

Agency Name:	Department Of Revenue		
Agency Code:	R440	Section:	109



**Fiscal Year FY 2024-2025
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input checked="" type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.
NON-RECURRING REQUESTS <i>(FORM B2)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.
CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.
PROVISOS <i>(FORM D)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Hartley Powell	(803) 898-5040	Hartley.Powell@dor.sc.gov
SECONDARY CONTACT:	Meredith Cleland	(803) 898-5402	Meredith.Cleland@dor.sc.gov

I have reviewed and approved the enclosed FY 2024-2025 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:		
TYPE/PRINT NAME:	W. Hartley Powell	

This form must be signed by the agency head – not a delegate.

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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Other Funds Authority Request	0	0	15,000,000	0	15,000,000	0.00	0.00	0.00	0.00	0.00
TOTALS			0	0	15,000,000	0	15,000,000	0.00	0.00	0.00	0.00	0.00

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Other Funds Authority Request
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$0 Federal: \$0 Other: \$15,000,000 Total: \$15,000,000
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What is the net change in requested appropriations for FY 2024-2025? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input checked="" type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input checked="" type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	<p>This funding request supports SCDOR strategies 2.2-Maintain strong governance of security processes to detect and prevent all privacy, cyber and physical security events and 2.3-Utilize advanced technology to detect and prevent physical intrusions, data breaches, website defacements and malicious system outages.</p> <p>The additional spending authority is needed to address the escalating costs related to IT and security. Vendor prices for technology have increased dramatically due to inflation. The SCDOR manages costs by working with the Department of Administration on state-negotiated procurement and shared services but many cost increases are unavoidable. The additional authority will ensure the SCDOR continues to maintain the stringent security requirements needed to secure taxpayer information and keep up with the ever changing IT and security demands.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

	The SCDOR will expend these funds to address the rising inflationary costs related to
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RECIPIENTS OF FUNDS

IT and security. The SCDOR will utilize the state's competitive procurement processes for this spending. Security and IT replacements and upgrades to cloud platforms are imperative for SCDOR to maintain the "next generation" of security standards to stay ahead of ever-increasing cyber security threats.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The SCDOR needs this spending authority to maintain the agency's current security standards and to keep-up with ever changing IT and security demands. We continue to work with the Department of Administration as part of our transition to a cloud-based security platform. The SCDOR just signed a statement of work with the Department of Administration to move our taxpayer data to Microsoft's Cloud Platform. This "next generation" of security standards comes at a higher cost to the SCDOR since the IRS mandates that we implement the most stringent cloud requirements for their data. The SCDOR must also adhere to higher security requirements for on-premise equipment. Due to inflationary impacts, this equipment costs over 60% more now than when originally priced three years ago.

The SCDOR has been diligent in managing its finances over the last several years, which allowed the agency to accumulate the necessary funds for this project without having to ask for additional general fund dollars. The SCDOR's current other funds authority is not enough to support the transition to a cloud-based security platform. Without an increase to the current authority limit, the SCDOR will be unable to secure the "next generation" of security standards to protect confidential taxpayer information.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$1,650,098
	<i>What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>

ASSOCIATED FTE REDUCTIONS	There would be no FTE reductions, but up to 10 IT security contractors would be eliminated.
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How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	I.A Administrative and Program Support - CISO area.
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What programs or activities are supported by the General Funds identified?

SUMMARY	<p>Contractual Services are a significant portion of SCDOR operation expenses and include several IT services. If SCDOR were to absorb a 3% General Fund reduction, up to 10 IT security contractors would be lost. These contractors assist in maintaining SCDOR's high security standards and cyber prevention programs.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

**AGENCY COST
SAVINGS PLANS**

SCDOR would have to eliminate vital IT security projects.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Going Green
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	The SCDOR is continuing its "going green" initiative to promote a more efficient and secure environment to increase voluntary taxpayer compliance. Electronic filing of tax forms and correspondence eases administrative burden on taxpayers in complying with complex tax laws. The "going green" initiative saves taxpayers time and money, while maintaining high security.
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark "X" for all that apply:</p> <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other</td> </tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input type="checkbox"/>	Other
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<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.								
<input type="checkbox"/>	Other								

METHOD OF CALCULATION	Taxpayers save time and money by filing electronically. SCDOR is increasing the number of tax forms and associated correspondence that can be filed electronically.
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.


REDUCTION OF FEES OR FINES	N/A
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	N/A
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	SCDOR's "going green" initiative eases administrative burden on taxpayers in complying with complex tax laws. This initiative saves taxpayers time and money, while maintaining high security. SCDOR is expanding the amount of correspondence received electronically. Electronic correspondence provides taxpayers a secure and efficient way to provide tax information to the Department. SCDOR is also increasing the number of tax forms that can be filed electronically.
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?