

Trends

No Data Available

Legend:

↑ Increase, ↓ Decrease, ↔ Steady

Key Performance Areas

No Data Available

Productivity

No Data Available

Legend:

↑ Improving, ↓ Worsening,
↔ Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov/agencylevel/index.cfm

Background & History

The Virginia Department of Taxation administers 35 state and local taxes, including individual and corporate income taxes, sales and use taxes, and miscellaneous excise taxes. The agency serves approximately 4 million taxpayers throughout the Commonwealth. The Department works directly with taxpayers, retail organizations, local governments, members of the General Assembly, the Attorney General's Office and the Governor's Office to ensure the Commonwealth's revenue is collected and administered with fairness and due diligence.

Primary Product & Services

In Fiscal Year 2012, the Department:

- Administered 35 Taxes.
- Collected \$18.9 billion in revenue.
- Issued \$1.8 billion in refunds.
- Distributed \$1.5 billion to local governments.
- Answered 528,182 phone calls.
- Responded to approximately 203,434 "live chat" sessions on its website.
- Received 125,517 letters from taxpayers.
- Processed 3.1 million individual income tax returns (between January and April 2013).
- Administered Court Debt program collecting \$33 million.
- In FY 13, issued 342,888 Debit Card Refunds (between January and April 2013).

Customer Base

The Department's customers are using the Internet more routinely to conduct their business with the Department, and are becoming more diverse. The Department believes there is a large and increasing number of taxpayers who can and will use the Internet to find information 24 hours a day as long as what they need is available.

As a result, the Department has redesigned the webpage, and now offers the following services: Live Chat, several methods by which taxpayers can file returns and payments electronically, and the ability to sign up for e-Alerts.

Customer Listing

No Data Available

Key Agency Statistics

The following statistics demonstrate the magnitude of the work the Department undertakes on behalf of the Commonwealth and its citizens every year.

Finances

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The Department is the largest depositor of general fund revenue and is predominantly funded from the general fund. It uses nongeneral funds for the following programs/services: communications sales and use tax, motor vehicle rental tax, motor fuel tax, court debt program, railroad and pipeline, local assessor training, and outside collection agencies.

Fund Sources

No Data Available

Revenue Summary Statement

In FY 2012, the Department collected \$18.9 Billion. Of this amount, approximately \$17.4 Billion was general fund revenue with distributions to local governments of \$1.5 Billion.

Key Risk Factors

The Department faces many challenges, including, but not limited to, the following:

Technology Costs: While the Department continues to investigate more innovative technologies to enhance customer services and make its overall operations more efficient, investment in new and innovative technologies is expensive, as are maintenance and operating costs of existing technologies.

General Fund Resources: Resources to maintain current service levels have declined in the last biennium. That is, the general fund resources available to the Department's operations have been reduced by almost \$6 million over the last four years (Comparing the FY2013 Department resources in Chapter 806 of the 2013 Session to the FY2010 resources contained in Chapter 781 of the 2009 General Assembly demonstrates this). Maintaining current Department service levels with current resources will continue to pose challenges. With advances in technology, a dedicated staff, and the shift from a paper-based to a technology-driven organization, the Department has been able to keep customer service levels at a high standard despite declining general fund staffing levels. This has been accomplished by providing more electronic channels to file returns and make payments, as well as updating our website to accommodate more taxpayer interaction despite the decline in staffing levels from a high of 863 positions in June of 2009 to 751 positions in May of 2013.

Aging of Workforce: Leveraging a workforce that continues to increase in average age, thereby increasing the number of staff members who could retire at any time, also presents a continuing challenge in regards to both staffing levels and transfer of knowledge.

Performance Highlights

The Department collects most of the general fund revenues for the Commonwealth. The revenue collected by the Department is essential to the funding of state agencies and programs, and impacts every citizen of the Virginia. This revenue funds critical state services like education, health and human services, and public safety. Consequently, the Department diligently executes the revenue collection duties with which it is charged by the citizens of the Commonwealth: in FY2012, the Department collected more than \$18.9 billion in revenue, and issued more than \$1.8 billion in refunds. In January, 2013, the Department began issuing Refund Debit Cards in place of physical checks for the tax year 2012 returns.

Performance highlights from some of our various operational areas include:

Tax Processing Operations:

- Over 11.1 million returns and 6 million payments were processed in fiscal year 2012; 61% through an electronic channel and 39% through paper. This is a substantial increase from fiscal year 2011, where 56% of returns and payments were processed through electronic channels and 44% via paper.

Customer Service:

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- During FY2012 the Department received 528,182 telephone calls and 125,517 letters, and handled 203,434 Live Chat sessions.

Compliance:

- Collections of compliance revenues were \$488.24 million in FY2012.
- The Court Debt Collection Unit's collection of court fines in FY2012 totaled \$33.2 million.
- The Department began participating in the United States Treasury Offset Program in FY2004; collections for FY2012 were \$12.4 million.

Technology:

- Is replacing the current call center configuration, which was 20 years old, with a modernized VOIP (Voice Over Internet Protocol) solution.
- Updated TAX website to allow a more user-friendly means for taxpayers to file Sales Tax and Corporate Tax electronically as mandated by the General Assembly.
- Replaced all of the Agency's core servers and workstations.

Performance Measures

Management Discussion & Analysis

General Information about the Ongoing Status of the Agency

The Department will continue its commitment to serving the public with customer-focused services that are more efficient and productive. Its focus will continue to be making full use of the technology tools available in order to keep offering more innovative customer service products and accurately match employee skill sets with customer needs. During the past year, the Department has eliminated the under utilized mapping unit, consolidated the Field Audit structure and established a General Services unit.

Information Technology

While the Virginia Information Technologies Agency (VITA) and Northrop Grumman (NG)'s mandated transition to the Commonwealth technical infrastructure is complete, the Department still struggles with work activities that were once performed by VITA staff, but have now reverted to the agency. Additional VITA/NG mandated activities have a heavy technology staffing impact, and have an impact on agency applications. Modification to our internal applications is sometimes necessary to ensure they function with the new infrastructure. In addition, the policies and procedures outlined by VITA require extensive internal work and review to ensure agency alignment.

With the growth of Internet-based applications, the Department continues to experience increased demand for more online and electronic functionality to better serve businesses, tax preparers, and individual taxpayers. To assist in meeting these needs, the agency has recently offered additional electronic filing options and an online chat function, and has automated several internal forms. Several additional electronic filing options are under consideration. New electronic filing options can be more efficient for the agency and improve taxpayer refund turnaround time, an agency performance measure.

The Internal Revenue Service continues to enhance their electronic capabilities, and as a result, the agency must align with new federal requirements for filing, security and access in order to retain usage of IRS files. These IRS files bring in approximately \$120 million in revenue to the Commonwealth each year.

Workforce Development

The Department's workforce has declined by over 11% since FY 2009. At that time, General Fund (GF) employees numbered 863 and today the average is 768 GF employees. The Department is not a young organization. The median age of the classified workforce is now 52, up from 50 at the same time last year. Approximately 20% of the employees are currently over the age of 60. Today, 19% of the workforce is eligible for full retirement and approximately one third of the workforce will be eligible to retire within the next 5 years. 79% of management is over the age of 50. Forty-six percent of management is eligible to retire in the next 5 years and 27% can retire by December 2013. Department turnover is averaging 6.5%, 2% of which is attributed to retirements.

As our workers retire, our internal pool of candidates consists of a large number of less-seasoned employees, as 47% have less than 10 years of service. Of particular concern is the lack of employees with leadership experience to step in to middle and upper-level

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management roles. The Department has placed a priority on addressing the leadership challenge and is currently working on several strategies to deal with this issue.

With an aging of the workforce, the Department has experienced a slight increase in work-family issues as well as use of short-term and long-term disability. The economic conditions in the Commonwealth have increased the quality of applicants for vacant positions; however, those same conditions have created budget challenges that may have a significant impact on staffing levels and the ability to deliver Department services.

Continued implementation of new technology at the Department requires more highly skilled technical employees to maintain the systems; the Department will continue to need to be creative in using compensation and alternative reward and recognition strategies to attract and retain highly-skilled technical staff.

Physical Plant

The Department does not own any buildings, and all employees in the Richmond area work in facilities owned by the Department of General Services.