

Proposal Form: American Rescue Plan State Fiscal Recovery Funds

Proposal Overview

Policy Bucket/Area	Public Infrastructure and IT
Proposal Name	Tax Modernization IT
Agency Name	Department of Revenue
Agency Proposal Owner	Neena Savage
Eligible Expenditure Category (PRO)	Revenue Replacement

Proposal Fiscal Impact

If your proposal is administrative or not related to capital or infrastructure, please provide how the stimulus funds would be used over the next three fiscal cycles and any additional funding that would be required.

Funding Source	FY22	FY23	FY24	FY25	FY26	FY27*	Annual Recurring Charges
Federal Stimulus Funds	\$0.75M	\$1.5M					
Other Federal Funds							
General Revenue							
Other Funds							
All Funds							

**Federal Stimulus Funds half year only*

Capital/ Infrastructure Projects	FY22	FY23	FY24	FY25	FY26	FY27*	Total
Federal Stimulus Funds							
Other Funds							
Total							

**Federal Stimulus Funds half year only*

Proposal Description

Please describe the proposal in terms of what is the object of expenditure. Information should include current programs that would be impacted, new programs to be created, reference to category of expenditure and how good or service will be procured and delivered. Further detail on expenditure database changes can be captured on attached excel spreadsheet for ultimate entry into the Budget Office BFM system.

Enhanced technology to strategically modernize taxation. Having Personal Computers with external cameras, a mail tracking system and migrating the STAARS infrastructure to a Government Cloud will allow for the continued strategic modernization of the Division of Taxation's technical infrastructure in a manner that implements best practices from a compliance and security perspective and continues to build on taxpayer service and compliance improvements.

1. **Personal Computers with External Cameras:** This request is to continue to modernize the Division of Taxation's interaction with taxpayers in safe, secure, and compliant manner. The 12 PCs with external camera will be hardware needed to implement a dedicated business process for interacting with taxpayers virtually in the newly configured Taxpayer Service Center. There are 12 confidential meeting places to provide taxpayers the ability to address their issues confidentially. Having additional PCs with external cameras will facilitate a planned reservation/meeting process.
2. **Mail Tracking System:** This will allow the Division of Taxation to monitor all mail and continue to enhance its business process improvements and taxpayer services. This will allow the Division to allocate necessary resources and track any issues on a real-time basis, which will expedite processing of returns, other filings, and payments, and enhance the ability to interact with individuals/businesses and other taxpayers more efficiently. Implementation of a mail tracking system will allow us to keep pace with the growing volume of items assigned to Taxation for process while taking care to carefully and robustly track all mail from cradle to grave, continuing to provide a premium service level with high confidence to our taxpayers.
3. In moving the STAARS infrastructure to the Cloud, we will reduce risk and enhance redundancies of our core systems with respect to the current on-site deployment. The Division of Taxation will also be able to leverage scalability, monitoring and security, and replacing an aging infrastructure that is approaching the end of its lifecycle.

Proposal Estimate

Please explain how the estimated cost of the proposal was derived including all considerations included in the calculation for the current fiscal year as well as the outyears.

The above projects are estimated to cost approx. \$2.25M. The cloud migration estimate was based on negotiated pricing with the existing tax system vendor given that the migration of data would be the responsibility of that vendor. The cost of the remaining items was based on current hardware upgrade costs to existing assets and the mail tracking cost was an estimate obtained after a review the Division of Taxation's mail processing system and review of costs to monitor/track mail processing.

Proposal Background/Opportunity Statement

In this section, clearly explain the conditions that exists today and the opportunity that your request presents to capitalize on. The best opportunity statements thoroughly explain, with as much detail as possible: (1) where we are today; (2) where we want to be in the future; and (3) why there is the gap between where we

are and where we want to be. In each of the three stages, please quantify the impact this proposal will have; quantification should include the fiscal benefits to the state over time, but may also include other quantifiable metrics (i.e., the proposal will increase the percent of the population that has access to broadband from 10% to 50%; currently XXX of staff hours per week are spent... this proposal will reduce this to XX hours).

For PCs with External Cameras: Taxation is working to enhance the services they currently have to serve taxpayers more efficiently and given recent pandemic challenges, virtual interaction is in the best interest of the State and its employees and taxpayers. Currently, the Division of Taxation has a limited ability to interact with taxpayers either in person, by telephone, or by mail/email. Taxpayers under duress or with limited ability to comply with requirements reach out to the Division of Taxation to resolve their issues or comply with requirements, many times expecting assistance in person. This proposal will allow the Division to modernize its communication platforms and work toward a secure virtual meeting process. There is a current gap due to a lack of hardware, software, and staff allocated to implementing this virtual meeting process.

For Mail Tracking System: Currently, the Division of Taxation processes over 3.5 million filings/payments each year and the physical mail received is received, opened, processed, and tracked manually. The Mail Tracking System will allow each piece of mail received by the Division of Taxation to be managed in real-time which will result in efficiencies both operationally, but ultimately that will benefit the State and its taxpayers as mail, including returns/payments, may be entered more efficiently and the Division of Taxation will be able to answer questions regarding the status of a taxpayer's return/ payment in real time. The Division of Taxation will also be able to assess, from a management perspective, patterns in receiving mail that have downstream impacts in other areas.

For the migration of the STAARS infrastructure to the Cloud: Currently, the infrastructure supporting the STAARS integrated tax system is aging and approaching the end of its lifecycle. The migration of the STAARS infrastructure and its environments to the Azure Government Cloud allows for the Azure scalability, monitoring, support, and security.

Each of the projects contained in this proposal will assist the Division in effectively working with taxpayers and protecting the infrastructure of the State. Customer service and outreach have been a high priority for the Division and these enhancements will continue those efforts. Additionally, these investments will lower overall risk, preserve taxpayer confidence in the Division, and providing feedback and information to allow the Division of Taxation to continue to be compliant with State and Federal mandates, and be responsive to the evolution of the marketplace and technological/cybersecurity risks.

Proposed Intervention & Theory of Change

Provide a detailed description of how the initiative you are proposing responds to the opportunity statement above. Your narrative should clearly describe how your intervention, if funded, could close the gap described above and achieve the desired future state. Please highlight the use of any evidence-based interventions in your proposal and discuss how this proposal will promote equitable outcomes.

In moving to the Cloud, we will reduce risk and enhance redundancies of our core systems with respect to the current on-site deployment.

Implementation of a mail tracking system will allow us to keep pace with the growing volume of items assigned to Taxation for process while taking care to carefully and robustly track all mail from cradle to grave, continuing to provide a premium service level with high confidence to our taxpayers.

All of these initiatives are necessary to meeting the needs of the agency in complying with statutory mandates and protecting the State's interest by continuing to modernize and replace aging infrastructure and processes.

Target Population

Please provide how many individuals/businesses/etc. will be impacted by the proposal and why the population is in need of the intervention described above.

Taxation's ability to better serve taxpayers and update, modernize, and protect the Division of Taxation's integrated tax system will touch impact every business and taxpayer in Rhode Island and certain nonresident taxpayers as well. _

Recurring Fiscal Impact of Proposal

Please be clear about the recurring financial changes that may occur or be necessary because of the investment. For example, a refurbishment of a current capital asset may lower maintenance costs in the future or a new investment may require annual appropriations to operate.

While migration to the cloud will incur ongoing maintenance, the cost of maintaining and replacing physical servers will offset the additional costs. The cost of maintaining and supporting these initiatives is anticipated to be covered by on-going planned maintenance and support budget allocations for the current mail and IT support expenses.

Relationship to Other Relief

If the analyst is recommending another source of funding, or is explaining future federal funding to maintain this program, please note the other federal source of funding below with an explanation of why that source best fits the proposed action described above.

N/A

Timeline for Implementation

Describe how long you expect your proposal to take to implement in full, noting how much progress you expect to make in one year or less. In addition, describe how the project or investment funding can be obligated by December 31, 2024.

These projects are all on track to begin and be completed by December 2023.

FTE Impact

Use this section to note whether this proposal would require the hiring of additional FTEs, the elimination of existing FTEs or a reprogramming of FTEs. Please provide specific counts, job classifications of impacted existing employees and/or new hires, and salary/benefits costs for each position. Please note relevant timeline considerations such as anticipated hire/reassignment date and end/return to original assignment date for any temporary personnel assignments. If you expect the initiative to require the assistance of contractors, please note that expectation here.

This will not impact Dept of Revenue FTEs but will alleviate some of the responsibilities currently allocated to DOIT. As such DOIT should get some relief to utilize those resources for other agencies. These are not currently FTEs dedicated solely to taxation, but FTEs that allocate time based on hours worked to various agencies. Server maintenance and security are the most time-consuming pieces that will no longer be required for the tax data.

Potential Impediments or Risks

Use this section to note any potential risks related to the proposal or barriers to implementation (including, e.g., required statutory changes, lack of necessary technical staff/software capabilities, public pressure, highly complex and difficult implementation strategy, etc.), or any unintended consequences that might result from the proposal. You should also note any unanswered questions or persistent unknowns that could hinder implementation of the proposal.

There are no impediments or risks to any of these initiatives. The Division of Taxation will incorporate these initiatives in its current priority tasks and the efficiencies gained from virtual meetings with taxpayers, tracking mail electronically, and benefits of modernizing and migrating aging infrastructure to the Cloud outweigh the impediments/risks. There is more risk if the Division of Taxation does not undertake these initiatives.

Connection to Existing Models and Partnerships

Explain how your proposal leverages or expands existing models or partnerships within the state. If your proposal does not build on any existing models or partnerships, explain how you intend to quickly launch your proposed intervention and expend requested funds in one year or less.

The Division of Taxation has had a long-standing, proven record of success with its current IT vendor, having implemented an integrated tax system over a 5 year period on-time and on-budget. This vendor is taking the lead on the Cloud migration. For the PC with cameras and mail tracking system, the Division of Taxation staff and the DoIT Team have effectively managed multiple implementations of hardware and software upgrades, Taxation initiatives, and handled complex implementation processes. There are existing resources that will be able to handle the implementation of the PC/Camera and mail tracking system improvements.

Timeline for Outcomes

How long after this initiative is implemented do you expect to see meaningful change (example: completion of a proposed training initiative, return on capital investment, attainment of program targets, etc.)? If you expect long-term savings, when do you predict that savings will begin?

All of these initiatives are intended to be implemented in FY 23.

Evidence-Based Intervention

Briefly describe the evidence-based interventions envisioned for the initiative, and/or if projects are being evaluated through rigorous program evaluations that are designed to build evidence. If an agency is conducting a program evaluation in lieu of spending on evidence-based interventions, please describe the evaluation design. You can use tools like the [Pew Results First Clearinghouse](#) and the [Social Programs That Work](#) database to determine whether the type of initiative that you are proposing has been rigorously evaluated in other jurisdictions.

These initiatives will be managed and evaluated using project management tools with detailed written timelines, testing, reporting on detailed/timed deliverables and expectations and results .

Equity

Describe how your agency's planned use of funds prioritizes economic and racial equity as a goal, names specific targets intended to produce meaningful equity results at scale and articulates the strategies to achieve those targets.

Population: Are there particular historically underserved, marginalized, or adversely affected groups that you intend to serve? What data supports this population being categorized as underserved or marginalized?

Not Applicable

Awareness: How equal and practical is the ability for residents or businesses to become aware of the services funded by the SLFRF?

Not Applicable

Access and Distribution: Are there differences in levels of access to benefits and services across groups? Are there administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria?

Not Applicable

Outcomes: Are intended outcomes focused on closing gaps, reaching universal levels of service, or disaggregating progress by race, ethnicity, and other equity dimensions where relevant for the policy objective?

Not Applicable

Performance Metrics

Describe your agency's plans to evaluate this SFRF initiative in the future if your request is approved. Your narrative should include the specific metrics that you plan to track, the methods you plan to use to evaluate the initiative, and the types of data that you will collect. You should explain why and how you've arrived at this evaluation plan. You should also quantify what success looks like for this initiative, based on the metrics that you plan to track.

With respect to the Cloud Migration, there is a detailed project plan being managed and overseen by DoIT, the Division of Taxation, and its vendor, RSI. Payments for work performed is based on actual deliverables being completed and independently verified.

With respect to the PC with external cameras and a mail tracking system, the Division of Taxation will have to meet all procurement requirements and implement the hardware by collaborating and working with DoIT, on a similar project plan path with a timeline/deliverables/tracking/testing and confirmation of targets/deliverables achieved.

Statutory Implications:

Note whether this initiative will require a budget article in order to be implemented. If an article will be required, identify the impacted statute and include an attachment with proposed new statutory language to accompany this Decision Package form, and a Statutory Impact Summary Memo, which describes the technical changes to the law as well as the budget and policy implications of those changes. If an article will not be required, simply include the following narrative: This initiative will not require a budget article.

N/A

Interagency Impact:

If this initiative would impact another agency, name the affected agency(ies) and note how the proposal would impact them here. Note whether the other agency has been made aware of this proposal and whether the impact on the other agency will be included in their analysis. If the proposal is likely to have an impact

on another agency but that impact is not quantifiable, you should also note that here. If this initiative will not have an interagency impact, simply include the following narrative: This initiative will not impact any other agencies.

This will have a positive impact on DOIT, since it will free up some resources for them.

Revenue Impact:

If this initiative would impact revenues collected by the agency, please explain below. When possible, please provide an estimate of the impact on revenues. If this initiative will not have an impact on revenues, simply include the following narrative: This initiative will not impact revenues.

N/A

Additional Proposal Details

Please provide any additional information that would aid the review and vetting of the proposal.