


Kentucky Department of Revenue



Upgrade to CACS-G


CACS-G Upgrade

The Kentucky Department of Revenue (KDOR) entered into a contract with CGI to implement its web-based Computer Assisted Collection System for Government (CACS-G) resulting in additional collections of \$77.7 million since the inception of the project. The first phase of the project went live in September of 2014.



In The Beginning

KDOR had installed a mainframe version of CACS in 1987. That system was heavily customized to meet KDOR's needs. The Commonwealth's version of the product became known as Kentucky Online System for the Collection of Accounts Receivable (KY-OSCAR). While it supported the department, it limited our ability to grow our capabilities, provide adequate customer service and increase revenues to the Commonwealth.




Increasing Caseloads

The caseload assigned to the Division of Collections more than doubled between Fiscal year 2010 and Fiscal Year 2014 due to three changes within KDOR:

1. A focus on improving compliance;
2. The addition of legislation allowing KDOR to collect debts on behalf of other government agencies; and
3. The downturn of the economy.

The longer it takes to work a case, the less revenue is collected. While still using existing staff resources, greater flexibility to automate processes and score and prioritize caseloads became necessary to maximize potential revenue.




A New Start

In 2012 KDOR began its project with CGI to implement the newest web-based version of the CACS-G.

That project included two phases:

1. An Early Wins component to implement technology to automate levies and final notices.
2. The implementation of the full CACS-G product.

The Commonwealth determined this two phase approach would be beneficial to help jump-start benefits and demonstrate success to internal and external stakeholders.



Early Wins

The Early Wins Initiative included two components:


1. Automatic final notices and levies on active cases with assets.
2. Write-off reversals for cases that had been charged off where the debtor was matched against available levy sources and brought back into collections if an asset was available

Early Wins Revenues

Write Off Reversal	\$848,213
Automated Levy	\$9,120,351
Fiscal Year 2013 Total	\$9,968,564
Write Off Reversal	\$1,124,578
Automated Levy	\$25,930,524
Fiscal Year 2014 Total	\$27,055,101
Write Off Reversal	\$54,023
Automated Levy	\$3,898,276
Fiscal Year 2015 Total (thru August 31, 2014)	\$3,952,299
Total All	\$40,975,965


CACS-G Implementation

Phase 1 of the CACS-G implementation was completed and the caseload was converted over Labor Day Weekend, 2014. There was significant functionality in this first phase of the implementation. Benefits in this first phase included automation of routine tasks and alerts, a self-service portal, flexible correspondence templates, the ability to combine cases and more. These benefits are detailed as follows.




CACS-G Phase 1 Benefits

The ability to score cases and prioritize workload to allow collectors to concentrate on cases that require employee interaction to achieve a higher likelihood of success/collection. In KDOR's implementation of CACS-G, the risk score predicts how likely the case is to be resolved in the first 120 days and how active employee interaction will be.

- High risk cases are placed on the fast track to enforced collection activities if there are assets available. These cases may not receive the initial "soft" collection letters.
 - Medium risk cases are those that are most likely to benefit from collector interaction and may only get one "soft" letter before being assigned to a collector.
 - Low risk cases are more likely to self cure and may receive more automated letters.
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CACS-G Phase 1 Benefits

The ability to automate many collections processes frees collectors to concentrate on taxpayer service. As part of the project KDOR has seen significant benefits from automating the following letters:

- The initial “soft collection letters” generated when cases first enters collections. These are a series of up to two letters generated that vary depending on the characteristics of the case and the risk score.
 - Payment Agreement Reminder letters to remind taxpayers when their next payment is due.
 - Balance due letters on low balance cases. A “no contact” letter if a phone number is unavailable.
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CACS-G Phase 1 Benefits

In addition, the following enforced collection actions were automated:


- The “Final Notice Before Seizure Letter” required before wage and bank levies that is sent via Certified Mail. This letter also doubles as our certified notice required before the TOPS offset.
- Subsequent “Final Notice” letters as new debts are added to the case.
- Tax Liens – Liens may be generated automatically depending on case characteristics (balance and case age) and whether there are assets available for collection. There is also a throttle that controls the maximum number of automatic liens that may be generated each day.
- Wage and Bank Levies - Levies can now be automatically generated depending on the presence of the appropriate asset and case characteristics (balance and case age). There is also a throttle that controls the maximum number of automatic levies that may be generated each day.
- Automatic release of liens and levies when the case is resolved.

CACS-G Phase 1 Benefits

The ability to add, delete and modify correspondence templates as needed.

- All versions of the correspondence templates are maintained so that if a letter is viewed at a later date, the proper version of the template is used.

A self-service Internet portal allows taxpayers to make payments (ACH Debit) online on a 24/7 basis.

- If the taxpayer does enter into a pay plan via the portal, the system recognizes this and automatically moves the case to pay plan monitoring so that all other automated actions (liens and levies) cease.
 - The system is intuitive and assures that debtors who are not eligible for this process are automatically excluded from the self-service portal. Instead, taxpayers would receive a message to contact KDOR. An example would be a case with a non filed period which requires that a return be filed prior to entering into a pay plan.
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CACS-G Phase 1 Benefits


Real-time capability to review collector activities to facilitate training, coaching and performance measures.

Debts can now be attached to more than one case for collection purposes.

- In Kentucky, corporate officers and LLC members may be held personally liable for certain business tax debts. Once a collector has determined who should be assessed and initiates the first assessment, the system automatically maintains any subsequent assessments as new eligible debts are added to the business case. Separate Responsible Party (RP) collection cases are created once the assessments are due and payable and collection action may be started. However, this is the same debt that is also attached to the business case. Whatever payments and adjustments are made to the debt(s) are reflected in both cases.

CACS-G Phase 1 Benefits


The flexibility of a highly configurable workflow process that allows KDOR to control case flow, and timing and volumes of automated correspondence. KDOR established an internal CACS-G user group comprised of collectors, supervisors and system administrators that is responsible for vetting system enhancement requests, managing correspondence templates and administering workflow rules. This group has achieved a great deal of success in making improvements since go-live.

- Movement of cases from one place to another is based on rules determined by case characteristics and completely controlled by KDOR staff.
 - More than 100 changes to workflow have been made since go-live. These have been in response to issues raised by users and management requests.
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CACS-G Phase 2


In September 2015, KDOR successfully implemented Phase 2 of the CACS-G Project. This phase included additional functionality and automation to further enhance collections.

The Kentucky General Assembly gave KDOR the authority to revoke, suspend or prevent renewal of professional licenses, vehicle registrations and driver licenses in the event there were unpaid taxes. These actions are reserved for those cases where other forms of collection have been exhausted. This process also requires new notifications to the taxpayer




CACS-G Phase 2 Benefits

Phase 2 provided the following automated capabilities related to license suspensions:


- Certified Important Notice Letter to the taxpayer advising of the impending suspension or denial of license renewal. The volume of letters generated each day is also controlled.
 - Professional License Suspension
 - Vehicle Registration Denial
 - Driver License Suspension
 - Liquor License Denial
 - The volume of suspensions/denials created each day is controlled.
 - Automated release of the suspensions when the case is resolved.
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CACS-G Phase 2 Benefits

In addition, the following enhancements were added:

- ▶ Automated clearing of non-filed periods for which it has been determined a return is not needed.
 - ▶ Automated jeopardy assessment (estimated assessment) for business cases with non-filed periods.
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Lessons Learned


- ▶ We have learned to manage the volume of letters generated each day in order to control costs.
 - ▶ User training was provided by CGI and is critical to ensure staff is prepared to deal with taxpayer inquiries. The volume of daily phone calls is increased.
 - ▶ We initially had to convert most cases into a state where a collector had to review the case to determine how to prepare it and where it needed to go. It was 2 to 3 months before we had sufficient caseload staged to determine the effectiveness of the automated processes.
 - ▶ Changes in procedures, adjustments to performance measures, and changes to employee evaluation processes were discussed and planned for to make the tough transition from mostly manual processes to mostly automated processes easier for users and managers.
 - ▶ The system has been set up to process workflow rules changes once weekly, if needed. In this way, we are better able to respond to issues or requests for changes in a timely manner.
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CACS-G Revenue

Collections from CACS-G Upgrade			
	Phase 1	Phase 2	Total
Fiscal Year 2015	\$19,169,864		\$19,169,864
Fiscal Year 2016*	\$16,591,562	\$945,249	\$17,536,811
Total All			\$36,706,675
*As of April 30, 2016			

Automated Processes

Although KDOR has implemented a great deal of automation within its CACS-G workflow, it should be noted that these decisions are completely within the control of KDOR. Any process that is implemented can have as little or as much automation as is allowed or desired by the agency. At any time, KDOR can adjust the amount of automation. As an example, KDOR increases the case balance eligible for automated levies during refund offset season because many low balance cases are resolved by those offsets. This helps prevent overpayments.



Award Winning Project

The Department of Revenue is pleased to announce that our CACS-G Upgrade Project has been honored with the 2016 Outstanding Compliance Program Award from the Federation of Tax Administrators (FTA).

