

MSP
#7**EMPLOYEE TRAINING: Changes to and Reductions in Employee Training Hinder the IRS's Ability to Provide Top Quality Service to Taxpayers****RESPONSIBLE OFFICIALS**

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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

The IRS is charged with administering the Internal Revenue Code (IRC), a massive document encompassing approximately four million words.² The IRC is a living document as Congress continually enacts new laws; over one change to the tax code per day on average,³ requiring employees to be up to date on the latest changes in order to assist taxpayers and fulfill the IRS mission to “[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.”⁴ However, the IRS has reduced its employee

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 To determine the number of words in the IRC, TAS downloaded Title 26 of the U.S. Code (i.e., the Internal Revenue Code) from the website of the U.S. House of Representatives, <http://uscode.house.gov>. We copied the file into Microsoft Word, and used the “word count” feature to compute the number of words. The online version of Title 26 we used was current through November 14, 2017. The printed code contains certain information that does not have the effect of law, such as a description of amendments that have been adopted, effective dates, cross references, and captions. The word count feature also counts page numbers, the table of contents, and the like. Therefore, our count somewhat overstates the number of words that are officially considered a part of the tax code, although as a practical matter, a person seeking to determine the law will likely have to read and consider many of these additional words, including effective dates, cross references, and captions. Other attempts to determine the length of the Code may have excluded some or all of these components, but there is no clearly correct methodology to use, and we found no easy way to selectively delete information from a document of this length.

3 Unpublished data provided by Wolters Kluwer Tax & Accounting to TAS (Dec. 8, 2016). This analysis shows nearly 5,900 changes to the tax code since 2001. Wolters Kluwer notes there is some subjectivity in computing these numbers because the counts are tied to how legislation is written. In general, an “Act Finding List” lists every Act section (or portion thereof) in a given Public Law and the corresponding amendment(s) it makes to the IRC. For example, assume an Act adds three new sections to the IRC. If the Act contains three sections that each adds one Code section, Wolters Kluwer would count three Code changes. But if the Act contains one section that adds a new Part to the IRC and that Part, in turn, contains the same three new Code sections, Wolters Kluwer would count one Code change.

4 IRS, *The Agency, its Mission and Statutory Authority*, <https://www.irs.gov/uac/the-agency-its-mission-and-statutory-authority>.

training budget by nearly 75 percent since fiscal year (FY) 2009.⁵ Not only has the budget for training drastically declined, but the way in which employees receive that training has shifted from in-person, face-to-face training to virtual training. The National Taxpayer Advocate is particularly concerned that:

- In FY 2017, the IRS spent \$489 (about three percent of its budget) per employee on training compared to about \$1,450 per employee in FY 2009.⁶
- Wage and Investment (W&I), with the most employees of any operating division, spends only \$87 per employee per year for training.⁷
- Face-to-face training has been replaced by virtual training.⁸
- The IRS provides only 19 hours of training per employee in at least one key job series, which includes nearly five hours of mandatory briefings, leaving only 14 hours of substantive training.⁹
- The number of courses available to employees in key job series declined.¹⁰

IRS employees cannot be expected to provide competent advice and adequate service to taxpayers who present myriad issues when they do not receive training timely or effectively. The downstream consequences to the IRS and taxpayers, including rework, misleading or incomplete advice, improper compliance actions, and distrust in the IRS serve to further degrade the relationship between the IRS and taxpayers and violate the taxpayer *rights to be informed, to quality service, and to a fair and just tax system*. Employees must receive timely, comprehensive, and effective training in order to protect taxpayer rights and provide top quality service to taxpayers. In light of current tax reform legislation, the National Taxpayer Advocate is concerned with how the IRS will effectively and efficiently train employees on the new tax laws in addition to providing regular substantive training given the budget and hours currently dedicated to training.

5 IRS response to TAS information request (Nov. 22, 2013 and Nov. 7, 2017); IRS response to TAS fact check (Dec. 15, 2017). While the budget for training has increased by approximately \$17 million since a low point of approximately \$22.6 million in fiscal year (FY) 2013, the reduction from previous years of over \$113 million spent on training is drastic.

6 IRS response to TAS information request (Nov. 22, 2013 and Nov. 7, 2017). IRS, Human Resources Reporting Center, <https://persinfo.web.irs.gov/> (last visited Nov. 15, 2017). The IRS had 105,783 employees as of the last week of FY 2009 and spent \$153,155,686 on training. Per employee, the IRS spent \$1,448 in FY 2009 and only \$489 in FY 2017. IRS response to TAS information request (Nov. 22, 2013 and Dec. 7, 2017). IRS response to TAS fact check (Dec. 15, 2017).

7 IRS, Human Resources Reporting Center, <https://persinfo.web.irs.gov/> (last visited Nov. 17, 2017). IRS response to TAS information request (Nov. 7, 2017).

8 In FY 2009, the IRS offered 314 face-to-face trainings for the Office of Appeals 0592 job series. In FY 2017, only 13 face-to-face trainings were available to these employees, a reduction of nearly 96 percent. IRS response to TAS information request (Nov. 22, 2013 and Nov. 7, 2017).

9 IRS response to TAS information request (Nov. 7, 2017). For example, employees in the Tax Exempt and Government Entities (TE/GE) 0592 job series received 18.75 hours of training per employee, not even three full work days of training in an entire year. The IRS-wide position description for the Tax Examining Technician details that these employees must possess extensive knowledge of individual and business tax law, forms, regulations, collection techniques, notices, and many other IRS documents. IRS, Human Resources Reporting Center, <https://persinfo.web.irs.gov/> (last visited Nov. 17, 2017). IRS, *Standard Position Description GGS-0592-07* (June 18, 2003). All IRS employees in FY 2017 were required to take a series of briefings accounting for at least 4.83 hours of training. Those courses were: Information Systems Security Refresher, Unauthorized Access (UNAX) Awareness, Facilities Management and Security Services Physical Security Briefing, Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act) Briefing Refresher, Records Management Awareness, Privacy, and Information Protection & Disclosure Refresher.

10 For instance, employees in the Office of Appeals 0592 job series had 213 course options in FY 2013 compared to 153 course options in FY 2017. IRS response to TAS information request (Nov. 22, 2013 and Nov. 7, 2017). It is important to note that many of the course offerings are mandatory briefings on topics such as physical safety and other required non-tax law substantive courses such as time entry instruction or voicemail tutorials.

ANALYSIS OF THE PROBLEM

Background

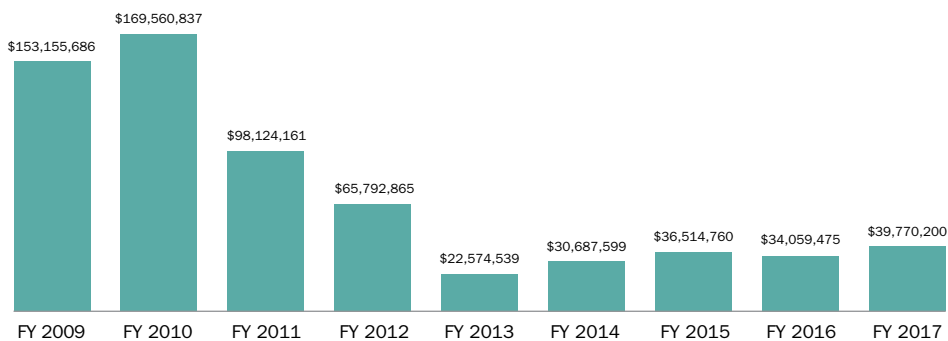
In FY 2017, the IRS allocated \$39.8 million of its over \$11 billion budget to training its employees, or just over 0.3 percent of the total budget.¹¹ Taking actual dollars appropriated to the IRS, the IRS budget has declined just under \$300 million in raw dollars since FY 2009 or about 2.5 percent, while at the same time, it has cut its training budget by nearly 75 percent.¹² The IRS has faced many years of reduced budgets, including additional cuts due to sequestration in FY 2013.¹³

Cuts to Training Far Exceed Cuts to the Overall IRS Budget

Sequestration resulted in an eight year low of spending on training in FY 2013, with only \$22.6 million spent on training for all employees.¹⁴ However, despite a restoration of spending on training of slightly over \$17 million by the end of FY 2017, budgets across the IRS divisions for training have increased unevenly.¹⁵

FIGURE 1.7.1¹⁶

IRS Training Budget by Fiscal Year



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11 IRS response to TAS fact check (Dec. 7, 2017). Department of Treasury, *2017 Treasury Operating Plan* 32.

12 *Id.* at 1 and 32.

13 Budget Control Act of 2011, Pub. L. No. 112-25.

14 IRS response to TAS information request (Nov. 22, 2013).

15 IRS response to TAS fact check (Dec. 7, 2017).

16 *Id.*

The IRS Has Slashed the Wage & Investment Division (W&I) Training Budget

The W&I mission is to “provide Wage and Investment customers top quality service by helping them understand and comply with applicable tax laws and to protect the public interest by applying the tax law with integrity and fairness to all.”¹⁷ Being the largest of the IRS operating divisions, W&I serves over 123 million¹⁸ individual taxpayers and boasts nearly 35,000 employees or about 43 percent of all IRS employees.¹⁹ Yet, between the low point of FY 2013 IRS spending on training and the end of FY 2017, the training budget for W&I actually decreased by nearly \$1 million, a decrease of over 24 percent.²⁰ W&I is spending only \$87 per employee per year for training, which is more than 81 percent less than the IRS spends on average per employee.²¹

W&I employees are the face and the voice of the IRS. W&I maintains the Taxpayer Assistance Centers (TACs)²² and provides many of the employees answering the IRS main toll-free line.²³ An individual taxpayer needing to resolve an IRS issue, ask a question, make a payment, request a form, or complete many other routine tasks is most likely to speak to a W&I employee, yet the IRS is spending almost nothing to provide training to these customer-facing employees.

The National Taxpayer Advocate and her staff attend many industry gatherings, speak at conferences and events, and hear directly from taxpayers and practitioners.²⁴ A common concern expressed by taxpayers and practitioners alike is that they are not receiving accurate advice or resolving their issues when they contact the IRS. When W&I is only able to spend \$87 per employee per year for training, it is not surprising that taxpayers are unable to rely on the advice received or be confident in the answer provided by the IRS. The National Taxpayer Advocate frequently hears that employees rely on scripts to answer taxpayer questions. If the issue is beyond the scope of the script, the taxpayer cannot be assisted by that employee. A lack of training undermines the taxpayers’ *right to be informed* and the *right to quality service* and erodes trust and confidence in the IRS and prevents employees from having the tools to effectively do their jobs.

17 IRS, *Mission*, <http://www.irs.gov/pub/irs-news/ir-98-59.pdf> (last visited Nov. 15, 2017).

18 *Id.*

19 IRS, Human Resources Reporting Center, <https://persinfo.web.irs.gov/> (last visited Nov. 17, 2017).

20 IRS response to TAS information request (Nov. 22, 2013 and Nov. 7, 2017).

21 IRS response to TAS information request (Nov. 7, 2017).

22 For a more detailed discussion of Taxpayer Assistance Centers (TACs), 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*.

23 For a more detailed discussion of the IRS telephone service, see Most Serious Problem: *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*, *infra*.

24 One method that anyone can use to report a systemic IRS issue to TAS is through the Systemic Advocacy Management System (SAMS). <https://www.irs.gov/advocate/systemic-advocacy-management-system-sams>. For example, the National Taxpayer Advocate recently met with attorney from the Southeast Regional Bar Association at their liaison meeting. Several attorneys in attendance related issues with completing tasks at TACs (Oct. 20, 2017). The tasks in question, making payments and filing a return do not require appointments, yet these practitioners were turned away for not having appointments. For a more detailed discussion of TACs, 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*. See also <https://taxpayeradvocate.irs.gov/news/nta-blog-taxpayer-assistance-center-service-continues-to-decline-impairing-taxpayers-ability-to-receive-in-person-assistance?>

Training Dollars Vary Wildly by Operating Division

Many IRS operating divisions handle extremely difficult, technical cases and require specialized training to address the issues presented by these cases. As a result, spending in highly technical job series and divisions will necessarily cost more money in order to provide appropriate training. For example, the Criminal Investigation division spent about \$2,000 per employee in FY 2017.²⁵ However, it is baffling that W&I employees received only \$87 worth of training per employee while these employees deal directly with over 123 million taxpayers, and Agency Wide Shared Services employees, who provide payroll, facilities, physical security, travel, credit card, cross-functional administrative and procurement support to the operating divisions, received over \$479 of training per employee.²⁶ In other words, employees who assist taxpayers directly in key taxpayer service functions receive 80 percent less training dollars per employee than employees who manage internal administrative functions such as payroll.

Employees in Key Job Series Receive Very Little Training

TAS identified key job series in the IRS operating divisions, by division, where employees need technical knowledge and work directly with taxpayers or on taxpayer cases.²⁷ Within these categories of employees and across the operating divisions, training hours delivered to the employees varies widely. In the Tax Exempt and Government Entities (TE/GE) Division job series 0592, Tax Examining Technician, the employees received an average of 19 hours of training per employee, while W&I employees in the same job series received almost 65 hours of training per employee.²⁸

The IRS-wide position description for the Tax Examining Technician details that these employees must possess extensive knowledge of individual and business tax law, forms, regulations, collection techniques, notices, and many other IRS documents.²⁹

Additional duties include:

- Responding to taxpayer inquiries regarding tax return preparation, including schedules and documentations;
- Analyzing and resolving tax processing problems, including adjusting accounts, issuing manual refunds and computing tax, penalties and interest; and
- Recommending lien and/or levy action.³⁰

After backing out required courses such as ethics, unauthorized account access and physical safety briefing, TE/GE Tax Examining Technicians receive only 14 hours per employee of training per year.³¹

25 IRS, Human Resources Reporting Center, <https://persinfo.web.irs.gov/> (last visited Nov. 17, 2017); IRS response to TAS information request (Nov. 7, 2017).

26 *Id.*

27 TAS looked at training made available to tax examining technicians, revenue agents, revenue officers, customer service specialists, bankruptcy specialists, and tax analysts.

28 IRS response to TAS information request (Nov. 7, 2017). IRS, Human Resources Reporting Center, <https://persinfo.web.irs.gov/> (last visited Nov. 17, 2017). Wage and Investment (W&I) hired over 1,000 new employees in this job series in FY 2017, while TE/GE had no new hires in FY 2017. As a result, W&I employees may have received, on average, more training per employee due to the length of the new hire training courses. However, it is important to note that W&I had over 4,700 existing employees in this job series compared to TE/GE's slightly over 100 employees. IRS response to TAS fact check (Dec. 15, 2017).

29 IRS, *Standard Position Description GGS-0592-07* (June 18, 2003).

30 *Id.*

31 IRS response to TAS information request (Nov. 7, 2017). IRS, Human Resources Reporting Center, <https://persinfo.web.irs.gov/> (last visited Nov. 17, 2017).

In other words, employees who assist taxpayers directly in key taxpayer service functions receive 80 percent less training dollars per employee than employees who manage internal administrative functions such as payroll.

How can an employee responsible for the duties detailed in the position description possibly be informed of all changes to the law, forms, regulations, notices, etc., in only 14 hours of training per year?

In-person Training Continues to Decrease in Certain Key Job Series

In FY 2013, the IRS cut most in-person training in response to sequestration. While hours of in-person training have increased in certain key job series, several have been cut even further from the low FY 2013 levels.³² Revenue Agents in Small Business/Self-Employed (SB/SE) and TE/GE received even less in-person training in FY 2017 than in FY 2013. SB/SE Revenue Agents received almost 36 hours of in-person training per employee in FY 2013, while in FY 2017 they received only 21 hours of in-person training.³³ TE/GE Revenue Agents received nearly 27 hours of in-person training per employee in FY 2013 while in FY 2017 those same employees received less than seven hours of in-person training.³⁴ While the National Taxpayer Advocate understands that costs associated with in-person training are expensive, learning directly with other employees and exchanging ideas and strategies face-to-face helps employees learn from each other. Moreover, in-person training is highly effective in promoting problem solving, and it enables instructors to identify areas in need of clarification and additional instruction.

The IRS Can Use Many Strategies to Deliver In-Person Training

Training can be delivered to employees via many vehicles. However, all training methods are not equally effective. Training, particularly in critical job skills, must be provided in the most effective manner possible to allow employees to gain and practice the skills necessary to do their jobs. Skills that involve communicating directly with the taxpayer and eliciting the information necessary to reach the right answer for that taxpayer are critical to any job series that involves taxpayer communication.

For example, TAS recently conducted an in-person training on these skills at the Congressional Affairs Program Conference for Local Taxpayer Advocates (LTAs), who were then able to take what they learned back to their office and train their case advocates and other employees in this critical skill.³⁵ Similarly, in preparation for case assignments to Private Collection Agencies (PCAs), in January 2017, TAS delivered in-person training to PCA managers which included a 45-minute video of the National Taxpayer Advocate explaining how the Taxpayer Bill of Rights applies to PCA employees and

32 The IRS believes it is more appropriate to focus on the change in total training hours, including virtual training, as compared with solely in-person training. We disagree. Virtual training is not as effective as in-person for many purposes. For example, in-person training allows groups of employees to discuss cases and consider alternative scenarios in ways that cannot be replicated through online training. Moreover, even focusing on total training, hours per employee have generally dropped significantly. With respect to Revenue Agents in TE/GE, for example, the IRS reports that the number of training hours per employee has declined from 80.39 hours per employee in FY 2013 to 43.48 hours per employee in FY 2017, a reduction of almost 46 percent. IRS response to TAS fact check (Dec. 15, 2017).

33 IRS response to TAS information request (Nov. 22, 2013 and Nov. 7, 2017).

34 *Id.*

35 See also *Case Advocacy, infra*. Currently TAS is developing TAS Employer Shared Responsibility Payment training that will kick off with train-the-trainer sessions in January 2018 and continue with training all TAS employees in January as part of Filing Season Readiness training.

activities.³⁶ We also delivered PCA training to all LTAs in March 2017, and created a dedicated mailbox for case advocates to send any questions they have about the program, committing to provide answers to their questions within 24 hours.

Having “train the trainer” courses in-person can be an effective way to teach critical job skills. This methodology permits the trainer to go back and provide the training to employees in their local area, thus limiting the number of employees who need to travel for training.

Further, the IRS should make use of training provided by other entities, such as the American Bar Association or the American Institute of Certified Public Accountants, state and local Bar and Certified Public Accountant (CPA) associations, and educational institutions. Employees could be encouraged to seek out opportunities for training from outside groups and be granted permission to attend on a rotating basis in their local commuting areas. TAS obtained an opinion from the IRS Office of Chief Counsel that TAS employees can accept waived admission fees to attend outside continuing professional education courses; the IRS should pursue the same.

Additionally, TAS makes use of outside experts in presenting training to TAS employees. Recently TAS filmed training related to the Annual Report to Congress Most Litigated Issues (MLI) section, focusing on issues that TAS employees may encounter in their case work. The National Taxpayer Advocate, her attorney-advisors, and practitioners from Low Income Taxpayer Clinics (LITCs) delivered these trainings. The perspective from practitioners can be invaluable in adding real-world experience to training and driving home how the work IRS employees do impacts taxpayers. LITCs in particular can provide information on how IRS practices are born out in the low income taxpayer community, a particularly vulnerable population. This training is available to all IRS employees through a video link. In fact, one Appeals manager reached out to TAS inquiring how his employees can access the MLI training and was provided the link.

The IRS’s Failure to Provide Adequate Training to Employees Impacts Taxpayer Rights and Causes Downstream Consequences

Taxpayers have the *right to be informed* and *to quality service*.³⁷ If the IRS does not provide timely and comprehensive training to its employees, taxpayers cannot expect to receive quality service and may be misinformed.³⁸ Taxpayers need to be able to trust that they can contact the IRS and receive the right answer from any employee. Anything less erodes trust and confidence in an agency that already struggles in both areas. Failure to train employees comprehensively can also result in rework or further taxpayer contacts, causing additional costs to the IRS. It may also result in costs to taxpayers who may feel the need to turn to paid tax assistance in order to receive appropriate guidance. Or, a taxpayer may become frustrated and give up which could have dire consequences in the form of liens or levies for that taxpayer.

36 See also Case Advocacy, *infra*. Despite TAS’s offer to deliver this training to all Private Collection Agencies (PCA) employees, the IRS refused to impose this training requirement.

37 See TBOR, www.TaxpayerAdvocate.irs.gov/taxpayer-rights.

38 For a discussion of the TBOR, see Most Serious Problem: *Taxpayer Rights: The IRS Does Not Effectively Evaluate and Measure Its Adherence to the Taxpayer’s Right to a Fair and Just Tax System*, *infra*.

That \$200 in interest paid to the taxpayers whose Earned Income Tax Credit (EITC) claims were originally denied is more than the IRS is spending, on average, to train an employee in Wage & Investment who handles EITC issues.

In some scenarios, because of a wrong answer from an IRS employee or an improper collection action, taxpayers may pursue litigation to arrive at the correct determination or to seek damages from the IRS.³⁹ Such litigation is time-consuming and costly to both parties, and strains judicial resources.

For example, a TAS study on Earned Income Tax Credit (EITC) cases, where the taxpayer petitioned the Tax Court for review of the IRS's determination to disallow all or part of the claimed EITC, found that the IRS paid on average \$200 in interest to the taxpayers on the delayed refund in about one third of the sample cases.⁴⁰ That \$200 in interest paid to the taxpayers whose EITC claims were originally denied is more than the IRS is spending, on average, to train an employee in W&I who handles EITC issues.⁴¹ Further, prior to getting to the stage of potential litigation, taxpayers in the majority of these cases attempted to resolve the issue, calling the IRS five times on average (one taxpayer actually called 15 times).⁴² The downstream cost of resolving or litigating the case is far beyond the cost of training to ensure that employees reach the correct answer early in the process.

CONCLUSION

Reductions in training and the lack of in-person training causes taxpayer burden and undermines taxpayer rights. Technological advances and innovative approaches to training used by TAS demonstrate that in-person training can be accomplished in a variety of ways. Face-to-face and interactive training should become a priority, using “train-the-trainer” methodology, video presentations combined with in-person question and answer sessions, and mailboxes for follow-up. The IRS should encourage its employees to attend in-person courses and trainings offered by third parties, such as Bar and CPA associations, colleges and universities in the local commuting areas. Meeting with other employees, other business operating divisions, and, especially, taxpayer representatives and tax experts in local communities will provide employees with different, diverse perspectives on their job duties, increase competence, and allow them to learn from each other to better understand taxpayer issues.

39 See, e.g., IRC §§ 7432, 7433. For example, a taxpayer may bring a civil action for damages against the United States in a district court if an IRS employee negligently fails to release a lien or disregards any IRC provision or regulation associated with collection of taxes.

40 See National Taxpayer Advocate 2012 Annual Report to Congress 72-104 (Research Study: *Study of Tax Court Cases in Which the IRS Conceded the Taxpayer Was Entitled to Earned Income Tax Credit (EITC)*).

41 IRS response to TAS information request (Nov. 7, 2017). IRS, Human Resources Reporting Center, <https://persinfo.web.irs.gov/> (last visited Nov. 17, 2017).

42 See National Taxpayer Advocate 2012 Annual Report to Congress 72-104 (Research Study: *Study of Tax Court Cases in Which the IRS Conceded the Taxpayer Was Entitled to Earned Income Tax Credit (EITC)*).

RECOMMENDATIONS

The National Taxpayer Advocate recommends that the IRS:

1. Increase “train the trainer” in-person trainings to allow more effective delivery of training to field offices.
2. Increase training hours per employee, particularly in mission critical job series.
3. Encourage employees to identify outside training relevant to their jobs and allow the employees to attend such trainings.
4. Include outside experts in training to leverage knowledge gained from working with taxpayers who are impacted by IRS actions.