

TO: MTC Strategic Planning Steering Committee
FROM: Elizabeth Harchenko
DATE: December 12, 2011
SUBJECT: Materials and detailed agenda for 12-16-11 teleconference

Here are materials that you can review before our teleconference on Friday, December 16. They include:

- Detailed agenda for 12-16-11 meeting
- Revised draft Mission, Values, Vision and Strategic Goal areas
- Draft for Possible Goal Consolidation
- Planning Time Line and Meeting Schedule
- Connections between Environmental Scan Themes and Vision Elements
- Connections between Goal Areas and Environmental Scan Themes

Detailed agenda for 12/16 Meeting

III. Strategic Planning

- A. Review draft Mission, Values and Vision statements – any changes needed?
Next step will be to vet the drafts with the states, staff and stakeholders if the steering committee is comfortable with the content of the drafts.
- B. Making the Vision real - what will MTC look like and how will it work when the vision elements are achieved?
- C. Strategic goal areas
There are now 7 to 9 goal areas that have been identified. The committee will discuss priorities and select 4 or 5 goal areas to move forward into the detailed planning process. Criteria for establishing priorities could include – which areas will have the most significant impact on the commission’s ability to achieve its vision? Which areas are foundational (as in, we have got to do something “here” before we can accomplish anything “there.”) You may also want to decide whether some of the areas are closely enough related that they can be folded together. I have provided some draft material to get you thinking about this.
- D. Development of goal statements
Once the committee has settled on 4 or 5 goal areas, you will discuss each one and what outcomes you want to see in each area. You got that process started on 11-30 for some of the areas. We will probably need to continue this work via e-mail and at the next meeting.

IV. Other Strategic Planning Business

- A. Review planning time line and meeting schedule
- B. Preview meeting objectives for January and February
- C. Identify updates to strategic planning communications plan

Revised draft Mission, Values and Vision

The following material is based on the report the steering committee delivered to the MTC Executive Committee on December 1. The revisions to the material (shown in “track changes” format) incorporate comments from the Executive Committee discussion as well as material contained in the 11-28 report to the states. I have also drawn on other sources (which I have noted) to flesh out the working drafts of Mission, Values, Vision and Goals for further consideration on December 16.

MISSION – Essential Purpose of MTC.

Draft statement – “MTC ~~supports~~ enables state and local tax authorities to preserve federalism and achieve tax fairness by promoting compliance and uniformity.”

[Comments: “supports” is too weak, need a stronger verb; include express reference to compliance.]

Concepts discussed:

There are common state constitutional principles of uniformity – to achieve equity and balance in taxation [tax fairness].

MTC supports the states through our programs.

MTC preserves federalism.

MTC promotes sharing and collaboration among the states.

MTC promotes development of sound tax policy and practices.

MTC maximizes the synergies among the states.

[Comment: We need to define our key terms – federalism; uniformity; state sovereignty. We need to be sure to publicize the history of the commission. Is there anything in the commission’s Federalism at Risk report from 2003 that we should be raising up?]

VALUES – MTC’s cultural norms. [Note from EH: I looked at policy statements and resolutions. Possible additions are noted below.]

Draft statement – The MTC’s values are:

- Collaboration
 - We share the expertise of our staff, members and stakeholders
 - We leverage the resources of the states
 - [(From policy statements) We strive to cooperate with states, taxpayers and the federal government]
- Quality
 - We pursue excellence in developing and using our shared resources
 - We pursue excellence in the services we provide
 - We pursue excellence in the technical support we provide
- Inclusiveness and transparency
 - We are open to participation by all governmental entities and public and private stakeholders
 - We honor our public mission [Comment: We need to expand on this statement – possibly a statement about the status of MTC as an intergovernmental entity OF the states, created by

[mutual state legislation, and the authority to act on behalf of the states under the terms of the Compact.\]](#)

- Professionalism and integrity
 - We conduct all of our business to the highest ethical standards
- [Federalism \(from policy statements\)](#)
 - [We promote the states' sovereignty over their tax systems](#)
- Uniformity
 - We pursue consistency of action by the states, collectively and over time
 - We pursue equity and balance in state taxation
 - [We pursue equal treatment of taxpayers and full accountability by all taxpayers \(from policy statements\)](#)

VISION – [Direction for the next 5-7 years.](#)

[\[QUESTION from EH: does the steering committee want the vision statement to encompass one, two or all three areas \(policy, federalism and compliance\)?](#)

Draft Statement(s) – [By \(date\)](#) the MTC will be recognized as:

- Setting the “gold standard” for the process to develop model tax policies.
- A credible and authoritative voice to the public and public officials concerning issues of federalism and tax fairness. [\[A champion of uniformity.\]](#)
- A leading resource for ensuring equitable tax compliance.

[\[Comment: We will want to define or explain that equitable tax compliance includes minimizing the cost of compliance for taxpayers and includes assuring a level playing field for taxpayers.\]](#)

[\[NOTE from EH: the steering committee needs to identify benchmarks \(comparators or standards\) that we can measure our progress against. As we flesh out the vision, we will begin to describe what the MTC will look like and how it will behave if it is successful in actualizing these vision statements.\]](#)

Fleshing Out the Vision

Tax Policy development – what are the qualities and characteristics of a “gold standard” tax policy development process? How will it work? What will it produce? How will you know that it is the best possible process? Why will others see it as such?

Federalism – What qualities and characteristics of the MTC’s work will make it a credible and authoritative voice for federalism and tax fairness? How will it work? What will it produce? How will you know that it is recognized as a “champion of uniformity?”

Tax Compliance – What qualities or characteristics will make MTC a leading resource for ensuring equitable tax compliance? How will it work? What will it produce? How will you know that MTC is recognized as a leading resource for compliance? Why will states and others see it as such?

STRATEGIC GOAL AREAS – Areas of focus to achieve our vision and meet our mission. [Note from EH: The following list includes focus areas that were identified by the steering committee at its meetings on both November 17 and November 30. The steering committee needs to identify 4 or 5 priority areas, and begin to develop quality and performance indicators as more specific strategic objectives are developed. Additional material on possible combination of goal areas follows the integrated list.]

Commission Processes – review committee structure, procedures, agendas, and content. Evaluate how committee work is communicated in the states; consider who participates from the states. Review MTC by laws.

State Engagement/Vitality of the commission – pursue greater participation by states in MTC activities; pursue outreach and communication within the states. Top tax administrators (or chief deputies) more actively engaged in leadership. Develop more institutional knowledge about MTC in the states. Stabilize funding models for commission fees in the states. [How is outreach plan related to this goal area?]

MTC profile – enhance the MTC’s national reputation and image by raising its profile. Promote use of services, such as dispute resolution. Consider “branding” for the commission. Assure the states see the MTC as a valuable asset. Educate state tax administrators, governors and legislators about the MTC.

Technology – evaluate need for enhanced use of technology for communication and data sharing. Support the work of the committees both for improved participation and improved quality of work products. Support the effectiveness of compliance and education programs.

Communication- need greater consistency across communications media; speakers and audiences. Need to update tools used for communications. Need to evaluate content.

Compliance Programs – review and evaluate effectiveness of voluntary compliance programs and enforcement programs in order to strengthen these programs. Consider deeper research and analysis of enforcement program results (quantitative and qualitative).

Education & Training – enhance education and training programs – include emerging topics (example, pass-through entities)

Uniformity – pursue greater adoption of uniform laws and rules by the states.

- Pursue clearer, more effective interaction with federalism goals
- What activities might make this more likely?
- Identify which projects have the greatest potential to be adopted.
- Develop principles for selecting appropriate projects.
- Develop supporting materials to assist in explaining proposals.
- Will achieving this goal require more resources?

Stakeholder Engagement – clarify and enhance the value of the public participation policy as a tool for achieving the commission’s purpose and goals. Manage access to commission materials more effectively. Clarify the value of strategic relationships with other organizations.

[Other thoughts expressed at Executive Committee meeting: Clarify how MTC interacts with FTA; relationship between our missions; working relationship. Do you need to put any attention toward cultivating strategic partnerships?]

Possible consolidation of goal areas

The following material is a rough cut at consolidating some of the more closely related goal areas. The steering committee will need to prioritize which are the most fundamental or significant to the Commission's ability to achieve its vision.

Vitality and reputation of the commission – Develop more institutional knowledge about MTC in the states. Stabilize funding models for commission fees in the states. Enhance the MTC's national reputation and image by raising the commission's profile. Promote use of services, such as dispute resolution. Consider "branding" for the commission. Assure the states see the MTC as a valuable asset. Educate state tax administrators, governors and legislators about the MTC.

Engagement of states and other stakeholders – pursue greater participation by states in MTC activities; pursue outreach and communication within the states. Top tax administrators (or chief deputies) more actively engaged in leadership. Evaluate how committee work is communicated in the states; consider who participates from the states. Clarify and enhance the value of the public participation policy as a tool for achieving the commission's purpose and goals. Manage access to commission materials more effectively. Clarify the value of strategic relationships with other organizations.

Commission processes — review committee structure, procedures, agendas, and content. Review MTC by laws Consider how technology tools can help enhance participation and efficiency of committee work.

Communication- review communications tools and processes to achieve greater consistency across communications media; speakers and audiences. Need to update tools used for communications. Need to evaluate content.

Compliance programs – review and evaluate effectiveness of voluntary compliance programs and enforcement programs in order to strengthen these programs. Consider deeper research and analysis of enforcement program results (quantitative and qualitative). Consider how technology can help enhance effectiveness and efficiency of compliance programs.

Education/training – enhance education and training programs – include emerging topics (example, pass-through entities); broaden audience to include taxpayers.

Uniformity - pursue greater adoption of uniform laws and rules by the states.

- Pursue clearer, more effective interaction with federalism goals
- Identify which projects have the greatest potential to be adopted.
- Develop principles for selecting appropriate projects.
- Develop supporting materials to assist in explaining proposals.

Planning Time Line and Meeting Schedule

Suggested Strategic Planning time line -

1. Review current mission and purpose of MTC and affirm or modify as appropriate. **Nov 17 & 30 - DONE**
2. Review draft mission, values, vision, and goal areas with Executive Committee. **Dec 1 – DONE**
3. Steering Committee meeting – **Dec 16, 2011**
 - a. Approve draft Mission, Vision, Values, Goal areas for broader input
 - b. Prioritize goal areas; begin to develop goal statements
 - c. Update communications plan.
4. Validate draft mission, values, vision, and goal areas with states, staff and stakeholders. **Dec-Jan 2012**
5. Steering Committee meeting – **Week of January 16, 2012**
 - a. Continue to develop goal statements for top priority goal areas
 - b. Select one or two goal areas (examples: compliance; communication) for development of strategic objectives that will help MTC achieve the stated goals.
 - c. Identify one or more groups (committees; staff; commissioners) to help define strategic objectives for the selected goal(s). [Note: Committees meet 3/6 to 3/9 in Nashville]
6. Approve statement of deliverables from work groups, and assign the work.
7. Steering Committee meeting - **Week of February 20, 2012**
 - a. Review feedback from states, staff and stakeholders on Mission, Values, Vision statements – approve final drafts
 - b. Make necessary changes to communications plan
8. Steering Committee meeting – **Week of March 19, 2012**
 - a. Reports from delegated groups on progress on strategic objectives.
 - b. Provide feedback, guidance to delegated groups.
9. Steering Committee meeting – **Week of April 16, 2012**
 - a. Final reports from delegated groups on strategic objectives.
 - b. Select one or two strategic objectives (from priority goal areas) and identify potential tactical plans that will help the MTC begin to achieve those strategic objectives. (Ideally, a tactical plan will support more than one strategic objective.)
 - c. Identify resources (state, staff, stakeholders) needed to develop details of tactical plan.
 - d. Form tactical plan work groups.
 - e. Approve statement of deliverables from tactical plan work groups, and assign the work.
10. Steering committee meeting –**May, 2012** (in conjunction with spring Executive Committee meeting)
 - a. Select a tactical plan to pursue.
 - b. Assign responsible for development of the plan – who does what and when; what resources will be needed; how success will be measured.
 - c. Update report to Executive Committee.
11. Steering Committee meeting – **Week of June 18, 2012**
 - a. Progress reports from tactical plan work group(s).
 - b. Feedback and guidance for tactical plan work group(s).
12. Steering Committee meeting – **Week of July 9, 2012**
 - a. Final reports from tactical plan work group(s).
 - b. Prepare report for Executive Committee and Commission.
13. Implement tactical plan. **August 2012**

Connections between Environmental Scan results and Vision elements

The following material ties the environmental scan results back to the three elements of the draft visions statement and to the goal areas identified during the 11-30 steering committee meeting. There is a strong correlation between the scan themes and the vision and goal areas – this is a good indication that the steering committee is focusing on a vision and goal areas that have a solid basis in the current environment and the likely future environment.

Tax policy development: STRENGTHS – MTC Staff; diverse commission membership; strong relationships; public participation. WEAKNESSES – Insufficient use of current technology and communication tools; lack of actual uniformity; time-consuming processes; some weak or adversarial relationships; variability in state participation. OPPORTUNITIES – Use technology better; enhance external relationships and partnerships; better define and publicize identity of MTC. THREATS: Financial condition of the states (affecting participation); federal pre-emption; loss of knowledgeable staff; legislators’ lack of understanding and suspicion of executive branch; decline in citizen trust in government; future relationship between MTC and SSUTA.

Federalism: STRENGTHS – Strong relationships (state-to-state; commission to other organizations); public participation. WEAKNESSES – Lack of actual uniformity; relationships with some in the business community; slow processes; variability in state participation. OPPORTUNITIES – Enhance relationships; create business alignments; better define and publicize identity of the MTC. THREATS – Financial condition of the states; federal pre-emption; lack of state engagement; legislator’s lack of understanding and suspicion of executive branch; overall decline in citizen trust in government.

Compliance: STRENGTHS – current programs; MTC staff; shared expertise between states and between states and MTC staff; strong relationships; training programs. WEAKNESSES – insufficient use of technology; limited audit resources; variability in state participation. OPPORTUNITIES – Use technology differently; expand training; cultivate key relationships; enhance audit and nexus programs (greater specialization); leverage expertise of MTC and state staff; market ADR program. THREATS – Financial condition of the states; lack of state engagement; retirement of staff; mistrust and suspicion between state staff and taxpayers; tax avoidance behavior; restrictions on information sharing; overall decline in citizen trust in government; state audit staff perceive compliance programs as “competition”; SSUTA.

Connections between Environmental Scan Results and Goal Areas

After each environmental scan theme, goal areas that are likely to be connected to or affected by those themes are listed.

Strengths

MTC compliance programs: all programs are valued highly by state staff, and are generally well respected by taxpayers – processes; engagement; MTC profile; compliance.

MTC staff: respondents cited staff skill, knowledge, leadership, legal and policy support, all as strengths – processes; engagement; MTC profile; training/education; compliance; uniformity.

Diverse commission membership – differences in background, knowledge and perspective of the states and state personnel – engagement; MTC profile; training/education; compliance; uniformity.

MTC staff and states have expertise that can be shared – processes; engagement; training/education; technology; compliance; uniformity.

Strong relationships: State-to-state; states to MTC Staff; MTC to other organizations and TPs – process; engagement; MTC profile; communication; compliance; uniformity.

Public participation policy: creates transparency for taxpayers, accessibility of MTC officials and materials was also cited as a strength; process; engagement; MTC profile; communication; uniformity.

Training programs- subject matter and instructors; MTC profile; training/education; compliance.

Weaknesses

Insufficient use of current technology and communication tools – processes; MTC profile; training/education; technology; communication; compliance; uniformity.

Lack of actual uniformity among the states: many uniformity proposals are not adopted by a majority of states (there were many causes and examples identified) - engagement; MTC profile; communication; compliance; uniformity.

Time-consuming processes for decisions on uniformity proposals and for action within program areas - processes; engagement; MTC profile; communication; uniformity.

Relationships with some in the business community; public participation policy can slow things down - processes; engagement; MTC profile; communication; uniformity.

Limited resources for the audit program may not be sufficient for today's environment – MTC profile; compliance.

Variability in participation by the states over time in the programs and committees - processes; engagement; MTC profile; communication; compliance; uniformity.

Opportunities

Use technology differently to enhance program results; preserve institutional knowledge– processes; engagement; training/education; technology; communication; compliance; uniformity.

Expand Training (including to private sector) MTC profile; training/education; technology; communication; compliance.

Enhance relationships with other tax administration organizations- processes; engagement; MTC profile; communication; compliance; uniformity.

Influencing federal legislation - engagement; MTC profile; communication; uniformity.

Enhance audit program through specialization, technology – engagement; MTC profile; technology; communication; compliance.

Better leverage expertise of MTC and state audit staff - processes; engagement; MTC profile; training/education; compliance; uniformity.

Business alignments – partnerships – better define and publicize the identity of the MTC – engagement; MTC profile; communication.

Greater marketing of Alternative Dispute Resolution program – processes; engagement; MTC profile; compliance; uniformity.

Threats

Financial condition of states for next several years – processes; engagement; MTC profile; training/education; technology; communication; compliance.

Federal pre-emption; changes to federal tax code – engagement; MTC profile; compliance; uniformity.

Lack of engagement by states – processes; engagement; MTC profile; compliance; uniformity.

Retirement of knowledgeable staff both in the MTC staff and in the states – processes; engagement; MTC profile; training/education; compliance; uniformity.

Legislators' lack of understanding and suspicion of executive branch – engagement; MTC profile; compliance; uniformity.

Mistrust and suspicion between state staff and taxpayers – MTC profile; compliance; uniformity.

Taxpayer behavior – tax avoidance; resistance to joint state audits – MTC profile; compliance; uniformity.

Restrictions on information sharing (many reasons) – MTC profile; communication; compliance; uniformity.

Overall decline in citizen trust in government – engagement; MTC profile; communication; compliance; uniformity.

State audit staffs perceive the audit and Voluntary Disclosure programs as a threat or competitor - engagement; MTC profile; compliance; uniformity.

Relationship to SSUTA – will existence of a separate organization reduce MTC's role in sales tax policy development or audit work? MTC profile; training/education; communication; compliance; uniformity.