Colorado's LEAN Experience

Projects

* Tax Document Processing – Loading Documents into System
* Edits and Refund Processing – Verification of Return Values and Refund or Billing Amounts

Tax Document Processing

* Legacy process involved 4 distinct steps
    * Revenue opens mail, sorts by tax type, scans sales tax and preps income for transport to another agency located in Pueblo
    * Documents are data entered in Pueblo, sent back to DOR for quality control, keymaster file sent for upload into tax system
    * Edits made to post returns into tax system, documents shipped to Pueblo for archival, batch imaging
    * Returned to Denver for secure destruction
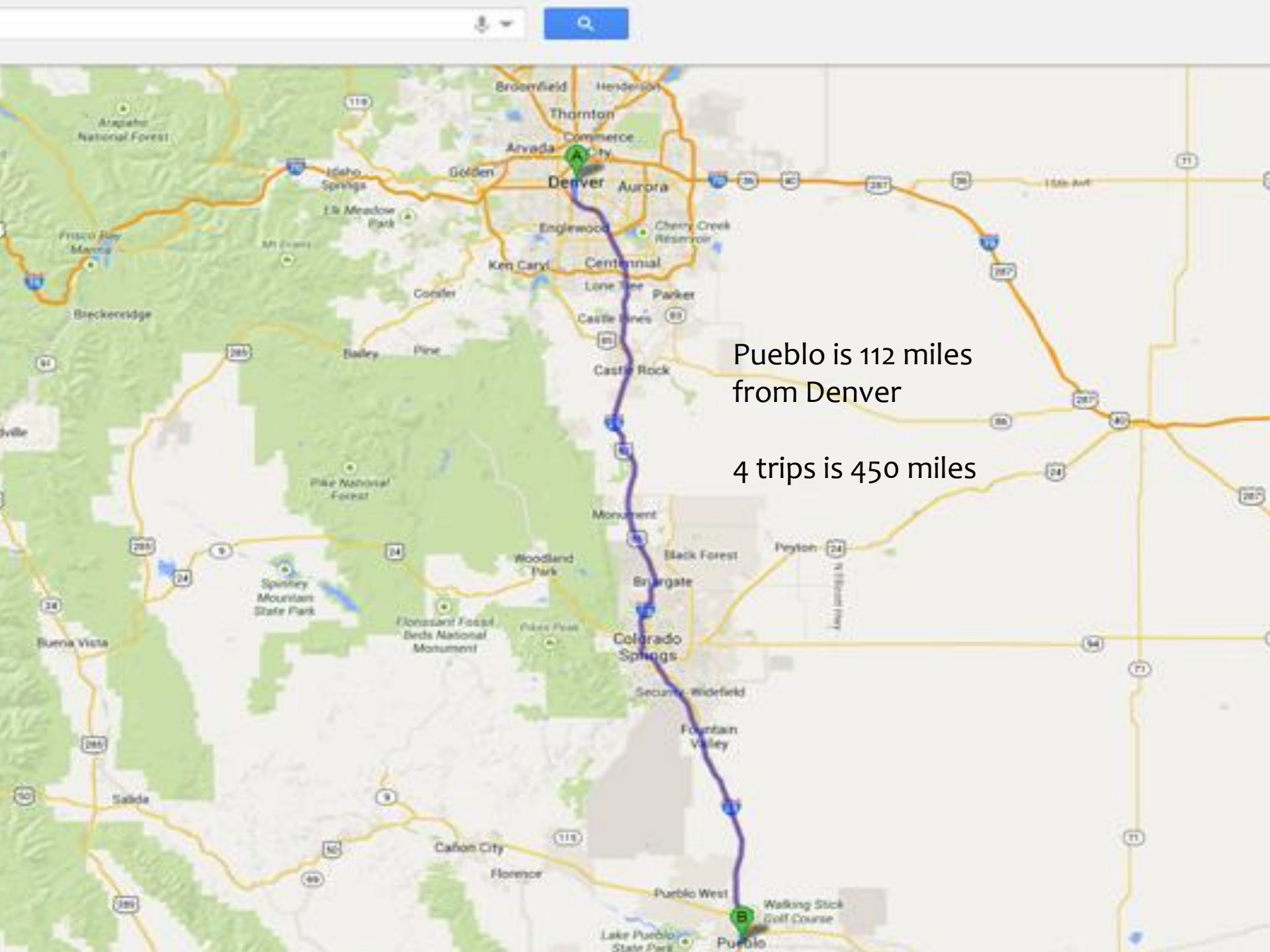
Pueblo is 112 miles from Denver

4 trips is 450 miles

LEAN Findings

* 2 Week Process – manual work processes for most steps
* Suboptimal refund generation
* Potential to generate incorrect bills
* Slow, inaccurate response to taxpayer inquiries
* 85% of activities in this process were non-value added

Solution and Benefits

* Cost savings via strong process design delivering 100% same-day remittance processing
* Deployment of existing expertise
* Maximum utilization of equipment and software across the State
* Move images instead of paper
  * Increased speed
  * Reduced security risk
* Reductions in staff balanced across agencies
* State of the art technology to synchronize information flow

Edits and Refund Processing

* Multiple Phase Analysis
    * Review Initial Communication with Taxpayer to Increase Compliance
    * Design an Organization that Meets Current Workflow and Capabilities (Eliminate Legacy Set-up)
    * Review Customer Contact Centers for Consolidation

Initial Compliance

* Legacy Practice Involved a Denial of Credit or Account Adjustment that Produced a Bill
    * Taxpayer Could Protest and Provide Necessary Documentation – Resulted in Additional Work for Department
* Lean Project Programmed System to Stop Automatic Bill and Ask for Missing Documentation
    * Result – 83% of Taxpayers who were asked for additional information sent it; Department avoided sending billings to 6,800 taxpayers with this limited project
    * Expanding next tax year with goal of eliminating up to 5,000 unnecessary bills

Organizational Changes

* Structure Mirrored the Capabilities and Limitations of Various Legacy Systems
    * Separate processes for posting and editing/reviewing returns
    * Billing generation and subsequent protests were functionally separate
* Colorado finished a 5 year upgrade in 2012; now has a single integrated system
    * Requires Department to analyze structure and reimagine staff roles and responsibilities

Organizational Changes

* Legacy Workload Standards
  * Pre-posting Edits – 3 minutes per item
  * Return Edits – 15 minutes per item
  * Protest Edits – 15 minutes per item
    * Total Per Return might be 33 minutes; this does not include time for transfer between sections
* Post Lean Workload Standard
  * Data show that a combined work item takes an average of 23 minutes – up to a 30% decrease in time to process work
  * Reinvest productivity gains in enhanced training, fraud detection, lower thresholds for account review, speed up refund processing, and improved customer service

Customer Contact Centers

* Currently Operate 3 Separate Call Centers
    * General Taxpayer and Tax Practioner Assistance; Collections, Audit
* Interaction and Taxpayer Cross-over – Centers handle similar issues
* Kaizan Event Not Yet Planned

Questions