

Exhibit 300 (BY2010)

PART ONE

OVERVIEW

1. Date of Submission:
2009-04-10

2. Agency:
015

3. Bureau:
45

4. Name of this Capital Asset:
Modernized e-File (MeF)

5. Unique Project Identifier:
015-45-01-14-01-2535-00

6. What kind of investment will this be in FY2010?
Mixed Life Cycle

7. What was the first budget year this investment was submitted to OMB?
FY2003

8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.

The Modernized e-file (MeF) Program has developed a secure, web-based platform for filing tax and information returns electronically by registered Electronic Return Originators (ERO). This system uses a browser-based and application-to-application solution to provide ERO end users with improved functionality over the legacy e-file system. MeF supports the IRS regulations that require large corporations and tax-exempt organizations at a specific asset threshold to electronically file their tax returns or annual information returns. It improves filing and processing efficiency by using a standard Extensible Markup Language (XML). Standardization through XML presents opportunities for private-sector partners to incorporate additional forms within the free-file program and broaden services available to individual Businesses and Exempt Organizations by reducing the handling/mailling of voluminous paper returns which sometimes exceed 700 attachments/schedules. The IRS IT Modernized Vision and Strategy lists MeF as one of the four pillars of Modernization. It supports the Treasury and IRS strategic goals by effectively and efficiently using resources to optimize return filing, expands e-Government and reduces taxpayer burden. MeF supports the Presidents Management Agenda initiatives to improve the federal government's use of the Web by reducing the reporting burden on business and providing inter-agency use though implementation of the Excise Tax E-File and Compliance (ETEC) process. ETEC functionality supports reporting and electronic filing of various forms and includes a data store and application supporting compliance activities by automating the sharing of authorized payment verification information with state vehicle registration offices. MeF has deployed multiple releases providing the ability to file many business tax returns; exempt organization returns (E-Postcard) and implements the Federal/State e-filing system. MeF is implementing plans to migrate the current e-filing of Form 1040 by 2011 and future modernization efforts will migrate the current legacy 94X system to the MeF platform. These efforts will support the future retirement of the Electronic Management System (EMS). Without BY10 funding, MeF is at risk of not supporting operational and maintenance demands, legislative changes, customer requirements and systems enhancements which may result in a reduction of productivity and customer satisfaction.

9. Did the Agency's Executive/Investment Committee approve this request?
yes

9. a. If "yes," what was the date of this approval?
2007-08-16

10. Did the Program/Project Manager review this Exhibit?
yes

11. Program/Project Manager Name:
Henby, Ramona

Program/Project Manager Phone:
(202) 283-5383

Program/Project Manager Email:

ramona.c.henby@irs.gov

11. a. What is the current FAC-P/PM certification level of the project/program manager?

New Program Manager

11. b. When was the Program/Project Manager Assigned?

2008-04-13

11. c. What date did the Program/Project Manager receive the FACP/PM certification? If the certification has not been issued, what is the anticipated date for certification?

2009-04-13

12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.

no

12. a. Will this investment include electronic assets (including computers)?

yes

12. b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)

no

13. Does this investment directly support one of the PMA initiatives?

yes

If yes, select the initiatives that apply:

Expanded E-Government

13. a. Briefly and specifically describe for each selected how this asset directly supports the identified initiative(s)? (e.g. If E-Gov is selected, is it an approved shared service provider or the managing partner?)

MeF supports all 3 strategies for Expanded Electronic Government within the President's Management Agenda as the managing partner for the following strategies: - Government-to-Citizen: The EZ Tax Filing Initiative makes it easier for citizens to file taxes in a web-enabled environment. - Government to Business: Expand electronic tax products for businesses by increasing the availability of electronic tax filing. - Government to Government: Provide intra government information sharing.

14. Does this investment support a program assessed using the Program Assessment Rating Tool (PART)?

yes

14. a. If yes, does this investment address a weakness found during the PART review?

yes

14. b. If yes, what is the name of the PARTed program?

10001120 - Internal Revenue Service Submission Processing

14. c. If yes, what rating did the PART receive?

Moderately Effective

15. Is this investment for information technology?

yes

16. What is the level of the IT Project (per CIO Council's PM Guidance)?

Level 2

17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)

(1) Project manager has been validated as qualified for this investment

18. Is this investment identified as high risk on the Q4 - FY 2008 agency high risk report (per OMB memorandum M-05-23)?

no

19. Is this a financial management system?

no

19. a.2. If no, what does it address?

The investment offers business & individual taxpayers an electronic alternative to paper tax returns. The investment contributes significantly to a cost savings of over \$2 per return for those filed electronically. The error rate for electronically filed returns is less than 1%.

20. What is the percentage breakout for the total FY2010 funding request for the following? (This should total 100%)

Area	Percentage
Hardware	1
Software	1
Services	95

Other	3
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21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?
yes

22. Contact information of individual responsible for privacy related questions.

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Title

Management and Program Analyst

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23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?

yes

24. Does this investment directly support one of the GAO High Risk Areas?

yes

SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

Cost Type	Py-1 & Earlier -2007	PY 2008	CY 2009	BY 2010
Planning Budgetary Resources	0.000	0.000	5.185	30.214
Acquisition Budgetary Resources	0.000	0.000	15.499	23.335
Maintenance Budgetary Resources	0.000	0.000	4.794	5.464
Government FTE Cost	0.000	0.000	19.496	11.783
# of FTEs	0	0	114	117

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

3. If the summary of spending has changed from the FY2009 President's budget request, briefly explain those changes.

FY2009 summary of spending was reduced by \$8.211M because funding from external sources, Enforcement and Taxpayer Services, could not be verified.

PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures (indicators) must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative measure.

Agencies must use the following table to report performance goals and measures for the major investment and use the Federal Enterprise Architecture (FEA) Performance Reference Model (PRM). Map all Measurement Indicators to the corresponding Measurement Area and Measurement Grouping identified in the PRM. There should be at least one Measurement Indicator for each of the four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov. The table can be extended to include performance measures for years beyond the next President's Budget.

	Fiscal Year	Strategic Goal Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
1	2009	Management and Organizational Excellence	Mission and Business Results	Taxation Management	Total cost savings from electronically filed tax returns	\$2 * 3.495M returns saves \$6.990M	\$8.25M saved	
2	2009	Management and Organizational Excellence	Customer Results	New Customers and Market Penetration	Percentage of electronically filed business tax returns	18.94%	22%	
3	2009	Management and Organizational Excellence	Processes and Activities	Errors	Error rate for electronically filed tax returns	8% error rate	8%	
4	2009	Effectively Managed U.S. Government Finances	Technology	Availability	Hours per week of system availability	160	161.25	
5	2010	Management and Organizational Excellence	Mission and Business Results	Taxation Management	Total cost savings from electronically filed tax returns	\$2 *4.125M returns saves \$8.25M	\$9.73M saved	
6	2010	Management and Organizational Excellence	Customer Results	New Customers and Market Penetration	Percentage of electronically filed tax returns	22%	26%	
7	2010	Management and Organizational Excellence	Processes and Activities	Errors	Error rate for electronically filed tax returns	8%	8%	
8	2010	Effectively Managed U.S. Government Finances	Technology	Availability	Hours per week of system availability	161.25	162	
9	2011	Management	Mission and	Taxation	Total cost	\$2	\$11.48M saved	

		and Organizational Excellence	Business Results	Management	savings from electronically filed tax returns	*4.865M returns saves \$9.73M		
10	2011	Management and Organizational Excellence	Customer Results	New Customers and Market Penetration	Percentage of electronically filed tax returns	26%	30%	
11	2011	Management and Organizational Excellence	Processes and Activities	Errors	Error rate for electronically filed tax returns	8%	8%	
12	2011	Effectively Managed U.S. Government Finances	Technology	Availability	Hours per week of system availability	162	162	
13	2012	Management and Organizational Excellence	Mission and Business Results	Taxation Management	Total cost savings from electronically filed tax returns	\$2 *5.74M returns saves \$11.48M	\$13.546M saved	
14	2012	Management and Organizational Excellence	Customer Results	New Customers and Market Penetration	Percentage of electronically filed tax returns	30%	34%	
15	2012	Management and Organizational Excellence	Processes and Activities	Errors	Error rate for electronically filed tax returns	8%	8%	
16	2012	Effectively Managed U.S. Government Finances	Technology	Availability	Hours per week of system availability	162	162	

Enterprise Architecture

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?
yes
2. Is this investment included in the agency's EA Transition Strategy?
yes
 2. a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.
Modernized e-File (MeF)
3. Is this investment identified in a completed (contains a target architecture) and approved segment architecture?
no
 3. a. If yes, provide the six digit code corresponding to the agency segment architecture. The segment architecture codes are maintained by the agency Chief Architect.
180-000

4. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Customer / Account Management	Taxpayers and other stakeholders can submit tax returns and receive acknowledgements through a web portal	Customer Relationship Management	Customer / Account Management			No Reuse	40
2	Tax Account Management Business Logic	Manages the electronic or paper capture of taxpayer specific data	Data Management	Data Exchange			No Reuse	30
3	Legacy Integration	MeF interfaces with systems in the legacy architecture (GMF).	Development and Integration	Legacy Integration			No Reuse	20
4	Enterprise Application Integration	MeF tracks system performance and usage in addition to the submission of tax returns.	Development and Integration	Enterprise Application Integration			No Reuse	10

5. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Customer / Account Management	Service Platform and Infrastructure	Delivery Servers	Web Servers	IBM x250 Servers
2	Data Exchange	Service Access and Delivery	Service Transport	Service Transport	HTTPS/SSL over Internet
3	Data Exchange	Service Access and Delivery	Access Channels	Web Browser	Microsoft Internet Explorer
4	Data Exchange	Service Access and Delivery	Access Channels	Other Electronic Channels	HTTPS/SSL over Internet

5	Data Exchange	Service Platform and Infrastructure	Hardware / Infrastructure	Servers / Computers	Sun Fire v880 Servers
6	Data Exchange	Service Platform and Infrastructure	Hardware / Infrastructure	Embedded Technology Devices	RAID
7	Data Exchange	Component Framework	Data Interchange	Data Exchange	FTP
8	Data Exchange	Service Interface and Integration	Integration	Middleware	MQ-Series/FTP
9	Legacy Integration	Service Interface and Integration	Interoperability	Data Format / Classification	XML
10	Enterprise Application Integration	Service Interface and Integration	Integration	Enterprise Application Integration	Transformation and Formatting

PART TWO

RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

yes

1. a. If yes, what is the date of the plan?

2008-05-28

1. b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

yes

1.C. If yes, describe any significant changes:

Changes in the sequencing plan.

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule:

This project is an application that is currently classified as mixed-life cycle with enhancements based on Unified Work Requests (WRs) from its W&I customers. Under these WRs, EMS is requested to perform legislative changes and minor enhancements to applications. EMS adjusts the life cycle cost estimates and investment schedule for potential risks (i.e., cost of fixes and application rework) in the Project Impact Statements that are developed as responses to each of the Work Requests that are received and accepted. Both the life cycle cost estimate and schedule include a risk reserve to cover the possibility of any risk coming to fruition. Item Tracking Reporting and Control (ITRAC) is used to record and track all risks, issues, and action items for the MEF project. A recent copy of the ITRAC Risk Detail Report is attached. (MeF Risk Detail_20070717.doc)

COST & SCHEDULE

1. Does the earned value management system meet the criteria in ANSI/EIA Standard 748?

yes

2. Is the CV% or SV% greater than $\hat{A} \pm 10\%$?

no

3. Has the investment re-baselined during the past fiscal year?

yes

3. a. If yes, when was it approved by the agency head?

2007-09-11