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#2**TELEPHONES: The IRS Needs to Modernize the Way It Serves Taxpayers Over the Telephone, Which Should Become an Essential Part of an Omnichannel Customer Service Environment****RESPONSIBLE OFFICIAL**

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TAXPAYER RIGHTS IMPACTED¹

- *The Right to Be Informed*
- *The Right to Quality Service*
- *The Right to a Fair and Just Tax System*

DEFINITION OF PROBLEM

Taxpayers have the *right to quality service*, and expect the IRS to answer their questions and assist with resolving their tax problems.² Despite the IRS's efforts to direct taxpayers to use its online services for assistance, many taxpayers are unwilling or unable to use these resources and still depend on more personal forms of communication. The IRS has steadily decreased the availability of face-to-face assistance at Taxpayer Assistance Centers (TACs),³ leaving taxpayers with few other options for communicating with the IRS, such as writing a letter or making a phone call.⁴

Each year, the IRS receives over 95 million telephone calls on its toll-free lines.⁵ It reported higher service levels during fiscal year (FY) 2017, including an increase in the level of service (LOS) on its Accounts Management (AM) lines from 53 percent in FY 2016 to 77 percent in FY 2017.⁶ However, service was not consistently high across channels, as the LOS on its Consolidated Automated Collection Service (ACS) lines dropped from 70 percent in FY 2016 to just 47 percent in FY 2017.⁷ The IRS does

- 1 See Taxpayer Bill of Rights (TBOR), www.TaxpayerAdvocate.irs.gov/taxpayer-rights. The rights contained in the TBOR are now listed in the Internal Revenue Code (IRC). See Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Division Q, Title IV, § 401(a) (2015) (codified at IRC § 7803(a)(3)).
- 2 IRS Restructuring and Reform Act of 1998 (RRA 98) § 3705(d), 105 Pub. L. No. 206, 112 Stat. 777 ("The Secretary of the Treasury or the Secretary's delegate shall provide, in appropriate circumstances, on telephone helplines of the Internal Revenue Service an option for any taxpayer to talk to an Internal Revenue Service employee during normal business hours. The person shall direct phone questions of the taxpayer to other Internal Revenue Service personnel who can provide assistance to the taxpayer."). See also RRA 98 § 3709, 105 Pub. L. No. 206, 112 Stat. 779.
- 3 See Most Serious Problem: *Taxpayer Assistance Centers (TACs): Cuts to IRS Walk-In Sites Have Left the IRS With a Substantially Reduced Community Presence and Have Impaired the Ability of Taxpayers to Receive In-Person Assistance*, *infra*.
- 4 National Taxpayer Advocate 2015 Annual Report to Congress 3-13 (Most Serious Problem: *Taxpayer Service: The IRS Has Developed a Comprehensive "Future State" Plan That Aims to Transform the Way It Interacts With Taxpayers, But Its Plan May Leave Critical Taxpayer Needs and Preferences Unmet*).
- 5 IRS, Joint Operations Center (JOC), *Snapshot Reports: Enterprise Snapshot* (final week of each fiscal year (FY) for FY 2008 through FY 2017) (showing telephone call volumes exceeding 95 million in every year).
- 6 IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (week ending Sept. 30, 2017).
- 7 *Id.* The Consolidated Automated Collection Service (ACS) reporting included both ACS product lines in FY 2016 and included both ACS lines and the Installment Agreement/Balance Due lines in FY 2017).

not expect a high LOS in FY 2018, anticipating overall LOS below 40 percent.⁸ Thus, in FY 2018, only four out of ten taxpayers calling to reach a live assistor will succeed.

The IRS's planned "Future State Initiative" asserts that taxpayers should "expect the same level of service when dealing with the IRS in the future as they have now from their financial institution or a retailer."⁹ However, comparing the performance of IRS call centers to those in the private sector or even call centers at other government agencies demonstrates that IRS telephone service falls short of industry standards.

In fiscal year 2018, only four out of ten taxpayers calling to reach a live assistor will succeed.

To meet the industry standard, the IRS must treat telephone service as an essential part of an omnichannel service environment — one that enables taxpayers to engage with the IRS through the channel of their choice and be heard.¹⁰ To create an omnichannel environment, the IRS must ensure all channels of communication are alive, active, and interconnected, instead of advancing one means of communication while neglecting others.

The National Taxpayer Advocate remains concerned that the IRS is treating its telephone operations as a dying relic of taxpayer service as it moves forward with its plan to substantially reduce telephone interactions with taxpayers and rely instead on more web-based services and tax practitioners.¹¹ This approach allows the IRS to focus on the channels of communication it prefers, but not where taxpayers might find the best form of assistance. The IRS's "Future State" approach to taxpayer service lacks a comprehensive strategy that:

- Advances its telephone service as an integral part of an omnichannel customer service environment;
- Incorporates additional call quality measures to assess a taxpayer's overall experience and ability to resolve issues on a call;¹²
- Implements best practices for accuracy-related oversight and incorporates metrics to evaluate its telephone assistors' rates of satisfaction and engagement in the work they perform;¹³ and
- Upgrades its outdated phone hardware technology to provide alternatives to waiting in a calling queue, improved call routing features, and more extensive services to taxpayers.¹⁴

8 IRS, Wage & Investment (W&I), *Business Performance Review* (BPR) 4 (Nov. 9, 2017).

9 IRS, *Future State Initiative* (Aug. 27, 2017), <https://www.irs.gov/newsroom/future-state-initiative>.

10 For a discussion of telephone service measures, see *Literature Review: Improving Telephone Service Through Better Quality Measures*, vol. 2, *infra*.

11 The IRS reports that its focus will continue towards providing options for qualified customers online to reduce the need for telephone contact. IRS response to TAS information request (Nov. 29, 2017). See also National Taxpayer Advocate 2015 Annual Report to Congress 3-13 (Most Serious Problem: *Taxpayer Service: The IRS Has Developed a Comprehensive "Future State" Plan That Aims to Transform the Way It Interacts With Taxpayers, But Its Plan May Leave Critical Taxpayer Needs and Preferences Unmet*).

12 See *Literature Review: Improving Telephone Service Through Better Quality Measures*, vol. 2, *infra*.

13 *Id.*

14 The percentage of IRS IT hardware in service beyond its useful life rose steadily from 40 percent at the start of FY 2013 to 64 percent at the start of FY 2017. See Treasury Inspector General for Tax Administration (TIGTA), Ref. No. 2017-20-051, *Sixty-four Percent of the Internal Revenue Service's Information Technology Infrastructure Is Beyond Its Useful Life* (Sept. 2017).

ANALYSIS OF PROBLEM

Background

The IRS tracks the total number of calls it receives on its toll-free assistance lines, which is known as the “Enterprise Total”. Calls to the AM telephone lines account for over 75 percent of all “Enterprise Total” calls annually, and are where taxpayers go for answers to tax law and account inquiries.¹⁵ The rest are a combination of calls to the Consolidated ACS lines, which include most of the IRS’s compliance service operations, and other low-volume telephone lines.¹⁶ Depending on which telephone number the taxpayer calls and how the caller responds to the prompts he or she encounters, the call may be routed to a Customer Service Representative (CSR) and categorized as an “Assistor Answered Call,” or the call may be handled by the IRS’s automated processes.

When the IRS reports on the services it provides over the telephone, it typically uses the CSR LOS as the measure of taxpayer access to an assistor.¹⁷ The IRS reported its overall LOS increased from FY 2016 to FY 2017, particularly during filing season.¹⁸ However, this increase should not be taken as evidence of fundamental improvement in the IRS’s ability to provide service to taxpayers over the telephone.¹⁹ Over the years, the IRS’s approach to telephone service has been to switch resources from one group of phone lines to another, essentially plugging the holes and masking underlying problems.²⁰ While AM lines had a higher LOS in FY 2017, AM telephone assistors actually answered fewer calls than in 2016 despite having more telephone assistors available.²¹ In 2017, the Installment Agreement/Balance Due line, which received over 8.6 million calls in FY 2017, was moved from the AM umbrella to be grouped instead with the IRS’s Consolidated ACS lines.²² While the IRS increased the amount of telephone assistors available on its Consolidated ACS lines in FY 2017,²³ the demand on those lines rose

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15 IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (week ending Sept. 30, 2017); IRM 21.1.1.1.3 (Oct. 1, 2017).

16 *Id.*

17 The IRS’s formula for determining LOS is more complex than just number of calls received divided by number of calls answered. The Customer Service Representative (CSR) Level of Service (LOS) formula is: (Assistor Calls Answered + Automated Calls Answered (Info Messages)) divided by (Assistor Calls Answered + Automated Calls Answered (Info Messages) + Emergency Closed + Secondary Abandons + (Add either Calculated Busy Signal OR Network Incompletes) + (Add either Calculated Network Disconnects OR Total Disconnects)). IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (week ending Sept. 30, 2017). Note that CSR LOS is the relative success rate of taxpayers that call for Customer Account Services (CAS) seeking assistance from a CSR. It does not represent the total number of callers who speak with a CSR.

18 IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (week ending Apr. 22, 2017) (showing “Enterprise Total” LOS increased from 72 percent in filing season (FS) 2016 to 79 percent in FS 2017).

19 See National Taxpayer Advocate FY 2018 Objectives Report to Congress 6.

20 *Id.* at 13.

21 IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (week ending Sept. 30, 2017); IRS response to TAS information request (Dec. 12, 2017).

22 *Id.*

23 IRS response to TAS information request (filing season (FS) Nov. 29, 2017) (showing the amount of telephone assistors available on Consolidated ACS lines rose from 1,588 in FS 2016 to 1,944 in FS 2017).

at a substantially higher rate.²⁴ As a result, the LOS on Consolidated ACS lines declined substantially.²⁵ The current projections for FY 2018 show a sharp drop in LOS, as AM predicts it will only offer a 60 percent LOS during filing season and a 49 percent LOS during all other periods.²⁶ The “Enterprise Total” LOS, which includes AM and Consolidated ACS lines, is expected to be below 40 percent for FY 2018.²⁷

In its Strategic Plan for FY 2014-2017, the IRS committed to serving taxpayers by directing them to “the most appropriate digital or assisted service channel.”²⁸ However, the IRS has focused particularly on expanding online applications in hopes that this will allow it to deliver higher levels of service within current resources.²⁹ This plan fails to recognize the important role telephone service continues in customer service.

Over the years, the IRS’s approach to telephone service has been to switch resources from one group of phone lines to another, essentially plugging the holes and masking underlying problems.

Telephone Service Is an Essential Part of an Omnichannel Taxpayer Service Environment

An omnichannel service environment “ensures the service level, responsiveness, and quality of service received on individual channels and across channels would be equally high.”³⁰ This type of environment is customer-centric, designed to provide service that meets diverse needs and preferences taxpayers have for communication. Relying on software, online resources, and tax practitioners does not address the ongoing need for high quality telephone assistance.³¹ Despite increased internet availability, over 13 million taxpayers do not have internet access in their homes, and over 41 million do not have broadband

24 Consolidated ACS lines saw an increase in calls in FY 2017, partially because the Installment Agreement/Balance Due line, which received 8,625,539 calls in FY 2017, was moved in 2017 from the Accounts Management (AM) umbrella to be grouped instead with the IRS’s Consolidated ACS lines. IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (week ending Sept. 30, 2017).

25 The LOS on Consolidated ACS lines dropped from 70 percent with an average 18 minute wait time in FY 2016 to just a 47 percent LOS in FY 2017 with wait times of a staggering 30 minutes. IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (week ending Sept. 30, 2017).

26 IRS, W&I, *BPR 22* (Nov. 9, 2017).

27 *Id.* at 4.

28 IRS, *Strategic Plan FY 2014-2017*, <https://www.irs.gov/pub/irs-pdf/p3744.pdf> (including an objective to “Provide Timely Assistance Through a Seamless, Multichannel Service Environment to Encourage Taxpayers to Meet Their Tax Obligations and Accurately Resolve Their Issues”).

29 IRS response to TAS information request (Dec. 12, 2017).

30 Aspect, *What Is an Omnichannel Experience?*, <https://www.aspect.com/glossary/what-is-omni-channel-customer-service-experience>.

31 National Taxpayer Advocate 2015 Annual Report to Congress 3-13 (Most Serious Problem: *Taxpayer Service: The IRS Has Developed a Comprehensive “Future State” Plan That Aims to Transform the Way It Interacts With Taxpayers, But Its Plan May Leave Critical Taxpayer Needs and Preferences Unmet*).

internet access there.³² Vulnerable populations — seniors, low income taxpayers, and people with disabilities — are much less likely to have internet access available in their own home.³³

Many taxpayers who do have internet access feel more comfortable receiving customer service over the phone, especially within the vulnerable populations previously mentioned.³⁴ TAS's Service Priorities Project Survey showed that among taxpayers who have internet access, only 60 percent chose the IRS's website as their first service channel of contact.³⁵ Over 20 percent chose the IRS's telephone lines as their primary channel of communicating with the IRS.³⁶ Service task complexity and the urgency of the task seem to influence the channel taxpayers choose for a service.³⁷ For instance, for a relatively simple task such as getting a form or instructions, or checking on a tax refund, most respondents chose to use the internet to obtain these services.³⁸ However, for services such as getting answers to tax law questions or assistance with an IRS notice, more respondents called or visited an IRS office.³⁹ Taxpayers also reported a higher success rate for resolving more complex issues like tax law questions over a phone call than for using online resources. For example, taxpayers reported a 72 percent "first contact resolution" rate (FCR) for phone calls concerning tax law compared to just 50 percent FCR for online inquiries about tax law.⁴⁰

32 Research Study: *A Further Exploration of Taxpayers' Varying Abilities and Attitudes Toward IRS Options for Fulfilling Common Taxpayer Service Needs*, vol. 2, *infra*.

33 Home internet access is an especially important statistic when considering implications for the IRS, as many in these groups may feel uncomfortable entering personal information related to tax obligations online over a computer that is not their own. Only 53 percent of lower income individuals and 51 percent of older individuals have home internet access. Pew Research Center, *Internet/Broadband Fact Sheet* (Jan. 12, 2017), <http://www.pewinternet.org/fact-sheet/internet-broadband/>. These percentages could drop further as the Federal Communications Commission (FCC) scales back its Lifeline program funding internet access for low income communities. Ali Breland, *FCC Votes to Limit Program Funding Internet Access for Low-Income Communities*, THE HILL (Nov. 16, 2017), <http://thehill.com/policy/technology/360818-fcc-moves-to-limit-program-funding-internet-access-for-low-income>.

34 Research Study: *A Further Exploration of Taxpayers' Varying Abilities and Attitudes Toward IRS Options for Fulfilling Common Taxpayer Service Needs*, vol. 2, *infra*.

35 *Id.*

36 *Id.*

37 *Id.* On November 29, 2017, TAS interviewed several members of the Taxpayer Advocacy Panel (TAP) Toll-Free Phone Lines Committee, a federal advisory committee comprised of citizen volunteers who work to improve IRS services by providing the taxpayers' perspective to various IRS operations. During the interview, one taxpayer noted, "Taxpayers often use the IRS telephone lines when facing challenging problems that they have not been able to resolve on their own. On the phone, the relationship becomes more personal as taxpayers can communicate and connect with the telephone assistor handling their call. The telephone assistor can also engage more fully with the taxpayer to get to the heart of his or her concerns." TAP Toll-Free Phone Lines Interview (Nov. 28, 2017).

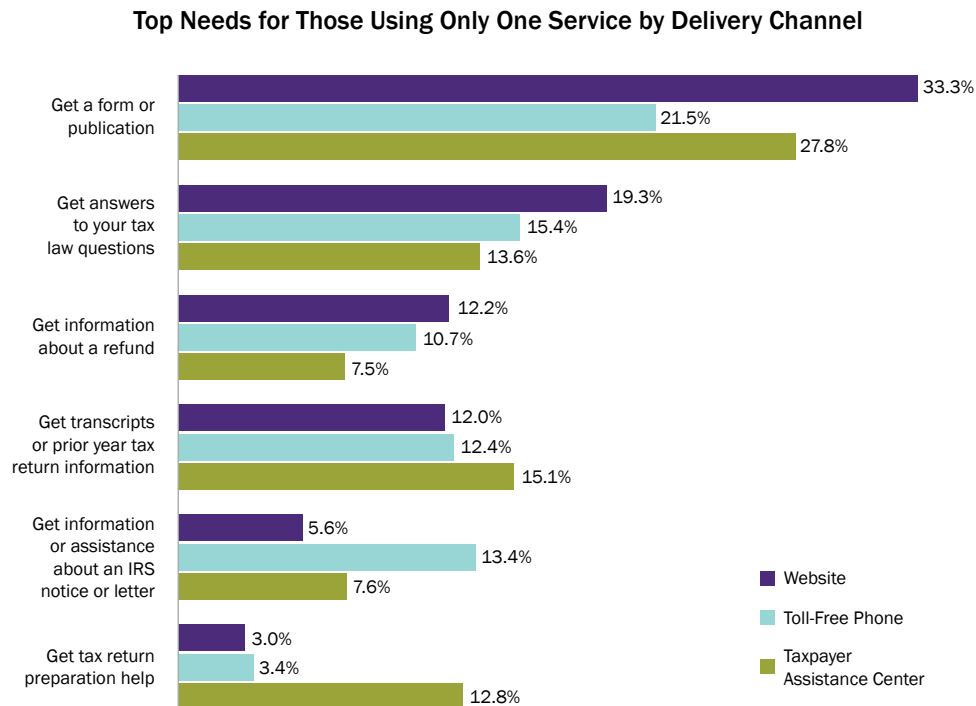
38 *Id.*

39 *Id.*

40 *Id.* See also Matthew Dixon, Karen Freeman, & Nicholas Toman, *Stop Trying to Delight Your Customers*, HARVARD BUSINESS REVIEW (July-Aug. 2010), <https://hbr.org/2010/07/stop-trying-to-delight-your-customers> (showing that 2.4 emails are used on average to resolve an issue, while just 1.7 calls are needed).

The following chart illustrates the frequency of service use by taxpayers by delivery channel:

FIGURE 1.2.1⁴¹



Rather than seeking to reduce the need for telephone communication with increased online resources,⁴² the IRS should create a fluid omnichannel service environment in which taxpayers can begin a “support activity in one channel, and seamlessly transition to another.”⁴³ The IRS’s 2016 Customer Satisfaction Survey results for AM show that 46 percent of all callers reported using IRS.gov prior to calling its toll-free lines.⁴⁴ Thus, instead of driving taxpayers to faster but less helpful channels, the IRS must provide effective and consistent telephone service to complement information available on other channels in an omnichannel environment.⁴⁵

41 Research Study: *A Further Exploration of Taxpayers’ Varying Abilities and Attitudes Toward IRS Options for Fulfilling Common Taxpayer Service Needs*, vol. 2, *infra*.

42 IRS response to TAS information request (Nov. 29, 2017).

43 Aspect, *What Is an Omnichannel Experience?*, <https://www.aspect.com/glossary/what-is-omni-channel-customer-service-experience>. See also The Northridge Group, *State of Customer Experience 2017*, 5 (2017), <https://www.northridgegroup.com/The-State-of-Customer-Service-Experience-2016> (“In business, we think about channels but customers just want to fix the problem they are trying to address. They begin a conversation with a brand in one channel and may attempt to continue it in another. Making that transition as seamless as possible through easy navigation, timely response and a consistent brand voice drives the most satisfying customer service experiences.”).

44 IRS response to TAS information request (Dec. 12, 2017). A study by the Harvard Business Review suggests an even higher percentage, finding that 57 percent of inbound call to commercial call centers come from customers that attempted to use web resources first. Matthew Dixon, Karen Freeman, & Nicholas Toman, *Stop Trying to Delight Your Customers*, HARVARD BUSINESS REVIEW (July-Aug. 2010), <https://hbr.org/2010/07/stop-trying-to-delight-your-customers>.

45 See John Horrigan, Pew Research Center, *How Americans Get in Touch With Government* (May 24, 2004), <http://www.pewinternet.org/2004/05/24/how-americans-get-in-touch-with-government/>.

The IRS Should Use Qualitative Metrics That Capture the Caller's Overall Satisfaction to Evaluate and Improve Its Telephone Service

The IRS's current approach to telephone service does not incorporate an in-depth understanding of today's callers, nor has the IRS developed telephone service measures in terms of customer loyalty and satisfaction.⁴⁶ Operational measures, like the LOS, can yield a hollow result because they are only indicative of efficiency, not taxpayer satisfaction with the way the IRS handles calls or provides information.⁴⁷ Other measures used by the IRS, including adherence to telephone schedule and average speed of answer,⁴⁸ although important, are not necessarily outcomes in the mind of a caller and can mask problems that occur during the call if it is improperly handled.⁴⁹ While the IRS does use metrics that indicate quality, such as accuracy and professionalism,⁵⁰ these metrics should complement and be informed by measures gauging a taxpayer's overall experience on a call.⁵¹ For example, the IRS should do more than just track the issue a taxpayer calls about, and collect information to understand why a taxpayer needed assistance with that particular issue and where any confusion arose. Similarly, metrics should be used to identify patterns of problems that IRS telephone assistors have trouble resolving.⁵²

The metric that assesses the "single biggest driver of customer satisfaction" is the rate of FCR.⁵³ The IRS currently collects resolution data through its Quality Review Systems and the Customer Satisfaction Survey.⁵⁴ However, the response rate for Customer Satisfaction Surveys administered by the IRS is very

Instead of driving taxpayers to faster but less helpful channels, the IRS must provide effective and consistent telephone service to complement information available on other channels in an omnichannel environment.

46 "Just because the IRS does not operate on a profit margin like private sector companies does not make customer loyalty any less important. While the IRS does not directly "earn" profits as the result of a successful call, a customer-centric approach to telephone service would still benefit the IRS by improving its perception among taxpayers, increasing voluntary compliance, and reducing rework for the IRS down the road." TAP Toll-Free Phone Lines Interview (Nov. 28, 2017).

47 See Literature Review: *Improving Telephone Service Through Better Quality Measures*, vol. 2, *infra*.

48 IRS response to TAS information request (Dec. 12, 2017).

49 Darren Baguley, *Contact Centre Benchmarking*, AUSTRALIAN INSTITUTE OF MANAGEMENT (June 1, 2008), <http://blog.aim.com.au/contact-centre-benchmarking/>.

50 IRS response to TAS information request (Dec. 12, 2017).

51 See Government Accountability Office (GAO), GAO-15-84, *Managing for Results: Selected Agencies Need to Take Additional Efforts to Improve Customer Service* 29 (Oct. 2014), <http://www.gao.gov/assets/670/666652.pdf> (emphasizing "the need for a single, centralized management framework for receiving customer feedback so that all information about the customers can be linked together to facilitate a more complete knowledge of the customer").

52 This type of qualitative information helps the IRS understand not just that inaccurate information was given, but why the telephone assistor gave the wrong information. See GAO, GAO-15-84, *Managing for Results: Selected Agencies Need to Take Additional Efforts to Improve Customer Service* 29 (Oct. 2014), <http://www.gao.gov/assets/670/666652.pdf>.

53 Jeff Rumburg, *MetricNet, Metric of the Month: First Contact Resolution* 5 (2011), <http://www.thinkhdi.com/~media/HDI/Files/Library-Archive/Insider%20Articles/First%20Contact%20Resolution.pdf>. The first contact resolution rate is determined by measuring "the percentage of all calls that are resolved on the first attempt, without the agent needing to refer the customer to a colleague, their manager, or calling the customer back. International Finance Corp., *Measuring Call Center Performance: Global Best Practices* 7 (June 2010).

54 IRS response to TAS information request (Dec. 12, 2017).

First Contact Resolution is important because it shows whether telephone assistors are actually answering a caller's questions, not just their calls.

small.⁵⁵ TAS recommends that the IRS incorporate a specific resolution metric to be uniformly assessed on each call.⁵⁶ While there are multiple ways to measure FCR, the most important consideration is that the caller, not telephone assistor, makes the determination of whether a problem was resolved.⁵⁷

FCR is important because it shows whether telephone assistors are actually answering a caller's questions, not just their calls.⁵⁸ The industry standard for FCR is above 70 percent.⁵⁹ Yet TAS's Service Priorities Project Survey showed that almost 40 percent of taxpayers calling the IRS felt the call did not fully resolve their problem.⁶⁰ Issues such as return preparation assistance, information on a notice, and information on a refund had particularly low resolution rates over the telephone.⁶¹ These results show that taxpayers are not getting the full assistance they need over the phone, which can negatively impact voluntary compliance.

Along with measuring FCR, the IRS should monitor the subjects of taxpayer complaints to understand other reasons a taxpayer may not have been satisfied with a call. While the IRS has procedures for responding to individual complaints,⁶² it currently has no official system to track taxpayer complaints about telephone service.⁶³ Compiling complaints would allow the IRS to know whether "customer concerns are localized, specific to a given function, agency-wide, or systemic."⁶⁴

55 IRS response to TAS information request (Dec. 12, 2017). The IRS reports a 95 percent confidence level that the reported percentages are within +/- one percent confidence interval. However, for AM lines, less than one percent of all calls answered gets selected for the customer satisfaction survey, and just five percent of those selected participate in the survey. This limitation undercuts the value of administering such a measure, as those that did not respond to the survey could have very different opinions from the callers that did choose to complete the survey. In April 2017, the IRS eliminated customer satisfaction surveys for the Automated Under-reporter (AUR) and Compliance Center Exam (CCE) lines partially because of low response rates. Rather than eliminating satisfaction surveys, the IRS should consider using multiple other types of survey formats, such as mailed comment cards, online, or a callback number, to allow taxpayers to participate at their convenience.

56 See Literature Review: *Improving Telephone Service Through Better Quality Measures*, vol. 2, *infra*.

57 See Darren Baguley, *Contact Centre Benchmarking*, AUSTRALIAN INSTITUTE OF MANAGEMENT (June 1, 2008).

58 "A call with the IRS should resolve the taxpayer's issue or at least identify the specific steps the taxpayer must take to do so. It is incredibly frustrating for a call to conclude with the taxpayer no better off than before the call began, especially if the taxpayer has spent a lengthy period waiting just to speak to a telephone assistor." TAP Toll-Free Phone Lines Interview (Nov. 28, 2017).

59 International Finance Corp., *Measuring Call Center Performance: Global Best Practices 7* (June 2010).

60 Research Study: *A Further Exploration of Taxpayers' Varying Abilities and Attitudes Toward IRS Options for Fulfilling Common Taxpayer Service Needs*, vol. 2, *infra*.

61 *Id.*

62 See IRM 21.1.3.16 (Oct. 1, 2014); IRM 5.19.5.3.11(11) (July 25, 2014).

63 IRS response to TAS information request (Nov. 29, 2017) (noting that complaints are only tracked through the e-Trak system for general correspondence, which is not intended as a searchable database).

64 Government Accounting Office (GAO), GAO-15-84, *Managing for Results: Selected Agencies Need to Take Additional Efforts to Improve Customer Service* 29 (Oct. 2014), <http://www.gao.gov/assets/670/666652.pdf>.

Understanding trends across repeat customer calls and behavioral patterns would allow the IRS to better anticipate customers' needs and preempt future calls.⁶⁵ Creating a taxpayer-focused approach to measuring telephone service would likely help the IRS improve taxpayer loyalty and voluntary compliance, thereby protecting taxpayers from more costly and adversarial compliance and enforcement actions down the road.

IRS Telephone Assistors Need to Be Engaged With Ways to Improve Their Performance and Enhance Caller Satisfaction

TAS's review of relevant literature shows that keeping telephone assistors engaged in the service they provide is critical to improving call quality and caller satisfaction.⁶⁶ Unhappy telephone assistors make for unhappy callers.⁶⁷ Most telephone assistors are motivated by a desire to provide a service that satisfies a caller and helps resolve the problem.⁶⁸ While most IRS Customer Account Services (CAS) employees⁶⁹ recognize the importance of their work to organizational goals, many feel they don't have the knowledge or skills necessary to accomplish organizational goals.⁷⁰ Many of these employees are also dissatisfied with the training and resources available to help them get their job done.⁷¹

CAS employees reported particularly low levels of feeling personal empowerment with respect to work processes.⁷² Many employees are concerned that their voices are not being heard at a leadership level, and feel their talents and training needs are not well assessed.⁷³ Telephone assistors are at the front lines of taking a relational approach to telephone service, and are key resources for improving taxpayer loyalty and detecting emerging service issues.⁷⁴ Therefore, the IRS needs to better listen and respond to its telephone assistors' concerns. The IRS should give telephone assistors a sense of ownership over their work by equipping them with the tools and issue-focused training to help resolve a caller's inquiry directly in as few steps as possible, thereby improving employee satisfaction and call quality.⁷⁵

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- 65 See also Matthew Dixon, Karen Freeman, & Nicholas Toman, *Stop Trying to Delight Your Customers*, HARVARD BUSINESS REVIEW (July–Aug. 2010), <https://hbr.org/2010/07/stop-trying-to-delight-your-customers> (“22 percent of repeat calls involve downstream issues related to the problem that prompted the original call, even if that problem itself was adequately addressed the first time around. Although companies are well equipped to anticipate and “forward-resolve” these issues, they rarely do so, generally because they’re overly focused on managing call time.”).
- 66 See Literature Review: *Improving Telephone Service Through Better Quality Measures*, vol. 2, *infra*.
- 67 Ian Jacobs et al., Forrester Research, *How to Measure and Improve the Contract Center Agent Experience* 1 (Apr. 16, 2015).
- 68 Audrey Gilmore, *Call Centre Management: Is Service Quality a Priority?*, 11 MANAGING SERVICE QUALITY 153-59 (2001).
- 69 The IRS uses the Federal Employee Viewpoint Survey as a key indicator of employees' perceptions of the agency and employee satisfaction; however, the IRS does not isolate information specific to telephone assistors. Responses from the IRS CAS employees includes IRS telephone assistors. TAS recommends that the IRS incorporate more satisfaction measures specific to telephone assistors in the future. See IRS response to TAS information request (Dec. 12, 2017).
- 70 IRS response to TAS information request (Dec. 12, 2017) (showing that while 81 percent agree that they know how their work relates to the agency's goals and priorities, 19 percent of CAS employees did not feel the workforce had the job-relevant knowledge and skills necessary to accomplish organizational goals).
- 71 IRS response to TAS information request (Dec. 12, 2017) (showing only 44 percent of CAS employees were satisfied with resources and 44 percent were satisfied with training). In FY 2017, the IRS spent on average of just \$87 on training per W&I employee, including CSRs. IRS response to TAS information request (Nov. 7, 2017).
- 72 IRS response to TAS information request (Dec. 12, 2017) (showing just 33 percent of CAS employees felt a feeling of personal empowerment).
- 73 IRS response to TAS information request (Dec. 12, 2017) (showing 45 percent of CAS employees feel their training needs are assessed and 49 percent agree that their talent is being used well in the workplace).
- 74 See, e.g., Scott Ferguson, IRWeb, *Customer Early Warning System Keeps Small Problems From Becoming Big Ones* (June 7, 2016), <http://irweb.irs.gov/AboutIRS/co/dcse/sehighlights/archive/50431.aspx> (“Listening to employees and monitoring customer touch points helps identify issues as they occur or begin to develop, instead of reacting later to a potentially larger issue.”). The IRS should make sure its employees are aware of and utilize more programs like the Customer Early Warning System (CEWS) to ensure its telephone assistors' voices are being heard and to identify ways to improve its telephone service.
- 75 Ian Jacobs et al., Forrester Research, *How to Measure and Improve the Contract Center Agent Experience* 7 (Apr. 16, 2015).

While most IRS Customer Account Services employees recognize the importance of their work to organizational goals, many feel they don't have the knowledge or skills necessary to accomplish organizational goals.

The IRS Should Use New Technology and Adopt Industry Best Practices to Improve Taxpayers' Experience on Its Telephone Lines

To modernize call center operations, the IRS should develop a relationship-oriented approach and reduce the effort callers must expend to get their problems resolved. Despite recommendations from TAS and Taxpayer Advocacy Panel (TAP),⁷⁶ the IRS has not embraced current technology that would allow it to:

- Reduce the time a taxpayer spends waiting in a calling queue;
- Integrate and store taxpayer information across calls and channels; and
- Allow and improve ability to answer more complex tax law questions throughout the year.

These changes can help improve caller satisfaction and help empower telephone assistants to better respond to the needs of taxpayers.⁷⁷

The IRS Should Use Callback Technology to Reduce the Amount of Time a Taxpayer Spends Idle on the Phone

Implementing a callback function to its telephone service would allow the IRS to eliminate the burden caused by long wait times. Studies show that two of every three callers hang up if kept on hold for longer than two minutes.⁷⁸ However, taxpayers calling the IRS waited for 13 minutes on average for a telephone assistant to answer in FY 2017, while the average speed of answer on Consolidated ACS was over 30 minutes in FY 2017, indicating that those taxpayers who do get through to the IRS have a great need to speak with the IRS and are enormously patient.⁷⁹ In TAS's Service Priorities Project survey, taxpayers identified long hold times as one of the biggest reasons they were unable to resolve issues completely over the phone.⁸⁰

There are several options modern technology offers to avoid long hold times that the IRS should consider:

- "Virtual Hold" technology allows taxpayers the option to have the next available customer service representative call them back, which results in *no wait time*.⁸¹ TAS has previously recommended

76 See National Taxpayer Advocate 2014 Annual Report to Congress 1-12 (Most Serious Problem: *Access to the IRS: Taxpayers Are Unable to Navigate the IRS and Reach the Right Person to Resolve Their Tax Issues*); TAP, *2016 Annual Report* 24.

77 The proposals in this section are not intended to be an exhaustive list of ways to modernize telephone service. There are many other resources, such as speech analytics tools, available for the IRS to consider as well. See Karolina Kiwak, SearchCRM, *Top Five Benefits of Speech Analytics Tools for Contact Centers* (Apr. 28, 2017), <http://searchcrm.techtarget.com/report/Top-five-benefits-of-speech-analytics-for-the-call-center>.

78 See, e.g., Taylor Jones, Arise, *Arise 2017 Customer Service Frustration Series: Phone Hold Times* (Feb. 2, 2017), <http://www.arise.com/resources/blog/arise-2017-customer-service-frustration-series-phone-hold-times>.

79 IRS, JOC, *Snapshot Reports: Enterprise Snapshot* (Sept. 30, 2017).

80 See Research Study: *A Further Exploration of Taxpayers' Varying Abilities and Attitudes Toward IRS Options for Fulfilling Common Taxpayer Service Needs*, vol. 2, *infra*.

81 Silky Sinha, *8 Benefits of Call Back Technology for Your Contact Center*, AMEYO (Aug. 4, 2015), <https://www.ameyo.com/blog/8-benefits-of-call-back-technology-for-your-contact-center>.

this feature as a prudent investment that would substantially reduce unsuccessful calls to the IRS and prevent taxpayers from wasting time while waiting to speak with a telephone assistor.⁸²

- “Scheduled CallBack” is an additional feature that allows the taxpayer the flexibility of receiving a call from the IRS during a window he or she specifies. This option also provides a telephone assistor enough time to view the previous history and the necessary information about the taxpayer contained in IRS systems before calling back, which leads to fewer calls abandoned while a caller waits in the queue and higher first-contact resolution.⁸³

More than limiting the inconvenience, adding a callback function would grant access to service for taxpayers who have limited monthly cell phone minutes for phone calls, and those who otherwise could not afford to spend the time required for a call to the IRS. While the IRS has identified customer callback as its top priority telephone technology upgrade, it must take action to actually implement this system.⁸⁴

Using Taxpayer-Centric Routing and Information Retention Technology Would Allow the IRS to Address Taxpayer Concerns More Quickly and Directly

The IRS should improve its call routing capabilities to allow a call to be directed to the appropriate department and telephone assistor who can resolve the taxpayer’s issue. When a taxpayer calls the IRS’s main line, he or she listens to a 30 second description of the availability of assistance on IRS.gov and then is presented with five routing options.⁸⁵ Taxpayers may be confused about which option is appropriate for their situation, or need assistance on multiple issues.⁸⁶ TAS has previously recommended that the IRS institute a system similar to a 311 system, where an initial operator would be able to ask questions to understand why a taxpayer is calling.⁸⁷ Then, the operator would match the taxpayer with the specific office within the IRS that handles his or her issue or case, which would improve FCR.⁸⁸ If a caller does have to be transferred, TAS recommends using expedited transitions between services to place the caller at the top of the queue for the appropriate telephone assistor.⁸⁹

82 See *IRS Oversight: Hearing Before the H. Subcomm. of Financial Services and General Government Committee on Appropriations*, 115 Cong. 11 (2017) (statement of Nina E. Olson, National Taxpayer Advocate). TAP has also recommended this feature to the IRS in its annual report. See TAP, *2016 Annual Report* 24.

83 Silky Sinha, *8 Benefits of Call Back Technology for Your Contact Center*, AMEYO (Aug. 4, 2015), <https://www.ameyo.com/blog/8-benefits-of-call-back-technology-for-your-contact-center>.

84 While the IRS has included customer callback on its list of technology priorities, it is not as highly ranked as TAS would like. IRS response to TAS information request (Dec. 12, 2017).

85 This description is based off of a phone call made on December 10, 2017 by TAS to the IRS’s main line for individuals, 800-829-1040.

86 See National Taxpayer Advocate 2014 Annual Report to Congress 1-12 (Most Serious Problem: *Access to the IRS: Taxpayers Are Unable to Navigate the IRS and Reach the Right Person to Resolve Their Tax Issues*).

87 *Id.*; see also Accenture, *Transforming Customer Services to Support High Performance in New York City Government* 6 (2013) (discussing how New York City’s adoption of a 311 line has helped eliminate duplicative services, direct resources to areas of need, and achieve excellence in caller satisfaction).

88 See National Taxpayer Advocate 2014 Annual Report to Congress 1-12 (Most Serious Problem: *Access to the IRS: Taxpayers Are Unable to Navigate the IRS and Reach the Right Person to Resolve Their Tax Issues*) (noting a “persistent problem with requiring most taxpayer calls to be handled by a CSR who handles a range of issues” is that “the CSR speaking to the taxpayer may not have the expertise in the specific issue to assist the taxpayer.”).

89 If a caller is being transferred, one option recommended by taxpayers to ease the transition is to use a “warm transfer,” where the initial telephone assistor stays on the line to introduce the taxpayer and the situation to the appropriate telephone assistor. TAP Toll-Free Phone Lines Interview (Nov. 28, 2017).

In addition to ensuring the taxpayer is connected to the appropriate telephone assistor, the IRS should ensure that the taxpayer does not waste time repeating information once he or she has been connected. IRS telephone assistors should be able to access prior related contacts the taxpayer has had with the IRS over the phone or on other channels.⁹⁰ Information retention and sharing is essential to a successful omnichannel environment and allows taxpayers to avoid having to repeat sensitive information on multiple occasions.⁹¹ Assistors should have access to “a unifying single database” retaining all of a taxpayer’s prior interactions with the IRS to better understand and address their needs.⁹² In certain instances, the IRS should give taxpayers the option of having one employee assigned to resolve a taxpayer’s issue from start to finish.⁹³ While IRS telephone assistors are trained to handle many types of calls, taxpayers that have to make multiple calls to resolve an issue or were confused about information on the initial call should be able to choose between speaking with the first available assistor or waiting to speak with the same assistor who helped them initially.⁹⁴

Information retention and sharing is essential to a successful omnichannel environment and allows taxpayers to avoid having to repeat sensitive information on multiple occasions. Assistors should have access to “a unifying single database” retaining all of a taxpayer’s prior interactions with the IRS to better understand and address their needs.

- 90 See Bank Administration Institute, *Evolution of Contact Centers in Banking: Engaging and Empowering Agents in an Omnichannel Operating Environment* 10 (2015), <https://www.avanade.com/~media/asset/brochure/contact-centers-in-banking-report.pdf> (“But, whether a request or transaction was begun online, in the branch, on an ATM or from their smartphone, customers still want an easy, seamless experience, without having to start over should they need assistance from the contact center.”).
- 91 The Northridge Group, *State of Customer Experience 2017* (2017), <https://www.northridgegroup.com/State-of-Customer-Experience-Report-2017>. TAP has also recommended this feature to the IRS in its annual report, noting that the benefits of information retention technology help to reduce the risk of identity theft. See TAP, 2016 Annual Report 24.
- 92 Voice Over Internet Protocol (Voip-info), *Call Center Statistics*, (July 26, 2012), <https://www.voip-info.org/wiki/view/Call+Center+Statistics>; see also National Taxpayer Advocate 2016 Annual Report to Congress 109–120 (Most Serious Problem: *Enterprise Case Management (ECM): The IRS’s ECM Project Lacks Strategic Planning and Has Overlooked the Largely Completed Taxpayer Advocate Service Integrated System (TASIS) As a Quick Deliverable and Building Block for the Larger ECM Project*) (“The age, number, and lack of integration across IRS case management systems as well as the lack of digital communication and record keeping cause waste, delay, and make it difficult for IRS employees, including those in TAS, to perform their jobs efficiently. They also create a burden on taxpayers, who must contend with IRS customer service representatives who may not be able to access the records they need to assist taxpayers or must do so on multiple systems”).
- 93 South Africa’s Nedbank, for instance, instituted an “AskOnce” promise, which guarantees that the representative who picks up the phone will own the customer’s issue from start to finish. Matthew Dixon, Karen Freeman, & Nicholas Toman, *Stop Trying to Delight Your Customers*, HARVARD BUSINESS REVIEW (July–Aug. 2010), <https://hbr.org/2010/07/stop-trying-to-delight-your-customers>.
- 94 While the IRS has the capability to assign particular telephone assistors to a case, this feature is currently only available in very limited circumstances. IRS response to TAS information request (Nov. 29, 2017). This option should be made more widely available. See Most Serious Problem: *Identity Theft: As Tax-Related Identity Theft Schemes Evolve, the IRS Must Continually Assess and Modify Its Victim Assistance Procedures, infra* (noting the importance of having a single point of contact in identity theft cases).

IRS Telephone Assistors Should Answer Both “Basic” and “Complex” Tax Law Questions Throughout the Year

Beginning in 2014, the IRS limited the scope of tax law questions it would answer over the phone. Currently, IRS telephone assistors can only answer “basic” tax law questions during filing season, and no tax law questions at all outside of filing season.⁹⁵ This limitation sharply curtails what had once been a valuable feature, as the IRS telephone lines had provided the “fastest and best experience” for taxpayers seeking to get answers to tax law questions.⁹⁶ Under the current approach, however, the roughly 16 million taxpayers who file returns later in the year are unable to get answers to any tax law questions from the IRS.⁹⁷

The IRS’s inability to answer “complex” tax law questions over the telephone fails to meet the needs of taxpayers in today’s omnichannel service environment. As more people begin to access information through other channels, contact center calls are often necessary to build on basic information a caller may have already found, frequently resulting in more complicated and issue-oriented calls.⁹⁸ Thus, more “complex” tax law questions are the exact type of questions that taxpayers need assistance with when they call the IRS.⁹⁹ Therefore, the IRS should allow taxpayers to ask tax law questions, basic and complex, throughout the year and ensure that its telephone assistors have the resources and training necessary to answer them completely.¹⁰⁰

CONCLUSION

The National Taxpayer Advocate urges the IRS to evaluate and improve the overall quality of a taxpayer’s experience on the phone as a part of the omnichannel service environment. Decreasing demand for phone assistance by offering online alternatives is simply not enough. The IRS needs to embrace interactive, person-to-person communication with taxpayers. Telephone service provides taxpayers an invaluable avenue to seek information that they may be unable or uncomfortable finding on other channels.

To fulfill its mission to “provide America’s taxpayers with top quality service,” the IRS should commit to taking steps to improve the quality of telephone service, as well as telephone technology. The IRS needs to modernize the way it measures success to better account for factors that impact customer satisfaction. In addition, keeping telephone assistors engaged will help improve the quality of telephone calls. Finally, using callback technology and a knowledge database can help resolve taxpayers’ questions on first contact. Even in a reduced-resource environment, these changes should be prioritized as they

95 National Taxpayer Advocate FY 2018 Objectives Report to Congress.

96 See TIGTA, Ref. No. 2007-40-164, *The Internal Revenue Service Provides Helpful Tax Law Assistance but Still Has Problems With Tax Return Preparation Assistance* (Aug. 24, 2007).

97 National Taxpayer Advocate FY 2018 Objectives Report to Congress.

98 See Literature Review: *Improving Telephone Service Through Better Quality Measures*, vol. 2, *infra*.

99 See Research Study: *A Further Exploration of Taxpayers’ Varying Abilities and Attitudes Toward IRS Options for Fulfilling Common Taxpayer Service Needs*, vol. 2, *infra* (showing tax law as the second most frequent service task on the IRS’s toll-free phone lines). “There is a difference in being able to read the law, and being able to understand and follow the law. Rather than just reading to taxpayers from information usually already available, IRS telephone assistors should work to engage with taxpayers and help them troubleshoot any issues they have.” TAP Toll-Free Phone Lines Interview (Nov. 28, 2017).

100 The National Taxpayer Advocate is concerned that in FY 2017, the IRS spent on average just \$87 on training per W&I employee, including CSRs, who are expected to be able to answer tax law questions on a broad variety of topics. IRS response to TAS information request (Nov. 7, 2017). See Most Serious Problem: *Employee Training: Changes to and Reductions in Employee Training Hinder the IRS’s Ability to Provide Top Quality Service to Taxpayers*, *infra*.

can ultimately save money by increasing voluntary compliance and reducing future work for the IRS.¹⁰¹ These changes would allow the IRS to focus on ways to improve taxpayer satisfaction from telephone interaction in an omnichannel customer service environment.

RECOMMENDATIONS

The National Taxpayer Advocate recommends that the IRS:

1. Develop a comprehensive strategy for improving its telephone service to be included in its next Strategic Plan and in its Annual Appropriation Requests, with specific initiatives to increase taxpayer satisfaction.
2. Incorporate qualitative measures, such as First Contact Resolution rate, used by other government agencies and in the private sector to measure a caller's overall experience and satisfaction with a call.
3. Provide telephone assistors additional issue-focused training to help resolve a caller's inquiry directly in as few steps as possible.
4. Upgrade phone hardware technology to provide virtual hold and scheduled callback options to callers.
5. Institute a system similar to a 311 system where an operator can transfer a taxpayer to the specific office within the IRS that handles his or her issue or case.
6. Reinstate the capability for taxpayers to receive year-round tax law assistance over the telephone, including a second-tier of assistance for more complex tax law issues.

¹⁰¹ "The IRS needs to shift its mindset from one that is constrained by dwelling on what it could potentially do if it had more resources to one of creativity that focuses on what it can do to reach its goals with its existing resources." TAP Toll-Free Phone Lines Interview (Nov. 28, 2017).