

Tax Document Imaging**FY2005 Request: \$120,000**
Reference No: 39278**AP/AL:** Appropriation
Category: General Government
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2004 - 06/30/2005**Project Type:** Information Systems
Contact: Susan Taylor
Contact Phone: (907)465-2312**Brief Summary and Statement of Need:**

A key element of the mission of the Tax Division is to optimize tax collections. Competent and timely management of taxpayer accounts through efficient and accurate processing of returns and claims is critical to meeting this objective. The transfer of physical documents between offices and work units is a significant processing bottleneck representing a material restriction of our ability to achieve our mission timely and at minimum cost. Imaged files will compliment our electronic workflow routing for enhanced operational excellence.

Funding:	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Total
Gen Fund	\$120,000						\$120,000
Total:	\$120,000	\$0	\$0	\$0	\$0	\$0	\$120,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:**Project Description/Justification:**

1. INITIATIVE / PROJECT SUMMARY

1.1. Taxpayer Document Imaging

Current business practice requires access to the physical documents submitted by the taxpayer in order to understand actions and/or data presented to the division. The Tax Division currently supports two geographical locations (Anchorage and Juneau) requiring the need to ship/pouch documents between the two locations for processing and review. Documents received by the division must be kept for a minimum of 6 years (average). Documents are generally kept on premises for 3 years and sent to off-site storage for an additional 3 -6 years.

The division has and continues to implement technology and process solutions to improve processing efficiency. At the core of these solutions is a shift from uniform manual processes for all returns and claims to a system of selective manual and automated processes appropriate to the tax program and individual return or claim. Automated systems assist staff in determining the appropriate processes for each account thereby avoiding unnecessary effort and focusing resources where they are most needed. These changes have produced operational efficiencies, however, they have also dramatically increased the complexity of workflow within and between offices and work units. The transfer of paper documents, between operating units under our variable workflow, has surfaced as the division's primary production bottleneck and the most frequent point of failure.

This project is to implement a system to convert paper files to on-line images immediately after data capture. The images

will replace the paper documents during subsequent account management activities.

The project will allow the division to convert paper returns and claims to images that are accessible by staff, on demand, at any point of production and from any location. Direct access to returns will eliminate the need to handle and control the physical document at each step of processing, reduce physical document inventory management effort, and minimize customer service and processing failures that result from lost documents or transfer delays. The use of images will minimize physical storage space requirements and costs of off-site storage and interoffice shipping. The result will be reduced processing cycles, increased productivity, and the effective elimination of lost documents.

2. DESCRIPTION

2.1. Key Functionality

- To have instant online access to returns and claims processed by the division.

2.2. Requirements

- Documents must be scanned, indexed and released to storage using Kofax Ascent Capture
- Must be able to scan documents from both Juneau and Anchorage locations. (Juneau will be the primary worksite with the majority (90%) of volume, with Anchorage as a secondary site with 10% of volume)
- Documents must be stored in the Juneau Enterprise Stellent Content Server with associated meta-data
- Documents must be associated with a Filing Sequence Number (FSN) after Data Capture in Accounting System
- Must be able to display associated documents for a filing within Tax Accounting System and provide a method to view a selected document.
- Must be able to search, view, check out, print, and add notes to all documents in Stellent and Tax Accounting System
- Must be able to upload FSN and/or License Id related e-mails, MS Word and MS Excel documents to Enterprise Stellent Content Server with associated meta-data

2.3. Relationship to Department Service Delivery

2.3.1. On demand return information facilitates all stages of processing, account management, and enforcement functions performed by the division. The system addresses the foremost limiting factor on productivity and service delivery at this time. The functionality promised by this project represents the single most effective technological solution available to meet the division's performance measures. Delivery of core services will be improved by faster response to questions and requested actions from taxpayers, internal users, and other agencies; staff freed up to provide additional core services.

2.4. Alternatives considered / process employed to determine this recommendation.

2.4.1. Maintain existing paper files. Client services and operating productivity would not be improved. Additional programs will proportionately increase the space and staff required to handle paper files to provide the current level of service.

2.4.2. Non-technological process improvements. The division is implementing non-technological process improvements at this time. These initiatives have amplified the issues addressed by this project.

3. IMPACT & RESULTS

3.1. On Customer service - service oriented

3.1.1. The ability to directly access a taxpayer return or claim enables real time response to customer inquiries. On-demand access is expected to result and improve customer service at reduced cost.

3.1.2. Improved productivity and reduced processing cycles enable the division to issue timely refunds, a division performance measure reflective of overall performance.

3.1.3. Reduced processing cycles allow the division to inform taxpayers of errors and adjustments to their return or claim faster. Timely taxpayer contact provides taxpayers with more opportunity to minimize penalties and interest and to avoid errors on subsequent filings.

3.1.4. Customer service fiascos resulting from loss of an original return or claim will be virtually eliminated.

3.2. Operational excellence – The Tax Division continues to streamline processing and strategically focus processing resources through technological and process solutions. These initiatives involve a complex system of workflow unique to the tax program and attributes of the individual return or claim. As a result of these initiatives, the transfer of paper documents between operating units and across geographic locations has emerged as our primary productivity constraint and the most frequent point of failure.

3.2.1. Positive impact if the project is approved / implemented.

- On-demand information allows simultaneous access to multiple users and avoids periods of unavailability during transit. External data relevant to the work unit will flow as fast and free as the work unit flows through our electronic workflow system.
- On demand images allows the Division to prioritize production to match operational and policy objectives. The ability to access the information we want to work on, when we want to process it, gives the division complete control over processing priorities. Processing is not restrained, and therefore not influenced by physical logistics of file condition or location.
- On-demand return information allows our electronic workflow management systems to perform to their potential.
- The risk of loss of original taxpayer returns is virtually eliminated as is the associated loss of productivity.
- Processing activities can be geographically distributed without increasing risk or operational costs associated with physical document transfers.

3.3. Give detailed information about tangible benefits / deliverables of the project which could include things like – reduced cycle time, cost saving, staff time savings, etc. Innovation leadership

- Productivity gains through elimination of physical paper handling. The planned implementation will avoid up to six physical transfers of the documents that would otherwise occur in the processing of a straightforward tax refund. Estimated efficiencies .5 FTE
- Reduced long term storage and retrieval fees, and inter-office transfer costs. Estimated savings \$10,000 annually.
- Reduced staff time for file management and processing. Imaging effort is expected to be below that of existing initial filing procedures. Existing retrieval effort will be avoided entirely. Processing time will decline due to the elimination of handling and a reduction in distractions associated with physical document transfers. Estimated efficiencies .75 FTE
- Reduced cycle time (overall) resulting from on-demand access to critical information. Estimated overall cycle time reduction 10%.
- Significant reductions in cycle times for prioritized cases such as refunds. Documents transfers will no longer lag behind electronic workflow and will no longer restrict priority cases. Estimated priority work unit cycle time reduction 30%.
- Improved use of facilities. The division will realize a net reduction in space required for existing return volume and the impact of volume growth is minimized.
- Increased revenues resulting from on-demand return information and the redirection of freed up examination resources. Estimate - \$1,500,000 annually.

3.4. Innovation leadership - First to market oriented
Not Applicable

3.5. Leveraging Opportunity

3.5.1. Leveraged across Divisions within the Department

3.5.1.1. The Permanent Fund Dividend Division (PFDD) currently has in place an imaging system by Legato (OTG). PFDD is preparing a project to upgrade this system, PFD Imaging System Update, Appendix D1, and it is possible that the Tax Division could leverage this project to incorporate the systems needed to image documents.

3.5.1.2. The Child Support Enforcement Division (CSED) is currently working on an imaging project (joint venture with the Department of Natural Resources, Information Technology Group and the Department of Transportation and Public Facilities, Juneau office) using the Enterprise Solution – Stellent Document and Content Management System. There is a possibility that the Tax Division could use the same model as CSED, as their document imaging needs are closer to those of Tax Division than is the PFD Division's project.

3.5.2. Leverage Across Departments within the Service Area

3.5.2.1. The Department of Labor is currently working on an imaging project, largely funded by Federal Funds. It is uncertain whether the Tax Division could incorporate this system. Further study needs to be completed before making a determination.

3.5.3. Leveraged Across Service Areas (Enterprise)

3.5.3.1. The Department of Administration, Information Technology Group (ITG) has purchased a couple of possible solutions.

3.5.3.1.1. Stellent – A content management system. It is possible that this solution could be configured to provide imaging management in the current project with the potential for document and content management in the future.

3.6. Impact if not implemented.

- The division may not meet its performance measure of issuing 99% of refunds within 90 days of claim.
- Case files would continue to be handled manually.
- Cost savings identified in 3.3 would not be realized.
- Not all of the incremental revenue projected in 3.3 could be realized. A portion could be realized with increased staffing.
- Additional staff and physical facilities will be needed to handle/manage additional files in the event that new revenue programs are assigned to the division.
- The division will remain at the current risk level for loss of original taxpayer records.

4. COST

4.1. Drivers

- 250,000 documents will need to be imaged by staff.
- Integration with financial records data in existing system

4.2. Estimates

- \$170,000

4.3. Full Life Cycle Cost Information [One Time Costs, Annual Costs, Staff Costs]

4.3.1. Project Initiation/Planning - \$15,000

4.3.2. Requirements Definition - \$5,000

4.3.3. Staff Resources Required - \$40,000

4.3.3.1. 1 Analyst Programmer, 2 Users

4.3.4. System Design - \$15,000

4.3.5. Software Acquisition -\$25,000

4.3.6. Software Installation / Programming - \$15,000

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- 4.3.7. Hardware / Infrastructure Acquisition - \$20,000
- 4.3.8. Hardware / Infrastructure Testing - \$5,000
- 4.3.9. System Integration and Testing - \$5,000
- 4.3.10. Installation and Deployment - \$5,000
- 4.3.11. System Operation and Maintenance – \$5,000
- 4.3.12. Corrective and Adaptive Maintenance – \$15,000

5. FUNDING

- 5.1. If funding is required what is the department recommended funding source

General Fund – Operating \$50,000
General Fund – Capital \$120,000

- 5.2. If this project is already funded what is the current funding source

- Not Currently Funded

6. SPEED TO IMPLEMENT

- 6.1. Duration of project

Approximately 12 - 14 months

- 6.1.1. Contingent on availability of funding

- Yes

- 6.1.2. Contingent on total resources available to do the work

- Yes

- 6.1.3. Contingent on approval process

- Yes

7. TECHNOLOGY RISK ASSOCIATED WITH THE INITIATIVE

- 7.1. Ability of the Department or Enterprise to support the project

- Ongoing scanning will be handled by the existing file room FTEs or contracted with PFDD Imaging Staff
- Ongoing indexing will be handled by the existing file room FTEs or contracted with PFDD Imaging Staff
- Ongoing programming enhancements and testing will be handled by the existing programming staff
- Ongoing production Stellent server upgrades and maintenance will be handled by ITG
- Ongoing development Stellent server upgrades and maintenance will be handled by the Child Support Enforcement Division (CSED), the Department of Natural Resources and the Tax Division.

- 7.2. Adherence to Enterprise Technology Standards

- 7.2.1. List all technology being used to implement the solution

- Kofax Ascent Capture
- Stellent Content Server
- MS SQL Server
- MS Office (existing)

7.2.2. If not following State standards on project give justification

- Current integrated systems are built using Sybase-PowerBuilder and to rewrite/design the system would require more resources (time and financial) than are available in the next few years.