ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

TTB STRATEGIC PLAN

FY 2023 – 2027

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Message from the Administrator

I am pleased to share the Strategic Plan for the Alcohol and Tobacco Tax and Trade Bureau (TTB) for Fiscal Years 2023-2027. Our mission remains essential to our nation's economic vitality. As the Federal excise tax authority for alcohol, tobacco, firearms, and ammunition, TTB plays a pivotal role in ensuring fair and effective tax administration and enforcement. Our role in permitting and regulating the alcohol and tobacco industries also helps create a level playing field for all to thrive in a highly innovative and competitive marketplace.

Over the past two decades since TTB was formed, we've overseen remarkable growth in these industries, and now regulate more than 122,000 businesses. Annually, we issue permits to nearly 8,000 new businesses and authorize 15,000 permit amendments to support business expansion. We also actively support business innovation by approving nearly 230,000 alcohol beverage product labels and formulas each year, ensuring accurate product labeling to safeguard consumers as well as the brands that these businesses work so hard to establish. Our annual tax collections of nearly $20 billion establish us as the third largest tax collection agency in the Federal government, providing critical revenue to fund national priorities.

The last few years have tested us, and introduced new challenges and mandates, as well as proposals that could fundamentally reshape our mission. At each turn, we have proven our resilience and resolve, demonstrating our ability to sustain core services even while undertaking a significant mission expansion. As we celebrate our 20-year history, we take pride in our accomplishments and contributions to bolster our nation's economic recovery and growth. At the same time, we acknowledge the ever-present need to reevaluate our business processes and policies to fulfill our mandates more efficiently and effectively. We must continue to explore innovative approaches to modernize our operations and services to deliver value to our stakeholders.

Our new strategic plan helps address these challenges and will guide us in the years ahead. This strategic plan sets the course for continuous improvement, defining a roadmap to transform our services to provide a more modern, seamless, and secure experience for the businesses we regulate.

Using our strategic management framework, we expect to harness the insights, creativity, and energy of our workforce to advance our vision. As we implement this plan, we also anticipate engaging our stakeholders to inform our efforts at each step. Together, we will adapt to the evolving landscape and promote a fair and competitive marketplace, contributing to our nation's economic well-being.

Mary Ryan
TTB Administrator

Introduction

Overview

Today, government agencies and their stakeholders face high degrees of uncertainty and an accelerated pace of change. In today's climate, it is more important than ever for TTB to examine its operations to ensure that the Bureau efficiently manages its resources and returns value for the investments dedicated to its mission. Assurance that we are effectively allocating limited resources and delivering on our mission requires a comprehensive organizational strategy to guide strategic decisions about our operations and policies.

TTB has engaged in an intensive strategic planning process to devise a plan that is progressive and participatory. We engaged a Core Team of employees who, along with the executive leadership team, reassessed our mission, vision, and values and defined the Bureau's organizational strategy to improve our performance over the next five years. We have chosen to apply the Balanced Scorecard methodology to our planning process to integrate our strategic plan into our management and investment decisions to ensure TTB's long-term effectiveness.
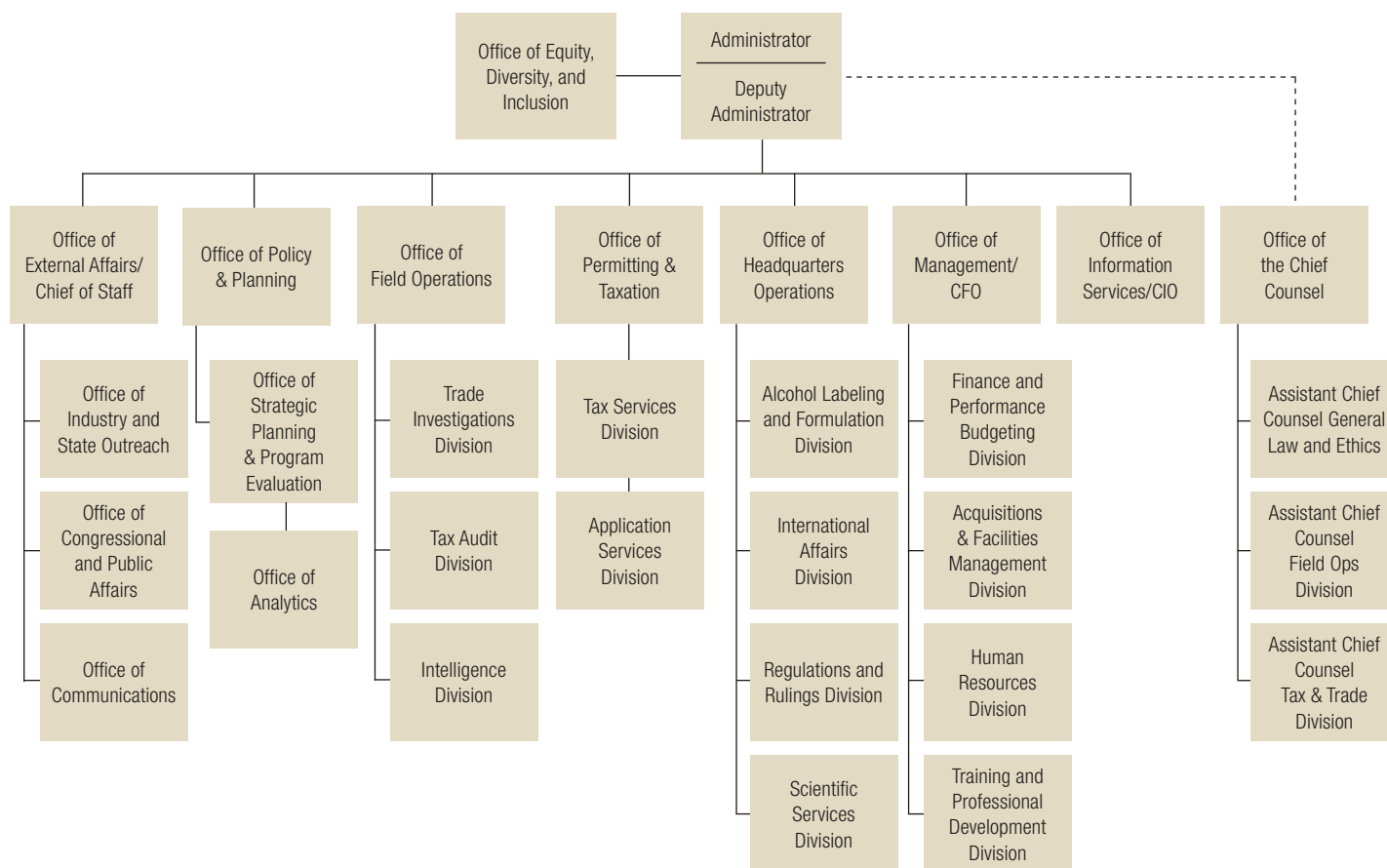
The Bureau chose the Balanced Scorecard approach because it provides a systematic framework for strategy development, implementation, and management. This approach requires assessing an organization across four key perspectives that provide a comprehensive view of organizational health, including customers and stakeholders, financial stewardship, internal processes, and people and tools. Using this tool, TTB has translated its vision into goals and strategic objectives, and established strategic management processes to continuously monitor organizational performance against those objectives. This effort resulted in a roadmap that sets forth TTB's five strategic goals through FY 2027.

Monitoring performance aligned to our strategy requires implementation of effective performance measures. TTB plans to use a suite of performance measures and indicators to monitor and address key risks and measure progress toward each strategic objective that supports these five goals. Performance measures will be monitored and updated as objectives and programs evolve.

By effectively using the data provided by the Balanced Scorecard, and maintaining open dialogue with key stakeholders about our strategy, TTB will be able to identify issues, risks, and opportunities, and take targeted actions to holistically improve its organization. Additionally, by integrating a TTB Learning Agenda into our strategic management framework we aim to foster a culture of continuous learning and improvement so we can quickly adapt and respond to evolving challenges. See Appendix A, TTB Strategic Management Framework and Appendix C, TTB Learning Agenda for more information.

Organization

TTB is staffed with approximately 500 employees, most of whom align to the headquarters office in Washington, D.C., or the National Revenue Center in Cincinnati, Ohio. For its auditors, investigators, and agents to most effectively operate in the field, TTB maintains a minimal physical footprint, with seven field offices in cities across the United States, including Puerto Rico. These small, strategically located offices place the Bureau in close proximity to centers of trade and industry activity and provide effective launch points for TTB's investigative teams. Additionally, the Bureau has a laboratory facility in Beltsville, Maryland.

Administrator

Deputy Administrator

Office of Equity, Diversity, and Inclusion

Office of External Affairs/ Chief of Staff
- Office of Industry and State Outreach
- Office of Congressional and Public Affairs
- Office of Communications

Office of Policy & Planning
- Office of Strategic Planning & Program Evaluation
- Office of Analytics

Office of Field Operations
- Trade Investigations Division
- Tax Audit Division
- Intelligence Division

Office of Permitting & Taxation
- Tax Services Division
- Application Services Division

Office of Headquarters Operations
- Alcohol Labeling and Formulation Division
- International Affairs Division
- Regulations and Rulings Division
- Scientific Services Division

Office of Management/ CFO
- Finance and Performance Budgeting Division
- Acquisitions & Facilities Management Division
- Human Resources Division
- Training and Professional Development Division

Office of Information Services/CIO

Office of the Chief Counsel
- Assistant Chief Counsel General Law and Ethics
- Assistant Chief Counsel Field Ops Division
- Assistant Chief Counsel Tax & Trade Division

Authorities and Responsibilities

The Bureau was formed in January 2003, under the Homeland Security Act of 2002, but its history began more than 200 years ago as one of the earliest Federal tax collection agencies. Today, TTB operates under the authorities of the Internal Revenue Code of 1986 (IRC)[1] and the Federal Alcohol Administration Act (FAA Act),[2] as well as the Alcoholic Beverage Labeling Act of 1988 (ABLA)[3] and the Webb-Kenyon Act.[4] These laws put in place strict requirements and controls related to alcohol and tobacco products and place restrictions on who can make, sell, and distribute these commodities.

TTB's core responsibilities in administering these statutes include:

- Qualifying and issuing permits to businesses operating in the alcohol and tobacco trade

- Collecting Federal excise taxes on alcohol, tobacco, firearms, and ammunition, which includes classifying products for tax purposes and verifying compliance through audits and investigations

- Detecting and addressing illicit activities relating to alcohol and tobacco product diversion and tax evasion

- Enforcing compliance with alcohol beverage labeling and advertising requirements to prevent consumer deception and maintain a level playing field

- Performing marketplace sampling and product testing to help ensure the integrity of domestic and imported alcohol beverage products

- Addressing prohibited trade practices in the alcohol beverage industry to promote fair competition in the U.S. marketplace

- Facilitating international trade of alcohol beverages to support domestic economic growth

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1. Chapters 51 and 52 of the IRC provide for excise taxation and authorize operations of alcohol and tobacco producers and related industries, and IRC sections 4181 and 4182 provide for excise taxes for firearms and ammunition.
2. The FAA Act provides for regulation of those engaged in the alcohol beverage industry and for protection of consumers through certain requirements regarding the labeling and advertising of alcohol beverages. The FAA Act also includes provisions to preclude unfair trade practices that serve as barriers to competition and trade in the U.S. marketplace.
3. The ABLA mandates that a Government warning statement appear on all alcohol beverages offered for sale or distribution in the United States.
4. The Webb-Kenyon Act prohibits the shipment of alcohol beverages into a state in violation of the receiving state's laws.

Mission, Vision, and Values

Mission

Our mission is to ensure a level playing field across the industries we regulate by:

- **Collecting** the taxes due on alcohol, tobacco, firearms and ammunition;

- **Protecting** the consumer by ensuring the integrity of alcohol products;

- **Enabling** qualified businesses to enter and operate in the industry;

- **Upholding** fair and equitable competition in the alcohol markets; and

- **Preventing** unlawful markets for alcohol and tobacco products.

Vision

Reinventing Our Services by making every interaction with the public simple, seamless, and secure, and **Reimagining Our Workplace** to lead as an ideal employer for empowered and connected employees in a highly flexible environment

Values

We value:

- **People.** We support each other, empower individuals and teams to build a sustainable work-life model, and are committed to building a diverse and inclusive workforce.

- **Results.** We hold ourselves accountable for achieving efficiencies and meaningful results.

- **Integrity.** We build trust by acting with honesty and transparency, following through on our commitments, and treating others with impartiality and respect.

- **Access.** We are responsive and open to the public and our colleagues, and we listen and engage stakeholders to find equitable solutions.

- **Progress.** We seek to continuously improve and learn by anticipating issues, staying open to new opportunities, and responding to challenges with creativity and resourcefulness.

Strategic Outlook

In planning TTB's strategic direction for the next five years, TTB conducted an environmental scan and risk assessment, interviewing senior leaders and engaging its strategic management Core Team to assess the operating environment. This TTB-wide assessment synthesized factors, both internal (strengths and weaknesses) and external (opportunities and threats), to inform the selection of strategic priorities and assess the key risk factors within and outside of our control that might affect our ability to accomplish this plan. Some of the key factors that were identified are summarized below. See Appendix B for the Strengths, Weaknesses, Opportunities, and Threats (SWOT) Assessment.

- **Statutory Implementation.** As of January 1, 2023, TTB is responsible for administering the Craft Beverage Modernization Act (CBMA) import provisions. This statutory change requires importers to file refund claims with TTB to obtain CBMA tax benefits rather than paying reduced tax rates to U.S. Customs and Border Protection (CBP) when products enter the United States. TTB projects that this jurisdictional shift will at least double the number of claims that TTB receives each year, increasing the overall claims workload and challenging the Bureau's ability to issue timely refunds. In addition, the complexity of these provisions increases the likelihood of non-compliance and fraud, requiring TTB to develop and maintain systems and analytics to effectively detect ineligible claims and prevent improper payments.

- **Industry Growth and Compliance.** The alcohol beverage sector has grown significantly in recent years, particularly in the number of wineries, breweries, and distilleries, which has continued post-pandemic. Industry growth presents challenges to maintaining timely service, facilitating voluntary compliance, and ensuring adequate enforcement. This includes addressing significant tax violations and market practices that undermine fair competition. TTB will continue to adapt to meet service demands through targeted policy, process, and system improvements to improve the customer experience, and remain transparent in communicating its service standards to support industry members in their operational planning.

- **Workforce Readiness.** High retirement eligibility across the TTB workforce, particularly in key leadership positions, in addition to increased attrition risk in recent years is increasing the Bureau's succession planning risk. TTB is addressing this risk by focusing on workforce planning, knowledge management, and employee development. TTB is also acting to address hiring delays that exacerbate these risks, including through increased use of internships and special hiring authorities. The hybrid work environment also offers new opportunities for TTB to expand its applicant pool and recruit diverse talent.

- **Legacy Technology.** TTB needs to modernize its outdated systems to enable further improvements to Bureau processes and filing requirements, which will reduce burden on industry and facilitate voluntary compliance. Legacy systems also present challenges to obtaining reliable data for timely analysis and decision-making, including through integration into management dashboards and other analytic tools. TTB is engaged in a major IT modernization initiative to transform its information technology architecture to enable the Bureau to increase the pace of delivery, streamline system maintenance processes, and provide an improved customer experience.

- **Evolving Cyber Threats.** Cyberattacks pose a significant risk to the sensitive tax and business information maintained on TTB systems, requiring the dedication of resources to continually enhance TTB's cybersecurity tools and technologies. TTB continues to strengthen its cybersecurity posture through enhanced tools and monitoring to protect its high value assets and provide a more secure IT environment.

- **Potential Mission Expansion.** TTB continues to monitor the legislative landscape for bills that would expand its mission, including proposals to federally tax and regulate cannabis products, with TTB potentially playing a significant role. New mission responsibilities present budget and operational challenges and have the potential to significantly disrupt core mission operations if not sufficiently resourced.

TTB Strategic Plan Overview

TTB established five-year strategic goals to set the long-term outcomes and direction for our programs. As a results-oriented culture, TTB also uses priority goals, which have quantified and time-bound outcomes to ensure interim progress and significant improvements in critical areas along the way. For information on TTB's priority goals, visit **TTB.gov**.

From these goals, TTB developed a cross-cutting strategy comprised of 14 strategic objectives to build its organizational capacity and deliver outcomes to elevate performance across all of its goals. This plan indicates the primary relationships between the strategic goals, objectives, and performance measures.

Strategic Goals

GOAL 1: *Facilitate Business Growth on a Level Playing Field*
Provide timely and quality permitting service to facilitate the startup and growth of businesses, maintain a level playing field through effective qualification processes, and improve the applicant experience through simplified application requirements and a modern filing experience

GOAL 2: *Facilitate Business Innovation in a Fair Marketplace*
Provide timely and quality alcohol beverage labeling services to facilitate business innovation and growth, modernize systems and requirements to improve transparency and facilitate compliance, and enhance enforcement to ensure product integrity and fair competition

GOAL 3: *Improve Taxpayer Experience and Administration*
Facilitate tax compliance by improving the key points of service for TTB taxpayers, improve taxpayer experience by redesigning tax reporting requirements and filing options, and enhance tax enforcement to improve market competition and address inequities that disadvantage small businesses

GOAL 4: *Ensure Access to Tax Refunds for Eligible Businesses*

Deliver timely tax refunds to facilitate access to tax benefits and business cash flow, particularly for small businesses, and strengthen enforcement efforts to detect and address ineligible or fraudulent claims

TTB Priority Goal: Meet the annual service standard for 85 percent of import claims and attain an auto-validation rate for import claims of at least 50 percent by September 30, 2025

GOAL 5: *Enhance Workforce Readiness*

Enhance TTB readiness and ability to adapt to meet evolving mission needs through a flexible and inclusive workplace culture that sustains a diverse, engaged, connected, and capable workforce

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HOW DOES TTB SUPPORT U.S. TREASURY STRATEGIC GOALS?

TTB's tax and trade functions are ingrained in the core mission of the Department of the Treasury. TTB Goals 1–4 support the Treasury FY 2022–2026 Strategic Goal 1: **Promote Equitable Economic Growth and Recovery** and TTB Goal 5 supports Treasury Goal 5: **Modernize Treasury Operations**. More information on how TTB directly contributes to or supports Treasury goals and objectives is available in the report section on TTB and Treasury Strategic Plan Alignment.

TTB Strategy Map

TTB's strategy map, which was developed using the Balanced Scorecard methodology, is comprised of 14 strategic objectives. Taken together, these strategic objectives drive performance improvement and support the accomplishment of TTB's mission, vision, and strategic goals.

The elements of the strategy map are:

- **TTB's Mission and Vision:** What the strategy aims to accomplish.

- **Perspectives:** Different "viewpoints" or ways of looking at TTB. When viewed horizontally, each perspective represents a set of related objectives.

- **Strategic Objectives:** Represented by the rectangles, these are the continuous improvement activities that are critical to TTB's strategy to improve performance.

The four perspectives of TTB's Strategy Map show a logical, step-by-step connection between the strategic objectives in the form of a cause-and-effect chain. Starting at the bottom, the Strategy Map should be read upward to understand the strategic focus in each perspective that is needed to meet TTB's goals.

TTB® Strategy Map
Balanced Scorecard
FY 2023 – 2027

MISSION
Our mission is to ensure a level playing field across the industries we regulate by:
- **Collecting** the taxes due on alcohol, tobacco, firearms and ammunition;
- **Protecting** the consumer by ensuring the integrity of alcohol products;
- **Enabling** qualified businesses to enter and operate in the industry;
- **Upholding** fair and equitable competition in the alcohol markets; and
- **Preventing** unlawful markets for alcohol and tobacco products.

VISION
Reinventing our Services by making every interaction with the public simple, seamless and secure, and

Reimagining our Workplace to lead as an ideal employer for empowered and connected employees in a highly flexible environment.

GOALS

GOAL 1
Facilitate Business Growth on a Level Playing Field

GOAL 2
Facilitate Business Innovation in a Fair Marketplace

GOAL 3
Improve Taxpayer Experience & Tax Administration

GOAL 4
Ensure Access to Tax Refunds for Eligible Businesses

GOAL 5
Enhance Workforce Readiness

STRATEGIC OBJECTIVES

Customer & Stakeholder	*Improve Industry Experience*	*Attain High Voluntary Compliance*	*Ensure Fair Market Competition*

Financial Stewardship	*Optimize Resource Management & Allocation*

Internal Processes	*Enhance Change Management Practices*	*Improve Public Guidance & Outreach*	*Advance Noncompliance, Prevention, Detection & Resolution Methods*
	Improve Internal Communications	*Maximize Simplicity & Clarity of Regulatory Requirements*	*Improve Quality of Customer Contacts & Service*

People & Tools	*Optimize Organizational Capacity*	*Strengthen Workforce Diversity & Inclusivity*	*Deliver Integrated System Experience*	*Increase Data Quality & Integration*

Strategic Goal and Objective Alignment

Strategic Objectives	GOAL 1 Facilitate Business Growth on a Level Playing Field	GOAL 2 Facilitate Business Innovation in a Fair Marketplace	GOAL 3 Improve Taxpayer Experience and Tax Administration	GOAL 4 Ensure Access to Tax Refunds for Eligible Businesses	GOAL 5 Enhance Workforce Readiness
Improve Industry Experience	●	●	●	●	
Attain High Voluntary Compliance	●	●	●	●	
Ensure Fair Market Competition	●	●	●	●	
Optimize Resource Management & Allocation	●	●	●	●	●
Enhance Change Management Practices	●	●	●	●	●
Improve Internal Communications	●	●	●	●	●
Improve Public Guidance & Outreach	●	●	●	●	
Maximize Simplicity and Clarity of Regulatory Requirements	●	●	●	●	
Improve Quality of Customer Contacts & Service	●	●	●	●	
Advance Noncompliance Prevention, Detection, & Resolution Methods	●	●	●	●	
Optimize Organizational Capacity	●	●	●	●	●
Strengthen Workforce Diversity and Inclusivity	●	●	●	●	●
Deliver Integrated System Experience	●	●	●	●	●
Increase Data Quality & Integration	●	●	●	●	●

☐ Customer & Stakeholder Perspective   ☐ Financial Stewardship Perspective   ☐ Internal Process Perspective   ☐ People & Tools Perspective

GOAL 1:

Facilitate Business Growth on a Level Playing Field

Provide timely and quality permitting service to facilitate the startup and growth of businesses, maintain a level playing field through effective qualification processes, and improve the applicant experience through simplified application requirements and a modern filing experience

TTB facilitates growth in the U.S. economy by ensuring that only qualified applicants enter business as an alcohol producer, wholesaler, or importer, or as a tobacco product manufacturer, importer, or exporter. Even through the pandemic, the number of applicants filing for an original permit or registration with TTB increased significantly, driven by new breweries, distilleries, and wineries, as well as alcohol importers and wholesalers. These predominantly small businesses contribute to local job opportunities and often spearhead product innovation. The Bureau currently regulates nearly 124,000 permitted industry members. Prompt turnaround times for permit applications enable those who are qualified to hold a Federal permit to begin their operations sooner, facilitating U.S. economic growth and contributing to a fair marketplace.

Providing a positive customer experience is also fundamental to service delivery, and TTB remains focused on improving its business qualification process through comprehensive changes to its application requirements, systems, and processes. To this end, TTB is committed to simplifying permit application requirements, providing clear guidance, and improving its systems and processes, which will enhance efficiency and elevate overall applicant satisfaction. With streamlined permit requirements and an integrated, modern myTTB system interface, TTB will reduce burden on these prospective businesses and facilitate the submission of error-free applications, speeding the overall approval process. TTB will also enhance its internal quality review processes to support timely and consistent application determinations.

In addition, TTB conducts a background assessment prior to permit approval to maintain a level playing field by ensuring that only qualified persons operate within these industries. Given the substantial tax revenue associated with the commodities TTB regulates, this activity plays an important role in protecting Federal revenue, including by preventing prohibited persons from commencing operations and potentially diverting products from legitimate commercial channels for illicit profit. TTB will continue to update its procedures for screening permit applicants, refining the risk criteria used to vet applicants for suitability to hold a Federal permit. Further, TTB will increase data integration and automation in screening applicants to ensure it is effectively verifying applicant information while also managing workloads and improving service delivery.

# Key Strategic Objectives and Indicators of Success

- **SO 1: Improve Industry Experience**
  Key Indicators: Application Issued within Service Standards – Original Permits and Amendments; Customer Satisfaction with TTB Services

- **SO 2: Attain High Voluntary Compliance**
  Key Indicators: Initial Error Rate on Permit Applications

- **SO 3: Ensure Fair Market Competition**
  Key Indicators: Success Rate of Investigation Referrals for High-Risk Permit Applications

- **SO 8: Maximize Simplicity and Clarity of Regulatory Requirements**
  Key Indicators: Reduction in Burden Hours for Permit Filing Requirements

- **SO 10: Improve Quality of Customer Contacts & Service**
  Key Indicators: TTB Call Center Abandoned Call Rate – Permit Inquiries;
  Age of Permit Application Backlogs;
  Quality/Consistency of TTB Permit Application Reviews

- **SO 13: Deliver Integrated System Experience**
  Key Indicators: Electronic Filing Rate – Permit Applications;
  User Satisfaction Rate – Permits Online

TTB Permittees:
Total Authorized Alcohol Producers
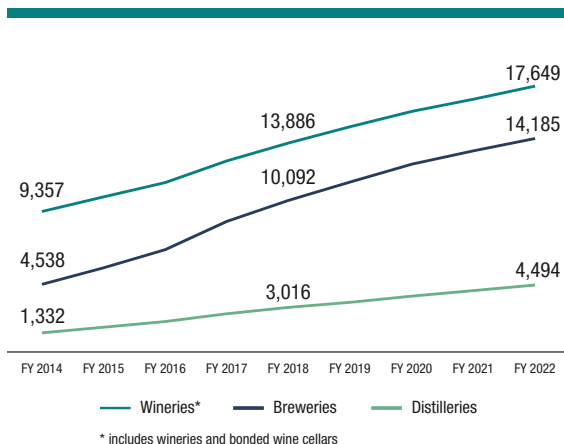
Total Authorized Alcohol Wholesalers and Importers

* includes wineries and bonded wine cellars
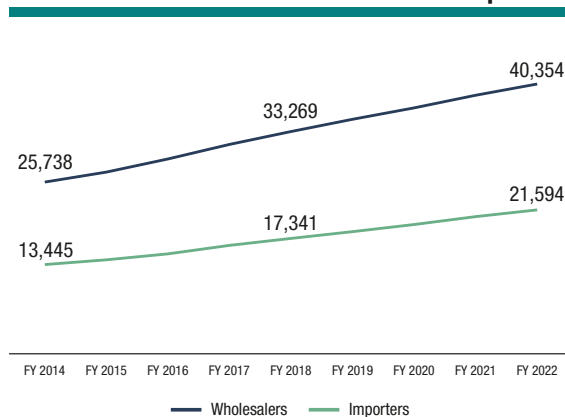
TTB must continue to innovate to keep up with annual growth in the alcohol industries. Over the past decade, the number of permitted alcohol producers has increased nearly 140 percent, while the number of permitted wholesalers and importers is up nearly 60 percent.

GOAL 2

Facilitate Business Innovation in a Fair Marketplace

Provide timely and quality alcohol beverage labeling services to facilitate business innovation and growth, modernize systems and requirements to improve transparency and facilitate compliance, and enhance enforcement to ensure product integrity and fair competition

Consumer choice and confidence are essential to ensuring that the U.S. economy performs at its full economic potential. TTB is responsible for carrying out provisions of the FAA Act to ensure that the labeling and advertising of alcohol beverages provide adequate information to consumers concerning the identity and quality of a product. The pandemic presented significant operational challenges to the businesses TTB regulates that threatened industry growth and product innovation, including labor and supply chain challenges. The alcohol beverage industry proved resilient, with the volume of label and formula applications in FY 2023 rebounding to or surpassing pre-pandemic levels. Total submission volume for label and formula applications is now approaching a quarter of a million each year.

Recognizing that timely approvals are critical to the success of these businesses, TTB is committed to optimizing service while facilitating compliance and maintaining a level playing field. TTB will continue efforts to facilitate compliance by simplifying requirements and reducing burden through regulatory and policy updates. In addition, to improve the industry experience, TTB aims to deliver consistent application determinations by improving its quality review processes. This includes exploring applications for advanced analytics and new technologies to support improved processes and services. Further, at each point of service, we will enhance industry interactions with TTB by providing responsive industry support by our call centers, improving the clarity and accessibility of online guidance, and providing a modern and integrated myTTB system to meet user needs and expectations. With clearer requirements that reflect the current market, an integrated filing experience, and system-based application validations, TTB aims to reduce errors in filing and processing applications that lead to resubmissions, accelerating the overall approval process.

After alcohol beverages enter the marketplace, TTB supports market competition and prevents consumer deception by monitoring product, label, and advertising compliance. TTB will continue to enhance its product compliance reviews, employing a combination of random and risk-based sampling to assess the compliance of products in the marketplace and generate leads for field investigations. These efforts help to ensure the integrity of products both in the domestic market and abroad, facilitating foreign market access for U.S. products. The results of these reviews will also be used to inform TTB guidance and enforcement priorities, enabling TTB to identify and address new market trends and risk areas.

Key Strategic Objectives and Indicators of Success

- **SO 1: Improve Industry Experience**

  Key Indicators: Applications within Service Standards (Labels/Formulas);
  Customer Satisfaction with TTB Services

- **SO 2: Attain High Voluntary Compliance**

  Key Indicators: Initial Error Rate on Label and Formula Applications

- **SO 7: Improve Public Guidance & Outreach**

  Key Indicators: Public Guidance Maintained as Current;
  Enrollment Rate for TTB Seminars/Webinars – Labeling and Formulation;
  Visitor Satisfaction with TTB.gov

- **SO 10: Improve Quality of Customer Contacts & Service**

  Key Indicators: TTB Call Center Abandoned Call Rate;
  Quality/Consistency of TTB Label and Formula Application Reviews;
  Label Surrender Requests

- **SO 13: Deliver Integrated System Experience**

  Key Indicators: Electronic Filing Rate (Label and Formula Applications);
  System User Satisfaction Rate – COLAs Online and Formulas Online

Improve Taxpayer Experience and Tax Administration

Facilitate tax compliance by improving the key points of service for TTB taxpayers, improve taxpayer experience by redesigning tax reporting requirements and filing options, and enhance tax enforcement to improve market competition and address inequities that disadvantage small businesses

TTB collects approximately $20 billion in annual revenue from the alcohol, tobacco, firearms, and ammunition industries. Through the pandemic, these industries continued to innovate and expand, with TTB issuing permits or registrations to thousands of new small businesses. In the last five years, the TTB tax base has increased over 40 percent. As the tax base grows, fostering voluntary compliance requires that TTB rethink how it delivers taxpayer services and how to tailor enforcement strategies to maintain fair market competition.

Further, recent tax code changes have introduced new complexities to maintaining tax compliance. Under the CBMA provisions, taxpayers are eligible for reduced tax rates and credits based on production levels. Applying these reduced rates — and other rules limiting eligibility — can present challenges to businesses who want to voluntarily comply. This is particularly the case for smaller operations that often lack dedicated compliance teams and can result in unexpected tax bills for those who can least afford it. Additionally, over the past decade, compliance trends indicate declines in TTB taxpayers meeting their tax filing requirements, including among TTB's largest taxpayers, creating inequities that potentially disadvantage compliant competitors.
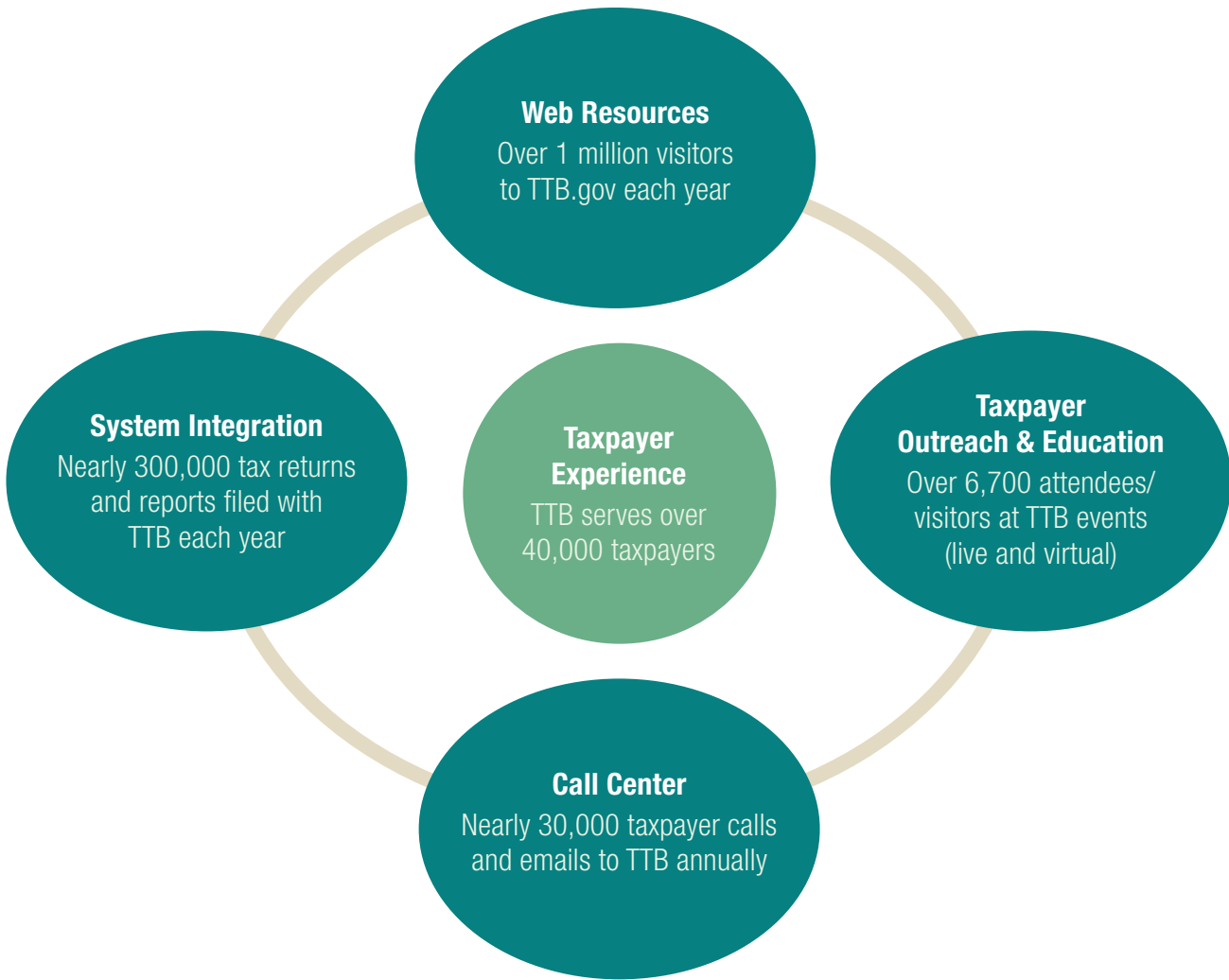
TTB also faces internal challenges in administering current tax requirements. Legacy IT systems, particularly for tax filings and processing, are not designed to support tax compliance or modern enforcement approaches. This outdated technology has slowed the availability and adoption of electronic filing, created significant tax processing inefficiencies, and hindered the use of data and analytics in risk analysis to target enforcement and outreach.

Addressing these challenges requires transformative changes to improve the TTB taxpayer experience and tax administration. TTB is undertaking a complete redesign of its tax filings — streamlining the information required on tax returns and operational reports into a single, simplified filing. Through these comprehensive updates, TTB will increase filing compliance while reducing industry burden, allowing businesses to have more time to focus on their operations rather than preparing and submitting filings. These updates will also improve data quality and enhance the Bureau's use of advanced analytics for tax administration and fraud detection, a key strategy to maximize the reach of TTB's limited resources.

Using a "service design" mindset, TTB will integrate the simplified forms in its new myTTB platform to streamline tax filings and improve industry members' interactions with TTB. The Bureau will also focus on other key points of service — including online guidance, taxpayer education and outreach, and call center service — to ensure that taxpayers understand and meet their tax obligations and can easily resolve any issues that arise.

Key Strategic Objectives and Indicators of Success

- **SO 2: Attain High Voluntary Compliance**

  Key Indicators: Large Taxpayer Tax Compliance Rate;
  New Taxpayer Compliance Rates

- **SO 8: Maximize Simplicity and Clarity of Regulatory Requirements**

  Key Indicators: Reduction in Burden Hours for Tax Filing Requirements

- **SO 7: Improve Public Guidance & Outreach**

  Key Indicators: Public Guidance Maintained as Current;
  Enrollment Rate for TTB Seminars/Webinars – Tax;
  Visitor Satisfaction with TTB.gov

- **SO 10: Improve Quality of Customer Contacts & Service**

  Key Indicators: TTB Call Center Abandoned Call Rate

- **SO 13: Deliver Integrated System Experience**

  Key Indicators: Electronic Filing Rate (Tax Returns and Operational Reports);
  User Satisfaction with Tax Systems

- **SO 9: Advance Noncompliance Prevention, Detection, & Resolution Methods**

  Key Indicators: Time from Tax Compliance Violation to Detection;
  Timely Tax Assessments

- **SO 4: Optimize Resource Management & Allocation**

  Key Indicators: Revenue per Dollar Spent on Collections

Web Resources
Over 1 million visitors to TTB.gov each year

System Integration
Nearly 300,000 tax returns and reports filed with TTB each year

Taxpayer Experience
TTB serves over 40,000 taxpayers

Taxpayer Outreach & Education
Over 6,700 attendees/ visitors at TTB events (live and virtual)

Call Center
Nearly 30,000 taxpayer calls and emails to TTB annually

GOAL 4

Ensure Access to Tax Refunds for Eligible Businesses

Deliver timely tax refunds to facilitate access to tax benefits and business cash flow, particularly for small businesses, and strengthen enforcement efforts to detect and address ineligible or fraudulent claims

When Congress permanently enacted the CBMA tax rates, it also changed the paradigm for how importers receive CBMA tax benefits. As of January 1, 2023, rather than paying the reduced CBMA tax rate to CBP when products enter the United States, importers must now pay the full rate at entry and file refund claims with TTB to receive CBMA benefits. TTB anticipates that this shift will more than double current annual claims submissions, presenting challenges to TTB's ability to timely pay refunds for CBMA claims as well as other claim types.

Given that the vast majority of TTB's taxpayers are small businesses, timely refunds are critical to the financial and operational well-being of these businesses, particularly for importers who had previously received tax benefits at entry. At the same time, claims present inherent revenue risks due to claimants either erroneously or intentionally claiming that they are improperly entitled to a tax refund. This risk is compounded by the complexity of the CBMA provisions, making it difficult for taxpayers to determine their eligibility for a tax refund and presenting challenges to TTB's ability to timely detect non-compliance and fraud.

TTB is employing a multi-faceted strategy to address these challenges. To implement the CBMA import claims provisions, TTB developed and launched a new myTTB importer claims system, which contains data validations and an integrated internal workflow to speed the submission, review, and approval of these claims. TTB plans to develop similar myTTB claims systems for the submission and processing of other claims types, which will facilitate TTB's ability to deliver timely refunds despite projected workload increases. In addition, TTB plans to apply customer experience principles to the development of its systems and guidance to make it as easy as possible for taxpayers to understand if they are eligible for a refund and submit an approvable claim.

TTB will also optimize its systems, data, and analytics to timely review and process claims, including the effective prevention and detection of ineligible or fraudulent claims. By improving the quality and accessibility of data from our systems — and integrating our data with other Federal and commercial data sources — TTB will increase its ability to embed validations into its systems to prevent the submission of ineligible claims, detect potential fraud, and avoid improper payments. Further, we will continue to strengthen partnerships with other agencies, including CBP, to more effectively address fraud and other tax evasion schemes that undermine fair competition.

Key Strategic Objectives and Indicators of Success

- **SO 1: Improve Industry Experience**

  Key Indicators: Refund Claims Issued within Service Standards;
  Customer Satisfaction with TTB Services

- **SO 7: Improve Public Guidance & Outreach**

  Key Indicators: Eligible Taxpayers Properly Claiming Tax Benefits

- **SO 9: Advance Noncompliance Prevention, Detection, & Resolution Methods**

  Key Indicators: Revenue Cases Initiated from Data Analytics;
  Success Rate of Revenue Cases Initiated from Data Analytics

- **SO 14: Increase Data Quality & Integration**

  Key Indicators: System Validation Rate on Tax Refunds – Import Claims

TTB Priority Goal for FY 2024–2025

In FY 2023, TTB launched its new CBMA import claims program. Under the new program, importers of alcohol beverage products must now pay the full tax rate at entry and file refund claims with TTB to receive CBMA tax benefits. Timely service is critical to the bottom line for thousands of U.S. importers unaccustomed to waiting for refunds to receive these tax benefits.

At the same time, TTB must ensure proper review and enforcement to identify ineligible or fraudulent claims and address the risk of improper payments. TTB is designing its online filing systems with certain data validations to flag potentially fraudulent claims. These validations support timely and accurate specialist reviews and prevent payment on ineligible claims.

To this end, TTB is establishing a bureau priority goal to meet the annual service standard* for 85 percent of import claims and attain an auto-validation rate for import claims of at least 50 percent by September 30, 2025.

This goal aligns with TTB's efforts to minimize any undue delays in issuing tax refunds that can be detrimental to import businesses while protecting Federal revenues.

*Under the new program, TTB aims to issue refunds within 90 days to minimize Federal interest payments on approved claims. TTB will establish a formal service standard in FY 2024.

Since 2019, the total quantity of imported beer, wine, and distilled spirits has increased year-over-year.
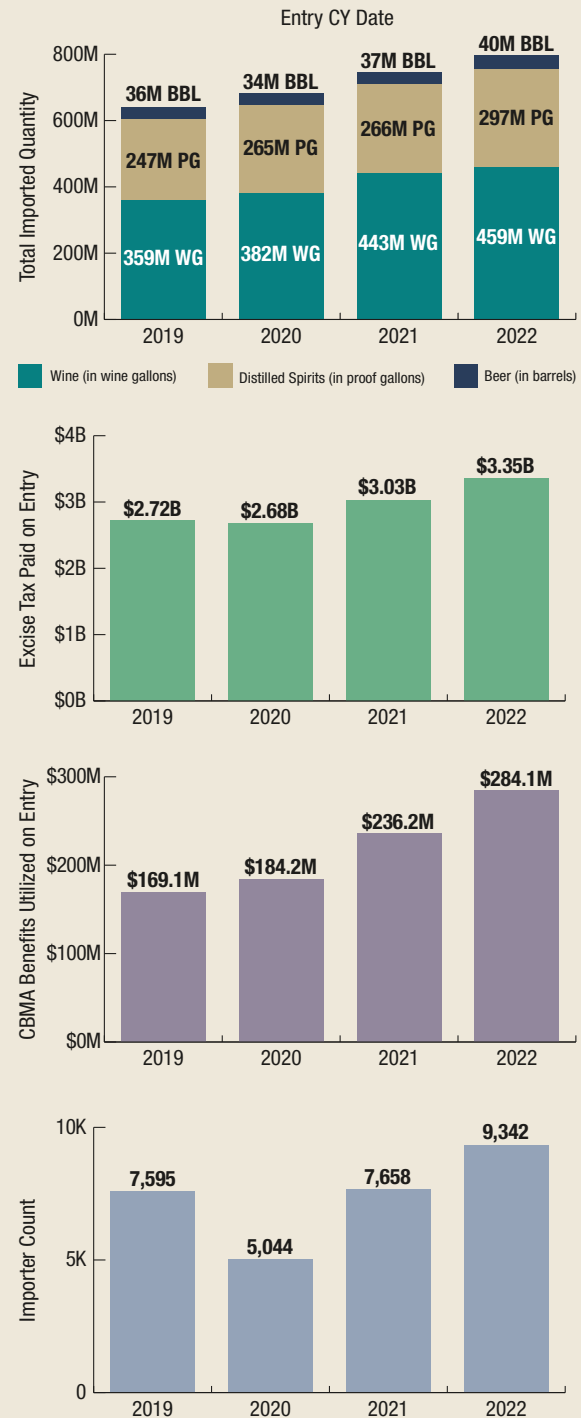
The tax paid on these products has similarly increased — up from $2.72 billion to $3.35 billion in 2022.

Over the same period, the dollar value of CBMA tax benefits imputed to U.S. importers increased from $169.1 million to $284.1 million.

Under the former paradigm, these importers paid the CBMA reduced tax rates to CBP at the point of entry; under the new paradigm, these same benefits now require filing a refund claim with TTB.

Through its progress on this priority goal, TTB aims to timely and properly pay millions in tax benefits to thousands of eligible U.S. businesses to support efficient operations and growth.

CBMA Tax Benefits:
Number of Importers and Dollar Value

Entry CY Date

Total Imported Quantity

	2019	2020	2021	2022
Beer (in barrels)	36M BBL	34M BBL	37M BBL	40M BBL
Distilled Spirits (in proof gallons)	247M PG	265M PG	266M PG	297M PG
Wine (in wine gallons)	359M WG	382M WG	443M WG	459M WG

Wine (in wine gallons) Distilled Spirits (in proof gallons) Beer (in barrels)

Excise Tax Paid on Entry

2019	2020	2021	2022
$2.72B	$2.68B	$3.03B	$3.35B

CBMA Benefits Utilized on Entry

2019	2020	2021	2022
$169.1M	$184.2M	$236.2M	$284.1M

Importer Count

2019	2020	2021	2022
7,595	5,044	7,658	9,342

Data Source: CBP, ACE - International Trade Data System

GOAL 5

Enhance Workforce Readiness

Enhance TTB readiness and ability to adapt to meet evolving mission needs through a flexible and inclusive workplace culture that sustains a diverse, engaged, and capable workforce

Since the Bureau's inception in 2003, TTB has adopted a range of workplace flexibilities, choosing to invest resources in the workforce necessary to perform the mission rather than in overhead and infrastructure. This strategy has played a key role in TTB achieving and sustaining high performance, particularly demonstrated during the pandemic as service levels continued to improve. It has also contributed to TTB consistently being ranked among the top places to work in the Federal Government.

To increase its workforce readiness, TTB plans to build upon advances achieved and insights gained over the past several years, including those stemming from evolving stakeholder demands since the pandemic. As part of reimagining the Bureau's future physical and technological footprint, we plan to provide inviting, highly functional workspaces that promote maximum opportunities for collaboration with other TTB employees and external stakeholders, regardless of their location. This includes fully integrated videoconferencing and other collaboration tools to optimize performance in TTB's hybrid work environment. We will also proactively identify opportunities to leverage these tools to build connections and engagement across the Bureau, cultivating an inclusive culture that values diverse input and perspectives. At the same time, we will continue to identify and leverage opportunities for meaningful in-person work to foster connections for current and new employees.

In addition, TTB will support ongoing workforce development in a hybrid work environment, including by revitalizing its new employee orientation program and focusing on innovative and cost-effective delivery methods to ensure that needed training is available to the entire workforce. Further, to encourage continuous development, TTB will improve its training opportunities to build the specialized program knowledge and skills to meet current and future mission needs. TTB must also work to grow its next generation of leaders. This includes enhancing leadership development programs, from emerging leaders through executives, to develop practical leadership capabilities and the Bureau's succession pipeline.

At the same time, recent and potential future mission expansion is increasing the urgency to address longstanding challenges related to effective hiring and recruitment strategies. Like many government agencies, TTB is facing significant retention risk, losing roughly 15 percent of its total workforce since 2020. Within the next three years, another 30 percent of TTB's workforce is eligible to retire. To minimize the lost productivity and potential program gaps created by vacancies, TTB will seek to address current hiring roadblocks and improve knowledge management to ensure mission continuity. TTB will also continue mining pathways to recruit diverse talent at all levels, including by using human capital data to improve talent outreach strategies, particularly to underrepresented communities. In addition, TTB plans to leverage human capital policies and programs, such as paid internships, to attract highly qualified candidates to government service. TTB will work with agency partners to advance these and other diversity, equity, inclusion, and accessibility (DEIA) strategies through Treasury's FY 2022–2026 DEIA Strategic Plan.

Key Strategic Objectives and Indicators of Success

- **SO 6: Improve Internal Communications**

  Key Indicators: TTB FEVS Index – Internal Communications;
  Workforce Pulse Surveys

- **SO 5: Enhance Change Management Practices**

  Key Indicators: OPM FEVS Index – Performance Confidence;
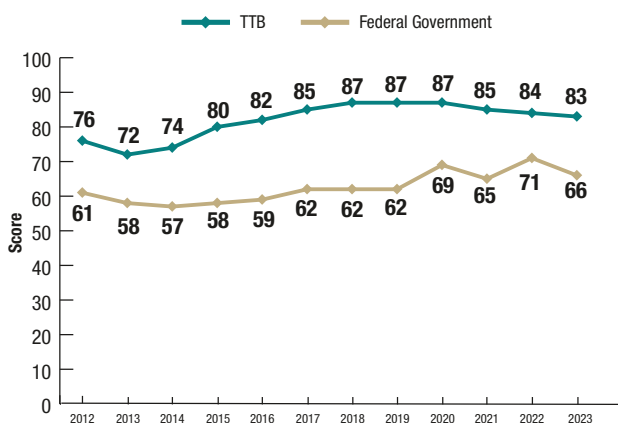 TTB FEVS Index – Change Management

- **SO 11: Optimize Organizational Capacity**

  Key Indicators: TTB FEVS Index – Employee Development/Training;
  OPM FEVS Index – Employee Engagement/Experience;
  Time to Hire;
  Supervisor Satisfaction with Hiring;
  New Hire Satisfaction (Onboarding)

- **SO 12: Strengthen Workforce Diversity and Inclusivity**

  Key Indicators: OPM FEVS Index – DEIA;
  Workplace Flexibility Use;
  Workforce and Applicant Pool Demographics;
  Attrition Rates;
  Exit Survey Scores

TTB Best Places to Work Index Score

Legend: TTB, Federal Government

TTB values: 2012: 76, 2013: 72, 2014: 74, 2015: 80, 2016: 82, 2017: 85, 2018: 87, 2019: 87, 2020: 87, 2021: 85, 2022: 84, 2023: 83

Federal Government values: 2012: 61, 2013: 58, 2014: 57, 2015: 58, 2016: 59, 2017: 62, 2018: 62, 2019: 62, 2020: 69, 2021: 65, 2022: 71, 2023: 66

TTB Best Places to Work Ranking

Legend: TTB

TTB ranking: 2012: 15, 2013: 25, 2014: 18, 2015: 7, 2016: 8, 2017: 4, 2018: 8, 2019: 4, 2020: 23, 2021: 40, 2022*: 35
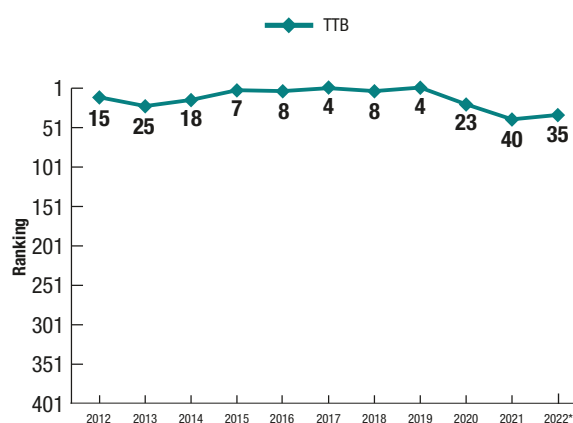
The Best Places to Work index score represents the average of three FEVS survey items related to job and organization satisfaction that indicate overall employee satisfaction. Based on these scores, TTB consistently ranks in the top 10% of Federal agency subcomponents in the Best Places to Work.

*The 2022 Best Places to Work rankings are the most current available. Detailed results are available at
www.bestplacestowork.org.

TTB Strategic Objectives

The TTB strategic objectives represent the cross-cutting, continuous improvement activities that support accomplishing TTB's mission and strategic goals. They are grouped according to the Balanced Scorecard perspective to which they align.

Customer & Stakeholder

SO 1: Improve Industry Experience

TTB aims to provide a seamless industry experience that meets quality and timeliness expectations across its business permitting, product labeling and formulation, and tax services.

- *Service Levels:* Providing timely and reliable service aids economic growth and recovery, allowing prompt entry of qualified businesses into TTB's regulated industries and ensuring smooth operations for established businesses.

- *Service Integration:* By taking an integrated approach to the overall industry experience, including call centers, web site, and online systems, TTB will streamline approval processes and further improve its services.

- *Fair & Equitable Treatment:* TTB aims to provide fair and equal treatment to all regulated industry members, including through increased consistency in its reviews and determinations.

- *Stakeholder Engagement:* Through regular engagement with industry stakeholders, TTB will endeavor to deliver services that meet evolving market needs and facilitate industry competitiveness in global trade.

SO 2: Attain High Voluntary Compliance

High rates of voluntary compliance facilitate efficient tax administration and help to avoid enforcement actions that are more costly for TTB as well as industry members.

- *Compliance Support:* With rapid industry expansion, TTB must equip industry members with the necessary tools to establish and maintain compliant operations, particularly for new small businesses that often lack dedicated compliance teams.

- *Timely & Effective Interventions:* Through effective oversight, TTB aims to address faltering compliance as soon as possible. By enhancing our ability to timely detect noncompliance, TTB aims to promptly engage taxpayers to effectively resolve compliance issues and deter future problems.

- *Reduce Submission Errors:* TTB seeks to minimize compliance errors on industry applications and filings that increase workload, delay timely service, and impede effective enforcement.

SO 3: Ensure Fair Market Competition

TTB strives to promote fair and open competition while addressing market advantages stemming from noncompliance and tax evasion. TTB maintains a level playing field by addressing prohibited trade practices, taking action against willful violators of laws and regulations, and facilitating market access for TTB-regulated businesses in the United States and abroad.

- *Improve Market Compliance:* By enforcing rules relating to unfair competition and unlawful trade practices—including in alcohol beverage labeling and advertising—TTB aims to improve competition, reduce consumer deception, and maintain a level playing field.

- *Address Tax Evasion/Fraud:* TTB will address unlawful tax evasion and fraud, which result in unfair market advantages for noncompliant taxpayers and reduce Federal revenue collections.

- *Facilitate Market Access:* Ensuring fair access to U.S. and global markets fosters economic growth and competition. TTB will improve its permit review processes to ensure that only qualified businesses are approved to enter TTB-regulated industries while also facilitating U.S. access to international markets to improve economic opportunity in global trade.

Financial Stewardship

SO 4: Optimize Resource Management & Allocation

TTB aims to optimize its resources through effective resource management and allocation practices that are informed by TTB's strategic and risk management frameworks.

- *Data-Driven Business Cases:* TTB will strengthen its data-driven business proposals to secure the funding and staff necessary to initiate and sustain investments in critical multi-year modernization efforts. TTB must also continuously renew its investment strategies to align with strategic priorities as well as opportunities and developments in its internal and external operating environment.

- *Program Efficiencies:* TTB must manage costs and maximize value through efficient program operations. With limited resources, TTB must analyze the return on every investment. This also requires properly balancing direct and indirect mission resources to maintain a lean but effective organizational profile.

- *Resource Allocation:* TTB will continue to integrate risk management and planning processes to improve its agility to realign resources to address key risks and priorities. This involves establishing a clear baseline of program requirements and accurately quantifying the effects of allocating additional resources in a transparent and objective manner.

Internal Processes

SO 5: Enhance Change Management Practices

TTB must improve its organizational resiliency to respond to rapid changes in its regulated industries and operating environment.

- *Change Management Practices:* This involves improving the methods and approaches used to plan, implement, and guide transitions or transformations within TTB. The Bureau must understand and consider both internal and external stakeholder needs and priorities to create a more structured and efficient approach to build consensus and obtain buy-in as we modernize programs.

- *Emerging Issues and Trends:* TTB will enhance its ability to identify and respond to emerging issues and industry trends. This includes technology advancements and analytical methods to support mission operations and potential expansion. TTB must also establish strong governance programs to ensure informed tradeoffs across programs and priorities.

- *Program/Knowledge Management:* To ensure continuity and consistency in program operations and to retain expertise, particularly as changes to programs and personnel occur, TTB must also maintain effective internal controls and strengthen program and knowledge management capacities.

SO 6: Improve Internal Communications

TTB benefits from a well-informed and engaged workforce. By developing and implementing improved processes and tools for internal communications, we can enhance the flow of information, promote efficiency, and ensure that decisions are communicated effectively across TTB's workforce.

- *Increase Coordination & Transparency:* Given the pace of change, TTB must prioritize increased coordination and transparency regarding key program decisions and developments across divisions and between colleagues. To ensure timely updates, TTB must improve the frequency and methods of communication to meet the evolving needs of our hybrid workforce.

- *Improve Processes:* TTB will focus on improving internal communications through developing and implementing standard processes and policies to facilitate timely and effective decision-making and information sharing.

- *Leverage Tools & Technology:* With an evolving work environment, TTB must leverage collaboration tools and platforms to facilitate efficient internal coordination and information sharing, and aid in delivering or amplifying critical workforce messaging.

SO 7: Improve Public Guidance & Outreach

TTB seeks to provide clear, timely, consistent, and comprehensive information to industry members, including through guidance and outreach, to help establish and maintain compliant operations.

- *Content Development & Maintenance:* TTB must improve its internal processes to prioritize, develop, and maintain timely guidance and information in response to key compliance findings as well as emerging issues and industry trends. This includes monitoring industry developments, anticipating issues, and responding appropriately.

- *Accessible Guidance:* This requires that TTB provides clear guidance to facilitate understanding of Federal requirements. TTB must also ensure that information is readily accessible to various audiences through TTB.gov, ensuring that compliance resources are available on-demand to industry.

- *Strategic Outreach:* TTB also aims to optimize its outreach to maximize the efficacy, reach, and impact of its engagement and education efforts, prioritizing appropriately within available resources. This includes improving and diversifying outreach channels used to engage and educate TTB stakeholders.

SO 8: Maximize Simplicity & Clarity of Regulatory Requirements

Complex, burdensome, and outdated regulatory requirements do not serve the interests of taxpayers, the public, or the government.

- *Simplify Requirements:* TTB regulations should be clear and simple, with requirements as narrowly tailored as possible to fulfill TTB's statutory responsibilities, which reduces regulatory burden and supports voluntary compliance.

- *Responsive Regulation:* TTB strives to develop policies and regulations that reflect current market conditions and industry practices. TTB will continue to engage stakeholders to inform regulatory priorities and requirements while fulfilling its statutory mandates. This includes better leveraging existing data sources, such as call center inquiries and common compliance findings, to inform its regulations and policies.

- *Better Information Collections & Data:* TTB will simplify its reporting and recordkeeping requirements to enhance its capacity to timely detect and prevent risks to revenue or regulatory compliance through the use of integrated systems and analytics.

SO 9: Advance Noncompliance Prevention, Detection, & Resolution Methods

TTB must advance the tools and techniques it employs to detect, prevent, and resolve tax and other compliance issues, particularly in light of continued industry growth and expanded jurisdiction.

- *Automate Risk Screening:* TTB will continue to integrate and automate its systems and processes to effectively screen industry submissions based on risk factors. This proactive approach aims to prevent industry noncompliance and efficiently detect and address fraud, which is more efficient for both industry and TTB than addressing issues after they occur.

- *Data-driven Enforcement:* To effectively identify and resolve tax and compliance issues when they occur, TTB must leverage data to improve risk identification and detection, engage in risk-based enforcement, and ensure that identified issues are timely resolved.

- *Improve Case Referrals & Resolution:* This requires that TTB enhance its analytics tools and enforcement processes throughout the entire case lifecycle. This includes refining initial referral procedures, streamlining the collection process, and facilitating fair and efficient case resolution.

SO 10: Improve Quality of Customer Contacts & Service

TTB aims to deliver high quality products and services within timely service standards. TTB must improve all customer touchpoints so that inquiries receive a prompt response and information provided is consistent and clear.

- *Customer Contacts:* TTB supports customers through multiple channels, offering live taxpayer assistance via TTB call centers and responding to emails and other correspondence. TTB must streamline and improve these options to ensure taxpayers, particularly small businesses, have access to answers when they need them to support compliance and operational planning.

- *Customer Notices:* TTB aims to improve the timeliness and effectiveness of taxpayer alerts and notices, ensuring that they are aware of upcoming filing requirements and due dates and flagging missed obligations quickly. This includes expanding web accessible and user-friendly "self-service" options so that taxpayers are able to quickly understand and resolve any tax or compliance issues independently.

- *Quality Reviews:* TTB industry members rely on accurate and consistent TTB determinations on their permit application and product approvals. To achieve this, TTB must improve its programs, including through maturing quality management systems, which will provide a framework for continuous service improvements.

People & Tools

SO 11: Optimize Organizational Capacity

TTB must ensure that the organization has the skills and expertise needed to succeed as well as the ability to adapt to meet new mission demands.

- *Workforce Planning & Allocation:* TTB will leverage human capital data to understand and forecast capacity needs by providing insights into workforce distribution and trends, including hiring and talent acquisition challenges. This will enable TTB management and employees to build and flex expertise in response to shifting workload demands.

- *Workforce Development:* To maintain a highly skilled workforce and build additional capabilities, TTB must continue to maximize the effectiveness and reach of its employee training and development programs, including through quality internal guidance and offering versatile training options and delivery methods suited for a hybrid audience.

- *Enhance Work Environment & Technology:* TTB must rethink our physical workspace and invest in tools and technology to support a modern and accessible work environment that is adapted to hybrid work and facilitates employee collaboration and development.

SO 12: Strengthen Workforce Diversity and Inclusivity

TTB benefits from the unique cultures, experiences, and perspectives of its workforce. The Bureau strives to create a diverse and inclusive work environment where all employees are engaged and empowered to voice ideas and elevate issues.

- *Diverse Talent Pipeline:* TTB will strengthen its workforce by recruiting and retaining diverse talent, including by increasing outreach to communities underrepresented among TTB's workforce. This will enable TTB to diversify its workforce composition and cultivate a broader range of perspectives. TTB will also focus on building and advancing people through the TTB talent pipeline, ensuring opportunities for growth and development.

- *Flexible Work Routines:* TTB will continue to embrace flexible work routines whenever possible. This approach allows us to create equitable work arrangements and expand TTB's ability to reach diverse talent, capitalizing on new operating norms that remove previous geographic boundaries.

- *Inclusive Culture:* With new work routines, TTB must also maintain a sense of community and foster authentic connections. This includes creating opportunities for meaningful in-person interaction and other intentional touchpoints that contribute to building an inclusive culture.

SO 13: Deliver Integrated System Experience

TTB aims to deliver an integrated, intuitive, and secure online experience across all interactions with TTB.

- *CX Practices:* This requires advancing customer experience (CX) practices, including user research and testing, to inform and enhance system design and usability to meet distinct customer needs.

- *Seamless Filing:* For external users, TTB seeks to provide a single online system for all required filings and applications, including enhanced features and tools to facilitate tax compliance and support first-time approvals.

- *Seamless Processing:* TTB will increase internal system integration and automation to streamline internal workflows to support the efficient and effective review and processing of industry submissions.

- *Systems Governance:* As TTB modernizes its requirements and processes, TTB must also improve its systems governance to ensure that new capabilities are appropriately prioritized and sequenced.

SO 14: Increase Data Quality & Integration

TTB needs access to quality data to drive effective policy and program decisions that optimize bureau operations, including human capital management.

- *Data Quality:* TTB relies on quality data that is complete and accurate to inform management decision-making. TTB will improve its data stewardship and governance practices to address existing data quality issues, and increase its methods to proactively identify and prevent the root causes of poor data quality. Through effective data governance, TTB will minimize gaps in data reporting or entry that impede the validity and completeness of TTB data assets.

- *Information Sharing:* To expand our data assets and better leverage Federal, state, and commercial data sources, TTB will enhance information sharing practices. This will enhance risk identification and enable TTB to validate or streamline the information requested of industry, allowing for more robust data-driven insights.

- *Integrated Data:* The Bureau must also continue to improve and integrate data sources across operations and align them with ongoing information technology modernization efforts. This integration will improve TTB's analytics and reporting environment and enable automated system checks and validations, reducing manual efforts and ensuring data accuracy and consistency.

Strategic Management Framework

Maintaining a robust strategy is vital for the efficacy of TTB, and it is also required by the Office of Management and Budget, pursuant to the Government Performance and Results Act. The Balanced Scorecard is the methodology TTB has chosen for the FY 2023 –2027 strategic plan. To execute this plan, TTB has built a robust strategic management framework around its strategic objectives, performance measures, and initiatives.

Method

The Balanced Scorecard is a planning process and framework that facilitates strategy development and implementation. It builds a strategy through a complete set of perspectives, including customers and stakeholders, financial stewardship, internal processes, and people and tools. In each perspective, TTB developed a series of objectives, or the key areas in which the Bureau needs to excel to achieve its mission and strategic goals. Each strategic objective has a set of performance goals, which are a combination of performance measures and targets. TTB can then monitor its strategy through use of a dashboard, which provides actionable data to help determine where to direct resources.

Strategy Development and Implementation

To develop its Balanced Scorecard, TTB enlisted a Core Team to develop the TTB Strategy with guidance, input, and approval from the Executive Team at key stages in the development process.

As accountability is a basic tenet of the Balanced Scorecard, TTB assigned ownership of each Strategic Objective to a Captain. These Captains form a standing Core Team to manage the Balanced Scorecard and serve as an advisory body to TTB leadership on critical Bureau projects and investments.

Strategic Management

TTB has integrated the Balanced Scorecard into its management processes through a series of tools and processes to help the Bureau actively manage its strategy and measure its progress. Two key aspects of the Balanced Scorecard tools are:
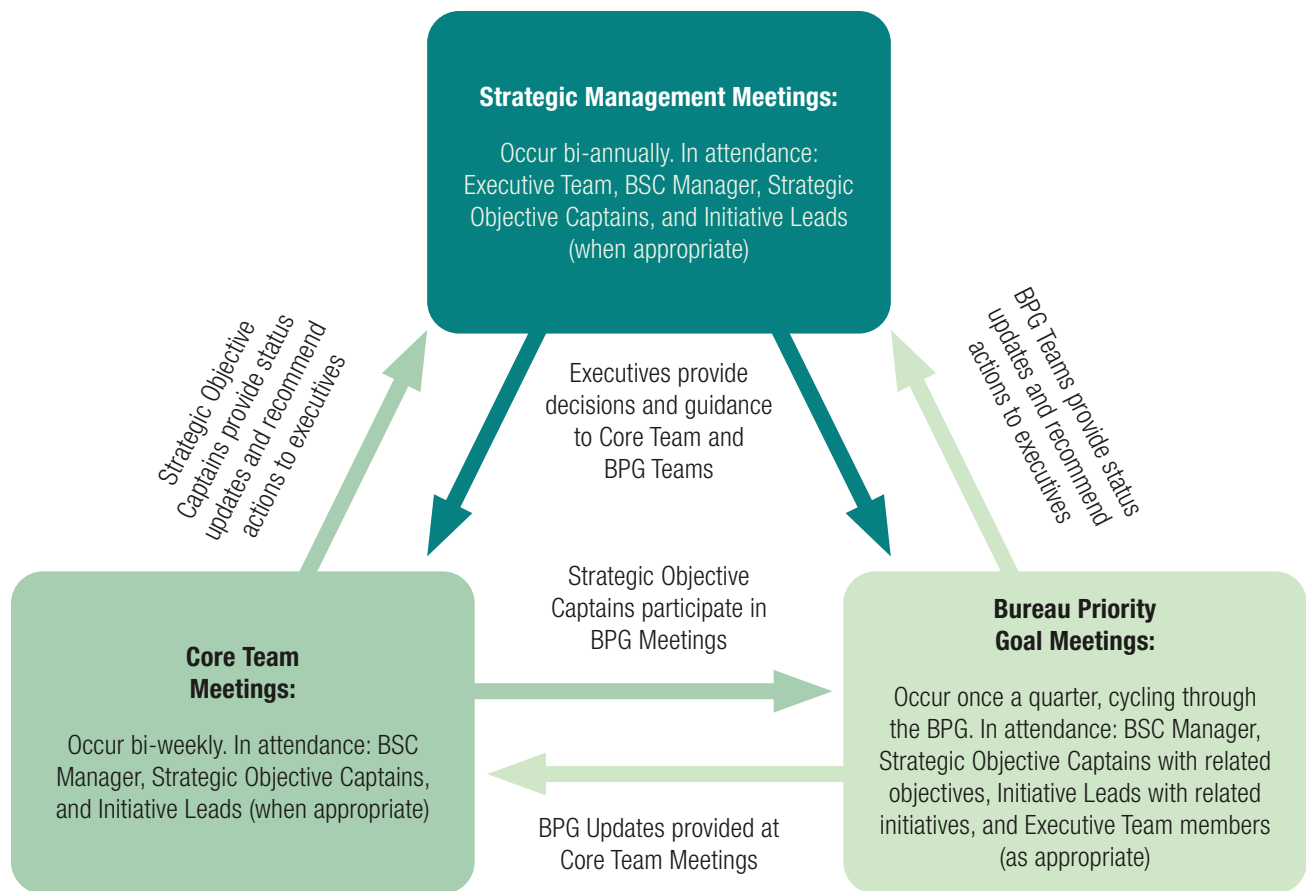
- **The Dashboard** is a visual representation of performance in each of the 14 strategic objectives. TTB assesses organizational performance based on the measures for each strategic objective. By monitoring the Dashboard, TTB can make informed decisions about where to focus resources to improve performance.

- **The Initiative Management Framework** is an organized framework through which TTB assesses proposed initiatives in the context of strategic significance. TTB's portfolio of initiatives helps the Bureau achieve its strategic priorities, objectives, and performance goals. By selecting the right initiatives, TTB should see its performance, as shown on the Dashboard, shift in a positive direction over time and in response to targeted efforts.

The framework is managed by three key groups who meet at regular intervals to plan for and execute against the strategic goals of the Bureau: Executive Team, Core Team, and Bureau Priority Goal (BPG) Teams.

Strategic Management Meetings are the opportunity for the **Executive Team** to hear recommendations for action from the **Core Team** and the **Bureau Priority Goal Teams** respectively.

The **Core Team** is responsible for understanding the current strategic state of the Bureau using performance measures and indicators that are aligned to specific objectives. In order to improve performance, initiatives are identified across the organization and are linked to that objective.

The **Bureau Priority Goal Teams** are overarching teams comprised of objective captains and initiative leads. These teams represent the highest strategic priorities for change within the Bureau. They are defined by the multi-year effort that it will take to achieve the goals for each priority. Within each BPG are a set of individual initiatives that need to be activated and worked. The purpose of the BPG is to help prioritize those initiatives and maintain common direction and criteria for achievement of the larger goal.

Strategic Management Meetings:

Occur bi-annually. In attendance: Executive Team, BSC Manager, Strategic Objective Captains, and Initiative Leads (when appropriate)

Strategic Objective Captains provide status updates and recommend actions to executives

BPG Teams provide status updates and recommend actions to executives

Executives provide decisions and guidance to Core Team and BPG Teams

Strategic Objective Captains participate in BPG Meetings

Core Team Meetings:

Occur bi-weekly. In attendance: BSC Manager, Strategic Objective Captains, and Initiative Leads (when appropriate)

Bureau Priority Goal Meetings:

Occur once a quarter, cycling through the BPG. In attendance: BSC Manager, Strategic Objective Captains with related objectives, Initiative Leads with related initiatives, and Executive Team members (as appropriate)

BPG Updates provided at Core Team Meetings

TTB SWOT Analysis

Enhancers (Helpful for achieving objectives)   **Inhibitors** (Barriers to achieving objectives)

	STRENGTHS			**WEAKNESSES**		
Internal Factors	Long history of high performance while operating with flexible work routines, and actions in progress to gain additional benefits (space savings, expanded recruitment, workforce mobility) and prevent potential drawbacks (culture, communications) High employee engagement, reinforced by supportive supervisors Ability to pivot and deliver results on critical mandates or priorities	Planning processes provide framework for priorities/ tradeoffs, but need to be reinforced	Defined regulatory modernization agenda with stakeholder support and momentum Organizational commitment and funding to support IT modernization, but pace dependent on concomitant program capacity Integrated data analytics in operations, built on solid but maturing data governance program	Too lean in program management functions, inhibiting progress in key strategies Inadequate recruitment strategies to timely hire talent, including to address skill gaps and improve diversity Gaps in quality management that can lead to inconsistent or erroneous TTB determinations, causing industry dissatisfaction	Low bench strength in key positions, contributing to burnout and retention risks, and creating obstacles to effective succession planning Insufficient policy/ guidance capacity to keep pace with industry innovation or regulatory modernization efforts Legacy IT systems inhibit data quality and process improvements	Shifting/ uncertain priorities, exacerbated by accelerated turnover in leadership positions

LESS ⟵ *MORE INFLUENCE* ⟶ *LESS*

	OPPORTUNITIES			**THREATS**		
External Factors	New legislative mandates, including potential federal cannabis legalization, if lead time and funding are adequate Renewed public health advocacy/ interest in alcohol beverage labeling, although TTB must manage expectations	Data sharing within and across agencies to improve program design/ outcomes Expanding digital services to include modern technology/ platforms Applying advanced analytics techniques, like AI, to improve operations and enforcement	Focus on maintaining equity in the tax code, including through supporting tax compliance for small businesses and taking enforcement action on high-risk large taxpayers Enhanced CX research & practices to design better services for TTB customers Improved industry outreach, including more targeted education & engagement based on taxpayer profiles (personas) and preferences	Ongoing high demand and service expectations from TTB stakeholders Increase in turnover, driven in part by broader labor market trends Ability to compete for high-demand skills, including data scientists and cybersecurity professionals	Expanding tax base of small taxpayers with little understanding of tax laws/ regulations and high non-compliance rates that undermine fair competition Changing market conditions and perceptions on competitive vs. anti-competitive practices in the alcohol beverage industry present compliance and enforcement challenges	New legislative mandates, including CBMA import jurisdiction, particularly if under resourced Tax code complexity creates enforcement challenges due to legal avoidance and exacerbates diversion Increased and evolving cyber attacks, with costs to mitigate these threats eroding mission funds

TTB Learning Agenda

Consistent with TTB's continuous improvement objectives, and pursuant to the Foundations for Evidence-Based Policymaking Act of 2018 (Public Law No. 115-435), a Learning Agenda is intended to address critical evidence gaps in our operations and mission, and encourage research to close those gaps, working within and across agencies and in public-private partnerships. The TTB Learning Agenda questions were informed by the FY 2022-2026 Treasury Strategic Plan, as well as TTB strategic management meetings, directorate risk assessments, and leadership interviews. TTB's initial critical questions are published with the TTB FY 2023-2027 Strategic Plan, and the Bureau will identify and incorporate priority areas for analysis, research, or evaluation in its annual planning processes.

A systematic approach to learning and evidence building is necessary to drive improved performance, informed decision-making, and meaningful innovation. TTB's Learning Agenda is structured by TTB goal and strategic objective and outlines key questions that TTB aims to explore and understand more deeply to guide strategic management and organizational decision-making. TTB's Learning Agenda also aligns with the Treasury FY 2022-2026 Learning Agenda, providing direct support for certain agency-level questions and advancing strategies in several objectives as noted below.

The TTB Learning Agenda is designed to be a living document that represents TTB's learning priorities. Each year, through its annual business planning process, TTB will identify a limited number of questions to answer to support a specific initiative and/or inform future initiatives. For each question, the Bureau will define the data, methods, and analytical approaches that it plans to use, including any anticipated challenges or limitations.

GOAL 1 — Facilitate Business Growth on a Level Playing Field	
Treasury Strategic Objective and Learning Agenda Question Alignment	
1.3 Economically Resilient Communities: TTB questions do not align to specific Treasury Learning Agenda questions but support strategies under this objective.	
Objective	**Learning Agenda Question**
SO 1 *Improve Industry Experience*	• How can TTB quantify a "Time Tax" for permit applicants to reflect the costs incurred while waiting for an application approval? How can TTB quantify similar costs for other application types (e.g., labels or formulas)? (See E.O. on Customer Experience for more information.)
SO 2 *Attain High Voluntary Compliance*	• What are the most common applicant errors on original permits and permit amendments and how can we address these to meet our voluntary compliance goals (e.g., through policy, guidance, Internal training, external education)?
SO 7 *Improve Public Guidance & Outreach*	• How can TTB reach prospective industry members before they apply to reduce application errors? What equity considerations, if any, should we account for in our outreach strategies?
SO 10 *Advance Noncompliance Prevention, Detection, & Resolution Methods*	• How can TTB improve its use of available data to detect high-risk permit applications and validate permit application information? • What external third-party data sources could help validate permit application information?

GOAL 2 — Facilitate Business Innovation in a Fair Marketplace	
Treasury Strategic Objective and Learning Agenda Question Alignment	
1.3 Economically Resilient Communities: TTB questions do not align to specific Treasury Learning Agenda questions but support strategies under this objective.	
Objective	**Learning Agenda Question**
SO 1 *Improve Industry Experience*	• How can TTB use trend data to predict industry growth, better meet demand, identify emerging issues, and improve service? ‣ Which data sources best predict areas of future industry growth — market, commodity, consumer trend data? ‣ To what degree does growth in one TTB application type predict growth in others (e.g., permit and label applications)? ‣ How can TTB better use this industry trend information to allocate resources to sustain consistent service levels?
SO 3 *Ensure Fair Market Competition*	• How can TTB effectively identify and quantify current or emerging practices in the marketplace that may have an anti-competitive impact on the alcohol beverage industry?
SO 7 *Improve Public Guidance & Outreach*	• What data sources can TTB use to identify and inform responses to policy or guidance gaps? • What is the most effective mix of tools and platforms to provide outreach to improve compliance? • How can TTB design customized guidance/outreach strategies by taxpayer profiles, particularly to support voluntary compliance for new permittees?

GOAL 3 — Improve Taxpayer Experience and Tax Administration	
Treasury Strategic Objective and Learning Agenda Question Alignment	
1.1 Tax Administration and Policy: How can the IRS/TTB address taxpayer needs and preferences to deliver a better taxpayer experience?	
1.1 Tax Administration and Policy: How can the IRS/TTB use information reporting, artificial intelligence, data, and advanced analytic techniques to reduce the tax gap, improve compliance, and diminish repeat noncompliance?	
Objective	**Learning Agenda Question**

SO 1
Improve Industry Experience
	• What are the most effective methods to facilitate filing compliance by small business taxpayers?
	
	  • To what degree does filing burden correlate to filing compliance?
	
	  • To what degree does filing method (paper or electronic) correlate to filing compliance?
	
	  • To what degree do filing reminders and/or taxpayer notices regarding late filings correlate to future compliance?
	
	• How can TTB design taxpayer notices to elicit the desired response and/or a change in filing behavior by TTB taxpayers?

SO 2
Attain High Voluntary Compliance
	• How can TTB better identify and address active non-filers who present a high revenue risk in its taxpayer population?
	
	  • What is the composition of the non-filer population (size, commodity, age of permit, filing history)?
	
	  • How can TTB distinguish non-filers who continue to operate from non-filers who are out of business?
	
	  • How can TTB distinguish non-filers with significant unpaid tax liability from non-filers with no or minimal tax liability?
	
	• How can TTB identify and work with high-risk taxpayers before they fall out of compliance?
	
	• Is there a relationship between non-compliance across TTB programs (e.g., product and tax compliance) and, if so, how strongly correlated are those relationships?

SO 3 _Ensure Fair Market Competition_	• How can TTB use other types of tax filings to detect excise tax evasion/fraud more efficiently (e.g., individual, corporate, and/or state filings)?

GOAL 4 — Ensure Access to Tax Refunds for Eligible Businesses	

Treasury Strategic Objective and Learning Agenda Question Alignment

1.1 Tax Administration and Policy: How can the IRS/TTB address taxpayer needs and preferences to deliver a better taxpayer experience?

1.1 Tax Administration and Policy: How can the IRS/TTB simplify interactions for taxpayers, such as providing more self-service options, improving processes for filing, responding to audit notices or examinations, correcting returns, and remitting payments?

Objective	Learning Agenda Question
SO 7 *Improve Public Guidance & Outreach*	• How can TTB better identify and reach domestic taxpayers who are eligible for CBMA reduced tax rates and credits but not receiving these benefits?
SO 14 *Increase Data Quality & Integration*	• Which TTB taxpayers are members of controlled groups (domestic, foreign, or both) and how can TTB efficiently determine eligibility and correct application of reduced tax rates and credits across controlled group members?

GOAL 5 — Enhance Workforce Readiness	

Treasury Strategic Objective and Learning Agenda Question Alignment

5.1 Recruit and Retain a Diverse and Inclusive Workforce and 5.2 Future Work Routines:
TTB questions do not align to specific Treasury Learning Agenda questions but support strategies under these objectives.

Objective	Learning Agenda Question
SO 11 *Optimize Organizational Capacity*	• Where is attrition occurring within TTB (including by division, job series, grade, and supervisory status) and how can TTB more accurately project attrition to improve workforce planning? • How long past retirement eligibility are retirement-eligible employees staying and how has this trended over time? • How can TTB reduce delays and likelihood of non-selection in the hiring process? How does expanding geographic recruitment opportunities affect hiring outcomes, including hire times and applicant pools (volume and quality)?
SO 12 *Strengthen Workforce Diversity and Inclusivity*	• How can TTB increase diversity in its workforce to increase employee engagement, improve program outcomes, and design services that provide a better customer experience for internal and external stakeholders?

TTB and Treasury Strategic Plan Alignment

TREASURY GOAL	TREASURY OBJECTIVE	TTB STRATEGIC GOAL/OBJECTIVE
GOAL 1: Promote Equitable Economic Growth and Recovery	**Objective 1.1. Tax Administration and Policy:** Enhance tax compliance and service; improve tax policy design.	**TTB Goal 3:** Improve Taxpayer Experience and Tax Administration
		TTB Goal 4: Ensure Access to Tax Refunds for Eligible Businesses
	Objective 1.2. Global Economic Leadership: Generate sustainable and inclusive global economic growth.	**TTB SO 3:** Ensure Fair Market Competition
	Objective 1.3. Economically Resilient Communities: Promote equitable financial recovery and growth through support and flow of capital to small businesses, households and underserved communities.	**TTB Goal 1:** Facilitate Business Growth on a Level Playing Field
		TTB Goal 2: Facilitate Business Innovation in a Fair Marketplace
GOAL 2: Enhance National Security	**Objective 2.1. Cyber Resiliency of Financial Systems and Institutions:** Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.	**TTB SO 13:** Deliver Integrated System Experience
GOAL 4: Combat Climate Change	**Objective 4.4. Sustainable Treasury Operations:** Improve Treasury's overall environmental and energy sustainability and invest in Treasury Bureau's adaptation and resiliency efforts to address climate change impact on operations and services.	**TTB SO 11:** Optimize Organizational Capacity
GOAL 5: Modernize Treasury Operations	**Objective 5.1. Recruit and Retain a Diverse and Inclusive Workforce:** Recruit and retain a diverse workforce that represents communities Treasury serves.	**TTB Goal 5:** Enhance Workforce Readiness
	Objective 5.2. Future Work Routines: Transform the Department's work routines to support changing mission and workforce needs.	
	Objective 5.3. Better use of Data: Increase timely access to and use of quality data and other types of evidence to inform decision-making.	**All TTB Goals**
	Objective 5.4. Customer Experience Practices: Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.	