

# MANUAL REPORTING EVALUATION

*2016 OReGO FAST  
Act STSFA Grant*

*March 2018*

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## Executive Summary

The ODOT Road Usage Charge (RUC) program, titled “OReGO,” currently uses technology installed in vehicles to capture taxable miles and fuel consumption. Not all vehicles can accommodate the current mileage reporting technologies, so they need a way to manually report taxable miles and fuel consumption when participating in the RUC program.

Also, the only current method to manage RUC accounts is through an online portal and for many reasons, Oregonians may not have access to a computer or mobile device and cannot manage an online account.

Developing a process for Oregonians to report taxable miles manually will be crucial if the RUC program becomes mandatory.

The goal of this project was to identify what would be required to implement a manual reporting option in preparation for a future implementation project.

The objectives of this project were to:

- Identify requirements for a manual reporting option, including:
  - Account Management
  - Customer Support Management
  - Accounts Receivable / Payable
  - RUC Payer Enforcement
  - Data Collection and Validation
  - Other business, financial, and reporting requirements
- Develop business processes to support identified requirements
- Develop an implementation plan that outlines the scope, schedule, budget and overall strategy to implement a manual reporting option
- Develop an operations plan that outlines staffing and budget required to operate a manual reporting option

The Manual Reporting subproject was originally scoped with a budget of \$131,188 and a completion timeline of February 2018. The project experienced some significant scope increases, which pushed out the completion date by about two months, but the project was completed under the original estimated budget. The project ended March 30, 2018 with a final cost of \$76,328.



## Background

### ODOT Road Usage Charging and OReGO

In 2001, the Legislature formed the Road User Fee Task Force (RUFTF). Its mission was to find an alternative source of transportation funding outside of fuel taxes. From this legislative body, the concept of road usage charge -- where volunteers pay for every mile they drive, rather than for every gallon their vehicles consume—came into existence. With the passage of SB 810 in 2013, the Oregon Department of Transportation (ODOT) was mandated to create and maintain a road usage charge (RUC) program. The resulting OReGO program became operational on July 1, 2015.

### 2016 FHWA FAST Act STSFA Grant

In 2016, ODOT was awarded a federal grant from the Federal Highway Administration (FHWA) under the Fixing America’s Surface Transportation (FAST) Act Surface Transportation System Funding Alternatives (STSFA) program. ODOT has defined eight projects to meet the objectives in the grant and enhance the OReGO program.

The primary project objectives are to:

- 1: Expand the market
  - Expand technology options for reporting mileage
  - Manage the open market
  - Develop requirements for a manual reporting option
  - Streamline reporting and data sharing
- 2: Increase public awareness
- 3: Evaluate compliance mechanisms
  - Account manager
  - RUC payer
- 4: Explore interoperability

## Description of the “Manual Reporting” Subproject

The ODOT RUC program currently uses Mileage Reporting Devices (MRDs) that connect to the vehicles' On-Board Diagnostics (OBD) ports. Each vehicle must have the second generation port known as OBD-II. The device receives a vehicle's miles traveled and fuel consumption data and transmits it to an Account Manager. Participants currently use computers or smartphone apps to access their accounts via Account Manager Websites. Some Oregonians do not have access to the internet, so they need a way to manually report, monitor and pay for their vehicle miles traveled.

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## Evaluation

### What Was Done

Planning for the “Manual Reporting” subproject began on October 4, 2016. The evaluation included identifying requirements for general business, finance management, account management, policy enforcement, accounts receivable/accounts payable management, and program reporting. After the Manual Reporting option requirements were identified, related business requirements were then developed and current and potential Manual Reporting processes were mapped out and evaluated.

The requirements for a Manual Reporting option were gathered from the evaluations conducted. These requirements filled in the gaps of each process analyzed. An Implementation and Operations Plan was developed, which detailed the work that went in to the evaluation and the resulting potential Manual Reporting option. The Manual Reporting Implementation and Operations Plan is available for review should the Oregon Legislature determine in the future that the OReGO Program should require a Manual Reporting option be added to the current program.

A table-top exercise was conducted, in lieu of a pilot, to simulate the scenario of implementing a Manual Reporting option. In this exercise, the OReGO Program team walked through all of the processes with particular focus on enrollment, reporting, quality assurance, quality control. The purpose of this exercise was to identify process gaps, roles and responsibilities, and necessary equipment and resources to develop a future Manual Reporting Procedure Manual. The Manual Reporting Procedure Manual will be available for OReGO internal staff for reference and the documented outcomes will serve as a qualitative assessment of how the manual reporting option will work for the participants, including ways to improve administration.

## STSFA Requirements

### Implementation

The Manual Reporting project evaluated current program processes and policies and analyzed them for requirements that would factor in to building a manual option for the OReGO Program. All of the research is listed and itemized in a Manual Reporting Business Requirements Document. The Manual Reporting Option Implementation and Operations Plan details all of the requirements identified to implement this option in the current OReGO Program environment and if the Oregon Legislature mandated the program. A table top exercise was conducted, resulting in additions to processes and procedures and the identification of future research and development work. These items will prove useful should the option be mandated.

### Interoperability

The Manual Reporting Option helped build on one of the OReGO Program's key focuses, interoperability. By developing a strategy to procure third party vendors to assist with enrollment, mileage reporting, and account closure, the Manual Reporting Option added more context and requirements to integrate more businesses and agencies in to the OReGO Program. This effort also contributed to Interoperability by refining processes to help keep third party vendors compliant. By establishing more methods of delivering OReGO Program information in

a palatable fashion, educating third party vendors or other government agencies increases the OReGO Program's strategy for interoperability.

### Acceptance

User acceptance among the Oregon public is crucial to the OReGO Program's success. The Manual Reporting Option project developed new policies to implement a system for current volunteers and future participants (should the program become mandatory) to report mileage in a convenient manner. By offering a paper form, third party vendor, and online portal to report mileage, the Manual Reporting Option increases public acceptance. These options will add a level of convenience to the OReGO Program and will offer the participants multiple choices for reporting mileage. The reporting options range from relying on technology to using no technology at all. By offering this array of selections, the Manual Reporting Option will make the OReGO Program easier to digest for the Oregon Public.

### Use of private third-party vendors

Currently, the RUC Program uses two third-party vendors. The vendors were procured through the ODOT Procurement Office after going through a bidding process. After the vendors were procured, the RUC Program team conducted an account manager certification process to perform quality checks to make sure that the vendors met the RUC Program requirements for managing volunteers. For any vendor that uses a mileage reporting device, the device is also certified for use in the program.

One of the outcomes of the Manual Reporting project is the certification and adoption of new third-party vendors to assist Manual Reporting Option participants with mileage verification, enrollment, and other areas of the new reporting option. Research was conducted regarding new third-party vendor requirements in a manual option, including certification, staffing, system requirements and interfaces, and program compliance. These options could be implemented and used to provide a more comprehensive approach to operate a Manual Reporting Option in the OReGO Program.

### Equity

An analysis of how manual reporting helps reach the STSFA objectives of equity, flexibility and user choice was conducted. It was determined that by offering this option, the STSFA objectives were met by:

- Developing policies to ensure that accessibility is provided to anyone who would like to participate
- Offering multiple ways to pay and be credited for mileage
- Developing methods to integrate third party vendors and certify them against OReGO Program regulations

### Flexibility and User Choice

The Manual Reporting project identified multiple options to allow for participants to report mileage as they are able with the technological resources available to them or as they see fit in regard to the technology they feel comfortable using. It is important to offer participants a variety of ways to report mileage to maintain program continuity. In the Manual Reporting option, there is an option where a participant can use a paper form. There is an option that allows a third-party vendor to assist participants in verifying and submitting mileage either with a paper form or an online portal that interfaces with the OReGO Program system. Another option is an online user portal that allows for participants to verify and submit mileage themselves. The main point of the manual option that is not reliant on vehicle technology to report mileage to the program.

### Decrease Administrative Cost

One of the overall goals of the Manual Reporting project is to offer an option that allows for a high level of efficiency to keep administrative costs as low as possible. To give the program a better sense of total costs to implement a manual option, implementing the option in the current environment versus a mandatory environment were evaluated. Two options were detailed and evaluated by staffing by both implementation and operational levels.

A quantitative assessment was conducted on the feasibility of a manual reporting option and the fiscal impacts that implementing the option would have on the program. It was determined that conducting a pilot for Manual Reporting in the current OReGO Program environment would not be feasible. It might confuse volunteers as the timing would interfere with a data sharing pilot that is set to be implemented around the same time. Also, it would have a negative financial impact on the program as the costs to recruit volunteers and manage the operations of a Manual Reporting pilot would not be feasible. Research and requirements gathering for the project provided specific costs for staffing and managing a manual option, and it was determined in the Manual Reporting Implementation Plan that the costs to implement the manual option would not be fiscally sound in the current program. It would cost the program too much money at this time for the level of estimated participation.

Implementing a manual reporting option in a mandatory program, with economies of scale, would be cost-effective and would benefit the Oregon public by offering a non-technology option. The manual reporting requirements identify several compliance and enforcement mechanisms that would decrease administrative costs through a reduction in tax evasion and collection of fees from those that did evade.



## Lessons Learned

The outline below summarizes the OReGO team's lessons learned including challenges that had to be overcome, findings, and recommendations for a future implementation.

### Compliance needs are going to drive what options can be integrated

Developing future program requirements and mapping processes regarding a mandatory tax program need to be researched with the mindset that potential options would need to be approved by the legislature. Identifying feasible levels of enforcement and keeping overall costs relatively low will allow for more viable options for the legislature to consider.

### The availability of technology is still not sufficient enough to eliminate paper options

Implementing a manual reporting option with the technology that is available today does not allow the option of eliminating paper alternatives for reporting mileage. Currently, there are too many people who do not have access to internet or Wi-Fi resources to utilize web-based applications. Also, there is not a standard technical solution to provide vehicles that do not have on board diagnostics to electronically collect and transmit mileage data. The Manual Reporting project researched and developed the concept of a paper form which would be made available for participants who do not have the technical capabilities that would allow them to report mileage electronically.

### Costs seem to be higher for enforcing a paper option in a manual reporting option

The paper option for the Manual Reporting participants has a high cost to implement an ideal level of enforcement. This is due to the fact that detecting forged or fake reporting documents proves difficult with today's technology. Identifying a false paper form would be difficult upon initial submission and would not be caught until much later in the manual reporting processes. High costs would stem from labor spent tracking and identifying false records, reconciling accounts, and pursuing legal options. For example, if a participant were to submit a false mileage statement, the form would be processed and may not be identified immediately. This could go on repeatedly until the reporting system or program analyst identifies a variance in reported mileage. The program analyst would then have to verify mileage reports and contact the participant. Depending on the outcome, the participant may have to reconcile the account or be removed from the manual option. This could result in the participant being sent to a collections department or

pursued legally. Considering the program costs, participant acceptance, and legal processes, the level of enforcement for a paper option has been set at a level that best fits the financial feasibility for operating a manual option.

### Analysis of how ODOT has tried/is trying to overcome challenges of verifying manual reporting miles and fuel usage, accurately crediting fuel tax to an account, and effectively administering the system:

- Processes were developed to utilize third party assistance to ensure verified mileage, either by using third party software or certifying third parties to physically verify mileage
- High-level system requirements were identified to create processes for accounts receivable/payable that will comprehensively calculate mileage for payment/credit
- Cost and resource estimated were developed to determine what it would take to administer the manual option in the current OReGO Program (volunteer), as well as a future mandatory program.

### Findings and recommendations related to administering a manual reporting option:

- Researching other State agencies and their compliance and enforcement policies
  - Added a standard baseline that the Manual Reporting option used to determine how compliance should be conducted and enforced
- Researching other State mandatory tax programs
  - Compared industry standards to analyze what levels of compliance and enforcement have been implemented
  - Reviewed tax program rules and regulations to assess the level of public acceptance
- Table top exercise
  - Identified gaps in processes and procedures
  - Identified parking lot items that will be useful for research and development should the option be mandated by the Legislature

## Conclusion and Next Steps

The Manual Reporting project allowed the OReGO Program to evaluate and estimate what a manual option would look like if it were implemented in the current environment or a future mandatory state. It also allowed it to develop both business and system requirements for

operations. Process flows were mapped out regarding manual option enrollment, quarterly and annual reporting, invoicing and payment, compliance and enforcement, and account closure. Analyzing these processes resulted in the identification of requirements and the development of the Business Requirements Document, which details the necessary components for developing business and system requirements needed to implement and operate a Manual Reporting Option. Further analysis of the Business Requirements Document and processes resulted in the creation of a Manual Reporting Implementation and Operations Plan. This plan contains the implementation and operations strategy needed run a manual reporting option which includes, but is not limited to:

- Staffing Models
- Impacts to the OReGO Program and other ODOT divisions
- Cost breakdowns
- Risks and assumptions
- Manual Reporting Option evaluation criteria

Implementing the manual reporting option into a mandatory program would take approximately 5 to 6 years following adoption of legislation. Generally, most legislative policy decisions resulting in legislation occur in odd numbered years.

Additionally, the parking lot items identified in the table top exercise would need further research and development.