

Exhibit 300 (BY2009)

PART ONE	
OVERVIEW	
1. Date of Submission:	2007-09-10
2. Agency:	015
3. Bureau:	45
4. Name of this Capital Asset:	Modernized e-File (MeF)
5. Unique Project Identifier:	015-45-01-14-01-4692-00
<i>6. What kind of investment will this be in FY2009?</i>	
Mixed Life Cycle	
<i>7. What was the first budget year this investment was submitted to OMB?</i>	
FY2003	
<i>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.</i>	
<p>The MeF project has developed the modernized web-based platform for filing tax and information returns electronically through the Internet via registered Electronic Return Originators (EROs) and makes improvements in filing and processing efficiency through integration and standardization utilizing an Extensible Markup Language (XML) based system. The Restructuring and Reform Act of 1998 (RRA 98) included the establishment of a policy that recommended e-filing as the preferred and most convenient means of filing Federal tax and information returns. The MeF Project has deployed Releases 1, 2, and 3.1., 3.2, and 4a and 4b. These provide the ability to file Forms 1120, 1120S, 990, 990EZ, 1065, and the Federal/State e-filing System. In January 2005, the IRS released regulations that will require some tax-exempt organizations and corporations to file their returns electronically beginning in 2006. The filing requirements will increase in 2007. These requirements are dependant on the continued success of MeF. In 2008, MeF will accept electronic information returns from tax exempt organizations with less than \$25,000 in annual receipts. This electronic return will have eleven data elements and will be called the "E-Postcard." Subsequent releases will develop Form 1120F, conduct engineering studies and enhancements (Release 5), and replace the current e-filing system for filing Form 1040 by 2011 (Releases 6-8). In the summer of 2006, the MeF Program created a MeF Sequencing Strategy to incorporate high priority returns within the MeF Program. The sequencing was formally approved on 1/11/07 through the Modernization Information & Technology (MITS) Enterprise Governance (MEG). This new strategy is awaiting OMB approval of a baseline change request.</p>	
<i>9. Did the Agency's Executive/Investment Committee approve this request?</i>	
yes	
<i>9.a. If "yes," what was the date of this approval?</i>	
2007-08-16	
<i>10. Did the Project Manager review this Exhibit?</i>	
yes	
<i>11. Project Manager Name:</i>	
Nesbit, Sr., Kenneth	
<i>Project Manager Phone:</i>	
202-283-6705	
<i>Project Manager Email:</i>	
Srkenneth.w.nesbit@irs.gov	
<i>11.a. What is the current FAC-P/PM certification level of the project/program manager?</i>	
TBD	
<i>12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.</i>	

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?	
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 2007 agency high risk report (per OMB memorandum M-05-23)?	
yes	
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 FY2008 funding request for the following? (This should total 100%)	
Hardware	4
Software	3
Services	84
Other	9
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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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

	PY-1 & Earlier	PY	CY
	-2006	2007	2008
Planning Budgetary Resources	25.709	0.000	28.017
Acquisition Budgetary Resources	200.203	39.912	35.761
Maintenance Budgetary Resources	4.729	1.960	1.904
Government FTE Cost	28.445	16.328	20.367
# of FTEs	237	136	170

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?

Yes

2.a. If "yes," how many and in what year?

An increase of 3 FTEs in 2008 for the added 1120F processing and engineering enhancements, and 3 FTEs in 2010 followed by 34 more FTEs in 2011 for the addition of Form 1040 processing (in three phases).

3. If the summary of spending has changed from the FY2008 President's budget request, briefly explain those changes.

There were various modifications to the budget, schedule, and scope as a result of major programmatic changes and the available funding. Release 5 was modified to implement Form 1120F and to conduct engineering enhancements instead of implementing Forms 1041 & 1065. This measure was approved by the program governance to prepare for the Form 1040 and to support the corporate return e-filing initiatives. Release 6, which was planned as the full implementation of the

Form 1040, was broken into 3 releases using a phased-in approach for Form 1040. This strategy was used to reduce risk to the government and its stakeholders. A full MeF Sequencing Strategy for the remaining business returns, including Forms 1041, 1065, 990T, and others was approved on 1/7/2007 by Modernization Executive Governance (MEG) Committee for inclusion in this E300. A baseline change request was submitted on 2/10/2007. This BCR is pending approval by Treasury and OMB.

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 FY 2009.

	Fiscal Year	Strategic Goal Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
1	2007	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Mission and Business Results	Taxation Management	Reduce costs related to tax return processing by providing a reliable electronic alternative to the paper tax return. Each electronically filed tax return save over \$2.	\$2 * 82,992,670 electronically filed tax returns saved \$165,985,340.	\$182,436,400 saved	\$182,500,000 saved
2	2007	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Customer Results	New Customers and Market Penetration	Increase the number of of electronically filed tax returns by at least 2.5%	35.92% of all returns were filed electronically	38.68%	38.68%
3	2007	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Processes and Activities	Errors	Maintain an error rate for electronically filed tax returns that is less than 1%.	1% error rate	0.9% error rate	.9%
4	2007	Manage the U.S. Government's Finances Effectively	Technology	Availability	Operate the application so schedule downtime is less than 1.5%	1.5% scheduled downtime	1.2% scheduled downtime	1.2%

					of scheduled availability.			
5	2008	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Mission and Business Results	Taxation Management	Reduce costs related to tax return processing by providing a reliable electronic alternative to the paper tax return. Each electronically filed tax return save over \$2.	\$2 * 91,218,200 electronically filed tax returns saves \$182,436,400.	\$198,864,600 saved	
6	2008	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Customer Results	New Customers and Market Penetration	Increase the number of of electronically filed tax returns by at least 2.5%	38.68 % of all returns were filed electronically	41.43%	
7	2008	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Processes and Activities	Errors	Maintain an error rate for electronically filed tax returns that is less than 1%.	0.9% error rate	0.85% error rate	
8	2008	Manage the U.S. Government's Finances Effectively	Technology	Availability	Operate the application so schedule downtime is less than 1.5% of scheduled availability.	1.2% scheduled downtime	1.15% scheduled downtime	
9	2009	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Mission and Business Results	Taxation Management	Reduce costs related to tax return processing by providing a reliable electronic alternative to the paper tax return. Each electronically filed tax return save over \$2.	\$2 * 99,432,300 electronically filed tax returns saves \$198,864,600	\$212,456,800 saved	
10	2009	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management	Customer Results	New Customers and Market Penetration	Increase the number of of electronically filed tax returns by at least 2.5%	41.43% of all returns were filed electronically	43.54%	

		and Conduct of the Depart. of Treasury						
11	2009	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Processes and Activities	Errors	Maintain an error rate for electronically filed tax returns that is less than 1%.	0.85% error rate	0.8% error rate	
12	2009	Manage the U.S. Government's Finances Effectively	Technology	Availability	Operate the application so schedule downtime is less than 1.5% of scheduled availability.	1.15% scheduled downtime	1.1% scheduled downtime	
13	2010	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Mission and Business Results	Taxation Management	Reduce costs related to tax return processing by providing a reliable electronic alternative to the paper tax return. Each electronically filed tax return save over \$2.	\$2 * 106,228,400 electronically filed tax returns saves \$212,456,800.	\$224,404,600 saved	
14	2010	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Customer Results	New Customers and Market Penetration	Increase the number of of electronically filed tax returns by at least 2.5%	43.54% of all returns were filed electronically.	45.26%	
15	2010	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Depart. of Treasury	Processes and Activities	Errors	Maintain an error rate for electronically filed tax returns that is less than 1%.	0.75% error rate	0.7% error rate	
16	2010	Manage the U.S. Government's Finances Effectively	Technology	Availability	Operate the application so schedule downtime is less than 1.5% of scheduled availability.	1.05% scheduled downtime	1% scheduled downtime	

EA

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?

yes

3.a. If yes, provide the name of the segment architecture as provided in the agency's most recent annual EA Assessment.

Enterprise Transition Plan, Volume 1: Enterprise Transition Strategy (IRS)

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

6. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

no

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?

2007-05-21

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?

no

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

no

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

no