2012-2013

Colorado Department of Revenue Strategic Plan

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Message from the Director

It is with great pleasure that I present the Department of Revenue's Strategic Plan. Over the past year, an employee committee has been working with the Department's executive leadership team in developing a strategic plan that incorporates all aspects of the work we do to include: taxation, lottery, enforcement, and motor vehicles. Although it may seem that we perform diverse functions we really are similar in a lot of ways and we are all committed to the following five overarching goals:

- Be respectful to our customers by providing processes that are clear, simple, timely, and convenient.
- Provide responsible financial, resource, and project management that builds a sustainable foundation utilizing a high standard of care.
- Promote fairness and consistency in the application of the law.
- Recruit, develop, retain, and value a high-quality, diverse workforce in an environment that promotes collaboration, professional development, and employee innovation.
- Maximize public trust through responsible stewardship and transparent processes.

We are unique in that through our services, we touch every person in the State. Our success in accomplishing our goals is dependent on our relationships with our customers, stakeholders, and our employees. This plan aids us in meeting the Governor's goals of being more efficient, effective, and elegant.

I want to thank the employee working group for their time and dedication in formulating this plan. They are Brett Close from the Division of Motor Vehicles, Ro Silva from Taxation, Deanna Erstad from Budget and Financial Services, Andrew Gale from Human Resources, Tom Cargal from Lottery, Charles LaHeist from the Office of Information Technology, Dena Pisciotte from Central Department Operations and COWINS, Sue Spriggs from the Central Budget Office, and Heather Copp, our Deputy Executive Director who led the effort. Without their insight and knowledge of the Department, this could not have been possible.

I want you to know that every one of you is critical to our success. With this plan, you should be able to see how what you do every day aligns with the strategy and direction of the Department of Revenue.

We are committed to continuously improving so that we will reach our vision of becoming the "premier Department of Revenue known for its outstanding customer service, innovation, and dedicated employees."

Sincerely,

Barbara J. Brohl

Barbara J. Brohl

Introduction

The Colorado Department of Taxation and Revenue was created by an act of the General Assembly in 1941. With the creation of this new department, the Department of Taxation was headed by the Colorado Tax Commission and the Department of Revenue was headed by the Director of Revenue, which was created at that time and appointed by the Governor. Within the Department of Revenue, the Division of Enforcement was created and managed by another newly created position, the Deputy Director of Revenue, which was appointed by the Director of Revenue.

In 1945, the General Assembly created the Motor Vehicle Dealers Administration and named the Director of Revenue as the Motor Vehicle Administrator. Additionally, in 1955, the General Assembly determined that the Director of Revenue would head another newly created division, the Motor Vehicle Inspection Division, which would eventually become the Ports of Entry Division in 1968. Also in 1968, the General Assembly abolished the Department of Taxation and Revenue and created the Colorado Department of Revenue (CDOR) to be headed by the Executive Director appointed by the Governor. The newly formed CDOR was to include the Division of Enforcement, the Motor Vehicle Division, the Ports of Entry Division, and the Liquor Enforcement Division, which was transferred from the Secretary of State's Office.[1] Since then, the State Lottery Division was created in 1982, the Gaming Division was established in 1991, and most recently the Medical Marijuana Enforcement Division was created in 2010.

Today, CDOR is one of the few state agencies that provide services for almost every adult in the state. From administering the collection of sales and income taxes, issuing driver licenses and vehicle registrations, administering the state and multi-state lottery and scratch games, to the enforcement and regulation of gaming establishments, horse racing, liquor sales, auto dealers, and most recently medical marijuana dispensaries, the scope of CDOR is broad and wide reaching. Additionally, CDOR conducts comprehensive programs to inform and educate the public and encourage voluntary compliance.

In FY 2011-12, CDOR maintained almost 125,000 active sales tax accounts and 178,000 active wage withholding accounts. During this same time period, 2.6 million individual income tax returns and almost 51,000 corporate income tax returns were processed. Overall in FY 2011-12, the CDOR collected nearly $9 billion in tax revenues including sales, use, income, alcoholic beverages, cigarette and tobacco, racing, gaming and severance taxes. This revenue was deposited into the General Fund, Highway User's Tax Fund or distributed to local jurisdictions.

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[1] State of Colorado Department of Personnel and Administration, Colorado State Archives; Staff Archivist 1976

The Division of Motor Vehicles issues driver licenses and identification cards and maintains all driver records. Driver license issuance saw an increase of 13.2% in FY 2011-12 due to the expiration of both the five and ten year licenses. There were 1,332,547 driver license documents issued in FY 2011-12. The Motor Vehicle Division also provides oversight and support for the vehicle titling and registration processes and system as well as the State's vehicle emissions program. Motor vehicle title applications received by the department also saw a slight increase over the previous year as more than 1.5 million applications were received. The total number of registered vehicles for the state was nearly 5.2 million for FY 2011-12.

The Motor Carrier Services Division of the department included the International Registration Plan, which registers interstate commercial vehicles. The International Registration Plan registers and issues license plates for more than 3,000 Colorado-based interstate commercial vehicles, generating over $58 million in revenue for the state in FY 2011-12. The Colorado Ports of Entry enforces state and federal size, weight, and safety regulations for commercial vehicles. Approximately 5.6 million trucks were cleared through the Colorado Ports of Entry in FY 2011-12. HB12-1119 was passed by the General Assembly in the 2012 Legislative Session transferring the administration of the Colorado Ports of Entry from the CDOR to the Colorado Department of Public Safety effective July 1, 2012. At that time, the International Registration program was relocated in the Division of Motor Vehicles, effectively dissolving the Motor Carrier Services Division.

The Enforcement Business Group of CDOR has the responsibility of licensing and regulating a wide variety of businesses throughout the state through its various divisions, which include the Gaming Division, Racing Division, Liquor and Tobacco Enforcement Division, Auto Industry Division, and most recently, Medical Marijuana Enforcement Division. The charge of the Enforcement Business Group is to enforce the laws of the state concerning liquor, tobacco, and medical marijuana, have an oversight role in the gaming and racing industries, and regulate motor vehicle sales. In FY 2011-12, 41 gaming establishments were licensed and active producing $102.1 million in Gaming tax revenues. The Liquor Enforcement Division performed 1,278 investigations in FY 2011-12 with 87% of those resulting in criminal penalties or administrative sanctions. There were 2,070 statewide compliance checks completed for sales of tobacco to minors with a 92% compliance rate. The Auto Industry Division licensed 12,919 auto dealers and sales representatives, while the Racing Division collected over $598,000 in racing related taxes. The Medical Marijuana Division received 4,681 occupational license applications in FY 2011-12 generating $304,000 in license revenue. Due to the statutory moratorium on new medical marijuana business license applications from August 2, 2010 through July 1, 2012, no new business applications were accepted in FY 2011-12.

Lastly, the Colorado State Lottery increased gross sales by 5.1% in FY 2011-12 over the previous year. Consequently, the total proceeds increased substantially from 21.8% in FY2010-11 to 22.6% in FY2011-12, thereby increasing distributions to the Conservation Trust Fund, Great Outdoors Colorado, Colorado Parks and Wildlife, and the Public School Capital Construction Assistance Fund. In FY 2011-12 proceeds totaled $2.4 billion, the highest since the Lottery's inception in 1983.

Vision

To become a premier Department of Revenue known for its outstanding customer service, innovation, and dedicated employees.

Mission

The Department of Revenue will provide quality service to our customers in fulfillment of our fiduciary and statutory responsibilities while instilling public confidence through professional and responsive employees.

Values

C - Communication

D - Dedication

O - Ownership

R - Responsible Government

T -Teamwork

R - Respect

U - Unity

S - Stewardship

T -Transparency

Values

Communication - Encourage an inclusive environment that fosters ongoing creative exchange of information and ideas between employees, management, and the public

Dedication - Demonstrate a strong support for the mission of the organization and service to the people of Colorado

Ownership -

- Promote active and constructive participation in the organization
- Take pride in the organization and what you do
- Create a sense of community

Responsible Government - Guarantee responsiveness, accountability, and pursue policies and ideas that are prudent and consistent.

Teamwork - Work collaboratively to achieve a common goal

Respect - Value customers' and employees' opinions and thoughts and treat them with dignity

Unity - Foster a unified Department of Revenue

Stewardship - Ensure careful and responsible collection and distribution of the public's money and information

Transparency - Utilize processes, procedures, and forms that are understandable and easy to use

Goals

The Department's FY 2012-13 Strategic Plan focuses on five main goals:

- ***Customer Service***
- ***Fiduciary Responsibility***
- ***Statutory Responsibility***
- ***Employees***
- ***Public Confidence***

Customer Service - Be respectful to our customers by providing processes that are clear, simple, timely, and convenient.

Fiduciary Responsibility - Provide responsible financial, resource, and project management that builds a sustainable foundation utilizing a high standard of care.

Statutory Responsibility - Promote fairness and consistency in the application of the law.

Employees - Recruit, develop, retain, and value a high-quality, diverse workforce in an environment that promotes collaboration, professional development, and employee innovation.

Public Confidence - Maximize public trust through responsible stewardship and transparent processes.

This plan outlines, by major program area, the objectives and strategies that the Department will employ to achieve these goals.

TAXATION DIVISION

Tax Call Center

Strategies: The Department is highly focused on providing excellent customer service. Staff continually provides updated information on the website and through the automated phone system scripts. With the implementation of the GenTax system and Revenue Online, the Department offers account maintenance to individuals including the ability to file online, track refunds, and assign duly authorized representatives. The Department hires temporary personnel to augment permanent staff assigned to the Call Center to answer calls during times of high call volume, especially during the tax season and to implement new legislation such as the Tax Amnesty Program. Finally, the Department is continually refining its approach to tax administration and in the past year has adopted Lean management principles to evaluate tax processes and implement changes. Because the wait time for calls to be answered and the number of blocked calls are interdependent, management continues to work towards a balance between call wait times and blocked calls. Although the objective, the average number of minutes to answer a call, has been increased from the previous year, it is believed that by increasing this objective, fewer calls will be blocked and, therefore, more customers will actually receive assistance.

Processes:

- Answer telephone calls at the Tax Call Center.

Inputs:

- Total call volume was 609,602 for FY 2011-12.
- Total of 25 FTE assigned to the Tax Call Center in FY 2011-12.

Outputs:

- Total number of calls answered was 255,152 in FY 2011-12.
- Total number of calls blocked was 250,544 in FY 2011-12.
- Total number of calls abandoned was 102,197 in FY 2011-12.

Outcomes:

The Department will strive to have average wait times for all call centers fall within 10% of programmatic standards identified below on a monthly basis.

- The Tax Call Center will answer calls within an average of 10 minutes of entering the queue for FY 2012-13.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	0:05:00	0:05:00	0:05:00	0:10:00	0:09:30
Actual	0:08:35	0:13:05	0:08:38		
Difference	-0:03:35	-0:08:05	-0:03:38		

- The Tax Call Center will block less than 25% of calls in FY 2012-13.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	25%	24%
Actual	17%	51%	41%		
Difference	N/A	N/A	N/A		

*The outcomes for these two objectives are interdependent.

Electronic Filing of Income and Sales Tax Returns

Strategies: The Department has been working with its stakeholders to encourage voluntary e-filing and e-payment and has been able to reach 80% compliance in the area of individual income tax filing. Most of the growth in e-filing will occur in sales tax over the next few years, and the Department is making tremendous strides with regard to the adoption of e-filing. The Department publicizes information regarding e-filing options in tax booklets and form instructions, press releases, events, interviews, and public service announcements. In order to get income tax e-file information out to employees, the Department partners with all levels of government to make promotional materials available to their customers and with major employers, school districts, local governments, and state employees.

Processes:

- File taxes online.

Inputs:

- Total number of individual taxpayers that filed income tax returns was 2.55 million in FY 2011-12.
- Total number of taxpayers that filed sales tax returns was 2.02 million in FY 2011-12.

Outputs:

- Total of 1.9 million individual income tax returns were filed electronically in FY 2011-12.
- Total of 683,000 sales tax returns were filed electronically in FY 2011-12.

Outcomes:

- Increase e-filed individual income tax returns as a percentage of total income tax returns filed by 5% over the previous year.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	84.0%	88.2%
Actual	64.0%	74.0%	80.0%		
Difference	N/A	N/A	N/A		

- Increase e-filed sales tax returns as a percentage of total sales tax returns filed by 20% over the previous year.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	42.0%	50.4%
Actual	13.0%	13.0%	35.0%		
Difference	N/A	N/A	N/A		

Tax Audit Assessments

Strategies: The Department recognizes the importance of a fair tax code for the citizens of the State of Colorado by ensuring all businesses and individuals pay their fair share of taxes. Within the past two years, the Department has expanded its auditing efforts of businesses headquartered outside of Colorado but operating within the state. These businesses represent a large portion of Colorado business activity. Concurrently, the Department implemented a new audit selection system capable of automatically comparing different data sets to ensure the Department audits entities with high potential for tax liability changes. With individual taxpayers, the Department recently focused on those earning non-employee compensation within Colorado but not properly filing and paying tax on that income. The Department places a high priority on training staff to ensure tax audits are completed efficiently and accurately.

Processes:

- Audit and assess tax filings.

Inputs:

- Total number of taxes (individuals and businesses) filed was 4,933,602 in FY 2011-12.
- Total of 118 Tax Auditor FTE in FY 2011-12.

Outputs:

- Total audit assessments were $532,696,470 in FY 2011-12.

Outcomes:

- Taxation will strive to have $385,000,000 in audit assessments each year.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	$281,769,447	$281,769,447	$379,592,528	$385,000,000	$385,000,000
Actual	$349,962,657	$483,926,076*	$532,696,470*		
Difference	$68,193,210	$202,156,629	$153,103,942		

*In FY11 and FY12, the Department conducted several audits that generated large assessments, which are not expected to occur in FY13 and FY14.

MOTOR VEHICLE DIVISION

Title and Registration Call Center

Strategies: The Department continually strives to improve customer service provided over the telephone. Through automated telephone scripts, customers are directed to the Department's website or to other agencies that may be able to answer their questions. The goal is to meet the informational needs of all title and registration customers. To achieve this goal, the Title and Registration section plans to: answer 100% of telephone calls within an average of 1 minute, complete all telephone calls within an average of less than 2 minutes per call, achieve an abandoned telephone call rate of less than 5% of all calls monthly, and maintain a favorable customer satisfaction rating monthly of 95% or greater.

Processes:

- Answer telephone calls at the Title and Registration Call Center.

Inputs:

- Total call volume was 102,557 in FY 2011-12.
- Total of 5 FTE answered calls in FY 2011-12.

Outputs:

- Total number of calls answered was 84,304 in FY 2011-12.
- Total number of abandoned calls was 18,253 in FY 2011-12.
- Total calls answered within one minute of entering the queue was 69,214 in FY 2011-12.

Outcomes:

- Title and Registration Call Center will answer 100% of calls within an average of 1 minute of entering the queue on an annual basis.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	100%	100%	100%	100%	100%
Actual	93%	92%	82%		
Difference	-7%	-8%	-18%		

Driver Services Call Center

Strategies: The Department continually strives to improve customer service provided over the telephone. The Driver Services section telephone system directs customers to the Department's website and provides basic information through automated telephone scripts. The goal is to meet the informational needs of all driver services customers in an efficient manner. To reach this goal, the Driver Services section plans to continue cross-training staff outside of the Call Center to provide overflow support. Additionally, the Driver Services Call

Center will strive to answer all telephone calls within 8 1/2 minutes, complete all telephone calls within an average of less than 4 minutes per call, and achieve an abandoned call rate of less than 20% of all calls on a monthly basis.

Processes:

- Answer telephone calls at the Driver Services Call Center.

Inputs:

- Total call volume was 384,205 in FY 2011-12.
- Total of 14 FTE answered calls in FY 2011-12.

Outputs:

- Total number of calls answered was 274,156 in FY 2011-12.
- Total number of blocked calls was unknown in FY 2011-12. Due to a system change this data will be available in FY 2012-13.
- Total number of abandoned calls was 87,306 in FY 2011-12.

Outcomes:

- The Driver Services Call Center will decrease the average call wait time by 17% in FY 2012-13.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	0:15:00	0:15:00	0:12:00	0:08:30	0:08:00
Actual	0:12:59	0:12:27	0:08:41		
Difference	0:02:01	0:02:33	0:03:19		

- The Driver Services Call Center will block less than 5% of calls on an annual basis.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	5%	5%
Actual	N/A	N/A	N/A		
Difference	N/A	N/A	N/A		

*The outcomes for these two objectives are interdependent.

<u>Walk-in Customer Service in Driver License Offices</u>

Strategies: The Department has been working toward providing more efficient customer service for the walk-in customers in Driver License offices. The Lakewood Driver License office launched the Wait-Less Project on January 31, 2012. The staff at that location began using a feature of the Wait-Less system, "Q-Flow" to call and route customers. The Denver Central Driver License office launched the same system on April 4, 2012. The remaining front-range offices will begin deployment in the Fall of 2012 and are scheduled to be fully deployed by the end of 2012. The other offices in the front-range include: Aurora, Boulder, Colorado Springs, Northeast Denver, Ft. Collins, Golden, Greeley, Littleton, Longmont, Northglenn, and Parker.

Each office was required to upgrade the network, install additional plugs/data ports, and purchase equipment prior to deployment. An online scheduling feature was implemented to allow customers to make appointments for Driver License services in the offices where Wait-Less has been deployed. This online feature was added to the Colorado.gov website for customer convenience. Additionally, the Driver License program is in the process of conducting a Lean project to develop a model office to serve customers more efficiently and effectively.

Processes:

- Serve walk-in customers.

Inputs:

- Total of 30 FTE staffed Driver License offices where Wait-Less was deployed.
- 7 kiosks were deployed in Driver License offices in FY 2011-12.
- 25 additional kiosks are anticipated to be deployed in Driver License offices in FY 2012-13.

Outputs:

- Total of 144,825 Driver License transactions were processed in the Driver License offices where Wait-Less was deployed in FY 2011-12.
- Total of 45,012 (31%) transactions were completed within 60 minutes in Driver License offices where Wait-Less was deployed in FY 2011-12.
- Total of 2,381 customers had pre-scheduled appointments in FY 2011-12.
- Total of 1,981 (83%) customers with pre-scheduled appointments were served within 15 minutes of their scheduled appointment time in FY 2011-12.

Outcomes:

- Driver License customer transactions will be completed within an average of 60 minutes in Driver License offices where Wait-Less is deployed.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	70%	75%
Actual	N/A	N/A	N/A*		
Difference	N/A	N/A	N/A		

- Driver License customers with pre-scheduled appointments will be called to the counter within 15 minutes of their scheduled appointment time in Driver License offices where Wait-Less is deployed.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	90%	90%
Actual	N/A	N/A	N/A*		
Difference	N/A	N/A	N/A		

*While the Department does have some FY12 data for the Wait-Less deployed offices, the data provided through the reporting functionality was incomplete. The Department continues to refine the reporting capabilities to ensure valid data for FY12-13.

Online Renewal and Payment

Strategies: The Department recognizes the importance of providing online driver license services to assist in managing the volume of walk-in customers in Driver License offices. Currently, the Department uses the "Guy VROOM" advertising campaign, sends notification to citizens to inform them if they are eligible to renew online, and provides information regarding online driver license renewal on the State of Colorado's website. Additionally, the Department partners with the Donor Alliance organization to promote the online renewal option.

Processes:

- Renew and accept payment of driver licenses online.

Inputs:

- Total of 783,937 driver licenses renewed in FY 2011-12.

Outputs:

- Total of 162,094 driver license renewals and payments processed online in FY 2011-12.

Outcomes:

- Increase the number of driver license renewals processed online by 20% over the previous year.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	163,860	194,513	233,416
Actual	21,609	109,242	162,094		
Difference	N/A	N/A	-1,766		

International Registration Plan (IRP) Electronic Registration

Strategies: The Department is working on providing better customer service to motor carriers by allowing online registration. The goal is to increase the number of motor carriers using the online IRP registration application process for new registrations, renewals, and supplemental requests. Currently, the Department does not track the different types of applications submitted but a request has been submitted to capture this data electronically in the future.

Processes:

- Issue and renew IRP registrations through electronic filing.

Inputs:

- Total of 6,902 registration applications were processed in FY 2011-12.
- Total of 4 FTE processed IRP registrations in FY 2011-12.

Outputs:

- Total of 1,395 IRP registrations were processed electronically in FY 2011-12.

Outcomes:

- The percentage of IRP registrations completed through electronic filing will increase 5% each year.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	25%	30%
Actual	52.1%	3.8%*	20.2%		
Difference	N/A	N/A	N/A		

*The Department migrated from the Commercial Vehicle Electronic Credentialing system to the GenTax system for electronic filing in August of 2010. Electronic registration activities decreased during this time due to the unavailability of the electronic registration option for a portion of the year and customer uncertainty in utilizing the new system.

3rd Party Commercial Driving Schools

Strategies: In order to ensure the integrity of Commercial Driving Schools and testing units, the Department will perform at least one audit on each Basic Operator Skills Test (BOST) driver education school every fiscal year. Additionally, proper audit management and reporting procedures will be maintained. The Department will also continue to work to retain well-trained staff and improve auditing processes.

Processes:

- Audit and evaluate 3rd party Commercial Driving Schools.

Inputs:

- Total of 143 3rd party Commercial Driving Schools in Colorado in FY 2011-12.
- Total of 4 FTE audited 3rd party Commercial Driving Schools.

Outputs:

- Total of 143 3rd party Commercial Driving Schools audited in FY 2011-12.

Outcomes:

- Complete required audits of 3rd party Commercial Driving Schools on an annual basis.

	FY 10	FY 11	FY 12	FY 13	FY 14
Objective	100%	100%	100%	100%	100%
Actual	100%	100%	100%		
Difference	0	0	0		

Commercial Driver License Testing Units

Strategies: The Department recognizes the increased risk to road and driver safety, when commercial drivers are not properly tested. The Department will perform an audit of every Commercial Driver testing unit. These audits will be conducted using proper audit management and reporting. This strategy will be enhanced by continued efforts to retain and train staff.

Processes:

- Audit Commercial Driver License Testing Units.

Inputs:

- Total of 125 Commercial Driver License Testing Units in FY 2011-12.
- Total of 4 FTE audited Commercial Driver License Testing Units in FY 2011-12.

Outputs:

- Total of 107 Commercial Driver License Testing Units were audited in FY 2011-12.

Outcomes:

- Complete required audits of Commercial Driver License Testing Units on an annual basis.*

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	100%	100%	100%	100%	100%
Actual	77.24%	89.05%	86.40%		
Difference	-22.76%	-10.95%	-13.60%		

*While there is not an actual number of required audits, if the state is found to be out of compliance with FMCSA regulations, federal highway moneys provided to the state could be at risk.

Emissions Testing Facilities

Strategies: C.R.S. 42-4-305 requires audits of Emissions Testing Facilities within a given time frame. The statutory requirement regarding audit frequency was changed by SB12-012 which became effective July 1, 2012. To achieve the goal set by statute, the Emissions Section implemented an audit management and reporting system, which includes audit scheduling and data tracking. The Emissions Section schedules and completes audits on a timely basis using a well-trained staff. In addition, the Emissions Section promotes continued education of its staff while utilizing technological enhancements to create more efficient auditing and more accurate data and reporting.

Processes:

- Audit Emissions Testing Facilities.

Inputs:

- Total of 62 Emissions Testing Facilities in FY 2011-12.
- Total of 7 FTE audited Emissions Testing Facilities performing multiple audits per facility as required by statute. Prior to SB12-012, quarterly audits were required of all testing facilities. SB12-012 changed the audit frequency to biannual auditing of all testing facilities.

Outputs:

- Total of 62 Emissions Testing Facilities were audited in FY 2011-12.
- 100% of the Testing Facilities were audited at least 3 times during FY 2011-12 but not all were audited quarterly prior to the enactment of SB12-012.

Outcomes:

- Complete required audits of Emissions Testing Facilities on an annual basis.*

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	100%	100%	100%	100%	100%
Actual	94.82%	104.10%*	98.78%**		
Difference	-5.18%	4.10%	-1.22%		

*Based on the statute as it existed in FY11, some testing facilities were audited more than every 90 days resulting in an actual percentage of greater than 100%. SB12-012 amended the requirement for audits from every 90 days, to at least twice per year.

**The transition effective July 1, 2012 to the new requirements of SB12-012 caused some facilities to be audited less than the pre SB12-012 quarterly requirement.

LOTTERY DIVISION

Lottery Sales and Profits

Strategies: In order to provide the optimal amount of proceeds and funding for the recipients of Colorado Lottery revenue, the Department developed a plan to increase Lottery sales and maximize proceeds to beneficiaries. Additionally, the Lottery will encourage ongoing system and process improvements, which should result in decreased costs and achieve a profitability percentage of 23.13% in FY 2012-13.

The Lottery plans to support marketing objectives with existing resources to achieve the following sales goals:

- Scratch $365 million
- Powerball $95 million
- Mega Millions $30 million
- Lotto $35 million
- Cash 5 $20 million
- Raffle $5 million
- New Jackpot Game TBD

The Department is focusing on systematic improvements and enhancements to optimize, maximize, and energize the profitable sales of Lottery products. In doing so, the Lottery will optimize product mix to maximize profitability without negatively impacting sales. In addition, the Lottery will prioritize its marketing and sales efforts towards the most profitable games in the portfolio by placing a more focused media and marketing effort on Jackpot games, which comprise 65% of the marketing budget, versus Scratch games, which makeup the remaining 35%. The Lottery also plans to maximize its retail network sales performance by implementing the minimum sales requirements in FY 2012-13 to ensure that all retailers are contributing a positive return on investment.

Processes:

- Marketing strategy.

Inputs:

- Approximately 3,000 Lottery retailers in FY 2011-12.
- Total of 44 sales representative FTE in FY 2011-12.
- Total of $12,745,783 was spent on marketing in FY 2011-12.
- Total of $39,570,343 was spent on Colorado Lottery administrative costs in FY 2011-12.

Outputs:

- Total sales for the Colorado Lottery were $545,303,548 in FY 2011-12.
- Total proceeds distributed were $123,249,476 for FY 2011-12.

Outcomes:

- Grow Colorado Lottery sales and profits to maximize proceeds for recipients that are receiving funding at levels defined by the state and achieve profitability percentage levels. These percentages are determined by dividing the amount of proceeds distributed by the total sales.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	22.53%	23.68%	22.80%	23.13%	24.32%
Actual	22.31%	21.88%	22.60%		
Difference	-.22%	-1.80%	-.20%		

Lottery Compliance Investigations

Strategies: To protect Lottery players who purchase tickets, the Colorado Lottery constantly looks for ways to monitor compliance with the Lottery's rules and procedures. Lottery players often notify the Lottery about retailers not following the rules and statutes related to Lottery operations. The Colorado Lottery uses this information to conduct investigations on retailer fraud and scams. The Colorado Lottery also conducts independent compliance investigations and covert operations at retailers to deter theft of winning tickets and to ensure that Lottery transactions are handled correctly by store personnel.

Processes:

- Conduct Integrity compliance investigations of retailers identified as having a track record of inconsistent application of the rules and laws governing the Lottery and its retailer base.
- Conduct regular compliance investigations designed to assist retailers with best business practices related to security, fraud, and integrity issues.

Inputs:

- Approximately 3,000 lottery retailers in FY 2011-12.
- Total of 7 FTE conducted Integrity Compliance investigations in FY 2011-12.
- Total of 7 FTE conducted regular Compliance investigations in FY 2011-12.

Outputs:

- Of the total 3,000 lottery retailers, 198 were subject to an Integrity Compliance Investigations in FY 2011-12.

- Total of 247 lottery retailers were subject to a regular Compliance Investigations in FY 2011-12.

Outcomes:

- The Lottery Division shall conduct Integrity Compliance Investigations on 100% of retailers.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	100%	100%	100%
Actual	N/A	N/A	100%		
Difference	N/A	N/A	0		

- The Lottery Division shall increase the percentage of regular compliance investigations annually.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	12%	25%	33%
Actual	N/A	N/A	12%		
Difference	N/A	N/A	0%		

*The percentages identified are the percentages of the total retailers of which compliance investigations are anticipated to be completed (objective) or have been completed (actual) in a fiscal year.

ENFORCEMENT DIVISION

Liquor License Processing

Strategies: Retail liquor license applications undergo a two-step approval process. The application must first be approved by the local licensing authority before it can be approved by the State. This process can be lengthy. The Liquor Enforcement Division (LED) is committed to reviewing and issuing liquor licenses in a timely manner after receiving notice of liquor approval by the local authorities. In June 2012, the LED implemented a new licensing system in which local authorities send approved applications and fees directly to LED, which avoids any potential delays in check and application processing. Further, the new licensing system allows LED to more closely monitor and report progress in processing licenses. This year the LED will employ process improvements to further streamline liquor licensing.

Processes:

- Process liquor license applications.

Inputs:

- Total of 1,032 liquor licenses were received in FY 2011-12.
- Total of 4 licensing clerks processed license applications in FY 2011-12.

Outputs:

- Total of 991 liquor licenses received final agency action during FY 2011-12.
- LED did not have a system in place during FY 2011-12 to track the number of liquor licenses receiving final agency action within 60 days of local approval, therefore no historical data is available. A system is now in place to provide this data for FY 2012-13.

Outcomes:

- By the end of the fiscal year, the Liquor Enforcement Division will reach the objective of initiating final agency action* of licenses within 60 days of local approval.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	90%	90%
Actual	N/A	N/A	N/A		
Difference	N/A	N/A	N/A		

*Final agency action means license issued/renewed or license denied.

Auto Industry Complaint Resolution

Strategies: Consumer protection is a critical component in effectively regulating the auto industry. The Auto Industry Division (AID) receives 1,500 to 2,000 complaints per year. Consequently, the Division identifies and places a high priority on those complaints that negatively impact consumers. The investigative teams within the Division will meet monthly in an attempt to ensure these cases are top priority. Additionally, the Division will be

implementing a new data base computer program to assist in the overall tracking of these types of cases. This will allow the Director to assign staff as necessary to meet this objective. This year the AID will employ process improvements to address the backlog of cases and to streamline existing procedures.

Processes:

- Resolve complaints.

Inputs:

- Total of 1,796 complaints were received in FY 2011-12.
- Total of 14 FTE (including criminal and compliance investigators) were assigned to investigate complaints in FY 2011-12. Based on an internal licensing assessment completed in November of 2011, 3 FTE were reassigned from investigating duties to licensing duties beginning February 2012 and will remain in place for FY 2012-13.

Outputs:

- Total of 1,351 complaints initial investigation was concluded in FY 2011-12.
- AID did not have a system in place during FY 2011-12 to track the number of complaints that were concluded within 180 days of case initiation, therefore no historical data is available. This data will become available during the 3rd quarter of FY 2012-13.

Outcomes:

- By the end of the fiscal year, the Auto Industry Division will reach the objective of concluding the initial investigation* on complaints within 180 days of case initiation.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	70%	75%
Actual	N/A	N/A	N/A**		
Difference	N/A	N/A	N/A		

*Cases are concluded by determinations of No Violation, Violation Resolved, Verbal Warning, Written Warning, or Motor Vehicle Dealer Board Review.

**The figures identified in the Inputs and Outputs are new cases only and do not include the "backlog" of cases from prior years that are being worked simultaneously. Therefore, the FY12 Actual data is not available.

Racing Compliance

Strategies: The Racing Division attempts to inspect all stable and racing facilities at least once each year to ensure the integrity of racing in Colorado and to promote animal welfare. These inspections provide proactive and invaluable feedback to the Division concerning compliance with statutory and regulatory requirements within the racing industry.

Processes:

- Inspecting horse racing facilities. Facilities include the racetrack and all stables on the premises.

Inputs:

- Total of 136 horse racing facilities in CY 2012.
- Total of 2 investigators conducted racing compliance inspections.

Outputs:

- Total of 136 inspections were conducted by the Racing investigators in CY 2012.
- Total of 136 inspections were completed within 45 days in CY 2012.

Outcomes:

- The Division of Racing shall conduct facility inspections for its racetrack licensees prior to opening and all stables within 45 days after opening to ensure compliance with the Colorado Racing Act and Colorado racing regulations.

	CY 10	CY 11	CY 12	CY 13	CY14
Objective	N/A	100%	100%	100%	100%
Actual	N/A	96%	100%		
Difference	N/A	-4%	0%		

<u>Medical Marijuana License Processing</u>

Strategies: The issuance of medical marijuana state business licenses is predicated on the approval of the local licensing authority. Applicants have an expectation that final agency action at the state level should occur within a reasonable time period after local approval. The division should meet the objective of initiating final agency action within 60 days of local approval, at least 90% of the time. To achieve this goal, the Department will monitor and prioritize applications based on responses received from local authorities.

Processes:

- Process license applications.

Inputs:

- Total of 15 FTE assigned to the MMED in FY 2012-13.

Outputs:

- Because this is a new objective for the Division, there is no historical data to provide.

Outcomes:

- By the end of the fiscal year, the Medical Marijuana Enforcement Division will reach the objective of initiating final agency action*of license applications within 60 days of local approval.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	90%	90%
Actual	N/A	N/A	N/A		
Difference	N/A	N/A	N/A		

*Final agency action means license issued/renewed or license denied.

Gaming Compliance

Strategies: One of the legislative declarations in the Colorado Limited Gaming Act requires that the public have trust and confidence that gaming is being conducted honestly and that all gaming devices are licensed and controlled. One of the ways the Division accomplishes this mandate is to inspect all new slot machines placed into service by licensed casinos. This objective is achieved by Division compliance investigators physically inspecting and testing new slot machines to ensure they meet statutory and regulatory requirements.

Processes:

- Inspect new slot machines.

Inputs:

- Total of 2,210 new slot machines were introduced in FY 2011-12.
- Total of 7 compliance investigators inspected new slot machines in FY 2011-12.

Outputs:

- Total of 2,210 new slot machines were inspected in FY 2011-12.
- Total of 2,210 new slot machines were inspected within 90 days of introduction to the gaming floor in FY 2011-12.

Outcomes:

- The Division of Gaming shall inspect 100% of new slot machines introduced to the gaming floor within 90 days to ensure compliance with the Gaming Act, Colorado Gaming Regulations, and internal control standards.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	100%	100%	100%	100%	100%
Actual	100%	100%	100%		
Difference	0	0	0		

EXECUTIVE DIRECTOR'S OFFICE / ADMINSTRATION

Cash Handling

Strategies: In an effort to ensure that revenue collections are deposited timely, the Department is focused on encouraging the use of electronic payments related to electronic filings of income and sales tax returns. Through the Tax Pipeline LEAN project the Department is working cooperatively with the Department of Personnel Administration to employ front-end imaging and remittance processing of tax documents and payments to increase efficiency of deposits.

Processes:

- Receive and deposit cash.

Inputs:

- Total of $11,605,713,147 was deposited in FY 2011-12.

Outputs:

- Total of $10,836,195,050 was deposited within 24 hours of receipt in FY 2011-12.

Outcomes:

- Increase the percentage of funds deposited within 24 hours of being received to reach a goal of 95%.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	95%	95%
Actual	91%	92%	93%		
Difference	N/A	N/A	N/A		

Project Management

Strategies: In December of 2011, the Department recognized the need to institute project management processes. A consultant was hired in January of 2012 to establish these processes, in concert with the OIT EPPMO processes, which included prioritization and selection of projects and documentation required to effectively manage projects. A Program Office was created in February of 2012. In March of 2012, the Department identified over 400 projects that had been requested but were not being managed or tracked consistently. A project list was created that included all known project information. This list was then reduced to active projects only, in order to prioritize the projects that would move forward. An executive committee was formed in April of 2012 to prioritize the list of projects. All existing projects were rated and ranked in order of priority. From the priority list, the executive committee determined which projects that were already in progress should continue. An Executive Dashboard was created to track high level status of the selected projects. In order to facilitate

the implementation of the selected projects, one project manager was reassigned to manage projects beginning in May of 2012. An additional project manager was assigned in August of 2012. A Program Manager was hired to head the newly formed Program Management Office on October 1, 2012. The Department is planning to reassign 3 additional FTE to the Project Management Office to serve as project managers. The Department has been working collaboratively with the Office of Information Technology (OIT) to ensure coverage but not duplication of effort.

Processes:

- Manage projects.

Inputs:

- Total of 7 FTE (1 Program Manager and 6 Project Managers) are envisioned to be assigned to the Program Management Office.

Outputs:

- Because this is a new program, there is no historical data to report as an output for FY 2011-12.

Outcomes:

- The Department will complete 80% of projects that have committed deliverables, funding, and identified timelines.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	80%	80%
Actual	N/A	N/A	N/A		
Difference	N/A	N/A	N/A		

<u>Rule and Regulation Review</u>

Strategies: To be compliant with and incorporate the requirements of Executive Order 11-5, Executive Order 12-2, and House Bill 12-1008, the Department conducted a LEAN event to streamline and consolidate processes related to rule development, review, and promulgation. This included developing and refining rulemaking processes utilized by the various divisions within the Department.

Processes:

- Review and update rules and regulations.

Inputs:

- The Department currently has 1,806 rules and regulations published.

Outputs:

- Total of 1,210 rules and regulations were reviewed and/or updated in FY 2011-12.

Outcomes:

- The Department will review 20% of its rules and regulations each year to ensure compliance with Executive Order 11-5, Executive Order 12-2, and House Bill 12-1008.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	20%	20%
Actual	N/A	N/A	N/A*		
Difference	N/A	N/A	N/A		

*This is a new objective for the Department. The data identified represents a fairly comprehensive department–wide review that took place in FY11-12. Going forward, the Department plans to review 20% of its rules and regulations to ensure that 100% of Department rules are reviewed every 5 years.

Hiring Personnel

Strategies: The Department has experienced large numbers of applications that require extensive and time consuming screening to narrow the number of applicants. To address this issue, the Department is developing an expedited exam process that identifies the qualified applicants in a shorter period of time in order to accelerate the hiring process.

Processes:

- Fill vacant positions.

Inputs:

- Total of 150 vacancies in the Department in FY 2011-12.
- Total of 4 FTE are assigned to assist in the hiring process.

Outputs:

- Total of 150 new employees were hired in FY 2011-12.
- Total of 120 employees (80%) were hired within 60 days from the date of the personnel request form arriving in Human Resources.

Outcomes:

- The average number of days it takes the Department to fill 100% of vacant positions from the submittal of the personnel request form to Human Resources, to the job offer will be reduced by 10% each year.

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	54 days	49 days
Actual	N/A	N/A	60 days		
Difference	N/A	N/A	N/A		

Employee Satisfaction

Strategies: The Department of Personnel Administration (DPA) conducted a statewide employee survey in October of 2011. It is the Department's intention to replicate the DPA survey in March of 2013. In order to address the objective that leaders give a clear picture of direction, the Department has embarked on a rewrite of the Department's strategic plan which involved creating new vision and mission statements, goals, and objectives. The rewrite was developed mainly by an employee working group consisting of employees from all divisions and classifications, and a representative from COWINS. The plan was completed in September and its messaging and implementation are ongoing.

The Department has utilized LEAN principles which involved a number of employees in the Department. To date, front line employees have been involved in the tax pipeline project and tax division realignment, and will be embarking on a LEAN project for the Driver License offices. In addition, several smaller LEAN projects were completed to improve various Departmental processes.

The Department is also in the development stage of an internal and external communications outreach plan, which is scheduled to be completed by the end of January 2013. In addition to reaching out to customers and external stakeholders, this effort will also provide an action plan to communicate to employees more effectively, ensure employees are kept informed, and encourage more employee involvement in the organization.

Processes:

- Conduct employee satisfaction survey.

Inputs:

- Department of Personnel Administration (DPA) survey.
- Total number of DOR employees was 1,323 in FY 2011-12.
- Total of 902 employees completed the DPA employee survey although the number of respondents for each question varied.

Outputs:

- Total of 891 employees responded to question related to "capacity to act on innovative ideas". 230 (26%) employees rated the question favorably.
- Total of 891 employees responded to question related to "satisfied with opportunities for career growth and advancement". 303 (34%) employees rated the question favorably.
- Total of 866 employees responded to question related to "leaders give a clear picture of direction". 242 (30%) employees rated the question favorably.

Outcomes:

- Improve employee satisfaction by a rate of 5% points for each of the three categories below from the baseline established by the DPA employee survey.
  - Capacity to act on innovative ideas.*

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	31%	36%
Actual	N/A	N/A	26%		
Difference	N/A	N/A	N/A		

*A favorable rating was determined by answering the question with agree or strongly agree.

  - Satisfied with opportunities for career growth and advancement.*

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	39%	44%
Actual	N/A	N/A	34%		
Difference	N/A	N/A	N/A		

*A favorable rating was determined by answering the question with agree or strongly agree.

  - Leaders give a clear picture of direction.*

	FY 10	FY 11	FY 12	FY 13	FY14
Objective	N/A	N/A	N/A	33%	38%
Actual	N/A	N/A	28%		
Difference	N/A	N/A	N/A		

*A favorable rating was determined by answering the question with agree or strongly agree.