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STATE OF TENNESSEE
DEPARTMENT OF REVENUE
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NASHVILLE, TENNESSEE 37242

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VOLUNTARY BUYOUT PROGRAM
BUSINESS JUSTIFICATION PLAN
DEPARTMENT OF REVENUE

I. Executive Summary

The Department of Revenue has identified a total of thirty-six (36) positions in the following 8 divisions as eligible for the Voluntary Buyout Program ("VBP"): Vehicle Services, Taxpayer Services, Audit, Tax Enforcement, Special Investigations, Human Resources, Fiscal, and Internal Audit. (Approximately 275 Department employees are eligible to apply for the VBP, but we will be accepting no more than 36 applications). We have identified these 8 divisions as eligible for the VBP for the following reasons:

The Vehicle Services division needs accounting positions to reconcile remitted funds received from the county clerk offices. The Taxpayer Services division will be restructuring to provide a higher level of service to taxpayers. The Audit division has an imbalance of administrative support staff to its auditors. In addition, the Audit division will be restructuring to create several highly technical audit specialist positions to better advise tax auditors and taxpayers. The Tax Enforcement division is reducing its middle management for increased efficiency; these duties will be absorbed by other existing management staff. The Special Investigations unit has seen an increase in demand for inspection of rebuilt vehicle titles in the Middle Tennessee area and is reclassifying positions to accommodate this demand. In addition, the Special Investigations unit is restructuring to reduce management and increase administrative efficiency. The Human Resources unit is eliminating a position due to increased efficiency in its office; those duties will be absorbed by existing Human Resources staff. The Internal Audit unit is restructuring its management and eliminating a position due to increased efficiency in its office. Finally, the Fiscal unit is restructuring its management in conjunction with the Financial Control unit.

The department presently believes a few positions identified in this plan need to be eliminated or reclassified regardless of whether VBP-eligible employees elect the VBP. However, no position eliminations or reclassifications will

occur until after VBP participants have separated from employment on July 31, 2015. Any position eliminations or the like will be conducted in accordance with applicable State law, including notice requirements.

II. Business Justification and Assessment

A. Vehicle Services Division

For a number of years the Comptroller's audit has included a finding related to the Department's inability to reconcile funds remitted from county clerks' offices for vehicle registrations. To address this need, we propose to offer the VBP to 2 Vehicle Services Representative positions, and reclassify these positions to one (1) Accountant 2 position and one (1) Accounting Technician 2 position. These positions will be responsible for the reconciliation of remitted funds received by county clerks versus the transactions processed within our vehicle title and registration system. Due to increased efficiencies within the Vehicle Services division, these duties can be absorbed by existing staff, and will not cause a disruption in services.

In the event there are no volunteers for the VBP, or not enough volunteers to complete the above plan, the Department will maintain the status quo and will not proceed with a Reduction in Force. Instead, the Department will wait to reclassify these positions when vacancies occur.

Vehicle Services Summary

Classification eligible for VBP	Plan
Vehicle Services Representative 3	Reclassify to Accountant 2
Vehicle Services Representative 3	Reclassify to Accounting Technician 2
Total Positions: 2	

B. Taxpayer Services Division

Taxpayers filing Franchise/Excise taxes are now required by statute to do so electronically. In order to accommodate this filing requirement, the Taxpayer Services division must ensure that taxpayer accounts have current and accurate registration information, and that the Tax Practitioner Hotline is adequately staffed with employees knowledgeable in tax law and accounting information. In order to fulfill this need, the Department plans to offer the VBP to two (2) Taxpayer Services Representative 3 positions in Davidson County and reclassify them to Tax Auditor 2 positions in the division's Tax Practitioner Hotline. The creation of these more technically skilled Tax Auditor 2 positions will allow the Department to better meet the demand and serve our taxpayers more effectively.

In addition, we propose to offer the VBP to two (2) Taxpayer Services Representative 3 positions in Davidson County and reclassify them to two (2) Clerk 2 positions. The first Clerk 2 position will be housed in the Customer Relation Center on the ground floor of the Andrew Jackson Building, which is where the Department's walk-in taxpayers are served. This position will be responsible for greeting walk-in taxpayers, establishing the

nature of their inquiries, and ensuring their needs are met. The second Clerk 2 position will be housed in the tax maintenance unit and will be responsible for the distribution of mail, batching return mail items, and making address corrections in the Revenue Integrated Tax System (RITS). These functions are currently being performed by Taxpayer Services Representatives. Creation of these positions will allow Taxpayer Services Representatives to use their higher knowledge and skill sets more appropriately. In addition, creation of these positions will be a cost savings.

Finally, we propose to offer the VBP to one (1) additional Taxpayer Services Representative 3 position in Davidson County and reclassify it to a Taxpayer Services Manager. The Department of Revenue has seen a recent increase in the number of Franchise/Excise tax accounts. We now have more Franchise/Excise tax accounts than any other account type, with the exception of the Business Tax. Due to this increase in the Franchise/Excise tax base (and thus increased volume), there is a need to create a unit within Taxpayer Services dedicated to assisting taxpayers with Franchise/Excise tax. This unit will assist with both the registration of Franchise/Excise tax, as well as handle questions in the Tax Practitioner Hotline. Current staff will be deployed to create this unit, but a dedicated manager is needed to oversee these employees.

In the event there are no volunteers for the VBP, or not enough volunteers to complete the above plan, the Department will maintain the status quo and will not proceed with a Reduction in Force. Instead, the Department will wait to reclassify these positions when vacancies occur.

Tax Payer Services Summary

Classification eligible for VBP	Plan
Taxpayer Services Representative 3	Reclassify to Tax Auditor 3
Taxpayer Services Representative 3	Reclassify to Tax Auditor 3
Taxpayer Services Representative 3	Reclassify to Clerk 2
Taxpayer Services Representative 3	Reclassify to Clerk 2
Taxpayer Services Representative 3	Reclassify to Taxpayer Services Manager
Total Positions: 5	

C. Audit Division

The needs of the Audit Division have changed and the administration support section now needs higher level skill sets to include overseeing project implementation. The division needs less administrative staff, but with a higher level of knowledge, skills, and abilities. Accordingly, we propose offering the VBP to two (2) ASA 4 positions in the Audit division. One of these positions would be reclassified to an Executive Administrative Assistant 1. The current Audit Director position was recently upgraded to an Assistant Commissioner, and the position requires an Executive Administrative Assistant 1 to support her position as well as management of divisional projects. The second ASA 4 position would be reclassified to a Tax Auditor 3. These positions are directly responsible for auditing taxpayers and ensuring tax compliance.

In addition, we propose offering the VBP to one (1) ASA 3 position in the Audit division and reclassifying the position to an Accounting Technician 1. The division operationally

needs technician skills more than general administrative skills to be able to better support the Tax Audit function.

We also propose offering the VBP to six (6) Tax Auditor 4 positions, one (1) Tax Auditor 1 Special (out-of-state auditor), and one (1) Tax Auditor 2 Special (out-of-state auditor). We plan to create a technical track for both in-state and out-of-state auditors with new classifications that will serve as a Tax Audit Specialist. Creation of these new classifications will allow for an auditor with significant technical tax and audit expertise, but often no managerial aspirations or acumen, to serve as a technical lead in the division responsible for resolution of highly complex matters. We plan to reclassify these eight (8) positions to the newly created Tax Audit Specialist positions.

Finally, we propose offering the VBP to five (5) Revenue Audit Technician (RAT) positions in the Audit division. We propose reclassifying two (2) of these positions to the Tax Audit Specialist classification discussed above; this would give the Department a total of eight (8) Tax Audit Specialist positions. We propose reclassifying two (2) of these RAT positions to Tax Auditor 3 positions. These positions are directly responsible for auditing taxpayers and ensuring tax compliance. The remaining RAT position will be left vacant.

In the event there are no volunteers for the VBP, or not enough volunteers to complete the above plan, the Department will maintain the status quo and will not proceed with a Reduction in Force. Instead, the Department will wait to reclassify these positions when vacancies occur.

Audit Summary

Classification eligible for VBP	Plan
ASA 4	Reclassify to Executive Admin Assistant 1
ASA 4	Reclassify to Tax Auditor 3
ASA 3	Reclassify to Accounting Technician 1
Revenue Auditing Technician	Reclassify to Tax Audit Specialist
Revenue Auditing Technician	Reclassify to Tax Audit Specialist
Revenue Auditing Technician	Reclassify to Tax Auditor 3
Revenue Auditing Technician	Reclassify to Tax Auditor 3
Revenue Auditing Technician	Leave position vacant
Tax Auditor 4	Reclassify to Tax Audit Specialist
Tax Auditor 4	Reclassify to Tax Audit Specialist
Tax Auditor 4	Reclassify to Tax Audit Specialist
Tax Auditor 4	Reclassify to Tax Audit Specialist
Tax Auditor 4	Reclassify to Tax Audit Specialist
Tax Auditor 4	Reclassify to Tax Audit Specialist
Tax Auditor 1, Special	Reclassify to Tax Audit Specialist, Special
Tax Auditor 2, Special	Reclassify to Tax Audit Specialist, Special
Total Positions: 16	

D. Tax Enforcement Division

The Tax Enforcement division's administrative office located in Davidson County currently has two (2) Revenue Enforcement Managers, each with 2 direct reports. We have identified that a single manager is able to effectively manage the entire administrative office. This manager would have 3 direct reports and would oversee the Out-of-State unit, the Special Procedures/Bankruptcy unit, and the Call Center unit. Accordingly, we propose offering the VBP to one (1) Revenue Enforcement Manager in Davidson County and reclassifying the position to an Accounting Technician 1. In the event there is no volunteer for the VBP the Department will maintain the status quo and will not proceed with a Reduction in Force. Instead, the Department will wait to reclassify this position when a vacancy occurs.

In addition, the Tax Enforcement division's administrative office currently has two units staffed with Accounting Technicians. The Special Procedures Unit has three (3) Accounting Technician 1 positions that are supervised by an Accounting Technician 2. The Bankruptcy Unit has four (4) Accounting Technician 1 positions that are supervised by an Accounting Technician 2. We have identified that one Accounting Technician 2 can adequately supervise both units effectively. Accordingly, we propose offering the VBP to one (1) Accounting Technician 2 position in Davidson County and reclassifying the position to a Revenue Enforcement Officer 2. Due to increased efficiency in Tax Enforcement Administration, these resources would be better directed toward a Revenue Enforcement Officer 2, which is directly responsible for collections of delinquent accounts. The remaining Accounting Technician 2 would supervise both the Bankruptcy and Special Procedures units. In the event there is no volunteer for the VBP, the Department will maintain the status quo and will not proceed with a Reduction in Force. Instead, the Department will wait to reclassify this position when a vacancy occurs.

Tax Enforcement Summary

Classification eligible for VBP	Plan
Accounting Technician 2	Reclassify to Revenue Enforcement Officer 2
Revenue Enforcement Manager	Reclassify to Accounting Technician 1
Total Positions: 2	

E. Special Investigations Unit (Administration Division)

The Special Investigations unit is comprised of Tax Investigation and Anti-Theft. The needs within the Anti-Theft unit have changed. Currently a Taxpayer Services Supervisor 2 supervises a team of seven (7) Vehicle Service Representative 3 positions within the Anti-Theft unit. We propose to offer the VBP to the Taxpayer Services Supervisor 2 and reclassify the position to an ASA 4 position. While the ASA 4 would continue to oversee this team, they would also be responsible for administrative functions, including the creation of a tracking database for Anti-Theft agents and implementation of new workflow assignment software for Anti-Theft agents. This skill set is better reflected in the ASA 4 classification. In the event there is no volunteer for the VBP, the Department will maintain the status quo and will not proceed with a

Reduction in Force. Instead, the Department will wait to reclassify this position when a vacancy occurs.

In addition, due to increased efficiency in the Anti-Theft unit, the same work load can be performed with fewer Vehicle Services Representatives. Accordingly, we propose to offer the VBP to one (1) Vehicle Services Representative 3 position, and leave the position vacant. In the event there is no volunteer for the VBP, the Department will maintain the status quo and will not proceed with a Reduction in Force.

Within the Anti-Theft unit, we also propose offering the VBP to two (2) Revenue Regulatory Officers. The Middle Tennessee region currently accounts for more than half of the rebuilt title applications for the State. The Revenue Regulatory Agents are responsible for inspecting rebuilt vehicles to ensure manufacturer standards are met and that no stolen parts are used. Despite the high volume of rebuilt title applications in this area, we only have two (2) Revenue Regulatory Agents in the middle Tennessee region to perform this function. Accordingly, we plan to reclassify one of the Revenue Regulatory Officer positions to an additional Revenue Regulatory Agent to assist with these duties. The remaining Revenue Regulatory Officer position will be left vacant. In the event there is no volunteer for the VBP, the Department will maintain the status quo and will not proceed with a Reduction in Force. Instead, the Department will wait to reclassify the position when a vacancy occurs.

In addition, we propose offering the VBP to one (1) Revenue Regulatory Agent, Senior, and reclassifying the position to a Revenue Regulatory Agent Supervisor. Currently there are two Regulatory Agent Supervisors charged with oversight of functional areas within the unit. Adding a third Regulatory Agent Supervisor position would allow work to be better assigned and organized by geographical location, rather than by functional area. This will provide for more cross training between functional areas and minimize the travel time spent by supervisors. In the event there is no volunteer for the VBP, the Department will maintain the status quo and will not proceed with a Reduction in Force. Instead, the Department will wait to reclassify this position when a vacancy occurs.

We also propose offering the VBP to one (1) Revenue Regulatory Officer Supervisor. We currently have a small unit of Revenue Regulatory Officers supervised by one Revenue Regulatory Officer Supervisor. We have identified that these officers do not need to be placed in their own separate unit. Rather, these officers will be more effectively supervised in existing units of Revenue Special Agents. We plan to move these officers to report to Revenue Special Agent Supervisors in their respective geographic location. This will provide for more cross training between functional areas. We plan to leave this position vacant. In the event there is no volunteer for the VBP, the Department will maintain the status quo and will not proceed with a Reduction in Force.

Finally, we propose offering the VBP to one (1) Special Investigations Assistant Director position. The Special Investigations unit currently has two assistant directors, both of which report to the Special Investigations Director. With the recent addition of an attorney dedicated to the Special Investigations unit, some of the responsibilities previously performed by the Assistant Director have moved. Accordingly, we no longer

have the need for two Assistant Director level positions at this time. This function could be better served by a manager-level position. Using a lower level position would save money without sacrificing any service. Accordingly, we plan to reclassify the position to a Special Investigations Manager. In the event there is no volunteer for the VBP, the Department will proceed to reclassify the Assistant Director position to a Special Investigations Manager position, requiring a Reduction in Force.

Special Investigations Summary

Classification eligible for VBP	Plan
Revenue Special Investigations Assistant Director	Reclassify to Revenue Special Investigations Manager
Revenue Regulatory Agent, Senior	Reclassify to Revenue Regulatory Agent Supervisor
Revenue Regulatory Officer	Reclassify to Revenue Regulatory Agent
Revenue Regulatory Officer	Leave position vacant
Revenue Regulatory Officer Supervisor	Leave position vacant
Taxpayer Services Supervisor 2	Reclassify to ASA4
Vehicle Services Representative 3	Leave position vacant
Total positions: 7	

F. Human Resources Unit (Administration Division)

The Human Resources Office is currently staffed by one (1) HR Director 3, one (1) HR Manager 2, one (1) ASA 5, one (1) Training Officer 2, two (2) HR Analyst 2s, and two (2) HR Analyst 3s. The HR Office has increased efficiencies, and anticipates future efficiencies as a result of the upcoming Edison Forms Automation processes. Accordingly, we propose offering the VBP to one (1) Human Resources Analyst 2 position and abolishing the position. The remaining HR Analysts can absorb these duties with no loss of service to the agency. In the event there is no volunteer for the VBP, the Department will maintain the status quo and will not proceed with a Reduction in Force.

Human Resources Summary

Classification eligible for VBP	Plan
HR Analyst 2	Abolish position
Total Positions: 1	

G. Internal Audit Unit (Administration Division)

The Department currently has an Internal Audit Unit and a separate Special Investigations Unit, each with its own director. As both of these units handle compliance-related issues, we propose that oversight of those units be shared by a single Chief Compliance Officer. Accordingly, we propose offering the VBP to the Audit Director 2 (Director of Internal Audit Unit) and upgrading the current Director of

Special Investigations position to oversee all compliance functions for the Department. We plan to reclassify the Audit Director 2 to an Assistant Director position. Both Internal Audit and Special Investigations would then have Assistant Directors overseeing those functions, and would report directly to the Chief Compliance Officer. In the event there is no volunteer for the VBP, the Department will proceed to reclassify the Audit Director 2 position to an Assistant Director position, requiring an expiration of executive appointment.

In addition, we propose offering the VBP to an Auditor 4 in the Internal Audit Unit and abolishing the position. Due to increased efficiencies, these duties can be absorbed by existing staff with no loss of service. In the event there is no volunteer for the VBP, the Department will proceed with a Reduction in Force.

Internal Audit Summary

Classification eligible for VBP	Plan
Audit Director 2	Reclassify to Audit Director 1 (Assistant Director)
Auditor 4	Abolish position
Total Positions: 2	

H. Fiscal Unit (Administration Division)

The Department's Fiscal and Financial Control units were previously in the same division. In 2010, the Department split these functions into two separate units, each with its own director (Fiscal Director 2 title) and assistant director (Fiscal Director 1 title). Both divisions report to the Revenue CFO. In an effort to streamline these processes, we are moving back toward a consolidated unit. The CFO will act as the head of this unit, and will have 3 assistant directors (Fiscal Director 1) overseeing different functional areas. Accordingly, we propose offering the VBP to one (1) Fiscal Director 2 position and reclassifying the position to an Assistant Director. In the event there is no volunteer for the VBP, the Department will proceed to reclassify the Fiscal Director 2 position to an Assistant Director position, requiring an expiration of executive appointment.

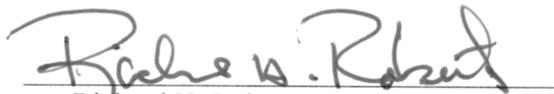
Fiscal Summary

Classification eligible for VBP	Plan
Fiscal Director 2	Reclassify to Fiscal Director 1 (Assistant Director)
Total Positions: 1	

III. Estimated Net Cost Savings
See attached spreadsheet

IV. Justification for Eligibility Appendix

N/A


Richard H. Roberts, Commissioner

May 19, 2015
Date