

MSP
#12**The IRS Telephone and Correspondence Services Have Deteriorated
Over the Last Decade and Must Improve to Meet Taxpayer Needs****RESPONSIBLE OFFICIALS**

Peggy Bogadi, Commissioner, Wage and Investment Division
Faris Fink, Commissioner, Small Business/Self-Employed Division

DEFINITION OF PROBLEM

The IRS mission statement — “[p]rovide America’s taxpayers top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all” — reflects the obligation of the agency to provide the means for all taxpayers to meet their tax obligations.¹ When the IRS cannot adequately answer taxpayers’ telephone calls or correspondence, and sets declining expectations for performance, it cannot execute its mission.²

As the IRS faces budget cuts and places an increased emphasis on enforcement, key performance measures of taxpayer service have declined, including:

- The IRS received over 100 million calls in fiscal year (FY) 2012 and more than 30 percent went unanswered.³
- The IRS received about 10.5 million pieces of correspondence, and at the end of the last week of FY 2012, nearly 48 percent was “overage.”⁴
- In FY 2012, the IRS answered almost 68 percent of taxpayer calls and in FY 2013 set a goal of answering only 63 percent, a seven percent decrease.⁵
- Wait time to speak to an IRS representative was nearly 17 minutes in FY 2012, compared with under three minutes in FY 2004, an increase of over 500 percent.⁶
- In FY 2012, the IRS received calls to the CAS and AM lines from over 75,000,000 unique telephone numbers with an average of two calls per phone number.⁷

¹ IRS, *The Agency, Its Mission and Statutory Authority*, available at <http://www.irs.gov/uac/The-Agency,-its-Mission-and-Statutory-Authority> (last visited Sept. 4, 2012).

² IRS, Wage & Investment (W&I) Business Performance Review, 3rd Quarter, 20 (Aug. 15, 2012).

³ IRS, Joint Operations Center, Snapshot Report, September 30, 2012. Customer Account Services (CAS)/Accounts Management (AM) telephone lines included 29 toll-free lines in 2012). The IRS received 107,815,335 net call attempts to the CAS or AM lines in FY 2012, of which 30,788,921 were answered by a customer service representative (CSR). A total of 35,986,931 calls were answered by IRS automated call lines. The CSR level of service (LOS) is 67.6 percent.

⁴ Certain IRS inventories must be worked within a specific timeframe to be considered timely. If not closed in that timeframe, the inventory item will be classified as “overaged.” IRS, *Accounts Management Inventory Report: National Inventory Age Report*, (Sept. 29, 2012). IRS, Joint Operations Center Reports, Accounts Management Inventory FY 2012. In FY 2012, 47.8 percent of the unresolved correspondence was considered overaged.

⁵ IRS, W&I Business Performance Review, 24 (Aug. 15, 2012).

⁶ IRS, Joint Operations Center, Snapshot Reports, September 30, 2005 and September 30, 2012. Figures for 29 CAS/AM lines.

⁷ IRS, Joint Operations Center, Executive Summary Report, Accounts Management Rollup FY 2012. Unique number information is based on all calls placed to IRS on CAS or AM lines. IRS Enterprise received 154,728,573 calls from 77,177,476 unique phone numbers in FY 2012. Unique phone numbers may be understated due to multiple callers from one private branch exchange or phone number.

Key measures of phone and correspondence services continue to decline as demand for service increases. From FY 2004 through FY 2012, the level of service on the CAS phone lines decreased nearly 23 percent.⁸ During the same period, the length of time taxpayers must wait on the CAS line before reaching an assistor has increased by over 500 percent to almost 17 minutes.⁹ Not only is the IRS answering a lower percentage of calls seeking live assistance, but those who do reach an assistor must wait increasingly longer to talk to one. At the same time, correspondence service is also decreasing, with a 315 percent increase in correspondence classified as overage in the final week of FY 2004 versus the final week of FY 2012.¹⁰ In the 2012 filing season, the IRS had no special tax provisions to implement, such as the Make Work Pay or First-Time Homebuyer credits from previous filing seasons, that would lead to a decrease in service, suggesting that fundamental taxpayer service has simply deteriorated over the last decade.

Phones and correspondence represent taxpayers' main methods of communication with the IRS. As call volumes continue to rise, answering the phones to provide timely and comprehensive service to taxpayers must remain a priority. To serve taxpayers effectively, conducting rigorous research and analysis to understand what services are best provided through each channel, and using this information to guide the overall service strategy, is crucial. Applying the results of research and analysis to strategic service decisions will help the IRS allocate resources appropriately to meet taxpayer needs.

ANALYSIS OF PROBLEM

Background

Taxpayers call the customer service toll-free lines for many reasons. Prior to filing a tax return, a taxpayer may have an inquiry about the tax law or a question on how to prepare a form. After filing, taxpayers may want to check the status of a refund or respond to an IRS notice such as a math error notice.¹¹ Or a taxpayer might call because he or she has not received a timely reply to correspondence.

Taxpayers correspond with the IRS for the same reasons they call, or because they cannot reach a live assistor by phone, or may disconnect the call after being on hold for extended periods. Taxpayers may also write rather than call or visit a Taxpayer Assistance Center (TAC) or attempt to find an answer on the Internet when they cannot spend time away

⁸ IRS, Joint Operations Center, Snapshot Reports FY 2004-2012.

⁹ *Id.* The actual data was provided in seconds and converted to minutes. In FY 2004, average phone wait time was 158 seconds (2.6 minutes) and in FY 2012, it was 1001 seconds (16.7 minutes).

¹⁰ Certain IRS inventories must be worked within a specific time to be considered timely. If not closed in that period, the inventory item will be classified "overaged." IRS, Joint Operations Center, Accounts Management Inventory Reports FY 2004-2012. In FY 2004, 11.5 percent of correspondence was classified as overage compared to 47.8 percent in FY 2012.

¹¹ A math error notice is a computer generated notice informing the taxpayer that the IRS changed the taxpayers return based on an error identified in the processing of the return.

from work or other obligations to wait on hold or wait in line at a TAC.¹² In a survey of TAC customers in April 2012, members of the Taxpayer Advocacy Panel (TAP) asked taxpayers if they had attempted to contact the IRS by another means before visiting the TAC. About two of every three of these taxpayers stated they had contacted or attempted to contact the IRS by some other method before coming into the office (approximately 34 percent said they visited the IRS website prior to visiting the TAC and 25 percent said they phoned first).¹³

In FY 2012, the IRS taxpayer service functions received almost 110 million incoming phone calls and over ten million pieces of correspondence.¹⁴ While the IRS's workload has increased significantly, its budget has not grown to meet the demand despite repeated warnings from top IRS officials, including the National Taxpayer Advocate.¹⁵ In FY 2012, taxpayers made almost 110 million attempts to call the CAS toll-free lines, up from nearly 100 million in FY 2011.¹⁶ The IRS's budget was reduced slightly from FY 2010 to FY 2011,¹⁷ and was lowered by an additional 2.5 percent for FY 2012.¹⁸ These reductions affect the IRS's operations overall, and are particularly likely to impact taxpayer service. W&I Division Taxpayer Services began FY 2012 with almost 19,000 permanent employees, down nearly six percent from the FY 2011 level of just over 20,000.¹⁹ With an unknown budget for the current (2013) fiscal year and the possibility of mandatory across-the-board cuts, the decline in IRS resources appears to be a continuing trend for the near future.²⁰

¹² See Most Serious Problem: *The IRS Lacks a Servicewide Strategy that Identifies Effective and Efficient Means of Delivering Face-to-Face Taxpayer Services, infra.*

¹³ The TAP is a federal advisory committee comprised of a group of citizen volunteers who work to improve IRS services by providing the taxpayers' perspective to various IRS operations. The National Taxpayer Advocate and TAS's Research and Systemic Advocacy staffs supported the design, compilation, and analysis of the survey. TAP volunteers returned 664 completed surveys from 33 different TAC offices. While these results are not statistically representative of all TAC visitors, they represent the needs and activities of a sizable number of TAC customers during one week in the tax filing season. Percentages shown are out of all 664 respondents. Some respondents did not answer every question.

¹⁴ IRS, Joint Operations Center, Snapshot Report FY 2012; IRS, Joint Operations Center, Accounts Management Reports, FY 2008-2012 Inventories. In FY 2012, the CAS/AM toll free lines received 107,815,335 net call attempts, of which 30,788,921 were answered by a CSR. A total of 35,986,931 calls were answered by IRS automated call lines. The CSR LOS is 67.6 percent. The AM function received 10,471,205 pieces of correspondence.

¹⁵ For a full discussion of the National Taxpayer Advocate's concerns regarding the IRS' notice clarity, see National Taxpayer Advocate 2011 Annual Report to Congress 3-14 (Most Serious Problem: *The IRS Is Not Adequately Funded to Serve Taxpayers and Collect Taxes*).

¹⁶ IRS, Joint Operations Center, Snapshot Reports FY 2011-2012. There were 107,815,396 attempts to reach a CSR assistor in FY 2012; in FY 2011, there were 98,438,779. In FY 2012, the CAS phone lines were renamed to AM. The AM summary includes calls from 29 toll-free lines including xxx-xxx-1040, 4933, 1954, 0115, 8374, 0922, 0582, 5227, 1778, 9887, 9982, 2942, 4184, 7388, 0452, 0352, 7451, 9946, 5084, 5215, 3536, 4059, 4778, 4259, 8482, 1000, 1099, 5500, 4490.

¹⁷ Department of Defense and Full-Year Continuing Appropriations Act, 2011, Pub. L. No. 112-10, § 1119, 1125 Stat. 38, 107 (2011). These figures represent all personnel funded under the Taxpayer Service appropriation for PP 20B. Other possible budget categories include Enforcement, Operations Support, BSM, or HITCA.

¹⁸ H.R. 2055, Consolidated Appropriations Act, 2012, Division C, Title I (112th Cong.).

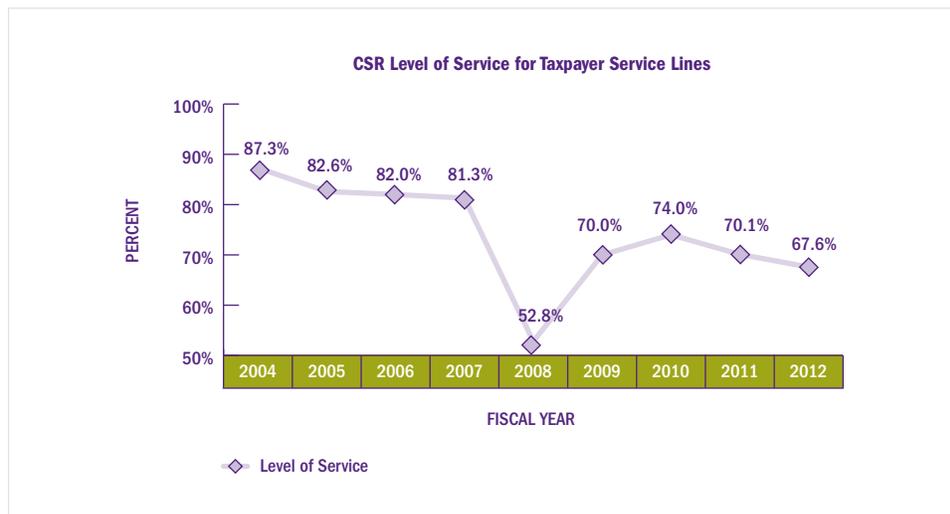
¹⁹ IRS, W&I Business Performance Review, (Aug. 15, 2012). In FY 2011, W&I Taxpayer Services had 20,042 permanent employees compared to 18,919 employees at the beginning of FY 2012. This represents a 5.6 percent decline in permanent employees. Taxpayer Services includes areas such as Submission Processing, AM, and TACs.

²⁰ See Most Serious Problem: *The IRS is Significantly Underfunded to Serve Taxpayers and Collect Tax, supra.*

Service Levels in Customer Account Services Have Steadily Decreased.

The CAS toll-free lines serve as a primary channel for taxpayers with filing questions or account issues. In FY 2004, the IRS answered over 87 percent of these calls but in FY 2012 it answered only about 68 percent — a decline of nearly 23 percent.²¹

FIGURE 1.12.1, Level of Service for CAS/AM Toll-Free, FY 2004–FY 2012²²



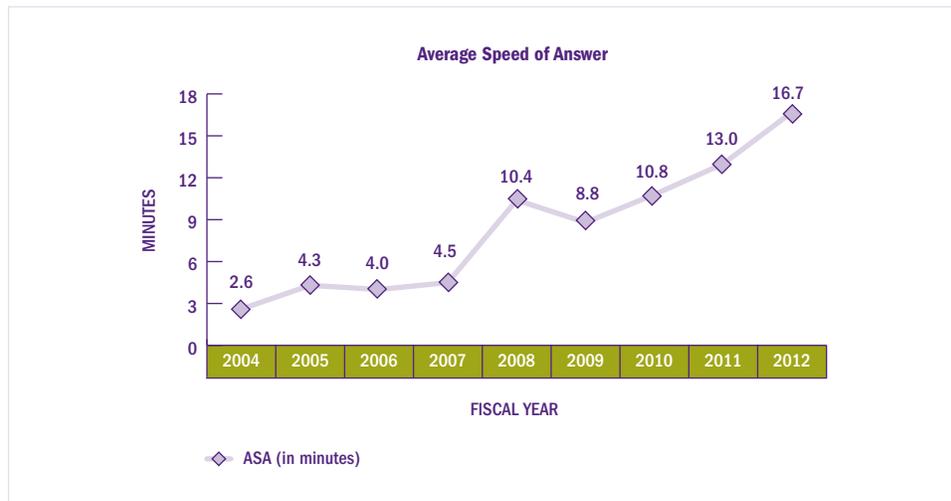
In the same period, the time it takes to reach a phone assistor in the CAS functions has risen over 500 percent — from just below three minutes to almost 17 minutes, as illustrated below.²³

²¹ IRS, Joint Operations Center, Snapshot Reports FY 2004-2012.

²² *Id.* CSR LOS is the percentage of callers seeking live assistance who reach a live assistor.

²³ IRS, Joint Operations Center, Snapshot Reports FY 2004-2012. The actual data was provided in seconds and converted to minutes. In FY 2004, average phone wait time was 158 seconds (2.6 minutes) and in FY 2012, it was 1001 seconds (16.7 minutes).

FIGURE 1.12.2, CAS/AM Toll-Free Average Speed of Answer, FY 2004–2012²⁴



The continuing decrease in the IRS’s ability to answer calls, coupled with the increasing time it takes to reach an assistor, impedes certain groups of taxpayers from communicating with the IRS by phone, and limits the usefulness of the toll-free lines for all. Taxpayers with limited time to wait on hold or with restricted access to phone service must either attempt to visit a TAC, write the IRS, or simply choose to drop their inquiry and not resolve their issues. While the decline in LOS and increase in waiting time in certain years may have been caused by temporary tax provisions, such as the Make Work Pay Credit or the First-Time Homebuyer Credit, in 2012 there were no such provisions to drive a lower LOS or ASA on the main toll-free line.

Phone Service Issues Are Not Limited to the IRS Main Toll-Free Lines.

Customer service across IRS phone lines has generally declined since FY 2004.²⁵ LOS has decreased and ASA is longer across the Practitioner Priority Service (PPS), National Taxpayer Advocate, and Tax Exempt and Government Entities (TE/GE) organizations lines.²⁶ The PPS line is a professional support line staffed by IRS employees specifically trained to address practitioner questions.²⁷ From FY 2004 through FY 2012, ASA on the PPS line has increased by almost 1,100 percent, with practitioners having to wait an average of over 22 minutes to speak to a customer service representative.²⁸ Such delays frustrate practitioners

²⁴ IRS, Joint Operations Center, Snapshot Reports FY 2004-2012. The actual data was provided in seconds and converted to minutes. In FY 2004, average phone wait time was 158 seconds (2.6 minutes) and in FY 2012, it was 1001 seconds (16.7 minutes).

²⁵ SB/SE and W&I Automated Collection System phone lines have maintained fairly consistent LOS and ASA since FY 2004. IRS, Joint Operations Center, Snapshot and Product Line Detail Reports FYs 2004-2012.

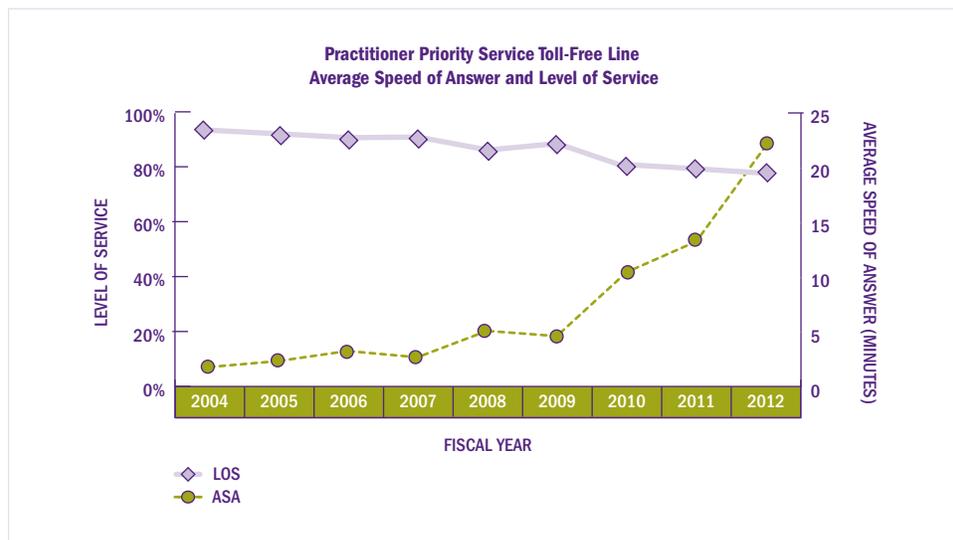
²⁶ The National Taxpayer Advocate Hotline is staffed by W&I CSRs. The TE/GE LOS has increased since FY 2004, but declined since FY 2010. IRS, Joint Operations Center, Product Line Detail Reports FY 2004-2012,

²⁷ IRS, Practitioner Priority Service, available at <http://www.irs.gov/Tax-Professionals/Practitioner-Priority-Service-%C2%AE> (last visited Nov. 1, 2012).

²⁸ IRS, Joint Operations Center, Product Line Detail Reports FY 2004-2012. ASA in FY 2004 was 1.85 minutes, compared to 22.05 minutes in FY 2012.

and cost taxpayers money, as their representatives spend time waiting for the IRS to answer the phone. During the same period on the PPS line, LOS has decreased by more than 20 percent.²⁹

FIGURE 1.12.3, PPS Line LOS and ASA FY 2004-2012³⁰



The decline in phone services also extends to the IRS's TE/GE line. The LOS on the TE/GE line has dropped 15 percent in only two years, from 81 percent in FY 2010 to 68.5 percent in FY 2012.³¹ ASA on the TE/GE line has increased by more than 200 percent since FY 2009 to over 16 minutes in FY 2012.³²

At the Same Time Telephone Service Is Declining, the Volume of Aged, Unprocessed Correspondence Is Growing.

Even as it becomes more challenging to communicate with the IRS by phone, it has also become more difficult for taxpayers to obtain a response to their correspondence. Comparing the final weeks of fiscal years 2004 and 2012, the backlog of correspondence in the tax

²⁹ IRS, Joint Operations Center, Product Line Detail Reports FY 2004-2012. In FY 2004, LOS was 93.3 percent and in FY 2012, it was 73.4 percent. For a full discussion of the National Taxpayer Advocate's concerns about service to practitioners, see Most Serious Problem: *IRS Processing Flaws and Service Delays Continue to Undermine Fundamental Taxpayer Rights to Representation*, *infra*.

³⁰ *Id.*

³¹ *Id.*

³² *Id.* In FY 2009 ASA on the TE/GE line was 5.23 minutes compared to 16.35 minutes in FY 2012. For further discussion of the National Taxpayer Advocate's concerns regarding TE/GE customer service, see Most Serious Problem: *Overextended IRS Resources and IRS Errors in the Automatic Revocation and Reinstatement Process Are Burdening Tax-Exempt Organizations*, *supra*.

adjustments inventory has jumped by nearly 190 percent.³³ During the same period, the percentage of correspondence classified as “overage” has increased by over 315 percent.³⁴

FIGURE 1.12.4, Adjustments Ending Correspondence Inventory Volumes, FY 2004–FY 2012³⁵

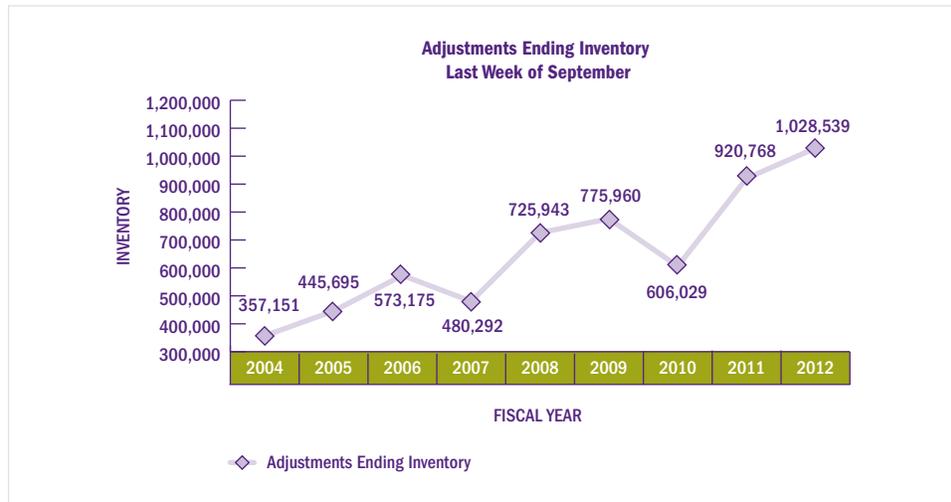
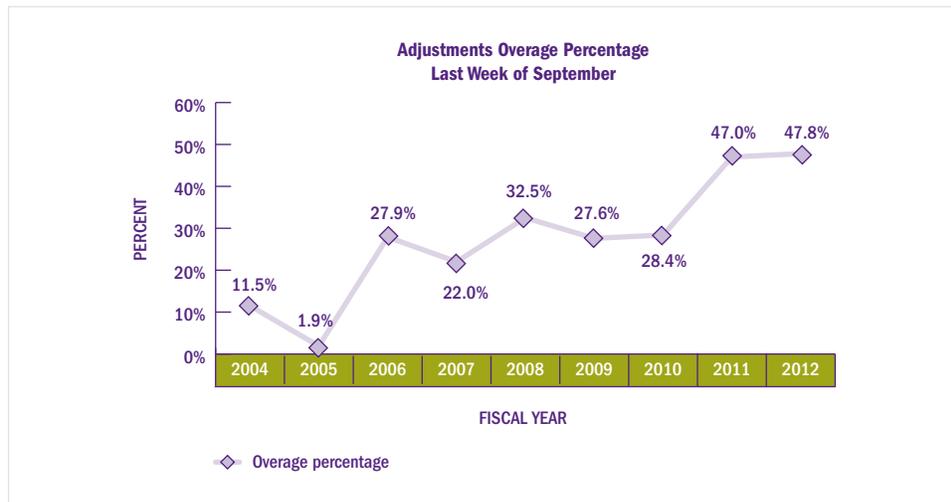


FIGURE 1.12.5, Adjustments Ending Correspondence Overage Percentage FY 2004–FY 2012³⁶



³³ IRS, Joint Operations Center Reports, Accounts Management Inventory Report FY 2004-2012.

³⁴ Certain IRS inventories must be worked within a specific time to be considered timely. If not closed in that period, the inventory item will be classified “overaged.” *Id.* In FY 2004 11.5 percent of correspondence was classified as overage, compared to 47.8 percent in FY 2012.

³⁵ *Id.*

³⁶ IRS, Joint Operations Center, Accounts Management Inventory Report FY 2004-2012.

Allocating Resources to the Appropriate Service Channels Is Crucial.

The National Taxpayer Advocate understands that the IRS must allocate a finite amount of resources among increasing work demands. For this reason, TAS invited W&I to join in developing a methodology that will help the IRS decide how to allocate taxpayer service resources by taking into account both government and taxpayer needs and expectations. Using Government Value and Taxpayer Value as its ranking criteria, the Service Priority Project team is developing a measured set of taxpayer services that can be used to identify priorities when budget or staffing issues dictate a change in services.³⁷ TAS has proposed three additional taxpayer value measures for the tool; however, W&I has not accepted those measures at this time. Research conducted to populate the values in the ranking tool will assist the IRS in understanding the best channel for each taxpayer service and optimizing its overall taxpayer service strategy.

The IRS Unnecessarily Increases Demand for Services Through Its Own Work Processes.

Notwithstanding recent IRS efforts to improve the clarity of its correspondence, IRS notices often confuse taxpayers and lead them to contact the IRS for an explanation or to find out the next steps. On the other hand, the IRS increases its own workload and creates taxpayer burden by sending notices that require responses even when the IRS already has the information it needs to correct an error.³⁸ For example, Taxpayer A has been claiming Dependent B on his tax return for the last ten years. This filing season, Taxpayer A inadvertently transposes two digits of Dependent B's Social Security number (SSN) on the return. Although the IRS could easily correct this error, as the correct SSN is shown on the taxpayer's previous filings, the IRS instead issues a math error notice that requires the taxpayer to contact the IRS to correct the return and takes on average about 12 weeks to resolve.³⁹

The IRS allows taxpayers to conduct simple actions through IRS.gov, but taxpayers cannot use the site for routine tasks such as:

- Correcting computational errors;
- Checking account status;
- Obtaining prior year return information immediately; or
- Making an individual tax payment.

By requiring a taxpayer to write, call, or visit a Taxpayer Assistance Center to complete these tasks, the IRS creates a higher volume of calls, correspondence, and TAC visits.

³⁷ IRS, W&I Business Performance Review, (Aug.15, 2012).

³⁸ For a full discussion of the National Taxpayer Advocate's concerns regarding the IRS' notice clarity, see National Taxpayer Advocate 2011 Annual Report to Congress 74-92 (Most Serious Problem: *Expansion of Math Error Authority and Lack of Notice Clarity Create Unnecessary Burden and Jeopardize Taxpayer Rights*). See also National Taxpayer Advocate 2011 Annual Report to Congress Volume II 113-144 (Study: *Math Errors Committed on Individual Tax Returns: A Review of Math Errors Issued on Claimed Dependents*).

³⁹ 2011 National Taxpayer Advocate Annual Report to Congress, (Study: *Math Errors Committed on Individual Tax Returns: A Review of Math Errors Issued for Claimed Dependents*, Table 9, 138). The median time to resolve this math error notice is four weeks.

Moving tasks to the Internet would permit willing taxpayers to use this channel for routine actions and could reduce stress on IRS telephone and correspondence resources, allowing IRS assistors to focus on taxpayers who need and prefer the phone or correspondence. The IRS has made progress improving taxpayer services provided via the Internet, including the release of the “Where’s My Refund” web tool and smartphone application. However, this in itself has created additional demand on the toll-free lines at times when systems were unavailable or provided an unclear response.⁴⁰

CONCLUSION

Failing to provide service to taxpayers who require IRS assistance creates a burden for taxpayers who cannot resolve their tax issues timely. Downstream consequences of being unable to reach the IRS may include not filing a return, filing inaccurate returns, spending money on paid practitioners, or accumulating greater penalties or interest. By understanding through rigorous research and analysis what tasks taxpayers need to accomplish over the phones and correspondence, the IRS can appropriately allocate all taxpayer service resources to meet demand. With declining LOS and increasing ASA across many IRS phone lines, combined with increasing levels of overage correspondence, taxpayers are not receiving top quality service and may not be able to meet their tax obligations.

The National Taxpayer Advocate preliminarily recommends that the IRS:

1. Collect data related to telephone and correspondence service levels, satisfaction levels, receipts, etc., in a global manner to understand the scope of taxpayer needs and assess overall telephone and correspondence service metrics.
2. Conduct studies such as the TAS Dependent Taxpayer Identification Number Math Error Study to identify unnecessary correspondence and take action to minimize taxpayer burden and delays caused by unnecessary correspondence.
3. Use data the IRS has collected and analyzed to make taxpayer service decisions and resource allocations through an overall service strategy. Commit to using the jointly developed ranking tool in all taxpayer service policy decisions, including the taxpayer value measures proposed by TAS, to completing the research necessary to fully populate the tool’s data fields, and to extending the methodology to enable scoring of changes to the way covered services are delivered (e.g., increases or decreases in the level of service or available service hours for a service activity).⁴¹

⁴⁰ A complete list of tools for individual taxpayers can be found at <http://www.irs.gov/uac/Tools> (last visited December 31, 2012). See Treasury Inspector General for Tax Administration, Ref. No. 2012-40-036, *Interim Results of the 2012 Filing Season* (Mar. 30, 2012). For further discussion of the National Taxpayer Advocate’s concerns about Internet services and the progress the IRS has made, see Most Serious Problem: *The IRS is Striving to Meet Taxpayers’ Increasing Demand for Online Services, Yet More Needs to Be Done*, *infra*.

⁴¹ We have also made this recommendation in the Most Serious Problem: *The IRS Lacks a Servicewide Strategy that Identifies Effective and Efficient Means of Delivering Face-to-Face Taxpayer Services*, *infra*.

IRS COMMENTS

The IRS places high importance on customer service, and we constantly strive to improve the customer experience. The IRS monitors telephone service in real time and constantly takes steps to move staff from programs that are less busy to telephone services with longer wait times. We routinely look at ways to decrease customer wait times and improve efficiency. We are exploring new technology such as virtual queuing, which provides customers the ability to request a call back during especially busy times in lieu of waiting on line, and electronic fax, which enables our assistors the ability to send and receive documents directly from employee workstations. These efforts are aimed at reducing telephone handle times and improving the customer experience. In addition, we are continually studying the reasons taxpayers need to contact us, which enables us to better serve them.

Each year millions of taxpayers call the IRS for assistance with account-related issues or to obtain tax law related information needed to file tax returns. There were approximately 46 million customers seeking live assistance during FY 2012.

We have increased the total number of IRS toll-free customers served each year from 69.3 million in 2004 to over 90 million in 2012, a 29.9 percent increase. This is due, in large part, to a significant increase in the number of customers served through automation, which increased from 33.8 million in 2007 to over 59 million in 2012. While we recognize that personal service is highly valued by many of our customers, automated service is more efficient and provides services that are consistent, reliable, and available at all hours. And because of changing customer demographics, automation is becoming the preferred contact channel for many of our customers seeking answers to tax law questions and those with less complicated account issues. By providing automated options for these customers, our assistors are available to concentrate on more complex inquiries, and we are able to serve a larger number of customers overall.

Overall demand has increased in recent years. In FY 2008, economic stimulus legislation prompted an unprecedented number of taxpayers to call the IRS, which had a significant negative impact on CSR LOS. After FY 2009, demand for toll-free service subsided but did not return to pre-stimulus levels. In FY 2012, demand was 50 million, about five million higher than the levels experienced between FY 2004 and FY 2007. This level of demand appears to be the “new normal.”

Just as we explore ways to improve telephone service, we also continually look at ways to improve service to our customers who contact us via correspondence. Accounts Management currently utilizes an extensive suite of correspondence metrics to effectively track volume, timeliness, and case priority.

- The IRS uses the Correspondence Imaging System inventory report to monitor weekly overage work and priority inventory, and track closed cases compared to the overall inventory.

- In FY 2011, Accounts Management implemented a new Site Level Indicators and Measures Report, which includes the tracking of cycle time and average days to close correspondence at the site as well as the aggregate levels, enabling the IRS to monitor timely service to the taxpayer.
- We utilize the Embedded Quality Timeliness measure to determine the timeliness and accuracy of responses to taxpayer correspondence and whether employees follow established timeframes and proper workload management guidelines.

As an organization, over the past two decades, we have annually asked our customers how we can improve our service. These surveys have two primary goals:

1. To measure customer satisfaction to meet a balanced measure requirement; and
2. To identify improvement opportunities as the basis for enacting improvements.

The IRS measures correspondence customer satisfaction as part of the “Adjustments Customer Satisfaction Survey.” This survey includes responses to notices, letters, unsolicited correspondence, amended returns, and claims.

Our Field Collection Areas have led the way in reaching out to our customers to improve case quality. For example, Field Collection recently took steps to keep their customers apprised as to the status of their case by developing and implementing case closing letters. These letters let many of our customers know when their case has been closed or resolved. They also continually strive to reduce time spent on a case by improving the quality of our initial contacts and educating taxpayers on their important role in case resolution.

In addition, many Collection Areas hold quarterly Collection Liaison meetings with local practitioners. At these meetings, local practitioners meet with Territory Managers, Group Managers, and Revenue Officers. During these meetings, presentations are given on various topics relating to the collection process and practitioners are always given the opportunity to discuss their concerns in a non-confrontational atmosphere. This outreach has received much praise from the practitioner community and is expected to grow.

The IRS is pleased to partner with TAS on the Service Priority Project, which will quantify the value of service tasks by service channel (*i.e.*, face-to-face, assisted and automated telephone, and online), based on government and taxpayer value criteria. The service tasks are defined at a broad level, *e.g.*, providing general tax law assistance and information and providing tax account assistance.

The ranking tool is still under development. The IRS will use the ranking tool as guidance along with other relevant information when making decisions about changes to taxpayer services. Additionally, the IRS will incorporate the three criteria proposed by TAS into the ranking tool as data become available. In the meantime, information available about these criteria will be included as addenda to the services’ score sheets. This ranking tool is a tool

in the decision-making process; therefore, the information in the addenda will inform the decisions.

The IRS will modify existing surveys in order to collect data that will populate the data gaps in the current model. These modifications will be constrained by budget considerations. For example, an increased sample size necessary to collect the detailed data for the model will increase the survey cost.

The ranking tool is not designed to provide information about the impact of specific changes in service attributes (*e.g.*, hours of operation, wait time, etc.). The IRS will evaluate the cost-effectiveness of conducting research that will provide the detailed data that would be needed to quantify the changes in service attributes (*e.g.*, level of service, hours of operation).

The National Taxpayer Advocate has recommended that the IRS collect data related to service and satisfaction levels in a global manner to understand needs and assess metrics. The IRS currently collects an extensive suite of telephone and correspondence performance metrics. The data collected is used to assess taxpayer needs and identify improvement actions. Although there is currently an extensive suite of correspondence metrics in place which effectively track volume, timeliness, and case priority, the IRS is constantly striving to improve the customer experience. The IRS has tools in place to monitor cycle time, average days to close correspondence, weekly overage work and priority inventory, and track closed cases compared to the overall inventory. We also utilize the Embedded Quality Review System timeliness measure to evaluate whether caseworkers took timely case action. The IRS places high importance on customer service and will continue to review, update, and augment the current suite of metrics for the correspondence program, as needed.

Finally, the National Taxpayer Advocate has recommended that the IRS conduct studies to identify unnecessary correspondence and take action to minimize taxpayer burden caused by unnecessary correspondence. In an effort to reduce taxpayer burden and better understand the taxpayer decision-making process of contacting the IRS in response to Information Only (IO) notices, W&I Research and Analysis (WIRA) identified eight high-impact, high-volume notices that do not require a response from the taxpayer. WIRA conducted twelve focus groups with taxpayers and IRS Customer Service Representatives (CSRs) in May and June 2012. WIRA found that a taxpayer's main motivation for calling the IRS in response to IO notices is to obtain information. WIRA obtained a number of suggestions for improving the notices.

Taxpayer Advocate Service Comments

Providing quality service to a large and varied taxpayer population is crucial to the IRS mission. The National Taxpayer Advocate is pleased that the IRS recognizes the value of improving the customer experience. TAS fully supports the expansion of electronic tools for IRS telephone assistors and taxpayers to decrease burden and shorten the time needed to resolve problems.⁴²

While automated options are an important component of a comprehensive taxpayer service strategy, the IRS cannot rely solely on these options to close gaps. As the tax code grows more complex, taxpayer issues become increasingly difficult and less suitable for automation. Additionally, the IRS knows that certain segments of the taxpaying public are unable or unwilling to use automation, and that it must provide them with quick, efficient phone service.

The National Taxpayer Advocate is pleased that the IRS is looking at a set of Information Only notices to improve the quality of existing notices and decrease the need for taxpayers to call the IRS in response. This is a first step, but the IRS not addressing the other underlying issues that drive unnecessary taxpayer contacts. For instance, the IRS declined to comment on the possibility of using its own records to correct simple math errors, such as a transposed Social Security number for a dependent, which would remove the need to even correspond with the taxpayer. Elimination of unnecessary “action required” notices will reduce phone calls and correspondence as well as taxpayer burden.

Finally, the National Taxpayer Advocate also is pleased that the IRS has agreed to incorporate TAS criteria in its jointly-developed service ranking tool and will use this tool to make future taxpayer service decisions. However, the IRS must remain aware of the taxpayer perspective as it decides how to deliver services. Failing to fully populate the ranking tool data before changing its taxpayer service strategy will cause the IRS to continue making decisions in a vacuum. The IRS must commit to recognizing the importance of the taxpayer experience with IRS services, and use internal and external research to fully understand the impact and consequences of service changes. It should be a budget priority to complete the research and data collection necessary to make the ranking tool effective. While populating the tool will require an investment upfront, it will enable the IRS to make better decisions and target resources more appropriately in the long run.

⁴² In the most recent IRS, W&I Business Performance Review, 26 (Nov. 14, 2012), the IRS has revised its goal for Level of Service to 70 percent from 63 percent,

Recommendations

The National Taxpayer Advocate recommends that the IRS:

1. Conduct studies (such as the TAS Dependent Taxpayer Identification Number Math Error study) to identify unnecessary “action required” correspondence and act to minimize taxpayer burden and delays caused by this correspondence.
2. Use data the IRS has collected and analyzed to make taxpayer service decisions and resource allocations through an overall service strategy.
3. Commit to using the jointly-developed ranking tool in all decisions about taxpayer service policy, including the taxpayer value measures proposed by TAS; to completing the research necessary to fully populate the tool’s data fields, and to extending the methodology to enable scoring of changes to the way covered services are delivered including increases or decreases in the level of service or available service hours for a service activity.⁴³

⁴³ We have also made this recommendation in the Most Serious Problem: *The IRS Lacks a Servicewide Strategy that Identifies Effective and Efficient Means of Delivering Face-to-Face Taxpayer Services*, *infra*.