

**MTC Strategic Planning Steering Committee
Summary of Environmental Scan Responses
October 10, 2011**

Background

The MTC Strategic Planning Steering Committee has pursued an environmental scan to assess where we are and to prepare for the future. The committee wanted to identify what we can and should do to be effective in this rapidly changing and challenging time.

The committee also wanted to create a solid base of information on which to make decisions about strategic direction in the future. The committee is also looking for opportunities to make changes in the short term that will help MTC achieve greater efficiency and effectiveness. The environmental scan was done using a SWOT analysis, reviewing the strengths and weaknesses of the MTC as an organization, and identifying the external opportunities and threats that are present outside the organization.

The environmental scanning process involved in-person meetings; telephone discussions and a web-based forum for input. The in-person meetings were conducted with tax administrators and state staff at the Commission's 2011 Annual Meeting. Members of the public also attended some of these sessions. The telephone discussions were held with MTC staff members. Twenty-seven individuals from all parts of the commission participated. The web-based forum was designed for use by external stakeholders and business partners. MTC staff publicized the forum by making direct contact with representatives of business partners and stakeholders. Response was very limited.

Environmental Scan Results

The major themes were consistent across most groups. There was some variation in details that people offered to further explain a comment or to illustrate a point. All comments have been captured in detail. The summary here is a synthesis of the major themes that came up in each of the four dimensions of the scan, across broad groups of scan participants.

Strengths

MTC programs: all programs are valued highly by state staff, and are generally well respected

MTC staff- skill, knowledge, leadership, legal and policy support, all were cited as strengths

Diverse commission membership

MTC staff and states have expertise that can be shared

Relationships: State-to-state; states to MTC Staff; MTC to other organizations and TPs

Public participation policy; accessibility of MTC officials and materials

Training programs

Weaknesses

Insufficient use of current technology and communication tools

Lack of actual uniformity among the states (there were many causes identified)

Time-consuming processes for decisions on uniformity proposals and for action within program areas

Relationships with some in the business community; public participation policy

Limited resources for the audit program may not be sufficient for today's environment

Variability in participation by the states over time in the programs and committees

Opportunities

Use technology differently to enhance program results; preserve institutional knowledge
Expand Training (including to private sector)
Enhance relationships with other tax administration organizations
Influencing federal legislation
Enhance audit program through specialization, technology
Better leverage expertise of MTC and state audit staff;
Business alignments – partnerships – better define and publicize the identity of the MTC.
Greater marketing of ADR program

Threats

Financial condition of states for next several years
Federal pre-emption; changes to federal tax code
Lack of engagement by states
Retirement of knowledgeable staff both in the MTC staff and in the states
Legislator's lack of understanding and suspicion of executive branch
Mistrust and suspicion between state staff and taxpayers
Taxpayer behavior – tax avoidance; resistance to joint state audits
Restrictions on information sharing (many reasons)
Overall decline in citizen trust in government
State audit staff perceive audit and Voluntary Disclosure program as a threat or competitor
Relationship to SSUTA – deference on sales tax issues; may require change in MTC operating methods

Next Steps in the Planning Process

According to your communications plan, the next steps in the process are:

October 2011: Share summary results of scan with member states

November 2011: Share process plan with member states – report to Executive Committee; options for next steps

Additional information beyond Phase 1:

If additional planning work continues, share progress on planning process; next steps; milestones as they are reached; who is involved; how people can contribute.

According to our plans from June, the Steering Committee is to review the results of the environmental scan and develop options or recommendations to the Executive Committee on two questions. First, are there any projects or activities that the MTC can begin immediately? Second, should the MTC continue to develop a strategic plan?

Immediate Opportunities:

Two themes appear to offer immediate opportunities for action. One involves development of relationships with new tax administrators. Most scan participants noted that the strength of the MTC depends in large part on the engagement of the states. Tax administrators noted that there are many new agency leaders around the country, who probably do not know about the MTC. Outreach to those tax administrators, particularly focusing on the compliance programs as an asset, is an activity that would take advantage of strengths and address identified

Environmental Scan Report

October 10, 2011

Page 2 of 3

weaknesses, opportunities and threats. The planning committee could develop a strategy for this outreach and begin immediately.

The other immediate opportunity involves placing some focused energy into evaluating the scope and function of the compliance programs. The audit director and the audit committee have begun discussions about tactical changes that could be made to strengthen the audit program. There were also some good suggestions for strengthening the national nexus program as a compliance tool.

The Executive Committee could form a group to look at today's compliance challenges, and charge the group to come back with suggestions to strengthen each program and take advantage of potential synergy between them.

Continue Strategic Planning

Next steps in the strategic planning process would involve:

Develop Mission, Values, and Vision statements; explore possible strategic goals

Draft proposed statement of strategic goals

Validate MVV and strategic goals with key stakeholders and staff

Develop proposed strategic objectives for next three to five years

Develop tactical plans to move the organization toward its strategic objectives

Develop a final report for Exec Committee/Commission approval

Begin plan implementation

Over the next two meetings, the planning committee should discuss the scope of planning work that will be done, and the time frame over which it should be completed. The committee will need to decide who should be engaged in each step of the process. One option would proceed as follows:

December 1 – Executive Committee develops draft mission, vision and values statements and identifies the key areas where planning will have particular value (example – compliance programs) and identify one or two areas to start first

December 1, 2011 to March 1, 2012 – Steering Committee refines draft MVV and develops statement of strategic goals in the selected planning area(s)

March - April 2012 validate MVV and strategic goals with key stakeholders and staff

May 2012 Executive Committee – approve final statements of MVV and strategic goals

May – July 2012 – Steering Committee develops proposed strategic objectives in the selected planning area(s); identify tactical opportunities to achieve objectives

July 2012 Annual Meeting – Executive Committee approve strategic objectives and tactical plans.

If other areas have been identified for planning - establish time line for developing strategic objectives, and tactical plans for those areas.