

MSP  
#1**IRS Toll-Free Telephone Service Is Declining as Taxpayer Demand  
for Telephone Service Is Increasing****RESPONSIBLE OFFICIALS**

Richard E. Byrd Jr., Commissioner, Wage and Investment Division

Chris Wagner, Commissioner, Small Business/Self-Employed Division

**DEFINITION OF PROBLEM**

The federal tax system impacts just about every person in the United States. Tens of millions of taxpayers contact the IRS each year, seeking assistance with tax law questions, orders for publications and forms, or account-related issues.<sup>1</sup> A recent survey shows that when taxpayers have questions, their preferred method of contacting the IRS is by telephone.<sup>2</sup>

Over the last three years, however, taxpayers have found it increasingly difficult to reach an IRS telephone assistor. During the 2007 tax return filing season, the IRS attained a Customer Service Representative Level of Service (CSR LOS) of 83 percent on its toll-free lines.<sup>3</sup> In the 2008 filing season, the CSR LOS declined to 77 percent.<sup>4</sup> During the 2009 filing season, the service level dropped further to 64 percent with a 519-second average speed of answer (ASA), which means the average caller sat on hold for nearly nine minutes.<sup>5</sup> These declining numbers indicate that the IRS is not achieving its goal of improving service to facilitate voluntary compliance.<sup>6</sup>

In response to the declining levels of phone service, the IRS has set goals of 71.2 percent for CSR LOS and 698 seconds for ASA in fiscal year 2010.<sup>7</sup> In other words, the IRS has set its priorities so that nearly three out of every ten calls seeking to reach an IRS telephone assistor will not get through, and callers who do receive assistance will first have to wait on hold for an average of nearly 12 minutes.<sup>8</sup>

<sup>1</sup> IRS, Joint Operations Center (JOC) Enterprise Telephone Data, *Product Line Detail Report*.

<sup>2</sup> IRS Oversight Board, *2008 Taxpayer Attitudes Survey* (Feb. 2009).

<sup>3</sup> IRS, JOC Enterprise Telephone Data, *Enterprise Snapshot*.

<sup>4</sup> *Id.*

<sup>5</sup> Treasury Inspector General for Tax Administration (TIGTA), Ref. No. 2009-40-127, *Unplanned Call Demand Reduced Toll-Free Telephone Access for the 2009 Filing Season 5* (Sept. 8, 2009).

<sup>6</sup> IRS, *Strategic Plan and Budget FY 2010*.

<sup>7</sup> IRS, Wage and Investment Division (W&I), *Business Performance Review 28* (Aug. 11, 2009).

<sup>8</sup> The IRS operates multiple toll-free phone lines. Calls to the Customer Assistance Service (CAS) lines account for 80 to 90 percent of the toll-free calls to the IRS each year. In this discussion, we will focus on the CSR LOS for the CAS toll-free lines.

To live up to its customer service promises, the IRS should address the following problems with its toll-free phone service:

- The toll-free phone lines are insufficiently staffed to achieve an acceptable CSR LOS and ASA; and
- IRS projections for CSR LOS and ASA make no allowances for special tax initiatives and national disasters, which have become the norm rather than the exception.

## ANALYSIS OF PROBLEM

### Background

When Charles Rossotti began his term as the Commissioner of Internal Revenue in 1997, one of his greatest challenges was to improve customer service. During the 1997 filing season, 21.6 million callers attempted to reach the IRS via the toll-free lines, with a 52.3 percent success rate.<sup>9</sup> Deficiencies in phone service contributed to Congress's decision to overhaul the IRS organization in 1998, when the IRS achieved a 69 percent CSR LOS for the filing season.<sup>10</sup> In his book, *Many Unhappy Returns: One Man's Quest to Turn Around the Most Unpopular Organization in America*, Rossotti stated pointedly: "Apart from the justifiable outrage it causes among honest taxpayers, I have never understood why anyone would think it is good business to fail to answer a phone call from someone who owed you money."<sup>11</sup> Rossotti likened the phone service situation at the IRS to a bank that refused to spend money on providing service to customers, except those with long-overdue loans.<sup>12</sup>

The IRS measures the performance of its phone assistants by level of service and average speed of answer. Customer Service Representative Level of Service is the IRS's primary measure of taxpayer access to an assistant, while ASA measures the average number of seconds taxpayers wait on hold.<sup>13</sup> The IRS has increased the availability of telephone assistants on its toll-free lines in recent years, yet CSR LOS has declined while the corresponding waiting time has jumped dramatically. The table below contains IRS toll-free call data for the past six fiscal years.<sup>14</sup>

<sup>9</sup> General Accounting Office (GAO), GAO/T-GGD/AIMD-97-66, *Tax Administration: IRS' Fiscal Year 1997 Spending, 1997 Filing Season, and Fiscal Year 1998 Budget Request* 9 (Mar. 18, 1997).

<sup>10</sup> GAO, GAO-01-189, *IRS Telephone Assistance: Quality of Service Mixed in 2000 Filing Season* 7 (Apr. 2001).

<sup>11</sup> Charles O. Rossotti, *Many Unhappy Returns: One Man's Quest to Turn Around the Most Unpopular Organization in America* 285 (2005).

<sup>12</sup> *Id.* at 129.

<sup>13</sup> TIGTA, Ref. No. 2009-40-127, *Unplanned Call Demand Reduced Toll-Free Telephone Access for the 2009 Filing Season* 2 (Sept. 8, 2009). CSR LOS measures the relative success rate of taxpayers who call the toll-free lines seeking assistance from customer service representatives. Here is the CSR LOS formula: (Assistant Calls Answered + VCR Answered + Informational Messages) divided by (Assistant Calls Answered + VCR Answered + Informational Messages + VCR Buses + Courtesy Disconnects + Emergency Closed + Secondary Abandons + Calculated Busy Signals). See IRS Performance Measures Data Dictionary, available at <http://cfo.fin.irs.gov/AssistReview/docs/FY%202009%20MD&A%20Data%20Dictionary%2008-04-09.doc> (last visited Oct. 27, 2009). Note that CSR LOS is not a measurement of the total number of callers to the toll-free lines who speak with a customer service representative.

<sup>14</sup> The IRS fiscal year (FY) is from October 1 to September 30. Elsewhere in this report, we refer to data for a particular filing season, which extends from January 1 to mid-April.

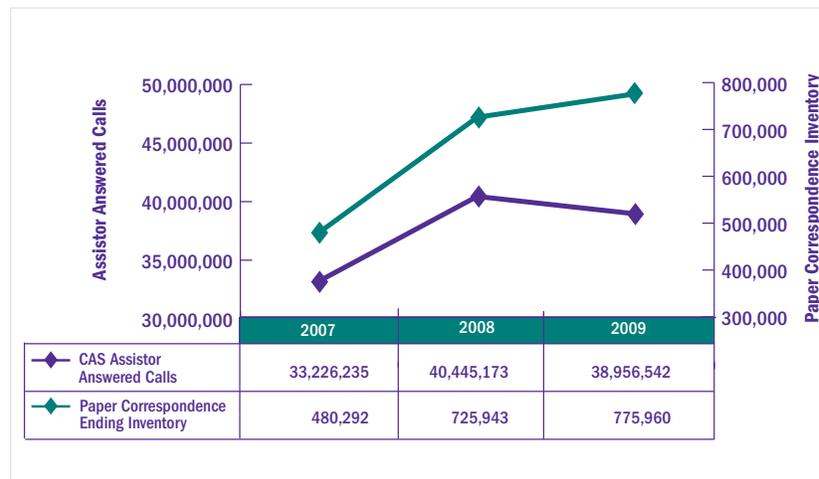
**TABLE 1.1.1, IRS Customer Account Services Toll-Free Phone Data, FY 2005 – FY 2009<sup>15</sup>**

Fiscal Year	CAS Net Attempts (in millions)	CAS Assistor Answered Calls (in millions)	Customer Service Representative Level of Service	Average Speed of Answer (in seconds)
2005	64.5	33.4	82.6%	258
2006	64.2	33.2	82.0%	242
2007	67.4	33.8	81.3%	268
2008	150.6	40.4	52.8%	626
2009	93.7	39.0	70.0%	526

**Downstream Consequences of Low Toll-Free Level of Service**

IRS Accounts Management (AM) employees who answer the toll-free phone lines also handle paper correspondence (including processing amended returns).<sup>16</sup> One way the IRS adjusts for fluctuating call volume is by moving AM staff from correspondence to phone (and *vice versa*).<sup>17</sup> The following chart compares Customer Account Services calls and calls answered by an assistor to overage correspondence.

**CHART 1.1.2, Comparison of Customer Account Services Calls to Paper Correspondence<sup>18</sup>**



As shown in Chart 1.1.2, ending inventories for paper correspondence rose as assistor-answered telephone calls to CAS toll-free lines increased, and even continued to rise after phone demand declined. The correspondence inventory has generally grown over time

<sup>15</sup> IRS, JOC Enterprise Telephone Data, *Snapshot & Half Hourly Adherence Reports* (Oct. 30, 2009).

<sup>16</sup> Internal Revenue Manual (IRM) 1.4.16.2 (Jan. 1, 2009).

<sup>17</sup> IRM 1.4.16.2.2 (3) and (4) (Jan. 1, 2009).

<sup>18</sup> IRS, JOC Enterprise Telephone Data, *Enterprise Snapshot & JOC Accounts Management Paper Inventory Adjustments Reports FY05, FY07, FY09* (Oct. 30, 2009). These calls were made to the telephone lines the IRS refers to as CAS toll-free, which includes 15 to 22 toll-free lines, depending on the fiscal year.

from 480,000 in FY 2007 to 776,000 in FY 2009.<sup>19</sup> Overage correspondence has varied over this same period from a weekly low of 54,000 to a weekly high of more than 1.1 million.<sup>20</sup>

When taxpayers cannot get through on the toll-free lines, they and the IRS face significant repercussions. For example, a taxpayer's inability to get answers could cause him or her to file a return containing errors, which in turn could lead to an IRS notice, audit, or collection actions.

### Challenges to Maintaining or Improving Toll-Free LOS

While the IRS recognizes the importance of providing quality service to taxpayers through its toll-free phone lines, it faces several challenges in maintaining that service.

#### *Significant Increase in Volume of Calls*

The IRS receives tens of millions of telephone calls each filing season from taxpayers seeking assistance in understanding and meeting their tax obligations.<sup>21</sup> Even with a substantial presence on the Internet, the IRS has experienced a significant increase in toll-free calls in recent years.<sup>22</sup>

#### *Difficulty in Ascertaining Appropriate Level of Staffing*

Between FY 2007 and FY 2009, the call volume to the CAS toll-free lines increased by nearly 40 percent.<sup>23</sup> Even with a 13 percent increase in available assistor hours, the CAS assistors could answer only 15 percent more calls during this period while the IRS's automated systems answered 26 percent more.

There are a number of reasons why the IRS has been unable to keep up with the increased call volume, despite increasing its staffing. For example, the IRS noted that many of the simpler inquiries traditionally handled by the toll-free lines (such as "Where's My Refund?" and "How Much was My Stimulus Payment?" inquiries) have been diverted to automated applications. As a result, the toll-free assistors are left answering the more complex questions that remain, thereby increasing the amount of time spent on each call.<sup>24</sup> We suggest that the IRS continue to analyze its call data and base its toll-free assistor staffing decisions on this analysis.

<sup>19</sup> IRS, *JOC Accounts Management Paper Inventory Adjustments Reports FY05, FY07, FY09* (Oct. 30, 2009).

<sup>20</sup> *Id.* The amount of overage correspondence peaked in July 2008 when 1.1 million accounts' correspondence was overage.

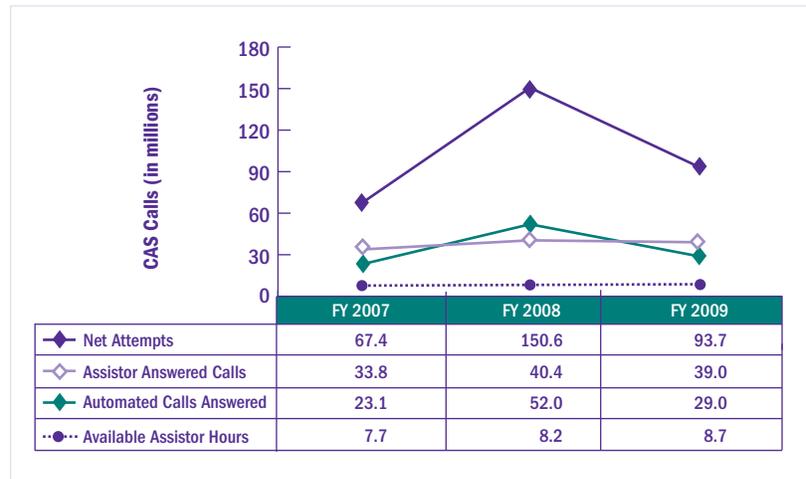
<sup>21</sup> The filing season refers to the period from January through mid-April of each year when most individual tax returns are filed. IRS toll-free assistors received 75.7 million calls during the 2009 filing season. See TIGTA, Ref. No. 2009-40-127, *Unplanned Call Demand Reduced Toll-Free Telephone Access for the 2009 Filing Season 1, 3* (Sept. 8, 2009).

<sup>22</sup> See Table 1.1.1, IRS Customer Account Services Toll-Free Phone Data, FY 2005 - FY 2009, *supra*.

<sup>23</sup> IRS, JOC Enterprise Telephone Data, *Snapshot & Half Hourly Adherence Reports* (Sept. 4, 2009). These calls were made to the lines the IRS refers to as CAS toll-free, which includes 15 to 22 toll-free lines, depending on the fiscal year.

<sup>24</sup> See IRS response to information request (Nov. 2, 2009).

**CHART 1.1.3, IRS Customer Account Services Toll-Free Call Volume, Answered Calls, and Available Assistor Hours, FY 2007 - FY 2009<sup>25</sup>**



***Effect of Late-Year Tax Law Changes and Response to National Disasters***

The National Taxpayer Advocate understands that the IRS has been presented with a number of challenges in recent years, such as administering the Economic Stimulus Payments, Recovery Rebate Credit, and America Recovery and Reinvestment Act. In addition, recent national disasters (including hurricanes Katrina and Rita) have impacted the taxpaying population and IRS operations.

The IRS points to these challenges as a cause of the decline in toll-free CSR LOS. It is true that when a special situation arises, phone service is often one of the things that suffer. For instance, when a national disaster strikes, the IRS moves some of its phone centers offline to answer Federal Emergency Management Agency questions.<sup>26</sup> These special situations have become the new “norm” for the IRS, although that norm is not reflected in its staffing models.

Because taxpayer phone assistance is so important to taxpayer compliance, the IRS should plan for such tax law changes and national disasters. Were the IRS to request funding for a “special phone unit” dedicated to handling these contingencies, the National Taxpayer Advocate believes that Congress would provide it.

<sup>25</sup> IRS, JOC Enterprise Telephone Data, *Snapshot & Half Hourly Adherence Reports* (Sept. 4, 2009). These calls were made to the telephone lines the IRS refers to as CAS toll-free, which includes 15 to 22 toll-free lines, depending on the fiscal year. Automated calls include calls answered during open and after hours, calls that heard informational messages, and calls to Tele-Tax. Assistor answered calls include those who spoke to a live assistor. Net attempts include total calls (assistor plus automated) answered plus abandons, busies, emergency closed messages and courtesy disconnects.

<sup>26</sup> IRM 25.16.1.7.5.3 (May 28, 2009); IRS News Release, *IRS Creates Disaster Relief Number for Toll-Free Line*, IR-2005-88 (Sept. 1, 2005) (on file with TAS).

Since the same employee base answers the phones, processes correspondence, and adjusts accounts, the IRS's traditional approach to unanticipated demand is to move employees from "paper" to "phones" as demand rises.<sup>27</sup> As noted above, this approach leads to overage inventories of correspondence, which in turn lead to additional phone calls or correspondence from taxpayers checking on the status of their issues. During the first five months of 2008 (when IRS toll-free assistors fielded calls about the Economic Stimulus Payment), call volume rose to a high of nearly 11 million in one week.<sup>28</sup> In January 2008, roughly 23 percent of paper correspondence was overage (paper correspondence inventory that was not worked in the allotted amount of time); however, by August 2008, overage correspondence exceeded 57 percent.<sup>29</sup>

The creation of a special phone unit would enable the IRS to maintain a high level of service for its routing calls while addressing unanticipated demand. If the IRS does not have to deal with a disaster or major tax change in a particular year, then the special unit can answer regular phone lines or handle correspondence. There is nothing wrong in achieving a higher CSR LOS or lower rate of overage correspondence than the goal!

### Retreat from Singular Focus on Internet for Taxpayer Service

Through research, we know that taxpayers like to have options for communicating with the IRS.<sup>30</sup> Despite this finding, the IRS has increasingly relied on its website to get information to taxpayers. While the Internet is useful for tasks such as obtaining forms and publications, taxpayers may be less likely to use this medium to obtain answers to more complex questions, such as tax law or specific account issues. For instance, one survey showed 51 percent of taxpayers preferred to call the IRS with a tax law question, compared to only 21 percent who preferred the website.<sup>31</sup> In addition, some groups of taxpayers are less likely than others to have access to the Internet, or may have limited computer literacy.<sup>32</sup>

Directing the majority of resources to the Internet does not always yield the desired or expected results, as some in the private sector already realize. Banks initially thought they could reduce costs by eliminating many of their full-service branches and introducing online banking and bank-by-phone services. However, these banks soon found that while their customers used the new services for many needs, there was still a high demand for full-service facilities. In fact, the number of bank branches increased more than 30 percent

<sup>27</sup> IRM 1.4.16.2 (Jan. 1, 2009).

<sup>28</sup> IRS, JOC Enterprise Telephone Data, *Enterprise Snapshot Reports, Weeks Ending Jan. 5 - May 31, 2008*.

<sup>29</sup> In January 2008, correspondence overage was roughly 23 percent; in August 2008, overage was up to 57 percent. IRS, *JOC Accounts Management Paper Inventory Adjustments Reports FY 2005 - FY 2009* (Oct. 30, 2009).

<sup>30</sup> In almost every situation, taxpayers prefer in-person assistance over self-help options like automated phone systems or Internet. Further, taxpayers overwhelmingly prefer in-person assistance over self-help option when it comes to account related issues. See IRS, *Taxpayer Assistance Blueprint Phase 2*, 40 (2007). Another survey showed that the toll-free line was by far the preferred option, by a margin of almost two to one. See IRS Oversight Board, *Channels Survey 15* (Nov. 2006).

<sup>31</sup> IRS Oversight Board, *Channels Survey 15* (Nov. 2006).

<sup>32</sup> See Most Serious Problem: *Beyond EITC: The Needs of Low Income Taxpayers Are Not Being Adequately Met, infra*; National Taxpayer Advocate 2006 Annual Report to Congress vol. 2, 2, 18 (Most Serious Problem: *Study of Taxpayer Needs, Preferences, and Willingness to Use IRS Services*).

from 1998 to 2008.<sup>33</sup> These banks essentially discovered that online services complement, but do not replace, traditional channels of communication and that a successful bank offers multiple methods of delivery for its products and services.<sup>34</sup>

The same may be true for the IRS. Taxpayers use the Internet for some but not all services. Some applications are certainly well-suited for the Internet and will reduce calls (*e.g.*, the “What’s my AGI (Adjusted Gross Income)?” page can help taxpayers find information they need to file electronically). For more complicated questions or tasks, taxpayers may prefer the phone.

The IRS should follow the private sector’s lead, as well as rely on its own survey data, and recognize that taxpayers want options. Successful customer service means providing a number of ways to reach the IRS. Relying too heavily on one mode of communication will cut off some of the taxpayer population and may discourage this group from contacting the IRS.

## CONCLUSION

The IRS has made significant strides since the reorganization that began with the IRS Restructuring and Reform Act of 1998. The current environment of increasing phone demand and inadequate staffing reverses this trend. The declining CSR LOS and lowered goal for FY 2010 harm taxpayers and create re-work for the IRS.

In conclusion, the National Taxpayer Advocate offers these preliminary recommendations:

1. The IRS should staff the toll-free lines sufficiently to achieve a CSR LOS of 85 percent and an ASA of 300 seconds;
2. The IRS should develop and staff a special phone unit to deal with tax issues relating to national disasters and late-year tax law changes; and
3. The IRS should develop a research-driven strategy of providing Internet, face-to-face, and phone services based on actual taxpayer needs and preferences.

## IRS COMMENTS

The IRS is dedicated to providing the best possible service to customers. Despite significant challenges during the last two years, more customers have received service at a higher quality level than ever before and overall customer satisfaction with our toll-free service remains very high.

<sup>33</sup> Federal Deposit Insurance Corporation (FDIC), *FDIC-Insured Commercial Banks, U.S. and Other Areas* (on file with TAS); FDIC, *Future of Banking Study: Bank Branch Growth Has Been Steady – Will It Continue?* (2004), available at [http://www.fdic.gov/bank/analytical/future/fob\\_08.pdf](http://www.fdic.gov/bank/analytical/future/fob_08.pdf) (last visited Dec. 23, 2009).

<sup>34</sup> Colliers International, *The Skyrocketing Number of Bank Branches*, available at <http://www.ctmt.com/pdfs/emergingDirections/BankBranchesSkyrocket.pdf> (last visited Oct. 19, 2009).

Since 2008, increased customer demand, introduction and expansion of new programs such as the Identity Protection Specialized Unit, and the increased complexity of the issues handled by telephone assistors has resulted in lower reported telephone service levels than in prior years (*i.e.*, CSR LOS and ASA). However, these two telephone service metrics alone do not adequately convey the full measure of services provided by the IRS, either through the phones or other channels. IRS accomplishments with regard to improved internet services are outlined in our comments for the Most Serious Problem on e-Services elsewhere in this report.<sup>35</sup> Likewise, the services provided by IRS-supported volunteers and IRS Taxpayer Assistance Centers are described in our response to the Most Serious Problem on low income taxpayers.<sup>36</sup> Specifically with regard to telephone service during the last two years, the IRS is pleased to report the following achievements:

- Live telephone assistance in fiscal years 2008 and 2009 was 40.4 million calls and 39 million calls respectively. This compares to 33.8 million assistor calls answered in 2007. Total calls answered, including automated services, in 2008 were 77.4 million and total calls answered in 2009 were 57.4 million. This compares to 46.2 million total calls answered in 2007.<sup>37</sup> In addition, use of the self-service Internet application *Where's My Refund?* increased from 39.2 million in 2007 to 54.4 million in 2009, thus enabling our skilled toll-free assistors to focus on resolving more complex customer calls.<sup>38</sup>
- The IRS added an estimated wait time feature for the majority of callers while they are on hold so they can make an informed decision about whether to remain on the line or call back at a later time.
- In 2008, the IRS achieved an accuracy rate of 91.2 percent for tax law inquiries and 93.7 percent for account inquiries. In 2009, our accuracy rate increased to 92.9 percent for tax law and 94.9 percent for accounts, exceeding our goals by 1.9 percent and 1.4 percent respectively.<sup>39</sup> These accuracy rates reflect the results of dedicated and successful multi-year efforts by the IRS to improve the quality of its telephone services to world-class levels.
- In fiscal years 2008 and 2009, the IRS maintained a toll-free customer satisfaction rate of 93.0 percent.<sup>40</sup> Notwithstanding the issues raised by the National Taxpayer Advocate, such high customer satisfaction reflects very favorably on both the level and quality of IRS telephone services.

In an effort to enhance our customer service, the IRS has several improvement initiatives in progress. We recently made changes to our toll-free menus to clarify options and get the

<sup>35</sup> See Most Serious Problem: *The IRS Lacks a Servicewide E-Services Strategy*, *infra*.

<sup>36</sup> See Most Serious Problem: *Beyond EITC: The Needs of Low Income Taxpayers Are Not Being Adequately Met*, *infra*.

<sup>37</sup> JOC fiscal year-end snapshot reports.

<sup>38</sup> JOC Internet Refund-Fact of Filing (IRFOF) file.

<sup>39</sup> National Quality Review (NQRS).

<sup>40</sup> IRS Customer Satisfaction Surveys.

customer to the right place more quickly. We also continue to expand customer channel options. As noted above, the Internet has provided a vehicle for successfully offering self-service opportunities to a customer segment that prefers that method of contact. However, this added access to information or assistance through the Internet is never to the exclusion of other channels.

### Level of Service

The IRS agrees it should staff the toll-free lines sufficiently to provide a reasonable and cost-effective level of service. To this end, our goal for CSR LOS in 2010 is 71.0 percent and represents anticipated demand and the resources appropriated for the IRS to meet that demand. Resources available to deliver telephone services are finite and staffing allocations must be made in light of competing demands necessary to meet other customer needs and preferences. The IRS believes a balanced delivery of services through telephone, Internet, face-to-face, and correspondence ensures that our customers, regardless of the channel they choose, receive the best service possible.

### Special Phone Unit

The IRS also believes it would be impractical and inefficient to establish a special phone unit dedicated to contingencies. However, the IRS has employed a comparable but more cost-effective approach for many years by hiring seasonal staff whose work periods can be expanded or contracted based on fluctuating workload demands. In addition, the IRS utilized several other options to handle the unexpected and extraordinary customer demand for telephone assistance that occurred during the 2008 and 2009 filing seasons. This unanticipated demand primarily resulted from the economic stimulus and recovery act legislation, as well as a new e-file authentication requirement that made it necessary for taxpayers to know their prior year adjusted gross income. IRS efforts to meet this demand included the addition of new Internet self-service tools such as *How Much Was My Stimulus Payment?*, diversion of staff from other programs during peak demand periods to handle prior year AGI calls, special processing of Recovery Rebate Credit (RRC) math error calls, and redesign of the Economic Stimulus Payment Hotline to include automated information on both the new ARRA legislation and the RRC. In addition, both to address the increased demand during 2008 and 2009, and for the longer term, the IRS moved certain paper adjustments work previously handled by Accounts Management to Field Assistance and Submission Processing, thus allowing more Accounts Management assistants to be dedicated to the phones.

### Research-Driven Strategy

With regard to the National Taxpayer Advocate's comments regarding development of a research-driven strategy of providing Internet, face-to-face, and phone services based on actual taxpayer needs and preference, the IRS agrees and already has just such a strategy. On April 11, 2007, the IRS delivered to Congress the Taxpayer Assistance Blueprint (TAB) Phase 2 report, a five-year strategic plan for improving taxpayer services.

Recently updated for Congress, the TAB was co-authored by the IRS, the National Taxpayer Advocate, and the IRS Oversight Board. In the TAB, the IRS commits to “offering a portfolio of service options delivered across multiple channels.” While appropriate emphasis is placed on enhancing self-assisted services, particularly those found on the IRS website, the need to ensure “alternative channels are available” remains a core principle. The telephone performance issues raised in the National Taxpayer Advocate’s report, taxpayer access and burden, are specifically recognized and addressed in the TAB. In addition, the philosophy, priorities, and guiding principles of the TAB are clearly reflected in the 2009-2013 IRS Strategic Plan. Because operating division planning documents and IRS budget proposals are directly linked to the Strategic Plan, they too reflect the goal of providing and administering improved taxpayer services from the taxpayer’s perspective.

The TAB is grounded in substantial and varied research on the service needs and channel preferences of taxpayers. An important advancement in our understanding of these needs and preferences is research that explored the relationship between taxpayer characterization of a specific service task, demographic attributes, and expectations for service channel performance. This “tradeoff” or “conjoint” research revealed new insights regarding taxpayer perceptions of service channels value and the potential burden for satisfying specific service tasks. Subsequent IRS research has taken the conjoint data findings and examined taxpayer decision-making processes. These include the role perceived service task complexity plays in service channel choices, the link between service channel performance (anticipated and realized) and taxpayer behavior, and on-going analysis of the relationship between taxpayer demographics, service task/needs channel preferences, and actual channel use.

True to the TAB guiding principle emphasizing service options and choice, current and planned taxpayer-focused IRS research is supporting decisions regarding service resource and workload allocations, service application development, and performance goals and measures across the IRS phone, Internet, face-to-face, and correspondence delivery channels.

### Summary

In conclusion, the IRS remains dedicated to providing the best possible telephone services for our customers while balancing service delivery among all channels. The IRS will also continue its TAB-related research in support of our strategy for providing cost effective, taxpayer-focused services through multiple channels that meet the needs and preferences of individual, business and tax exempt customers.

## Taxpayer Advocate Service Comments

In essence, a successful approach to customer service depends on two things: (1) access to the service provided to customers, and (2) the quality of that service. This is the approach Congress has instructed the IRS to take with its toll-free lines.<sup>41</sup> However, rather than setting a goal that will satisfy Congress, the IRS has set a “goal” that will fail to answer nearly three out of every ten phone calls from taxpayers seeking assistance from a customer service representative.<sup>42</sup> This is unacceptable and fails the first tenet of good customer service – access. The IRS can strive to provide taxpayers with the best possible customer service, but if taxpayers do not have access to that service, the IRS will have failed to help taxpayers voluntarily comply with their tax obligations. The IRS can and should do better.

The National Taxpayer Advocate understands that the IRS is working to improve its customer service by clarifying its menu options on the toll-free lines and enhancing Internet services. She commends the IRS for these efforts and she applauds the high accuracy levels and the customer satisfaction of those who get through to a customer service representative – these are indeed significant achievements. However, the National Taxpayer Advocate believes that good customer service begins with toll-free lines where taxpayers can reach a live assistor to receive answers to their questions. In recent years, an increasing number of taxpayers have been unable to reach the IRS via the toll-free lines.

Merely looking at the number of calls answered by an assistor does not tell the full story of the decline of IRS’s CAS toll-free phone service. To truly evaluate the performance of these toll-free lines, it is necessary to also look at the CSR LOS. As shown in Table 1.1.1, CSR LOS for the CAS toll-free lines have significantly decreased over the past several years, dipping to 53 percent in FY 2008 and 70 percent in FY 2009.<sup>43</sup> This is a significant drop from FY 2005 to FY 2007, where the CSR LOS remained in the 80 percent range.<sup>44</sup>

The National Taxpayer Advocate is pleased that the IRS has enhanced its phone lines so taxpayers will now be aware of how long they must wait to talk to an IRS employee, giving them the opportunity to decide if they want to wait or call back at another time. However, the primary objective should be to keep the waiting time from becoming too long. As illustrated in Table 1.1.1, the CAS toll-free lines had an Average Speed of Answer of 526 seconds in FY 2009, almost double the ASA of 268 in FY 2007.<sup>45</sup>

<sup>41</sup> “The Commissioner shall continue to make the improvement of the Internal Revenue Service 1-800 help line service a priority and allocate resources necessary to increase phone lines and staff to improve the Internal Revenue Service 1-800 help line service.” H.R. Rep. No. 111-366, FY 2010 Consolidated Appropriations Act, Division C (2009) (Conf. Rep.).

<sup>42</sup> IRS, W&I, *Business Performance Review* 28 (Aug. 11, 2009).

<sup>43</sup> IRS, JOC Enterprise Telephone Data, *Snapshot & Half Hourly Adherence Reports* (Oct. 30, 2009).

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*

The IRS's excellent 93 percent customer satisfaction rate for FY 2008 and 2009 tells only part of the story. Presumably, this customer satisfaction survey covered only those taxpayers who got through on the CAS toll-freelines, not the three out of every ten who could not reach an assistor or hung up because the wait was too long. While the National Taxpayer Advocate commends the IRS for having such a high satisfaction rate, she wishes that more taxpayers would be given the opportunity to speak to an IRS assistor in the first place.

The National Taxpayer Advocate believes that placing only seasonal employees on the phone lines, to address questions relating to national disasters or late-year tax law changes, is not comparable to having a special phone unit dedicated to these issues. Although it may be possible to utilize appropriately trained seasonal employees to address these questions, they should act as support to a specialized unit. The whole point of creating a special unit is for the IRS to train its staff to deal with these unique and often complicated, issues. Additionally, the IRS could call on this unit at any time and would not have to depend on the availability of seasonal employees. The IRS's current approach leaves it scrambling to solve one problem by diverting resources from another area. Establishing a specialized phone unit would avoid the need for temporary solutions that have downstream consequences, such as paper correspondence remaining in inventory as illustrated in Chart 1.1.2.<sup>46</sup>

The National Taxpayer Advocate is aware that the IRS, along with other stakeholders including the National Taxpayer Advocate, has conducted research on taxpayers' needs and preferences and commends the IRS for doing so. However, the decline in toll-free LOS illustrates that the IRS is unable to apply this research to achieve the desired result of providing taxpayers with access to the IRS through different channels. Instead, a taxpayer's chances of reaching the IRS by telephone have significantly decreased in recent years.

Only maintaining current resources to the toll-free lines will have significant consequences for taxpayers today and in the future and will result in a decline in tax compliance. Providing taxpayers with access to quality customer service is one of the IRS's most important responsibilities and one of the cornerstones of RRA 98. Not taking action now risks a return to pre-1998 level of service. The National Taxpayer Advocate believes that Congress, the Administration, and the IRS must jointly ensure that such a state does not occur.

<sup>46</sup> IRS, JOC Enterprise Telephone Data, *Enterprise Snapshot & JOC Accounts Management Paper Inventory Adjustments Reports FY05, FY07, FY09* (Oct. 30, 2009).

## Recommendations

The National Taxpayer Advocate recommends:

1. The IRS should staff the toll-free lines sufficiently to achieve a CSR LOS of 85 percent and an ASA of 300 seconds; and
2. The IRS should develop and staff a special phone unit to deal with tax issues relating to national disasters and late-year tax law changes.