

Report on the Impact of the Aging of Virginia's Population

Department of Taxation

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Signature Page

Pursuant to Code of Virginia §2.2-5510 and §51.5-136, the Department of Taxation submits this report of its progress in addressing the impact of the aging of Virginia's population.

A handwritten signature in black ink, appearing to read 'CMB', is written over the printed name 'Craig M. Burns'.

Craig M. Burns,

Tax Commissioner

Virginia Department of Taxation

Agency Designated Official:

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Executive Summary

The only major issue facing the Department of Taxation as a result of Virginia's aging population is the aging of its employees. As of May 2014, nearly 31 percent of state employees were 55 or older; at Taxation, the corresponding percentage was nearly 40. While agency supervisors meet with employees annually to create individualized employee development plans, including training and progression, budget reductions that occur almost annually have slowed the implementation of progression plans as well as training opportunities. Recruiting and retaining younger staff is an ongoing challenge.

Taxation will include a discussion point in its 2015 strategic planning process on how to serve senior citizens more efficiently and effectively.

Agency Description

STATEMENT OF THE AGENCY MISSION:

The Department of Taxation's mission is to serve the public by administering the tax laws of the Commonwealth of Virginia with integrity, efficiency and consistency.

AGENCY'S ROLE AND RESPONSIBILITIES:

Taxation administers 37 taxes, including individual and corporate income taxes, sales and use taxes, and various excise taxes. The agency serves approximately 5.5 million taxpayers throughout the Commonwealth. Taxation collects the majority of general fund revenues for the Commonwealth. This revenue impacts every citizen of Virginia, and is essential to the funding of state agencies, localities and critical services, including education, health and human services, and public safety.

During FY 2014, the Department of Taxation:

- Collected \$20.7 billion in revenue
- Issued \$1.73 billion in refunds
- Distributed \$1.6 billion to localities

The agency consists of five major operating areas: Tax Processing, Customer Services, Compliance, Technology, and General Legal and Technical Services.

CUSTOMERS

The Department's customers are becoming more diverse and use the Internet more routinely to conduct their business. Taxation believes a large and increasing number of taxpayers will use the Internet to find information 24 hours a day if what they need is available. As a result, the Department continually evaluates the usability of its website, and offers many electronic filing methods to serve its customers more efficiently.

Information Requested

1. If your agency has undertaken any actions to respond to the current and future impact of an aging population, such as needs assessments, strategic planning, or use of best practices, please briefly describe those actions. Please indicate what assistance from DARS could help your agency as it prepares to serve an aging Virginia population.

Response:

Due to the nature of its mission, the Department serves taxpayers of all ages in Virginia. Taxation has not recently conducted any needs assessments or strategic planning efforts related to an aging population. However, the agency will include a discussion on aging population in its strategic planning next year.

2. Briefly describe your agency's services that are used primarily by older Virginians and the funding streams (types and amounts) that support those services. If these particular services or funding streams are provided in conjunction with other state or local agencies or other for profit or non-profit organizations, please list them.

Response:

The Department does not have any services that are used primarily by older Virginians.

3. Identify current agency programs specifically designed to serve older Virginians that fall into any of the following eight categories:

- Health Care/Wellness
- Education
- Public Safety (including Adult Abuse Prevention)
- Recreation
- Housing
- Accessibility (including Livable Communities <http://www.vadrs.org/vblc/>)
- Financial Security
- Transportation

Response:

The Department has no programs that are specifically designed for Virginians who fall into these categories.

4. Is your agency able to meet all of the service demands of older Virginians for the services listed above? If there are any instances where the demand for services exceeds your agency's ability to meet the demand, please indicate the service and the extent of the unmet demand. Also, if your agency maintains waiting lists for services, please provide this information, including the waiting list numbers for each service.

Response: N/A

5. Provide the number of persons, by gender if available, who received services from the agency in each of the past five state fiscal years (FY 2010 through FY2014) who fell into the following age ranges: 60-64; 65-74; 75-84; and 85 and older. If your agency lacks specific information about the numbers of older Virginians it serves but has other evidence indicating that it is serving more or fewer older Virginians than it has in the past, please describe the basis for that estimation.

Response:

At present, the Department does not keep records regarding the age or gender of taxpayers who contact the agency for assistance. However, it does collect data regarding assistance provided to all taxpayers and also gathers information on age from tax return filings and from the Division of Motor Vehicles.

Using the data the agency does collect, it estimated that it has provided customer service assistance – responding to phone calls, Live Chats, or incoming correspondence to the Contact Center only – to individual taxpayers age 60 and over as follows:

Estimated Customer Service Contacts by Age Range and Fiscal Year

Taxpayer Age Ranges					
FY	60-64	65-74	75-84	85+	Total 60+
2010	39,126	46,845	23,265	10,345	119,581
2011	36,707	43,950	21,827	9,706	112,190
2012	35,475	42,475	21,094	9,381	108,425
2013	37,164	44,497	22,098	9,827	113,586
2014	37,868	45,341	22,518	10,013	115,740

6. Referring to the services or funding you described in item two, describe any services or funding provided to older Virginians for which the accessibility or availability varies considerably in different parts of the Commonwealth.

Response: N/A

7. Over the next five to 10 years, in what ways do you anticipate that an aging population will impact your agency's services, funding streams, or policies? Consider the impact from an increase in the number of older Virginians and whether the needs of older Virginians will differ from those of today's older adults. Please include any anticipated impacts upon the cost of services, changes in type of services or the manner of service delivery, or modifications to agency policies, staffing needs, or procedures.

Response:

Taxation does not anticipate any negative impact on agency services, funding streams, or policies.

8. Please describe the primary steps that should be taken at the federal, state, or local levels to meet the future demands of older Virginians and to make services delivery more effective and efficient.

Response:

The following steps should be considered to address the future demand of the aging population:

- Manage service delivery channel by segmenting customers
- Review public policy regarding how to serve senior citizens better
- Conduct a needs assessment and strategic planning component that focuses on seniors
- Include seniors in planning of public services
- Develop short- and long-term plans for serving seniors

9. Identify the extent to which your agency provides “customer-oriented” publications and websites that are designed to be “senior-friendly.” If the information you currently provide is not readily accessible to older Virginians, please identify any steps your agency is taking to improve their access to this information.

Response:

The Department works closely with groups that provide free tax preparation services, for both federal and state returns, to elderly taxpayers. By partnering with the IRS and the American Association of Retired Persons (AARP), the state ensures taxpayers “one-stop” assistance. The groups include:

- **AARP’s Tax-Aide Group:** The Department routinely provides materials and information regarding changes that affect elderly taxpayers to AARP Tax-Aide staff and volunteers. In addition, Department staff members meet with AARP staff and volunteers and provide state tax preparation training and guidance before the beginning of the tax-filing season. The agency has also provided key AARP staff with contact names and contact information, making it easy for AARP to contact the Department and receive answers to questions quickly.
- **IRS Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) Groups:**

- a. A majority of the TCE sites are operated by the AARP Foundation's Tax Aide program. It is the nation's largest free tax assistance and preparation service available for low- and moderate-income taxpayers, with special attention given to those 60 years of age and older. IRS-certified volunteers help taxpayers file accurate returns, avoid high tax preparation costs, and receive all of the benefits, credits and deductions to which taxpayers are entitled.
- b. The IRS VITA program offers free tax help to people who generally make \$53,000 or less, persons with disabilities, the elderly, and limited-English-speaking taxpayers who need assistance in preparing their tax returns. IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals.
- c. During tax season (January-April) the Department provides links on its website to assist taxpayers in locating providers of free tax preparation services.
- d. Approximately 8 to 9 percent of returns filed by elderly taxpayers are prepared by groups working through the IRS VITA Site Grant program.

In addition to working with the above-mentioned groups, the Department also provides a variety of online services to its taxpayers in all demographic groups. Taxpayers who are 65 or older can use the Department's online income-based age deduction calculator to determine whether they are eligible to claim an age deduction of up to \$12,000 in Virginia depending upon their income. Taxpayers unable to access Taxation's website can get assistance with calculations from the Department's Customer Service Representatives. Other online services include a spouse tax adjustment calculator, a tax liability calculator, easy to use font adjustment, and free online electronic filing service.

10. Describe any other services or programs that your agency plans to implement in the future to address the impact of the aging of Virginia's population.

Response:

Modernizing the tax systems, including changes to tax policy and statute, and updating internal business processes and software applications will require significant funding and have long development/implementation horizons. The agency needs to plan for those changes. At the same time, the agency needs to address communication changes in correspondence and in new and existing website content that would benefit all taxpayers. Also, when elderly taxpayers call, there are some keys to effective communications to help ensure a better conversation.

- **Written Communications:** TAX's website content and outgoing correspondence should be clear and simple, not be long paragraphs of text. Sentences should be short

where possible and avoid mixing ideas that could confuse the reader.

Correspondence should clearly state why the taxpayer is receiving the letter, what the agency is asking them to do, and how to do it. Using visual aids when appropriate is a good way to help ensure comprehension, especially for senior citizens. Doing so would increase voluntary compliance and reduce incoming contacts.

- **Verbal Communications:** Customer Services and Compliance staff need to speak relatively slowly when talking with the elderly. If the person on the phone has trouble comprehending, staff should try to rephrase the question or statement rather than repeat it. Complicated questions and sentences may confuse older adults who have short-term memory or hearing loss. Express one idea and message at a time.

11. Please indicate if your agency is experiencing an increase in employees retiring later and describe any actions your agency is taking or plans to take to accommodate its aging workforce with innovative practices.

Response:

The Department of Taxation is experiencing an increase in employee retirements, especially as more of our aging employees become Medicare eligible. TAX has been exploring a variety of strategies to effectively transfer knowledge to and increase skill levels of our newer or mid-career staff.

Extended dual incumbency is an effective way to transfer knowledge before an incumbent retires. Another approach is step down retirement, where the incumbent reduces work hours before fully retiring. During this time of working reduced hours, the incumbent can focus on transferring knowledge to the replacement. Cross training of employees across functions is another way to increase employees' skill levels. Employee Development Plans and Career Progression Plans also provide opportunities for employees to increase their skill levels within current roles and help prepare them for other responsibilities within the agency.

Increasing reliance on hourly positions may be a short-term solution for replacing retiring employees. However, maintaining a qualified workforce of hourly positions has been difficult. In order to protect the institutional knowledge, the agency has episodically asked retirees to come back to assist as another short-term solution.

Another aspect of an aging employee population is an increase in medical leave and requests for accommodation due to the employees' reduced ability to perform some tasks. The agency works closely with the Department of Rehabilitative Services to assess needs and make accommodations to the office whenever possible to enable the employee to continue work. We also work with employees when possible to allow them to step down to a lower level vacant position in lieu of retirement.