fiscal Year	Eligible Employees	Percent of Total Agency Employees (FTE Cap = 2,859.8)
2012	403	14.1%
2013	106	3.7%
2014	98	3.4%
2015	94	3.3%
2016	116	4.1%
Total Eligible Employees	817	28.6%

Source: Employees Retirement System.

III.

FUTURE WORK FORCE PROFILE (DEMAND ANALYSIS)

Critical Functions

- Possible expansion of, or changes to, existing taxes or the enactment of new taxes.
- Legislative mandates impacting the administration and delivery of agency services.

Expected Work Force Changes

- Increased use of technology to revise and streamline work processes.
- Cross-trained employees in functional areas.
- Greater demand for Web-related services.

Anticipated Increase/Decrease in Number of Employees Needed to Do the Work

- At a minimum, maintain current staffing level. Any decrease in staffing would significantly impact the agency's ability to perform required services. Current staff is able to maintain existing service levels, but attrition creates overload and leads to backlogs and decreased customer service.
- Reallocate employees within the agency to address increased demands.
- Continuously review and develop efficient work processes.
- Provide training and effectively manage succession planning.

Future Work Force Skills Needed

As the agency increasingly utilizes technology to streamline processes, meet the demands of customers and provide more efficient services, additional skills may be required for the future work force. Needed skills might include more advanced computer-related skills such as systems design and analysis and Web design and development. Other skill requirements with increased focus include team building, project management, grants management and the ability to adapt to changing workplace demands.

IV.

GAP ANALYSIS

Anticipated Surplus or Shortage of Workers or Skills

After analyzing the work force information gathered from agency divisions, it is clear the primary gap that must be addressed between the agency's current work force supply and future demands is in transferring institutional business knowledge and technical expertise (mastery level). Overall, the agency work force currently has the necessary skills to do the required work. In the next five years, however, the agency could experience a shortage of required skills, particularly in management and senior level professional positions due to potential retirements and normal attrition.

- There is a potential skills imbalance "gap" between tenured/skilled employees (employees with 15+ years of service) with institutional business knowledge and technical expertise and employees with less tenure (10 years or less service). Human Resources will continue to

work with divisions on developing desired skill sets and competencies for all areas.

- The agency will continue its efforts to identify key positions in management and key senior-level professional positions for succession planning.

As part of the work force planning process, Human Resources distributed a “Work Force Planning Question-

naire” to division management to develop a profile of current division skill levels and future workload demands. The following skills were identified as priorities for employees over the next five years. These skills were rated on a scale from one to four to determine the current proficiency level and the desired proficiency level. The results are illustrated below.

Skill Levels

Skill	Current Competency Level	Projected Competency Level Within the Next 5 Years	Needed Competency Level	Gap
Auditing	4	3	4	1
Advanced Financial Analysis	3	2	4	2
Analysis	4	2	4	2
Communication	3	3	4	1
Computer Proficiency	3	2	4	2
Customer Service	4	3	4	1
Investigation	4	2	4	2
Research	4	3	4	1
Management	4	2	4	2
Problem Solving	3	2	4	2

- Current = Average competency level for incumbents performing core functions
- Projected = Average competency level projected for employees performing core functions within the next 5 years
- Needed = Average competency level needed for future employees performing core functions
- Gap = Difference in skill level between needed and projected competency levels
- 0 = No knowledge
- 1 = Minimal knowledge, familiarity with skill
- 2 = Working knowledge, proficiency in skill
- 3 = Professional level, mastery skill
- 4 = Acknowledged expert in skill, able to mentor and train other employees

V.

STRATEGY DEVELOPMENT

The Comptroller’s office has always emphasized training. One of the agency’s six primary goals is to:

Develop and maintain a skilled work force, committed to quality performance.

In order to address any deficits between the Comptroller’s current work force and future demands, several strategic goals have been incorporated into the agency’s work force plan. These objectives were developed based on factors identified through an agency work force analysis. The Comptroller’s future work force requirements can be met through the accomplishment of two key objectives:

Objective: Develop a Competent, Well-Trained Work Force.	
<i>Rationale</i>	<p>Almost 29 percent of the Comptroller’s work force is projected to be eligible to retire within the next five years. The most critical issue facing the agency is the potential skills gap that will occur due to employee retirements. The agency relies heavily on a competent and knowledgeable staff and the loss of mastery-level expertise and institutional business knowledge will have a significant impact on agency services. The training and development of current employees is critical to the success of the agency. The agency must assess existing staff to determine which employees demonstrate the potential or interest to develop new competencies and assume new or modified positions.</p>
<i>Action Steps</i>	<ul style="list-style-type: none"> • Identify agency critical skills and competencies with input from divisions. • Conduct an assessment of the level of risk facing the agency regarding the potential loss of knowledge, particularly in areas where loss is likely due to the imminent retirement of employees in key positions. • Develop succession-planning and knowledge transfer strategies to ensure that institutional business knowledge and technical expertise is transferred to less tenured employees. Promote these strategies as an agency priority and include accountability measures. • Train management staff to address skill imbalance issues. Implement accountability measures to ensure managers develop and execute appropriate strategies to successfully address skill “gaps” within their division. • Expand and enhance training curricula and programs to include effective leadership, mentoring and contemporary management training skills, as well as assess and address division specific training needs. • Expand and enhance the agency’s management development program based on specific assessment criteria to create a group of potential candidates for future leadership positions. Require candidates to participate in professional management training that includes opportunities to apply and prove leadership qualities and abilities. • Implement mentoring programs for all levels of job categories matching seasoned employees with new employees. • Include “job shadowing” or the pairing of new employees with more seasoned employees, as a routine part of both employees’ job descriptions. • Enhance the agency’s tuition reimbursement program to encourage employees to further their education. • Encourage employees to pursue professional certification(s) in their areas of employment when possible.

Objective: Attract and Retain the Right Employees for the Job.

Rationale

Recruiting excellent workers is the cornerstone of building a quality work force. Retaining those same employees in a competitive market remains a continuing challenge. Retention of state employees will require a partnership between state leadership and state agencies. State leadership must offer competitive salaries and benefits packages, and allow flexibility to administer non-monetary incentives. State agencies must take responsibility to recruit quality workers, recognize excellent performance and provide development opportunities. The Comptroller’s office must provide quality training and professional development for all employees that focus on agency and division critical skills, competencies and technical requirements. Mentoring and learning opportunities such as job shadowing must be expanded to maintain institutional business knowledge and technical expertise and enhance career and professional development opportunities for employees.

Action Steps

- Identify classification job series with the highest turnover and implement more aggressive recruitment and retention strategies for these positions.
- Implement more aggressive cross-training opportunities within divisions to ensure continuity of business functions and processes.
- Enhance and expand recruiting efforts to incorporate marketing the Comptroller’s office as an employer of choice.
- Market career assessment resources and professional development opportunities.
- Further develop and promote agency mentoring programs.
- Develop career paths that cross division lines and market as opportunities to develop additional skills and increase advancement possibilities.
- Create programs that allow employees who are seeking new challenges to work on special projects, rotations and/or developmental or “stretch” assignments.
- Utilize pay incentives, where appropriate, to attract and retain staff.
- Adjust salaries within assigned pay ranges for employees in positions that are either critical or key functions or that have high turnover rates.
- Create formal rewards and recognition programs and activities within divisions.
- Promote the use of non-monetary rewards for exceptional performance (e.g., Administrative Leave for Outstanding Performance, etc.).
- Continue to allow employees to utilize the agency’s alternative work schedule programs to the extent possible.

VI.**SUCCESSION PLANNING PROGRESS**

The Comptroller's office has implemented and will continue to put into practice the action steps outlined above. Strategies such as creating opportunities for employees to work on special projects, development projects or "stretch assignments," cross-training of staff by subject-matter experts, including job shadowing, structured on-the-job training programs and recognition programs have been implemented in various divisions.

The agency's competency based performance appraisal system has proven to be a success. The revised process allows for the inventory of position competencies and skill requirements and includes an employee professional development plan. This model also includes the integration of employee job descriptions, accomplishments and specific behaviors expected for each performance rating as well as manager/employee feedback.

Human Resources continues to work on a more formalized process to capture and transfer institutional business knowledge to ensure continuity of agency functions. Staff is working on ways to streamline existing knowledge transfer strategies for replication in other agency divisions.

AGENCY STRATEGIC PLAN

For the Period 2013 - 2017

Glossary of Terms

Agency Goals

The general ends toward which agencies direct their efforts. A goal addresses issues by stating policy intention. They are both qualitative and quantifiable, but not quantified. In a strategic planning system, goals are ranked for priority. Goals stretch and challenge an agency, but they are realistic and achievable.

Agency Mission

The reason for an agency's existence. It succinctly identifies what the agency does, and why and for whom it does it. A mission statement reminds everyone — the public, the Governor, legislators, the courts and agency personnel — of the unique purpose promoted and served by the agency.

Agency Philosophy

The expression of core values and operating principles for the conduct of the agency in carrying out its mission. It describes how the agency conducts itself as it does its work.

Agency Strategic Plan

An external document required of all state agencies within the executive branch of Texas state government. It is the result of a long-term, future-oriented process of assessment, goal setting and decision-making that maps an explicit path between the present and a vision of the future and leads to priority-based resource allocation.

Division Business Plan

A document that describes how a division will contribute towards the accomplishment of the Agency Strategic Plan. The division defines its goals and objectives and determines strategies for accomplishing them. Although its

scope is long-term, plans are updated each year to allow for changes in circumstances affecting strategies.

Efficiency Measures

Indicators of the input resources required to produce a given level of output. They measure resource cost in dollars, employee time or equipment used per unit of product or service output. An efficiency measure relates agency efforts to agency outputs. Indicators of average cost and average time normally serve as efficiency measures for agency processes, but they may also serve as outcome measures when cost-per-unit-of-outcome is the focus and can be meaningfully captured.

Explanatory Measures

Provide information that can help users to assess the significance of performance reported on other types of measures. An agency may have limited or no control over factors addressed by explanatory measures, including environmental or demographic characteristics related to agency target populations. A major use of this type of measure is to describe the level of customer demand or public need for an agency's products and services. Explanatory measures also may focus on variables over which an agency has significant control, such as staffing patterns for specific functions.

External/Internal Assessment

An evaluation of key factors that influence the success of an agency in achieving its mission and goals. Detailed evaluation of trends, conditions, opportunities and obstacles directs the development of each element of the strategic plan. Key external factors may include economic conditions, population shifts, technological advances, geographical changes and/or statutory changes. Key internal factors

include management policies, resource constraints, organizational structure, automation, personnel and operational procedures.

Historically Underutilized Business

Refers to a historically underutilized business that is a corporation, sole proprietorship, partnership, joint venture or supplier contract formed for the purpose of making a profit in which at least 51 percent of all classes of the shares of stock or other equitable securities are owned by one or more persons who: (1) are socially disadvantaged because of their identification as members of certain groups, including African Americans, Hispanic Americans, women, Asian Pacific Americans and Native Americans, and have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control; and (2) have a proportionate interest and demonstrate active participation in the control, operation and management of the business entity's affairs.

Inputs

The resources that an agency uses to produce services, including human, financial, facility or material resources.

Objectives

Clear targets for specific action. They mark interim steps toward achieving an agency's long-range mission and goals. Linked directly to agency goals, objectives are measurable, time-based statements of intent. They emphasize the results of agency actions at the end of a specific time.

Outcome Measures

The indicators of the actual impact or effect upon a stated condition or problem. They are tools to assess the effectiveness of an agency's performance and the public benefit derived. An outcome measure is a means for comparison between the actual result and the intended result.

Output Measures

Tools, or indicators, to count the services and goods produced by an agency. The number of people receiving a service or the number of services delivered are often used as measures of output.

Strategic Planning

A long-term, future-oriented process of assessment, goal-setting and decision-making that maps an explicit path between the present and a vision of the future, that relies on careful consideration of an organization's capabilities and environment and leads to priority-based resource allocation and other decisions.

Strategic Planning and Budgeting Structure

The framework used by an agency in preparing its request for appropriations. An agency's strategic planning and budgeting structure consists of goals, objectives and strategies and their related outcome, output and efficiency measures, derived from the agency strategic plan. Only those elements in an approved strategic planning and budgeting structure may be utilized by an agency as items in its request for appropriations.

Strategies

Methods to achieve goals and objectives. Formulated from goals and objectives, a strategy is the means for transforming inputs into outputs, and ultimately outcomes, with the best use of resources. A strategy reflects budgetary and other resources.

Vision

An inspiring picture of a preferred future. A vision is not bound by time, represents global and continuing purposes and serves as a foundation for a system of strategic planning. A statewide vision depicts an ideal future for the people of Texas and the contributions that state government can make to that end.



Texas Comptroller of Public Accounts

Publication # 96-361. Printed July 2012

For additional copies, write:
Texas Comptroller of Public Accounts
Budget and Internal Accounting
111 E. 17th Street, Austin, Texas 78774-0100

This book is also available on the internet at:
www.window.state.tx.us/taxbud/strategic/