

2011

# Strategic Plan



Doug Belden  
Hillsborough County Tax Collector  
Strategic Plan 2011



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The following document contains the Hillsborough County Tax Collector’s Strategic Plan for 2011-2015. The first part describes our Strategic Planning Process and Organizational Culture. This is followed by the detailed analysis of data and information used to determine our key factors to be addressed on our Strategic Plan. Finally, it contains our strategic priorities, objectives, measures, and sample action plans that have been established to drive the future of our organization.

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# Strategic Planning Process

The Hillsborough County Tax Collector uses a 9-step Strategic Planning Process that includes an annual, two day meeting with reviews and updates conducted during bi-weekly plan reviews. The format of our annual planning meeting and the bi-weekly reviews are very similar. However, the annual two-day meeting is more comprehensive and addresses some issues not necessarily discussed in the review and update process. For example, our Mission-Vision-Values, strategic priorities and core competences are reviewed and a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis is conducted annually, while action plans are reviewed and updated bi-weekly. Our SPP includes the following steps:

**1)** A comprehensive Environmental Scan (ESCAN) is conducted annually, which helps Senior Leaders identify emerging trends or issues related to legislation, population, technology, and economic climate. Also included in the ESCAN is a consideration of all stakeholder needs and requirements based on analysis of data received from employee, customer, supplier, and partner feedback mechanisms as well as a review of annual vendor report card scores. Information received from Florida Tax Collector coalitions, vendor user groups, conferences, and Baldrige National Quality Program Feedback Reports is also reviewed in step 1. Any actions needed based on this comprehensive analysis of data are documented on a prioritization matrix.

**2)** An annual review and re-validation of our mission, vision, values, strategic priorities, and core competencies to ensure reinforcement and alignment.

**3)** An annual review and update of our strategic challenges and advantages based on the results of our ESCAN and SWOT analysis.

**4)** An annual SL review and update of our priorities, objectives and organizational measures to ensure all input, feedback and goals are addressed in our strategic plan. Then, Senior Leaders establish departmental measures, targets and performance projections

based on expected performance and comparative data. **5)** A review of the finalized prioritization matrix and scoring/priority ranking of each of the actions needed based on legal requirements, impact on customers, alignment to our Mission, Vision, and Values, alignment to our core business, and cost. All items above the score threshold (determined annually based on a reasonable break in scoring sequence) are considered potential action plans/projects for improvement. **6)** SLs complete a Cost-Benefit Analysis (CBA) for all non-mandated action plans/projects with an estimated cost greater than \$20,000. If Return on Investment (ROI) is realized in less than three years, the project is approved. Those with an ROI of more than three years must be re-tooled to meet the requirements or they are dropped from the list. **7)** Action plans/projects are developed and all resource needs, tasks and deadlines are documented as a collaborative effort of the responsible Senior Leader. **8)** Progress of the strategic plan is reviewed by Senior Leaders bi-weekly during strategic plan reviews. **9)** Senior Leaders annually review and evaluate our Strategic Planning Process using an evaluation tool to score each step of the process to identify needed process improvements.

Key participants in our Strategic Planning Process primarily include the Tax Collector, Doug Belden, and his Senior Leadership Team. However, input into the process comes from employees, customers, and other key stakeholders.

STRATEGIC PLANNING PROCESS STEPS
1. Collect and analyze data (includes ESCAN and SWOT).
2. Review mission, vision, values and core competencies.
3. Review and update strategic challenges and advantages.
4. Review and update strategic priorities and objectives and evaluate measures, targets and projections.
5. Score and prioritize SWOT and ESCAN findings to determine action plans/projects needed.
6. Conduct cost-benefit analysis for action plans/projects
7. Develop action plans and allocate resources.
8. Communicate strategic plan and review progress and status of action plans/projects.
9. Evaluate and improve the SPP.

# Organizational Culture

## PURPOSE

To perform the state work of collecting and distributing taxes and fees at the local level.

## MISSION

To exceed customer expectations through continuous innovation in performing the required duties of our office with the highest level of ethics and integrity while empowering and challenging our workforce.

## VISION

To be an exemplary government organization.

## CORE VALUES

- Integrity
- Communication
- Positive Relationships
- Customer Focus
- Teamwork
- Effectiveness
- Knowledge
- Creativity

## STRATEGIC PRIORITIES

1. Customer Service Excellence
2. Successful & Engaged Workforce
3. Fiscal Responsibility
4. Continuous Improvement

## CORE COMPETENCIES

- Customer Service
- Financial Management
- Collaboration

## MOTTO

Expect Excellence.

## PRODUCTS AND SERVICES

- Property Taxes
- Motor Vehicle Services
- Driver Licenses
- Business Taxes
- Tourist Development Taxes
- Hunting & Fishing Licenses

## STRATEGIC CHALLENGES

- Unfunded, legislative mandates
- State balances its budget at expense of HCTC and the county
- Real ID Act requirements
- Take-over of state Driver License services
- Legislative Blind-sides
- Florida Statute Chapter 197 re-write
- Keeping staff motivated and engaged in the current economy
- Balancing workloads and re-allocating staff resources
- Communication
- Department of Revenue budget approval
- Decreased revenue as a result of the economy

## STRATEGIC ADVANTAGES

- Political position of Tax Collector, Doug Belden
- Relationships with state and local government agency leaders
- Technological innovation
- Collaboration through user groups and coalitions
- Cross-training
- Team-based workforce
- Ability to provide faster, cheaper, better service
- Agility in SPP ensures rapid response to change and/or new opportunities

## BUSINESS MODEL

Baldrige Performance Management System

# Environmental Scan

## DEMOGRAPHIC TRENDS

### American Community Survey Hillsborough County, FL Demographics (2009)

#### Ethnicity

White:	75%
Black:	17%
Asian:	3%
Other Race:	5%
Hispanic Origin:	23%

#### Age

Median Age:	36 Years
Under 18 Years:	24%
18-24 Years:	9%
25-44 Years:	30%
45-64 Years:	25%
65+ Years:	12%

#### Income

Median Family:	\$55,933
Median Household:	\$47,168

### UF Bureau of Economic and Business Research

Although it's a small bounce, Florida's population should rebound from its first loss in more than a half-century, according to estimates from the University of Florida's Bureau of Economic and Business Research (BEBR). Statistics from BEBR also indicate Hillsborough County's 2010 population is up 20.5% since 2000.

The state's population is not expected to return to its usual gains that marked the last 40 years until 2014 or 2015. The state averaged gains of about 300,000 residents a year during that period, including a peak of about 400,000 residents a year between 2003 and 2006. Researchers attribute the negative or slow growth to the economy, which drives state migration. People in their 20s, 30s and 40s who move the state for new jobs are the largest group of newcomers, followed by retirees and immigrants.

While the movement of people - and political power - from the Northeast and Midwest to the South and West continued, there were significant changes within that pattern, including a dramatic slowdown in what had long been some of the nation's fastest growing states. And those same forces are likely to shape the current decade, at least the first part of it.

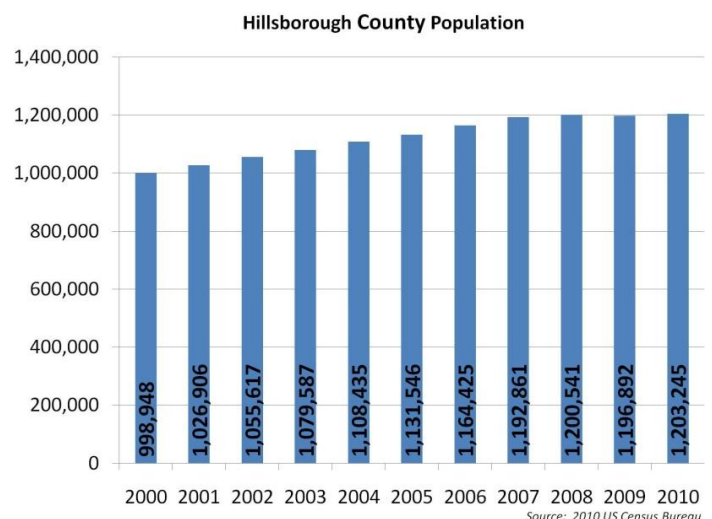
In 2010, the US saw the smallest 10-year growth rate since the decade of the Great Depression. As in the 1930s, the latest slowdown was due to fewer the immigrant arrivals and a shrinking of the nation's birth rate, in part because of the economic downturn and the hardships inflicted on many families.

According to a UF demographer, without the recession, Florida, long one of the fastest-growing states, would probably have added another half-million more residents over the last decade.

### 2010 US Census Facts - Florida

While complete 2010 census data is not yet available, preliminary results indicate the following:

- The US population increased 9.7% - less than half the pace of the 1970's
- Florida's growth rate was 17.6%
- By 2030, Florida's 65+ population is projected to increase 176.7%
- Florida is the 4<sup>th</sup> most populous state in the US with 18,801,310 residents



# ECONOMIC ANALYSIS

## IMPACT OF THE RECESSION ON...

### STATE AND LOCAL GOVERNMENT

The national recession is producing both declines in state and local revenues and increased need for public programs as residents lose jobs, income, and health insurance. In the 2009 and 2010 fiscal years, the imbalance between available revenues and what was needed for services opened up budget gaps in most states. In addition, states have now addressed significant budget shortfalls in enacting their 2011 budgets and even more budget gaps are projected for fiscal year 2012.

**Since the start of the recession, states have closed over \$425 billion in budget shortfalls. Sizable budget gaps are likely to continue for the next several years.**

The worst recession since the 1930s has caused the steepest decline in state tax receipts on record. State tax collections, adjusted for inflation, are now 12 percent below pre-recession levels, while the need for state-funded services has not declined. As a result, even after making very deep spending cuts over the last two years, states continue to face large budget gaps. States will continue to struggle to find the revenue needed to support critical public services for a number of years, threatening hundreds of thousands of jobs. States face:

- **Sharply constrained budgets in 2011.** To balance their 2011 budgets, states had to address fiscal year 2011 gaps totaling \$130 billion, or 20 percent of budgets in 46 states. Most did so with spending cuts and revenue increases. This total is likely to grow over the course of the fiscal year, which started July 1 in most states. Families hit hard by the recession will experience the loss of vital services throughout the year, and the negative impact on the economy will continue.
- **No diminishment in budget problems in 2012.** States' fiscal problems will continue in the current fiscal year and likely beyond. Eleven states are reporting new mid-year shortfalls for fiscal year 2011. And most

states anticipate significant problems next year. Already 40 states have projected gaps that total \$113 billion fiscal year 2012. Once all states have prepared estimates, these are likely to grow to some \$140 billion. These 2011 and 2012 shortfalls are in addition to the gaps states closed in their fiscal year 2010 budgets. Counting both initial and mid-year shortfalls, 48 states addressed such shortfalls in their budgets for fiscal year 2010, totaling \$191 billion or 29 percent of state budgets — the largest gaps on record.

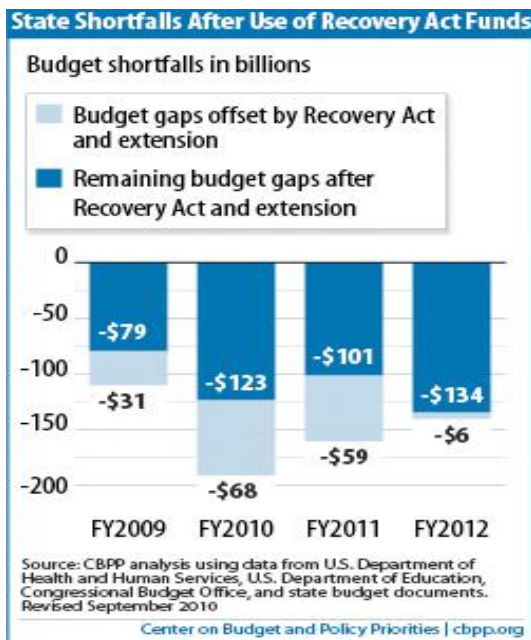
- **Declining federal assistance.** Federal aid to states provided in the February 2009 American Recovery and Reinvestment Act and to a smaller degree in the August 2010 jobs bill has lessened state cuts in services and tax increases. But the aid will be almost entirely gone by next year. About \$60 billion remains to help with 2011 fiscal problems. By 2012 only \$6 billion will remain. The federal government could avert deep additional budget cuts that would further harm the economy by again extending assistance over the period during which state fiscal distress is expected to continue, rather than cutting it off before states have recovered.
- **Combined gaps of over \$430 billion since recession's start.** States have closed budget shortfalls of over \$430 billion for fiscal years 2009, 2010, and 2011 combined. They will continue to face large gaps in fiscal years 2012, 2013, and beyond.



## State Budget Shortfalls 2010, 2011, 2012

States already have addressed extraordinarily large shortfalls as they developed and implemented spending plans for fiscal years 2009, 2010, and 2011. Shortfalls are the extent to which states' revenues, hit hard by the recession, fall short of the cost of providing services. Every state has some sort of balanced-budget law. So the shortfalls for 2009 and 2010 and most of the shortfalls for 2011 – which totaled over \$430 billion combined – have already been closed through a combination of spending cuts, withdrawals from reserves, revenue increases, and use of federal stimulus dollars.

States' fiscal conditions remain extremely weak. Indeed, historical experience and **current economic projections suggest that due to declining federal assistance fiscal year 2012 will be more difficult than 2010 or 2011.** In fiscal year 2011, states have mostly closed shortfalls that will total some \$100 billion after taking federal aid into account. Taking all these factors into account, it is reasonable to expect that for 2012, shortfalls are likely to exceed \$140 billion with only \$6 billion in federal Recovery Act dollars remaining available.



The recession caused a state fiscal crisis of unprecedented severity. In the early 2000s, as in the early 1990s and early 1980s, state fiscal problems lasted for several years after the recession ended. The same will undoubtedly be

the case this time, since the current recession is more severe — deeper and longer — than the last one, and state fiscal problems have proven to be worse and are likely to remain so.

Many economists expect unemployment to remain at high levels throughout 2011 and beyond. Continued high unemployment will keep state income tax receipts at low levels and increase demand for Medicaid and other essential services that states provide. High unemployment and economic uncertainty, combined with households' diminished wealth due to fallen property values, will continue to depress consumption; thus, sales tax receipts also will remain low. These factors suggest that **state budget gaps will continue to be significantly larger than in the last recession, and last longer.**

Estimates from the states, although incomplete, are consistent with this outlook. **A total of 46 states addressed shortfalls for fiscal year 2011.** This total includes at least 34 of the states that prepare budgets annually and recently addressed deficits for fiscal year 2011. In addition, 11 states that operate on a two-year budget cycle (known as a biennial budget) adopted budgets a year ago that addressed shortfalls for 2011 totaling at least \$25 billion. In total, fiscal year 2011 gaps total \$130 billion or 20 percent of budgets. This total includes \$7.4 billion in new gaps that have opened up in eleven states plus the District of Columbia since fiscal year 2011 budgets were adopted. This may be an indication that the state revenue situation is stabilizing, as a much smaller number of states are expecting new mid-year gaps than at the same time last year. However, revenues remain depressed at a level far short of the amount needed to pay fully for an ongoing level of services.

At least 40 states have looked ahead to fiscal year 2012 and anticipate shortfalls totaling \$113 billion. It is reasonable to expect that this total will grow during the course of the fiscal year as more states prepare projections. These current year shortfalls are in addition to the gaps states closed when adopting their fiscal year 2010 budgets and the mid-year gaps that developed after these budgets were adopted. In total, 48 states have addressed shortfalls in their budgets

for fiscal year 2010, totaling \$191 billion or 29 percent of state budgets — the largest gaps on record. Of course, a faster-than-expected recovery could reduce the size of future shortfalls. **But several factors could make it particularly difficult for states to recover from the current fiscal situation. Housing markets might be slow to fully recover; their decline already has depressed consumption and sales tax revenue as people refrain from buying furniture, appliances, construction materials, and the like. This also would depress property tax revenues, increasing the likelihood that local governments will look to states to help address the squeeze on local and education budgets.** And as the employment situation continues to be weak, income tax revenues will continue to lag, and there will be further downward pressure on sales tax revenues as consumers are reluctant or unable to spend.

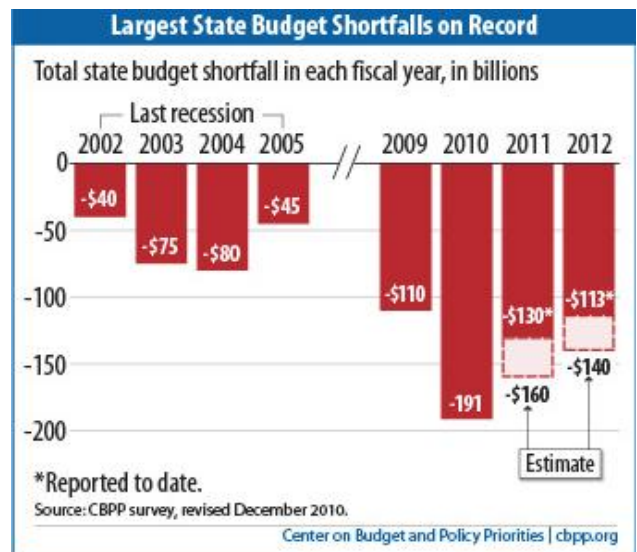
Some states have not been affected by the economic downturn, but the number is dwindling. Mineral-rich states — such as New Mexico, Alaska, and Montana — saw revenue growth in the beginning of the recession as a result of high oil prices. More recently, however, the decline in oil prices has affected revenues in these states. The economies of a handful of other states have so far been less affected by the national economic problems. Only one state, North Dakota, has not reported budget shortfalls in any of these years. Two other states — Alaska and Arkansas — faced shortfalls in fiscal year 2010 but are not now projecting gaps for fiscal year 2011. Montana is now projecting a shortfall for FY2012 after avoiding gaps for the earlier years of the state fiscal crisis.

### The Consequences of Shortfalls

To date, budget difficulties have led at least 46 states to reduce services to their residents, including some of their most vulnerable families and individuals. Over 30 states have raised taxes to at least some degree, in some cases significantly.

If revenue declines persist as expected in many states, additional spending and service cuts are likely. Budget cuts often are more severe later in a state fiscal crisis, after largely depleted reserves are no longer an option for closing

deficits. Spending cuts are problematic during an economic downturn because they reduce overall demand and can make the downturn deeper. When states cut spending, they lay off employees, cancel contracts with vendors, eliminate or lower payments to businesses and nonprofit organizations that provide direct services, and cut benefit payments to individuals. In all of these circumstances, the companies and organizations that would have received government payments have less money to spend on salaries and supplies, and individuals who would have received salaries or benefits have less money for consumption. This directly removes demand from the economy. Tax increases also remove demand from the economy by reducing the amount of money people have to spend — though to the extent these increases are on upper-income residents, that effect is minimized because much of the money comes from savings and so does not diminish economic activity. At the state level, a balanced approach to closing deficits - raising taxes along with enacting budget cuts - is needed to close state budget gaps in order to maintain important services while minimizing harmful effects on the economy.



Ultimately the actions needed to address state budget shortfalls place a considerable number of jobs at risk. **The roughly \$130 billion shortfall that states are facing for fiscal year 2012 after taking federal assistance into account equals about 0.85 percent of GDP. Assuming that economic activity declines by one dollar for**

every dollar that states cut spending or raise taxes, and based on a rule of thumb that a one percentage point loss of GDP costs the economy 1 million jobs, state shortfalls could cost the economy 850,000 jobs next year.

### The Role of the Federal Government

Federal assistance is lessening the extent to which states need to take pro-cyclical actions that further harm the economy. The American Recovery and Reinvestment Act (ARRA), enacted in February 2009, includes substantial assistance for states. The amount in ARRA to help states maintain current activities is about \$135 billion to \$140 billion over a roughly 2 ½-year period — or between 30 percent and 40 percent of projected state shortfalls. Most of this money is in the form of increased Medicaid funding and a “State Fiscal Stabilization Fund.” (There are also other streams of funding in the economic recovery act flowing through states to local governments or individuals, but these will not address state budget shortfalls.) This money has reduced the extent of state spending cuts and state tax and fee increases.

In addition, H.R. 1586 — the August 2010 jobs bill — extended enhanced Medicaid funding for six months through June 2011 and added \$10 billion to the State Fiscal Stabilization Fund. But it still appears likely the federal assistance will end before state budget gaps have fully abated. The Medicaid funds are scheduled to expire in June 2011, the end of the 2011 fiscal year in most states. States will have drawn down most of their State Fiscal Stabilization Fund allocations by then as well. So **even though significant budget gaps will remain in 2012, there will be little federal money available to close them.** States are likely to respond with spending cuts and tax increases even larger than those that have already been enacted. One way to avoid this would be for the federal government to reduce state budget gaps — and hence avert some spending cuts and/or tax increases — by again extending the Medicaid funds over the period during which state fiscal conditions are expected to still be problematic, rather than cutting them off in June 2011. Conversely, some actions that the federal government may consider would deepen states’ fiscal problems.

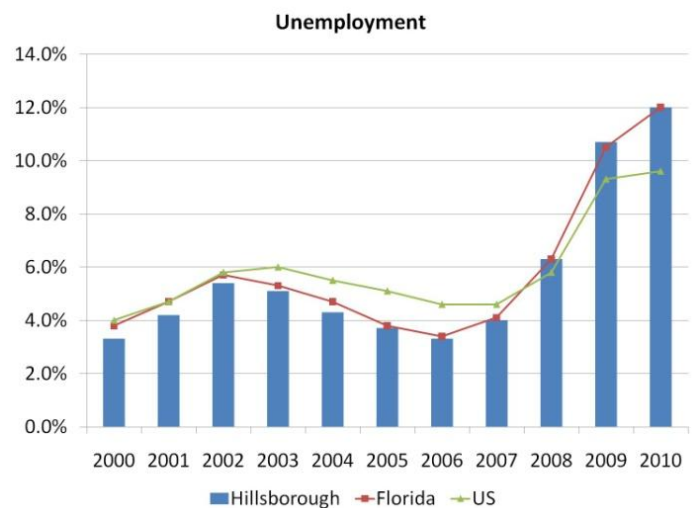
Specifically, the proposal to allow full expensing of business investments included in the tax-cut agreement between president Obama and Republican leaders would cost states more than \$11 billion over two years in lost tax revenue due to the interaction of state and federal tax codes.

And Congressional Republicans’ proposal to cut domestic discretionary spending would cost states \$32 billion per year in lost federal grants. Such actions would worsen state budget problems and slow economic recovery.

*Source: State’s Continue to Feel the Recession’s Impact from the Center on Budget and Policy Priorities*

### UNEMPLOYMENT

The drastic decline in real estate and new construction had a profound impact on unemployment in Florida and Hillsborough County. The unemployment rate in Hillsborough County reached a record in 2010 peaking at 12% - well above the national average of 9.7%.



*Source: Bureau of Labor and Statistics*

### REAL ESTATE

#### Building Permits

The advantage of building permit data is a forward look into housing markets. Permit data are a leading economic indicator. If consumers and/or builders are confident in the future path of real estate and the economy, permits will be strong, if not, newly issued permits will likely fall.

Expectations of future increases in interest rates will likely dampen new permit activity as builders reduce the construction of new, yet to be sold, housing. Results indicate that apartments and condominiums account for a larger percentage of new construction.



In the real estate boom years from 2005 to 2007, new construction accounted for the largest increase in our tax roll. Since the market has declined in recent years and housing prices have fallen dramatically, this greatly impacts our excess fees and total revenue.

### The Foreclosure Crisis

The current mortgage foreclosure crisis was fueled by unsustainable home prices and high-risk monetary and underwriting practices. Sub-prime loans started the wave of foreclosures and provided the tipping point for the mortgage market meltdown. In the US, properties with foreclosure filings have exceeded 300,000 for over 20 consecutive months. March 2010 was the highest month ever in terms of foreclosure activity, with over 367,000 US households receiving a foreclosure notice. As of October 2010, the national foreclosure rate was 2.6%, and Florida had the second highest foreclosure rate in the US at 6.5%. Unemployment is projected to drive high levels of foreclosure activity through 2011, but may slow down in 2012. However, the cycle could be pushed out another two years because of the delays over the past two years in getting distressed inventory cleared. In addition, states will

increasingly impose foreclosure moratoriums in 2011, further delaying delinquencies and the sale of foreclosure inventory.

Source: RealtyTrac

### Housing and Foreclosure Facts:

- Moody's expects 2.1 million foreclosures in 2011, up 16% over 1.8 million in 2010.
- According to RealtyTrac (as of November 2010), 1 in 154 housing units in Hillsborough County is in foreclosure compared to 1 in 267 in Florida and 1 in 492 in the US.
- The average foreclosure sales price discount is approximately 26% - The difference between the average sale price of a home and a foreclosure sale price is \$50,000.
- As of the second quarter of 2010, foreclosures account for 24.2% of all home sales.
- Economists predict home prices to fall another 5 to 15% in 2011.
- According to Zillow, November 2010 marked the 53<sup>rd</sup> consecutive month of declining home values.
- Florida's median home prices have dropped by nearly 50 percent, from \$257,800 five years ago to \$136,000 today
- As of September 2010, 59% of the housing market, or 7.1 million housing units, are in some stage of distress:
  - 1.2 million in foreclosure process (10%)
  - 5 million are delinquent (41%)
  - 900,000 are REOs (8%)

**Conclusion** - 82% of our overall revenue comes from property taxes. Record-high unemployment levels coupled with a decline in consumer confidence, a virtual halt on new construction, and a mortgage foreclosure crisis are driving down the value of real estate, which has serious implications on property tax revenue. In addition, the state and local government budget crisis threatens our ability to meet our key business outcomes and level of service. At this point, financial experts do not expect the economy to turn around until 2015.

# LEGISLATIVE ISSUES

## DRIVER LICENSE

### BACKGROUND

In 1996, the Hillsborough County Tax Collector's office began issuing driver licenses in three locations. This service was added as a convenience to customers who already visited our office to process motor vehicle registrations and titles and to pay property taxes. Currently, in order to obtain a driver license at the Tax Collector's office, customers have to pay a \$6.25 surcharge (or "convenience" fee) on top of the price of the driver license. This means that customers are paying us extra to get a driver license so the state does not give up any of their driver license revenue. However, this fee does not cover the Tax Collector cost to perform a driver license transaction.

Two studies were conducted in 2001 and 2007 by a task force formed by Governor Jeb Bush to determine the cost of providing driver licenses. The task force consisted of Tax Collectors, officials from the Department of Highway Safety and Motor Vehicles and the Auditor General's office as well as legislative staff. Both studies indicated the cost to conduct a driver license transaction is approximately \$12, regardless of the service provider. Currently, the state gets \$48 for each license issued by the state or the Tax Collector's office. The Tax Collector gets \$6.25 per driver license only for those processed in our office. Therefore, in order to cover our costs, we use local property tax dollars to subsidize the cost of driver license services.

In 2010, state legislators passed HB5501 which mandates that county Tax Collectors take over all driver license functions from the state by 2015, with the exception of Broward, Miami-Dade and Volusia who have a unique government structure. This unfunded mandate will have a profound effect on the Hillsborough County Tax Collector's budget and our current customer service levels if we do not generate enough revenue from driver license transactions to cover our costs. To reduce or at least maintain our budget and staffing levels, we cross-train staff and implement technology to meet current and future demands. However, this is becoming

increasingly difficult with mandates such as HB5501 and the federally-mandated Real ID Act.

Florida was one of the first states to comply with the federal Real ID act that took effect on January 1, 2010. It requires all driver license holders to verify their identity by providing passports, birth certificates, social security cards, and utility bills when they obtain a driver license. This applies to both new driver licenses and renewals. Our marketing efforts to educate customers about these new Real ID requirements included television, print and web advertising. In addition, to save taxpayer dollars, we partnered with the public and private sector to help with advertising efforts, which included mail-outs and web advertising by TECO, Hillsborough County Schools, Pepin Distributing Company and the City of Tampa. Despite our comprehensive marketing campaign, some customers do not have the proper documents when they come to get a driver license, and they must gather and return with the proper documents. Real ID requirements are particularly burdensome on senior citizens who do not have a passport or cannot locate a birth certificate. The Tax Collectors and DHSMV Executive Director, Julie Jones, are working with the federal government to be more lenient on senior citizen requirements.

We are also working in partnership with other Florida Tax Collectors and leadership from the DHSMV to identify ways to cover our costs. This is not only important for Hillsborough County, but also for smaller counties who could face budget deficits if their costs are not covered once the driver license mandate officially takes effect in 2015.

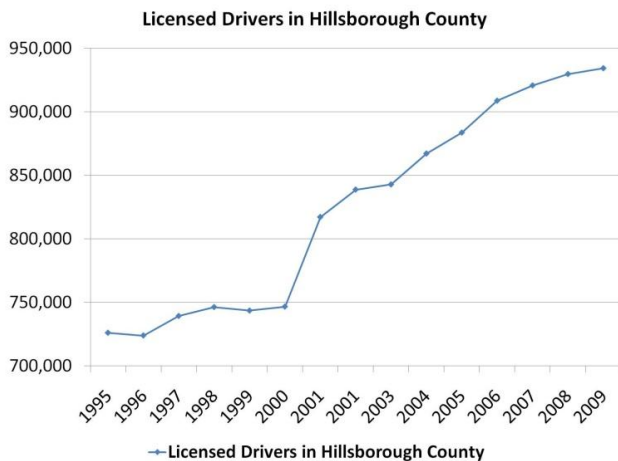
In conclusion, it is our philosophy that whoever processes the driver license transaction should get the money for the transaction, whether it's the state or the Tax Collector. We are not looking to make a profit on driver license services or any of the other services we provide. We simply want to receive adequate funding to be able to cover our costs for providing driver license service - which is a state function. It is not fair that a customer has to pay an extra \$6.25 to obtain a driver license or ID card from the Tax Collector - the cost of a driver license should be the same no matter where they get it.

## DHSMV DRIVER LICENSE TRANSITION REPORT

The Hillsborough County Tax Collector currently has a seat on the State's Driver License Transition Team alongside the Motorist Services Advocate.

Based on our preliminary analysis, we have assessed our projected staffing and training needs and have action plans in progress to address employee development for both front counter and Processing Operations staff. This includes curriculum segmented by beginner and advanced driver license topics. In addition, we are working in partnership with the State for FDLIS equipment for training and the call center.

The transition report includes review of best practices, transaction projections as well as historical data review and zip code / population analysis as we work in partnership with the State to strategically provide services as the state closes their existing driver license sites.



*This graph shows licensed drivers in Hillsborough County from 1995-2009. Currently, customers can get a Driver License at any Tax Collector or DHSMV office in the state of FL or online. However, when we take over Driver License, HCTC will see an additional 275,000+ customers in our branches - a 27% increase.*

Included below is the proposed funding model and recommendations of the Transition Report, including input from our office to prepare for the take-over of driver license services by county Tax Collectors.

**The following are recommendations by the DHSMV that would not require legislation.**

### Mail in Renewals

This would allow the Tax Collectors to process mail in renewals for driver licenses in a similar manner to the way they currently process mail in

tag renewals. Each renewal processed using this method would generate an additional \$6.25 for the County Tax Collectors. Effective date, April 2012.

### Driver License Service Fee

Clarification is needed about when Tax Collector offices may charge the service fee. Some counties are interpreting a visit as the customer returning to the office anytime within a single day – as long as it is the same day, they may only be charged one service fee. However, we determined the intent of the law to mean that a customer may have multiple visits within the same day and be charged the service fee for each visit or transaction completed during that day.

### FRVIS Address Changes

Encourage all Tax Collector members to utilize the driver license address change option on FRVIS whenever a customer has an address change during a motor vehicle transaction. Tax Collectors could encourage customers to replace their licenses by reminding them that Florida law requires that the address be changed on the driver license as well as on the vehicle registration.

### Reinstatement Fees

As allowed by Florida Statute 322.29, Tax Collectors retain \$37.50 from each D6, Child Support, or Financial Obligation reinstatement fee collected in the office as well as the \$6.25 service fee received for each transaction. As state offices continue to transition to Tax Collectors, the revenue received for these transactions will increase. Based on data from the calendar year 2009, if all state offices, with the exception of those in Miami-Dade, Broward and Volusia, had been operated by the Tax Collectors, an additional \$4,227,286.50 in revenue would have been retained from the reinstatement fees. This is in addition to the \$2,591,512.50 already retained by the Tax Collectors in 2009.

**The following are recommendations by the DHSMV that would require legislation.**

### Option I

Amend current statute to allow the Tax Collectors to retain all fees for re-examinations.

Re-examinations for a written test require a \$10.00 fee and skill tests require a \$20.00 fee. Under this option, the state would not operate any Regional Service Centers. The chart below indicates the potential revenues going to the County Tax Collectors based on data from the fiscal year that ended June 30, 2010.

In addition, the pilot for online testing is scheduled to conclude December 31, 2010. This will bring more customers into the offices to take exams, and re-exams. Based on data received from third party testers for the fiscal year that ended June 30, 2009, there were 45,184 customers that required re-exams, which would generate \$451,840 in additional revenue. It is important to note that this will not increase customer traffic as the customer already visits the office to have the license issued. Effective date is January 2012.



Tax Collectors are authorized to charge a \$6.25 service fee for driver license services. Currently, additional service fees are not assessed for driver license services provided by state-operated driver license offices. In an effort to eliminate confusion to customers, the Department recommends charging the same amount regardless of where the service is performed. The state offices charging the same fee as the county offices should encourage more customers to go to the Tax Collector offices.

The shift of driver license services to Tax Collectors is the dominant concern of Florida Tax Collector IT Coalition due to the state's lack of technology growth, lack of assistance with technology upgrade, and the short timeframe for transitioning service. Although the DHSMV is starting a study that will eventually lead to an RFP related to replacement technology, it is not anticipated that there will be any change or updates for the next several years. This poses a significant problem for Tax Collectors, as the current and previous operating system versions (Microsoft Windows) do are not supported for the current FDLIS and FRVIS software.

The transition of full responsibility for driver license services will have a major impact on the Hillsborough County Tax Collector's office if we do not obtain appropriate funding to cover our costs. Since property tax revenue is currently subsidizing driver license services provided by our office, we could face a budget shortfall and a major decrease in excess fees (unused funds) returned to the county.

RE-EXAM DATA	CDL Written	Non-CDL Written	Non-CDL Skill Tests
State Total	74,939	241,816	61,843
Miami-Dade	14,206	58,220	15,881
Broward	6,120	29,204	7,415
Volusia	1,463	4,182	1,150
<b>Adjusted Total</b>	<b>53,150</b>	<b>150,210</b>	<b>37,397</b>
<b>Revenue per Transaction</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$20.00</b>
<b>Total/Type</b>	<b>\$531,500</b>	<b>\$1,502,100</b>	<b>\$747,940</b>
<b>GRAND TOTAL</b>	<b>\$2,781,540</b>		

### Option II

This recommendation requires amending Florida Statute 322.21 to allow the Tax Collectors to retain the portion of the funds previously deposited in the Highway Safety Operating Trust Fund for all replacement driver licenses and identification cards issued at a tax office. This amendment would allow the Tax Collectors to keep \$7.00 from each replacement license, and \$9.00 for each replacement identification card issued in their offices. Based on issuance data from the fiscal year that ended June 30, 2010; this recommendation would have provided an additional \$5,755,177.00 to the counties where driver licensing services will be provided by the Tax Collectors. Effective date is January 2012.

## PROPERTY TAX

In early 2007, the Florida Tax Collector Association formed a team of property tax experts from different counties to re-write Florida Statute Chapter 197, which governs the collections, sales and liens of property taxes. The team's mission was to revise, update and consolidate this chapter to ensure more consistency throughout the state when interpreting the laws of this chapter. In addition, the team was to draft language to allow for the use of technology and automation in our processes and propose changes in fees and requirements, since the legislation was written decades ago. The re-write has been reviewed on numerous occasions, and during the 2009 legislative session it became a bill.



During the course of the preparation of these bills, corporate tax certificate investors interjected concerns related to tax certificate sales. Many of their suggestions improved the bill. However, these investors also had an amendment added to the senate bill, which proved to be unacceptable not only to the House, but also Senate leadership. The amendment would have removed language in current law that sets the opening bid on homesteaded property at a tax deed auction at  $\frac{1}{2}$  the assessed value of the property so that the opening bid would have been only the delinquent tax debt. The House remained firm and did not allow their bill to be amended, but investors threatened to work to kill if the amendment was not included. As a result, the bill did not move out of the Senate Finance and

Tax Committee during the last week of session and died April 2009.

During the 2010 legislation session the bill was filed again in October 2009 but later died in Finance & Tax Council in April 2010. Efforts are still moving forward by Florida Tax Collectors to mandate the re-write of Florida Statute 197 in an effort to standardize and automate our processes in ways that are more efficient and consistent throughout the state for our customers. For the 2011 legislative session, members of the Tax Collector Association approved the hiring of an additional, high-powered, Tallahassee lobbyist to work to get this bill passed.

Another bill that could threaten our customers relates to allowing private collection agencies/law firms to collect delinquent property tax payments. A Texas-based law firm first proposed this five years ago, and we are opposed to it, as they want to be able to charge the taxpayers excessive fees. We view this as fiscally irresponsible, especially in the current economy, and will continue to fight it through the Florida Tax Collector Association.

## LABOR AND EMPLOYMENT

Numerous additions/amendments to the FMLA law were introduced in the U.S. House of Representatives in 2009 and then consolidated under the Balancing Act of 2009 (HR 3407) To date, none have emerged from committee.

The Employee Free Choice Act (HR 1409) which would allow for a union to be certified without the use of the secret ballot process passed in the House of Representatives but failed in the Senate. At this point in time it is unclear as to the status of this initiative.

The Paycheck Fairness Act, an amendment to the Equal Pay Act, would have required employers to use comparable worth pay systems. This amendment passed the House but failed in the Senate on November 17, 2010.

Since the Republicans regained control of the House in January 2011 and picked up six seats in the Senate, it is unlikely that much action will be seen in any of the above areas.

Section 127 of the IRS tax code has been extended for the ninth time. It allows

employees to exclude from income up to \$5,250 per year in educational assistance if the education is job related.

Finally, legislative leaders in Florida, including Governor Rick Scott, are considering radical changes to Florida's public pensions system. While no legislation has been formally introduced, committee chairmen in both chambers have already conducted public hearings and made comments to the press regarding their desire to dramatically alter public sector pensions. Changes to the Florida Retirement System will impact our employees, but changes have not been made at this time.

## HEALTHCARE

The Obama Health Care Initiative is expected to come under additional scrutiny. There are three main committees likely to hold hearings on the reform bill: the House Energy and Commerce, House Ways and Means, and House Oversight and Government Reform Committees. Areas to be examined include: implementation timelines, erosion of employer-based group healthcare, medical/loss ratio requirements, definition of essential health benefits, regulation of health insurance exchanges, the governments pricing powers, solvency of Medicare and Medicaid programs and of course the constitutionality of health care reform. It is too soon to predict where Health Care Reform is headed for 2011. Impact on HCTC so far has been minimal.



## OCCUPATIONAL SAFETY

It is not yet clear how OSHA's new climbing and ladder standards will affect our operations. While not bound by OSHA law - governments in Florida do not fall under OSHA - it has been the policy Hillsborough County our office to follow OSHA rules and reporting. The areas primarily affected are the Special Projects and Information Services departments. It appears the major impact will be on the use of 24-foot ladders used for roof-climbing.

The other new OSHA initiative concerns injury reporting. Currently, OSHA has one broad category for injury reporting. A cut requiring stitches is essentially classified the same as a back injury. The defining criteria is lost time. OSHA is considering breaking down injury into more specific categories, such as muscle-skeletal versus something else. This would be positive in helping our reporting of injuries such as carpal tunnel and back strains.

## RECORDS AND ETHICS

There were very few changes to Florida's Open Government and Public Records laws in 2010. However, the full impact of Governor Crist's Commission on Open Government has yet to be seen. Most of the proposed changes deal with better access to public records and releasing 911 calls and transcripts. A bill that would require we not release public defenders home addresses (contained in our databases) passed the Senate but died in the House.

A 2010 bill that became law requires the Department of State, the Attorney General's Office and local Supervisors of Election to strike from their databases and records the home addresses of domestic violence victims. This could be extended to our personnel records and tax databases in the future.

The Department of State released the new version of GS 13, which is the retention schedule for Tax Collector records. Most local agencies do not have a formal document retention policy, but agree that consistency in practice is defensible. The Hillsborough County Tax Collector does have a policy and standard procedures to address the management of our records.

## EMERGING ISSUES

### FUTURE FACILITIES

The take-over of driver license services from the state could potentially bring an additional 274,000 customers into our offices – an increase of 27 percent. In addition to projecting staffing, training and funding necessary to accomplish this transition, we also need to take a systematic look at our facilities, which will be severely impacted by this influx of customers in our branches.

At present, our facilities cannot accommodate this many new customers. Therefore, expanding current offices, opening new ones or assuming operations of existing state offices is required. All options have their pros and cons, but they all require significant amounts of time and money.

We are preparing for the transition on an office-by-office basis - first with Plant City and now with North Tampa and Downtown. The improvement of our long-term facility planning process would benefit our office and help us ensure we spend money wisely and are able to handle transition in a smooth and efficient manner.

### COMMUNICATION

#### Background

Communication is a recurring issue for any organization. We get so wrapped up in completing our job tasks that we forget how important communication is to our organizational performance. Our 2010 Employee Engagement Survey Results indicate that 28% of our workforce disagrees or strongly disagrees with the statement “There is a spirit of understanding and teamwork among management and staff” – which is a strong indicator of the need to improve communication.

Results of both the 2009 and 2010 correlation study (to determine the relationship between employee engagement and business outcomes) indicated that “customer satisfaction decreased and average wait time overall increased when there were cooperation issues between employees and communication issues between

employees and supervisors and management”. In 2010, results indicated there was a positive impact on the call abandonment rate when “employees felt there was a spirit of understanding and teamwork among managers and employees”. Additionally, there was a strong correlation between cashier error rates and the assessment of training needs.

Several Opportunities for Improvement on our 2010 Baldrige Feedback Report were related to communication, including:

- “HCTC’s effective deployment of some programs and processes to the workforce is not clear. For example, no evidence is provided that the organization is able to assess whether its communications to the workforce are reaching all employees or whether the individual communication mechanisms are deployed systematically to foster the desired organizational culture.”
- “HCTC has an approach for senior leaders to engage the entire workforce in two-way communication through the use of an open-door policy, scheduled HR rounds at different locations, senior leadership walk-around office visits and department/unit meetings. However, it is unclear to what extent the deployment of these activities reaches the entire workforce and whether the communication is effective.”
- “Although HCTC identified four mechanisms for communicating (the open-door policy, EAC, offices addresses and weekly HR rounds), it is unclear how these mechanisms are deployed systematically to foster an organizational environment characterized by open communication. These mechanisms appear to be individual tools lacking a systematic process for integration of results and a better understanding of communication issues.”

The Hillsborough County Tax Collector’s office faces a major challenge with communication: **lack of time to deploy critical messages, updates and training to staff.** Currently, branch offices hold a staff meeting 30 minutes once a month, and Processing Operations has a 30 minute staff meeting bi-weekly. Since these meetings cannot be held during customer

services hours, employees come in early and managers have to flex each employee's time during the week to avoid over time. In addition, much of the training and refreshers are deployed on the job by a supervisor or CSR. However, 19% of the workforce disagrees or strongly disagrees with the statement "The organization provides effective on the job training."

The current structure is problematic for several reasons:

- The training department struggles to achieve training hour targets each year because it is difficult to pull staff from the front-lines to send them to a half-day or all day training.
- In 2010 alone, the DHSMV deployed over 200 Motor Vehicle and Driver License procedure revisions, technical advisories, and memos. These have to be deployed to staff promptly to ensure compliance when transactions are processed. When changes are made, they are emailed to staff. However, the staff does not have time in their work day to read the updates. In addition, many of these require training. While the training staff does attend technical advisory meetings once a month with Branch Operations leaders, there is not enough time to stay on top of changes to be deployed. As a result, inconsistencies exist and customers "shop" our branches, driving up wait times through visits to multiple offices.
- Managers do not have time to review scorecard performance measures or strategic initiatives with employees, creating a gap in the employee understanding how their performance on the job impacts results as well as improvement projects in progress.

### Statistics

In 2010, HCTC received:

- 51 Driver License Manual Updates
- 55 Driver License Technical Advisories
- 105 DHSMV Procedure Revisions, Memos and Technical Advisories

This equates to about three to four per week. While some are minor tweaks, other mean a

whole new way of processing requiring training to educate front-line staff. In addition, other soft-skill trainings and seasonal refreshers are critical to our success.

### Proposed Solution

In mid-2010, the Hillsborough County Tax Collector began researching the feasibility of opening to the public at 8:30 a.m. instead of 8:00 a.m. Employees would continue to arrive at 8:00 a.m., which would allow for 25 minutes each morning for meetings and training and 5 minutes to prepare to serve our customers.

### Training Opportunities

There a variety of potential training topics that could be covered during these 25 minute session related to procedures, soft skills or meeting our mandatory training requirements. Training opportunities can be identified through a combination of scorecard performance measure reviews, DHSMV and DL advisories/memos/revisions, seasonal refreshers, or topics employees express interest in learning about.

Just a few of the potential topics are listed below, and these can be broken in to several 25 minute modules:

- Cash Handling
- NMVITS
- Heavy Trucks
- Tax Certificate Sale
- Property Tax Seasonal Refreshers
- VIN Verification
- Open Enrollment
- Mimosa Searches
- Budget
- Business Tax Seasonal Refreshers
- Customer Service
- Hazardous Materials
- Personal Protection
- Fire
- Robbery
- Problem Solving
- Director "Teaching Moments" to educate staff on various topics related to their departments

## Benefits

The benefits to our organization if we open to the public at 8:30 a.m. include:

- We would achieve over 44 hours of training if we trained for 25 minutes 2 times per week – not including our other mandatory training requirements, new hire training, conferences and off-site trainings.
- Ensure consistency among all branch offices
- Employees would be more up-to-date on procedure changes
- Managers would be able to review the scorecard and performance more frequently
- We can establish a weekly forum for generating improvement ideas and innovations from staff
- Eliminate our communication Baldrige opportunity for improvement

Conclusion - With the take-over of DL, opening later to the public is not feasible at this time. However, we are researching other ways to improve in the area of communication, including weekly staff meetings and weekly e-learning modules to deploy training to staff during their downtime throughout the day.

## TECHNOLOGY

### Universal Cashiering

The purpose of Universal Cashiering is to create a unified and agreed upon model of what we want the CSR and taxpayer experience to be for front counter transactions. After creating the model, the Universal Cashiering Project Team will execute that vision into a working product. The overall goal is to streamline the customer transaction by eliminating duplicate transaction entry into several systems and to add enhancements and integrations that both increase accuracy and speed to each taxpayer encounter. At present count, there are eighteen separate sub-tasks or projects that need to be accomplished before the overall project is deemed complete. Major tasks from the list include Credit/Debit Card and E-check capability at the front counter, the “shopping cart”

concept, and integrated state systems interfaces (FDLIS, FRVIS, TLS).

Major tasks included in the project that have been completed are Business Tax System improvements, upgrade of the iNovah software, testing of the FRVIS interface, and purchase and installation of the workstation peripherals.

Future plans for Universal Cashiering include alternative payment types, advance transport of customer information to the CSR agent from the Q-Station, and advanced customer statistic tracking.

### Internet

According to the City/County of San Francisco Department of Telecommunications & Information Services, “Electronic government (e-government), the ability for government to provide access to services and information twenty-four hours a day, seven days a week, is an emerging force today. New age, good government is accessible government. Good government correlates to immediate access to pertinent information. Good government is faster, cheaper and more efficient.”

In calendar year 2010 (Jan1-Dec27), the Hillsborough County Tax Collector averaged 680,787 Absolute Unique Visitors and 56,732 unique visitors a month on our web site. In addition, of our over 17 million page requests for the year - 7,709,520 were Unique Views. Needless to say, our web site and other government web sites are among the most heavily trafficked online destinations. They are vital information sources for businesses, the media, citizens, and non-governmental organizations.

As a result, we must prepare for the demand of quick and easy access to information and services. This is an area that requires continuous improvement as well as the necessary resources to ensure that we can meet the needs of our citizens. We are no longer on the forefront of technology with regards to our internet services. There is a dire need to develop an integrated marketing /IT strategy focused on building services around our citizens’ choices and making our services and payment options more accessible over the internet, through mobile phones, digital TV, and personal

computers. The initiative would include enhancing services and building new ones so that they are available to all citizens. In addition,

it would include meeting the needs of local citizens and others overseas as well as minority language groups and those with disabilities or limited mobility.

### Social Media

Social media sites such as Facebook and Twitter are the new way to stay connected. They are such an important mechanism to communicate with customers that the 2011-2012 Baldrige Criteria addresses social media in Category 3 related to Customer Focus. The power of social networking would require the Hillsborough County Tax Collector's office to set clear goals for our social media strategy and then craft a plan and metrics to achieve them. While this is new to our organization, if we do not reach out to our customers via social media, we will lag behind technologically.

Social media campaigns can be utilized at the Hillsborough County Tax Collector's office to achieve one or more of the following goals:

- **Marketing and Brand Messaging** - Just like a commercial, a billboard, or brochures, social networking sites can be used to promote our brand name, services and serve as reminders for payment or renewal deadlines.
- **Philanthropy** - While philanthropy via social media could be considered a form of marketing and brand messaging, it is also a purpose in itself. One successful campaign, "Chase Community Giving," received over 2.5 million "Like" hits on Facebook. Users were directed there by the charities hoping to receive votes for a portion of a total \$5 million to be donated. The campaign generated brand awareness through word of mouth and provided Chase with a significant amount of press coverage. We could use social media for our promotional campaigns for fundraising and to raise awareness.
- **Feedback Generation** - Anyone who uses a social networking site for marketing will get feedback whether they like it or not. However, we can use social networking to deliberately to elicit feedback on our



products and services. This works particularly well for electronic products, where the customer base is most likely to be online social networking users.

- **Customer Service** - Serving customers via social media can be a daunting task. Not only does the institution have to monitor the site constantly, but also it must be vigilant about protecting customer data by issuing reminders not to include personal information and by deleting or hiding any posts that do so. However, the return on investment is invaluable as the organization can be in tuned to customers' needs as well as address issues and concerns as they occur.

### NEW WAYS TO PAY

Changes in consumer spending habits in response to the tough economy and the increasing reach of debit card technology have helped to shape the consumer payments landscape over the past two years. **As debit usage continued its explosive growth, consumers dialed down their use of credit and paper checks moved closer to extinction.** Some trends were less clear, however. Despite a lot of industry publicity, the promise of contactless and mobile payments remains unfulfilled and still in flux.

These are some of the key findings from the 2010 Hitachi/BAI Consumer Payments Preference Study. Conducted jointly by BAI Research and Hitachi Consulting, this primary research study looked at the key trends in

consumer payments, the underlying factors that impact consumer behaviors when it comes to paying for goods and services and the implications for financial services institutions that provide those payment options.

The 2010 study, sponsored by First Data Corp., Fidelity Information Services, MasterCard, PULSE, and U.S. Bancorp, built on previous waves of the same study conducted in 1999, 2001, 2003, 2005 and 2008 to track consumer payment behaviors over the past decade involving cash, checks, credit cards, debit cards and gift/prepaid cards. The research also explored consumer payment attitudes and behavior.

### **Debit Surge**

Since 1999, payment for purchases at retail sites and online has changed dramatically as consumers moved away from paper-based payments like checks and, to a lesser extent, cash. The majority of consumers over that time migrated to debit cards, whether that involved signatures, entering a Personal Identification Number (PIN) or simply swiping the card through a card reader.

In 1999, only one out of five consumers used a debit card for in-store purchases. By 2005, the use of debit cards for such transactions equaled that of cash, with a third of consumers saying they preferred to use a debit card (PIN or signature) and the same proportion opting for cash. The rapid increase in debit card usage continued to be seen in the two waves of the study since then (2008 and 2010), with **debit cards becoming the dominant payment option for consumers; 42% of whom say they would rather use debit than any other type of payment.**

The drivers behind debit usage - which vary little across all age groups - are the consumer's ability to control their expenses and perceived safety and security aspects compared to other payment products. Safety and security correlate to consumer preference of PIN over signature debit, 46% to 34%, with 20% having no preference. These preferences have changed little since 2005.

The pace of growth in debit usage has more than doubled since 2005, from 6% to 14% in 2010. In

addition, consumers expect to increase their usage of debit for Internet purchases more than any other payment product.

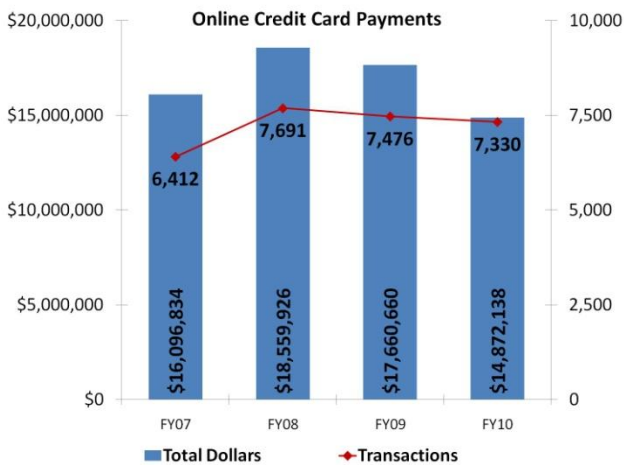
Another long-standing trend that continued in 2010 is the decline of check usage, with only 5% of consumers identifying this as the payment choice used most often in a store or retail environment. This very low incidence of check usage in 2010 stands in stark contrast to 10 years ago, when 18% indicated this as their preferred payment option.

**Layered on top of these long-term trends, the 2010 study also found some new trends suggesting unique circumstances at work in the current consumer payments landscape, notably a decline in credit card usage.** While the drop in check usage has been a consistent pattern as people moved to debit cards, credit usage had stayed fairly steady over the last few waves of the study. **In 2010, however, credit cards as the preferred payment option in stores fell below 20% for only the second time since 1999, suggesting that the pressures of a bad economy encouraged consumers to steer clear of credit and rely more on payment options that help them control spending levels, such as debit.**

**Additionally, "pay-in-full" consumers increased from 62% in 2008 to 68% in 2010, adding further evidence of consumer desire to manage to a budget** (and causing additional deterioration in the ability of issuers to earn interest income). The biggest increase in "pay-in-full" consumers came from the 35- to 54-year old age group, which jumped from 51% in 2005 to 61% in 2010. This percentage is in line with the 18- to 34-year age group, which changed little since 2008. The over 55-year old age group is one that issuers may want to de-emphasize in their acquisition plans as their "pay-in-full" percentage is 77%, having risen from 73% in 2008.

**All signs point to this trend continuing, not only because the economic recovery remains stuck in neutral and consumers are cautious about their personal finances, but also because of recent regulatory changes impacting credit cards.** Starting with the Credit Card Reform Act of 2009, credit card issuers have faced a whole new set of rules restricting what they can charge customers for using their credit cards when it

comes to establishing or changing interest rates, enrollment and annual fees and punitive charges such as late or over limit fees. The net result has been a sharp curtailment of revenue for issuers. Hillsborough County Tax Collector online credit card payments have also seen a decline in credit card usage, which is attributed to the economy, credit card regulations and the other, free payment options we have available such as E-Check. In addition, the popularity of Bill Pay through banking institutions has greatly increased over the past two years.



Hillsborough County Tax Collector online property tax credit card payments, as shown above, have been decreasing since 2008. This is attributed to the convenience fee to pay with credit and other free online payment options such as E-Check and Bill Pay.

The likely result of these forces is a reduction in rewards and incentive programs as issuers cut back on what they spend to motivate card usage.

### Going Mobile? Not Yet

Notable in this year’s study is the absence of a break-through payment channel, which many thought would be mobile payments. Despite all the hype from network providers, banks and the media, we did not see the promise of mobile payments realized in any significant way. While 5% of consumers say they currently hold a mobile payment device, only 1% used it for an in-store purchase (see chart). Financial institutions should exert caution and take a “wait and see” when introducing mobile into their payment channel mix as 88% of consumers indicate they have no intention of using mobile for payments in the next two years.

Contactless payment options – whether cards with chips embedded, using a keychain with Radio Frequency Identification (RFID), or having a chip in or attached to a mobile device – have likewise failed to gain wide acceptance. Only 11% of consumers said they own a contactless device and less than 1% actually use it to buy things.



### Person to Person Payment Options

Noteworthy, however, is the growth of person-to-person (P2P) payments and, to a lesser extent, prepaid cards, primarily when it comes to purchases over the Internet. On the strength of activity from PayPal, **the use of P2P payment options among those who made at least one online purchase grew from 49% of online purchases in 2008 to 62% in just two years.** With the potential for PayPal making inroads into offering their payment products for in-store purchases, banks should be concerned about losing fee income and deposit balances. **One way for banks to mitigate this threat is to further use relationship pricing schemes to incent businesses to drive more balances to them.**

Prepaid cards, whether gift cards or pre-loaded debit cards, have also seen increased usage over the past two years for online payments, growing from 32% of consumers using them in 2008 to 45% by 2010. **As we’ve seen for in-store purchases, credit card usage for online buying is starting to erode, from 84% in 2008 to 81% this year, a trend likely to continue for the same reasons in-store usage is dropping.**

All in all, the driving force behind change in consumer payments for the last two years has

been less about technology and more about economic forces and government regulation.

*Source: Hitachi/BAI Consumer Payments Preference Study*

### **Processing Payments in the Field**

The technology world has made it easier for taxpayers to make payments from anywhere. Providing means for our Field Collectors to collect and process payments in the field through a handheld device would be a significant improvement for the Hillsborough County Tax Collector's office. Processing payments in the field would:

- Eliminate the outdated receipt book each Field Collector is required to maintain.
- Reduce the burden on front-line staff that have to process cash and check payments for the field collectors.
- Allow Field Collectors to collect payments via credit card in the field.
- Expand the number and types of transactions and payments collected by Field Collectors, potentially generating additional revenue.

### **Express Payment Centers**

Another payment option becoming increasingly popular in government is express payment centers such as Amscot and Moneygram. These companies offers convenient financial services such as check cashing, money orders, credit and debit cards, cash advances, and money transfers. They also give customers cash up front for payroll, bank, insurance, and personal checks. Branches throughout Florida provide ATMS, notary, fax, copy, and postal services, as well as prepaid debit cards and prepaid wireless phone minutes from carriers including AT&T and Verizon. For government and utility companies, they offer tax help and collect bill payments (cable, electric, phone). In Hillsborough County, Amscot currently accepts payments for the Clerk of Circuit Court, Water Resource Services, Child Support, TECO, and Bighthouse.

This is an option we could explore to reduce some of the burden on our branch office. Customers could visit one of these express payment centers for simple transactions such as property tax payments or even simple registration transactions.

Conclusion – We will continue to evaluate new payment options for customers, including additional online services, PayPal, and other front counter payment options.

### **FORMER AND POTENTIAL CUSTOMERS**

The Hillsborough County Tax Collector has lost several fleet customers over the years to other Tax Collectors or private tag agencies that have not honored our inter-local agreements. As a result, we have lost revenue that should be going to Hillsborough County. Therefore, it is important that we develop a systematic process to identify former fleet customers to get back their business; identify potential new customers that could be enrolled in the fleet program; and identify and contact fleets in Hillsborough County to try and get their business. This could potentially bring more revenue to our office and the county to make up for some of the losses impacted by property tax revenue.



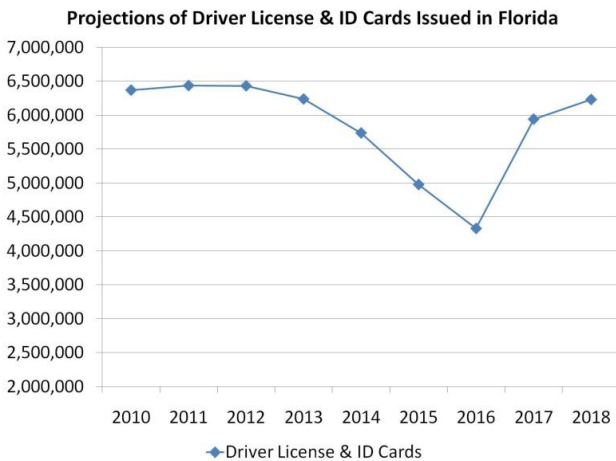
## WORKFORCE CAPACITY

### Future Staffing Requirements

Based on the analysis of driver license staffing needs, we have projected the need for the following new staff positions in each office that have a state office closing in the immediate area.

LOCATION	# OF NEW POSITIONS
North Tampa Branch	4
Brandon Branch	6
Downtown Branch	2
Falkenburg Processing Ops	2

These projections reflect half the number of staff positions required by the state for the same function. In addition, driver license transactions are projected to decline beginning in 2013 and drastically dip by 2016, so this was considered when projecting the number of positions needed. Also considered was the number of workstations in comparison to staff positions. We anticipate needing 2 more staff positions than front counters in each branch to ensure all workstations are serving customers even when staff is out on vacation, sick, FMLA, etc.

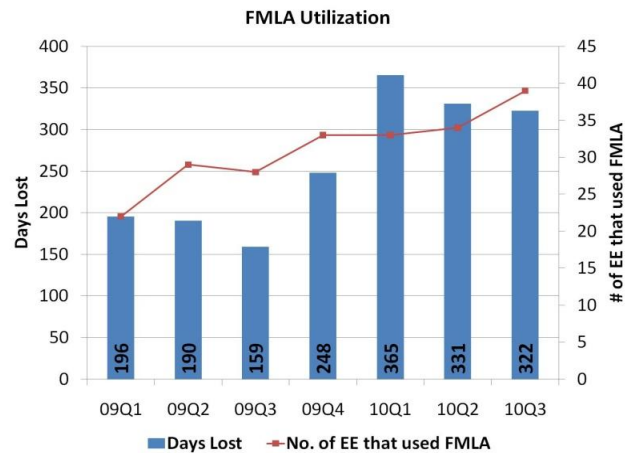


When driver license services were added to Plant City in 2010, 4 new staff positions were added. The state is working on legislation for the transition, which still includes a few state-operated regional service centers throughout Florida, which will impact staff projections in other offices. One of these regional service centers may be in Hillsborough County, and if it passes, will relieve some of the burden on us.

## FMLA Challenges

New FMLA regulations were issued by the Department of Labor, effective in January 2009. Changes to FMLA included the following:

- To have a “chronic condition” that qualifies for FMLA leave, employees must certify that they visited a doctor at least twice a year for the condition.
- Prohibits direct supervisors from getting an employee’s medical information when an FMLA certification is needed, to protect the employee’s privacy.
- Employers may require “fitness-for-duty” tests for employees returning from intermittent FMLA leave if doing the job raises a significant risk of harm to themselves or others.
- When employers place injured or ill workers on light duty, the time on light duty doesn’t count against the employee’s FMLA leave.
- The regulations provide additional clarification regarding the **type and frequency of treatments** that employers must receive under the “chronic” and “continuing treatment” definitions of a serious health condition.



*This graph shows work days lost and the no. of staff on FMLA since the new FMLA regulations took effect.*

Revisions to the FMLA laws have had a serious impact on staffing on the front-lines. These new regulations make it difficult to maintain our current service levels and wait and cycle time laws without hiring addition staff. As a result, we may have to get even more creative with shifting resources.

# Analysis of Stakeholder Requirements

## CUSTOMERS

Hillsborough County Tax Collector customers are segmented into three groups: Public, Business and Government. They are also segmented by service type and access mechanism.

HILLSBOROUGH COUNTY TAX COLLECTOR KEY CUSTOMERS & GROUPS	
<b>PUBLIC</b>	<ul style="list-style-type: none"> <li>• Property owners</li> <li>• Motor vehicle, vessel and mobile home consumers</li> <li>• Hunters &amp; fishermen</li> </ul>
<b>BUSINESS</b>	<ul style="list-style-type: none"> <li>• Escrow and title companies</li> <li>• Hotels/ motels</li> <li>• Business owners</li> <li>• Motor vehicle dealers</li> <li>• Tax certificate investors</li> <li>• Fleets</li> </ul>
<b>GOVERNMENT</b>	<ul style="list-style-type: none"> <li>• Taxing authorities</li> <li>• Special taxing districts</li> <li>• Municipalities</li> <li>• Board of County Commissioners</li> <li>• Environmental Protection Commission</li> <li>• Dept. of Highway Safety &amp; Motor Vehicles</li> <li>• FL Fish &amp; Wildlife Conservation Commission</li> </ul>

In 2009 and 2010, improvements to gather customer feedback included:

- A revised comment card that includes more questions, a 5 point scale, and importance ratings. A more detailed card was required because for several years, we scored significantly

high ratings and wanted to be able to gather more data for use in driving improvements. Due to the complexity of the new card, we saw a decline in the number of cards collected, which was anticipated. However, we still collected approximately 45,000 in 2010. Additionally, these cards are now processed using our high-speed remittance processor, eliminating the need for the manual calculation of data. Feedback regarding the new comment cards will be used to re-vamp the card again in 2011.

- Added more categories for additional types of complaints to our complaint tracking system.

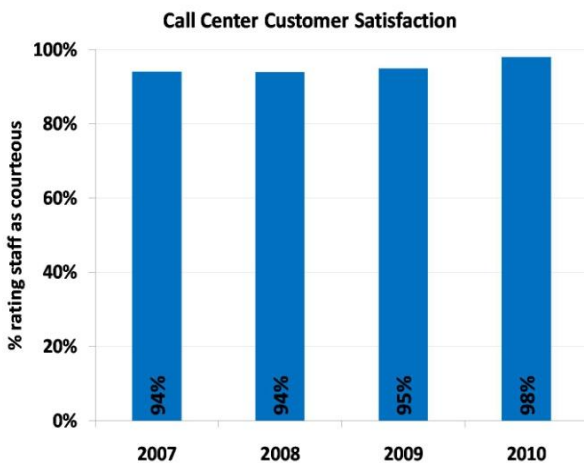
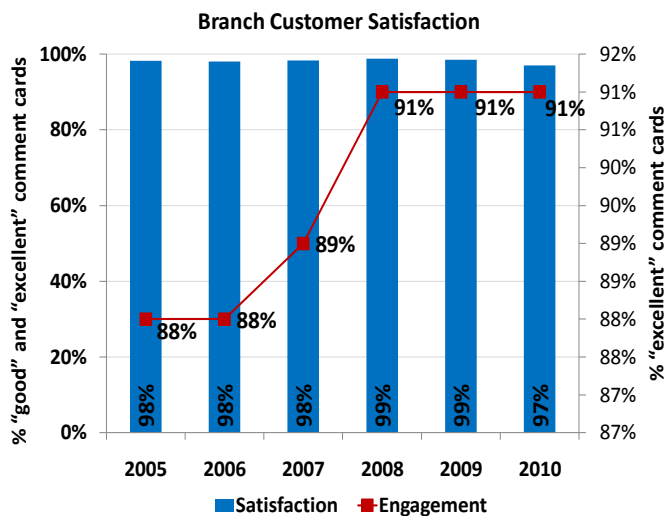
We continue to maintain high levels of customer satisfaction from all surveys, which demonstrates achievement of our strategic priority for Customer Service Excellence.

## PUBLIC CUSTOMER SATISFACTION

Public customers represent our largest customer group. Satisfaction is measured for this group using branch customer comment cards in English and Spanish as well as phone, web, credit card and E-check surveys.

In 2010, we collected over 45,000 comment cards to measure the satisfaction of our branch customers. Despite customer frustration with the requirements of the Real ID Act, we still achieved a 97% satisfaction rating, with 91% of those rated “excellent”. Spanish comment cards reflected similar high performance with 97% satisfied and 86% of those rated “excellent”.





Customer complaints are tracked using our complaint tracking system and are also an indicator of customer dissatisfaction. The 2010 customer complaint results indicated the most common complaints (based on more than 5 complaints about the topic) are related to:

- How to fill out motor vehicle forms
- Open titles
- Bill of sale requirements
- Complaints from dealers
- Driver License and ID requirements
- Driver License immigration and proof of citizenship requirements
- Property tax payment deadlines
- Friendly customer service

E-Commerce survey results for 2010 are not yet available. However, 2009 results indicated 93% of online credit card customers and 98% of E-Check customers are satisfied.

Since June 2010, only 9 customers have completed a survey regarding the use of our web site. Of those, 78% were satisfied with the site. Based on the data gathered in the Technology section of our environmental scan, we plan to begin the re-design our internet in 2011.

## BUSINESS & GOVERNMENT CUSTOMER SATISFACTION

Business and government customer satisfaction results are compiled based on an independent, third party phone survey of business and government customers. The survey consists of a series of questions to help us better understand customers' desires for improvement and their feelings about our office. This information is used as input in our strategic planning process. In 2010, 13 government customers (100% response rate) and 12 business customers (86% response rate) were surveyed.

Based on comments, business customers (including fleets and tax service companies) indicated the desire for more online services and better communication. They would also like to see better procedures and policy updates.

Government customers would like to see improved distribution reporting – this request for improved reporting was on the 2009 survey as well.

Importance ratings on the 2010 scale indicated the most important requirement of business customers is timeliness, and the most important requirement of government customers is accuracy. In addition, results showed government customers were the most satisfied, and business customers were the least satisfied with the Tax Collectors office, which includes our fleet customers.

Overall, business and government customers have a very high opinion of our office. 98.2% of all responses were a four or five on a 5-pt. scale, and there were no ratings less than three. 74% of all responses were a five.

### Tax Certificate Buyer Survey

Overall satisfaction with the certificate sale declined from 94% in 2009 to 79% in 2010, and our sale “compared to others” decreased from 87% to 62%. Similarly, satisfaction with timeliness, legal requirements, and responsiveness all dropped by more than 10%.

Results of the 2010 Certificate Buyer Survey show a significant decline since 2009. However, upon reviewing the responses, only small, individual buyers responded to the survey this year and used it to voice complaints about our large, corporate certificate buyers. To improve the process, our corporate certificate buyers will be surveyed by phone during our annual key customer/partner survey.

### Dealer Survey

According to the results of the 2010 dealer survey, we received 38 completed surveys, and over 78% of the respondents are independent dealerships. Based on the comments, dealers overwhelmingly reported that prompt service was most important to them, and over 91% indicated they were satisfied with our timeliness. In addition, 93% said they were satisfied with our ability to meet legal requirements, and 86% felt we are a reliable organization.

## PARTNERS

Our annual partner survey is conducted by the same third-party vendor as the business and government customer survey, and the same questions are used. Results indicate that 82% of our partners participated in the 2010 survey. The average rating from our partners was 4.7 on a 5-pt. scale, and 97% of our partners are satisfied based on the percent of four and five ratings. 71% of the ratings were a five, and there were no ratings less than three.

## SUPPLIERS

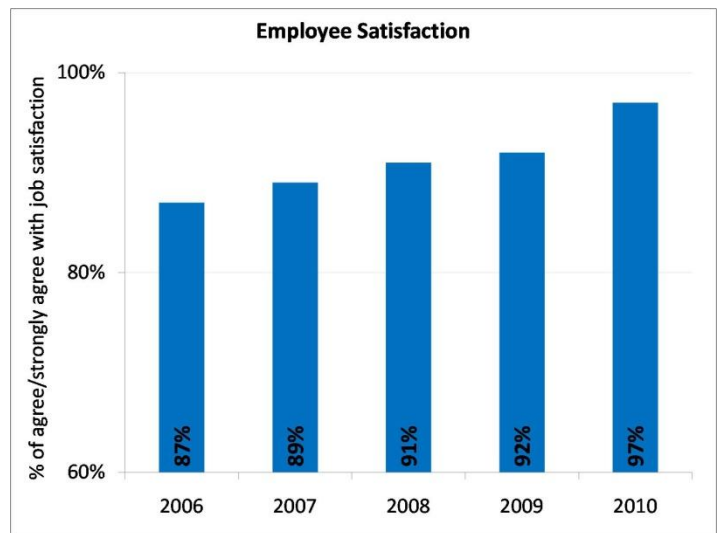
Each year, our warehouse staff conducts a phone survey of our vendors to determine factors related to the Hillsborough County Tax Collector’s such as timely payment of invoices. The 2010 results showed an average rating of 4.9 on a 5-pt. scale.

In addition to our suppliers rating our performance, we rate theirs. In 2009, we began scoring the performance of our top 12 vendors using a report card, scoring them according to compliance with their contract requirements in areas such as technical support, invoicing, training, and participation in action plans.

Most vendors showed improvement in 2010. No vendor received a rating in any area lower than a three, and only four vendors received a rating of three on specific scoring items. All vendors received an overall rating of four or above.

## EMPLOYEES

The Employee Engagement Survey is deployed online in July/August 2010 by a third party vendor. In 2010, 94% of our workforce participated in the survey, and we saw record-high employee satisfaction at 97%, up from 92% in 2009. Our engagement rate is compared to Gallup Q12 world-class organizations that report 89% of their employees are actively engaged. In 2010, our Gallup Q12 comparative engagement rate was 94%, up from 91% in 2009.



In 2010, the statements ranked “most important” by employees (in order of importance) are:

1. I am paid fairly for the kind of work I perform.
2. I feel that I have job security.

3. I am satisfied with my total benefits package.
4. The evaluation of my job performance by my supervisor is fair and objective.
5. I am treated with trust and respect by my department manager.
6. I have a feeling of personal responsibility for the quality of work that I do.
7. Overall, I'm satisfied with my job.
8. My pay is equal to or more than what other organizations pay in the area for similar types of positions.
9. I can rely on the information I receive from my department manager.
10. I know what is expected of me at work.

In comparison, the #1 most important item in 2009 was "I have a personal feeling of responsibility for the quality of work that I do." The second most important item was the same in 2009 and 2010.

Of special note, 100% of the workforce agreed with the statement "I have a personal feeling of responsibility for the quality of work I produce." This is ranked number six on the top-ten list of items ranked most important to employees.

The lowest scoring items include:

- "There is spirit of teamwork and understanding among employees and management in this organization" – at 72% satisfied for 2010, down from 73% in 2009.
- In 2010, 70% felt they were "paid fairly for the type of work they perform" compared to 76% in 2009. The decline can be attributed to a two year wage freeze. In 2010, this was ranked as the most important factor to employees. Despite this, we have the highest satisfaction rate in history in 2010.
- 77% were satisfied with the distribution of work within their area, up from 75% in 2009.
- 80% were satisfied with the recognition received for doing a good job in 2010, down 1% since 2009.



# Analysis of Organizational Performance

## KEY INDICATORS

	2008	2009	2010	Performance
<b>STRATEGIC PRIORITY 1: CUSTOMER SERVICE EXCELLENCE</b>				
Branch Customer Engagement	91%	91%	91%	✓ / +
Branch Customer Satisfaction	99%	99%	97%	✓ / +
Branch Customer Wait Time	10:52	12:32	13:56	✗ / -
Call Center Customer Satisfaction	94%	95%	98%	✓ / +
Abandoned Call Rate	2.3%	2.4%	1.7%	✓ / +
Calls Answered in 20 Seconds	91%	86%	92%	✓ / +
Average Answer Speed (seconds)	18	18	13	✓ / +
Business Customer Satisfaction	100%	98%	98%	✓ / -
Government Customer Satisfaction	98%	100%	100%	✓ / +
Partner Satisfaction (5pt. Scale)	4.9	4.8	4.7	✗ / -
Supplier Satisfaction (5pt. Scale)	4.9	4.9	4.9	✓ / +
<b>STRATEGIC PRIORITY 2: SUCCESSFUL &amp; ENGAGED WORKFORCE</b>				
Mandatory Training Compliance	100%	99%	100%	✓ / +
Training Hours Per Employee	35	37	33	✓ / -
Tuition Reimbursement Participants	18	18	17	✓ / -
Employee Satisfaction	91%	92%	97%	✓ / +
Employee Engagement	89%	91%	94%	✓ / +
Voluntary Turnover Rate	4%	3%	4%	✓ / +
Staff Participation in Community Events (unduplicated)	88%	91%	79%	✗ / -
<b>STRATEGIC PRIORITY 3: FISCAL RESPONSIBILITY</b>				
Budget Utilization	95%	98%	97%	✓ / +
Increase/Decrease in Budget (from previous year)	2.73%	-3.50%	-3.91%	✓ / +
Total Revenue*	\$45,756,310	\$44,867,597	\$39,574,571	-
Total Excess Fees Returned to Hillsborough County*	\$21,954,672	\$21,341,695	\$17,048,682	-
Expenditure to Revenue Ratio	52%	53%	57%	✗ / -
Branch Cost Per Transaction	\$8.40	\$8.56	\$9.73	✗ / -
Mail Cost Per Transaction	\$1.24	\$1.14	\$1.32	✗ / -
E-Commerce Cost Per Transaction	\$0.99	\$0.79	\$0.78	✓ / +
Audit Findings	0	0	0	✓ / +
OSHA DART Rate	0.61	0.30	0	✓ / +
Ethics Violations	0	0	3	✗ / -
Tax Distributions (# in Nov. and Dec.)	5	5	5	✓ / +
<b>STRATEGIC PRIORITY 4: CONTINUOUS IMPROVEMENT</b>				
Total Transactions Processed*	2,743,254	2,615,409	2,500,584	-
Increase/Decrease in Transactions (from previous year)*	0.68%	-4.89%	-4.59%	-
Transactions Per FTE	9141	8867	8836	-
Branch Transaction Cycle Time	9:00	9:02	8:50	✓ / +
Same Day Payments Processed Overall	77%	83%	86%	✓ / +
E-Commerce Transactions (Property Tax)	6%	7%	8%	✓ / +
E-Commerce Transactions (Motor Vehicle)	21%	22%	29%	✓ / +
In-house System Uptime	99.97%	97.34%	99.38%	✗ / -

Performance Key: ✓=Target Met | ✗=Target Not Met / + =Positive Trend | - =Negative Trend

\*These measures do not have targets. Reported as an indicator of our key business factors.

# Strategic Plan 2011-2015

## STRATEGIC PRIORITY 1: CUSTOMER SERVICE EXCELLENCE

The Hillsborough County Tax Collector’s first priority is our customers. Government is in business to serve the public and meet their needs and expectations. We strive to provide the most innovative, customer-focused, and convenient services to the taxpayers and taxing authorities in Hillsborough County.

### Strategic Objective 1.1 Enhance and Innovate Customer Services

MEASURES	2011	2015
Public Customer Satisfaction (% rating Top Box on branch comment cards)	91%	91%
Branch Customer Wait Time	20 mins.	20 mins.
Public Customer Satisfaction (% rating Top Box on call center survey)	98%	98%
Call Center Abandoned Call Rate	1.5%	1.3%
Calls Answered in 20 Seconds	93%	95%
Government Customer Satisfaction (5 pt. Scale)	4.9	4.9
Business Customer Satisfaction (5 pt. Scale)	4.8	4.8

#### ACTION PLANS

- Online Business Tax Payments
- Online Tourist Development Tax Payments
- Social Media Plan
- Online Shopping Cart
- Accept E-Checks and Bank Cards in the branches
- Person to Person Payment Options
- Re-design Internet

### Strategic Objective 1.2 Advance Partnerships with Stakeholders

MEASURES	2011	2015
Vendor Report Card Scores (5 pt. Scale)	4.5	4.7
Supplier Satisfaction (5 pt. Scale)	4.9	4.9
Partner Satisfaction (5 pt. Scale)	4.9	4.9

#### ACTION PLANS

- Improve Outreach Programs

## STRATEGIC PRIORITY 2: SUCCESSFUL AND ENGAGED WORKFORCE

Our employees drive our work processes. They do the work at the Tax Collector’s office, and it is the responsibility of senior leadership to ensure our employees have the tools, equipment, knowledge, skills and other resources needed to serve our customers.

### Strategic Objective 2.1 Ensure Employees Receive On-going Training and Development

MEASURES	2011	2015
Training Hours Per Employee	32	32
Mandatory Training (% Compliance)	100%	100%

#### ACTION PLANS

- Driver License Training Programs
- Cashiering Training
- Formal Workforce Analysis and Training Plan
- Expand E-Learning
- Mandated Annual Customer Service Training
- Accept E-Check for Delinquent Real Estate Payment Year-Round

### Strategic Objective 2.2 Maintain Employee Engagement and Empowerment

MEASURES	2011	2015
Employee Satisfaction	97%	97%
Employee Engagement	94%	94%
Voluntary Turnover	3%	5%
Employee Participation in Community Events	80%	85%

#### ACTION PLANS

- Continue to Enhance Wellness Program Initiatives

### Strategic Objective 2.3 Improve Teamwork and Communication

MEASURES	2011	2015
“There is a spirit of understanding between employees and management in the organization.” (Response to Engagement Survey Question)	75%	80%
“The different departments work well together.” (Response to Engagement Survey Question)	81%	86%

#### ACTION PLANS

- New Team Orientation Process

## STRATEGIC PRIORITY 3: FISCAL RESPONSIBILITY

The Hillsborough County Tax Collector’s office is a government financial institution. It is our responsibility to collect and distribute taxes and license fees on behalf of state and local government agencies to fund vital public services. We must meet all mandated legal requirements while operating our office at the lowest possible cost to the residents and taxpayers in Hillsborough County.

### Strategic Objective 3.1 Control Expenditures

MEASURES	2011	2015
Budget Utilization	95-100%	95-100%
Budget Per Population	\$18.75	\$19.00
Expenditure to Revenue Ratio	57%	55%

#### ACTION PLANS

- Allocate Staff Resources to Needed Areas to Accommodate Driver License Services

### Strategic Objective 3.2 Maximize Revenue

MEASURES	2011	2015
Branch Cost Per Transaction	\$8.62	\$8.65
Mail Cost Per Transaction	\$1.10	\$1.09
E-Commerce Cost Per Transaction	\$.75	\$.73

#### ACTION PLANS

- Expand Fleet Customers

### Strategic Objective 3.3 Meet and Exceed Regulatory Requirements

MEASURES	2011	2015
Audit Findings	0	0
Legal and Ethical Violations	0	0
OSHA DART Rate	.66%	.33%

#### ACTION PLANS

- Take-over of Driver License Services
- Records Management Improvements
- Real ID Act Compliance and Improvements

## STRATEGIC PRIORITY 4: CONTINUOUS IMPROVEMENT

The Hillsborough County Tax Collector’s office is a government financial institution. It is our responsibility to collect and distribute taxes and license fees on behalf of state and local government agencies to fund vital public services. We must meet all mandated legal requirements while operating our office at the lowest possible cost to the residents and taxpayers in Hillsborough County.

### Strategic Objective 4.1 Improve and Innovate Processes

MEASURES	2011	2015
Indicators Meeting Target	85%	88%
Timeliness of Strategic Action Plans	85%	90%

#### ACTION PLANS

- Baldrige National Quality Award Program Application

### Strategic Objective 4.2 Increase Productivity, Efficiency and Effectiveness

MEASURES	2011	2015
Transactions Per FTE	8900	9000
% of Property Tax E-Commerce Payments	12%	15%
% of Motor Vehicle E-Commerce Payments	31%	32%
Mail Payments Processed Same Day	80%	85%
Branch Transaction Cycle Time	10 mins.	10 mins.

#### ACTION PLANS

- Automate Mail Tracking
- Automate Delinquent Distributions/Refunds
- Universal Cashiering
- Explore Field Payment Technology
- Implement Automated Customer Checklist System