



*Increased Call Volume Associated With
Economic Stimulus Payments Reduced
Toll-Free Access for the 2008 Filing Season*

August 29, 2008

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This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 29, 2008

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

FROM: *Michael R. Phillips*
Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Increased Call Volume Associated With
Economic Stimulus Payments Reduced Toll-Free Access for the
2008 Filing Season (Audit # 200840008)

This report presents the results of our review to evaluate the customer service toll-free telephone access during the 2008 Filing Season.¹ This audit was included in our Fiscal Year 2008 Annual Audit Plan.

Impact on the Taxpayer

During the 2008 Filing Season, the Internal Revenue Service (IRS) did not achieve its toll-free telephone assistance performance measurement goals, and access to the toll-free telephone lines was lower than that planned because of the high volume of calls regarding the economic stimulus payments (also referred to as rebates). Additionally, taxpayers who chose to hear automated messages about the economic stimulus payments were not given the option to return to the main menu. However, accuracy rates for the Spanish Accounts and Tax Law toll-free telephone lines and the percentage of hold and wait times to total contact time improved over those for last year.

Synopsis

Each year, millions of taxpayers contact the IRS by calling the various toll-free telephone assistance lines to seek help in understanding tax laws and meeting their tax obligations. During the 2008 Filing Season, the IRS made available approximately 12,600 assistors to answer the toll-free telephone lines at 24 call centers located throughout the United States and Puerto Rico.

¹ The filing season is the period from January through mid-April when most individual income tax returns are filed.



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The IRS did not achieve its 2008 Filing Season toll-free telephone assistance performance measurement goals because of the additional call volume associated with the economic stimulus payments. The IRS had planned to achieve an 81.1 percent Level of Service and a 270-second Average Speed of Answer.² Instead, it achieved a 77.4 percent Level of Service and a 347-second Average Speed of Answer, indicating that the ability of taxpayers to access the toll-free telephone system was lower than that in prior years.

During planning in early Fiscal Year 2008, the IRS expected and planned for 14.1 million calls to assistors and 17 million calls to the automated lines for the 2008 Filing Season. The Economic Stimulus Act of 2008³ was passed in February 2008 and caused the IRS to receive 16.1 million assistor calls and 19.1 million calls to the automated lines, including 1.3 million calls to toll-free telephone assistors and 4.2 million automated calls related to the rebates. Additionally, the IRS planned to provide approximately 16.8 million toll-free telephone assistor services in the 2008 Filing Season but provided 18.7 million assistor services due to rebate call volumes.

During the 2008 Filing Season, the IRS averaged 69,000 rebate calls per day, with a peak volume of 208,000 in 1 day.

Due to the anticipated volume of calls about the rebates, the IRS implemented a series of automated messages to address rebate questions during the 2008 Filing Season. Management decided not to route callers back to the main menu because the IRS assumed that once the caller had heard the rebate message, the caller would require no further information or would go to IRS.gov.

Some performance measures for two of the IRS' main compliance toll-free telephone lines—the Automated Collection System Program and the Automated Underreporter Program⁴—were lower than those for the 1040 toll-free telephone line. Also, compared to the 2007 Filing Season, taxpayers calling these telephone lines experienced a longer wait time to speak with an assistor and spent more time on hold once they were connected to an assistor.

Accuracy rates for the Spanish Accounts and Spanish Tax Law toll-free telephone lines and the percentage of hold and wait times to total contact time improved over those for last year. In addition, the Average Speed of Answer was significantly better than that for the comparable

² Level of Service is the IRS' primary measure of providing taxpayers with access to an assistor. Average Speed of Answer is the average number of seconds taxpayers waited in the queue (on hold) before receiving services.

³ Pub. L. No. 110-185, 122 Stat. 613.

⁴ The Automated Collection System Program is a telephone tax collection system designed to assist Collection function representatives in the resolution of delinquent taxpayer accounts. The Automated Underreporter Program provides toll-free telephone assistance for taxpayers who have questions about notices they receive as a result of underreported income.



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English applications⁵ and the 2007 Filing Season Spanish Accounts and Tax Law line results. Spanish-speaking taxpayers were given the option to switch to the English line even though service on that line was less than that on the Spanish line.

Recommendations

We recommended that the Commissioner, Wage and Investment Division, ensure that 1) callers have the option of returning to the main menu when the IRS uses a recorded message to provide information to taxpayers and 2) the automated messages provided on the Spanish toll-free telephone lines are monitored so that they will remain valid and promote better customer service for Spanish-speaking taxpayers.

Response

IRS management agreed with one of our two recommendations and disagreed with the other recommendation. Although the IRS previously agreed to consider our 2007 Filing Season audit recommendation to include an option to route back to the main menu when using information messages, the IRS stated that the timing of the economic stimulus payment legislation made instituting this recommendation impractical. Instead, consideration was given to the design of the economic stimulus payment-related announcements and call routing. The decision not to offer customers the option of returning to the main menu after hearing an economic stimulus payment announcement was driven by several key factors during the initial deployment. After the economic stimulus payment legislation was passed and more information became available, the IRS modified its call-routing strategies to provide expanded service for specific economic stimulus payment customers. This included enhanced service for the Social Security Administration/Veterans Affairs community by adding a routing option that enabled these callers to reach an assistor. This targeted approach to service economic stimulus payment callers was critical to facilitating voluntary tax compliance and providing access for the greatest number of callers during the IRS' busiest time of the year. As was the case with the economic stimulus payment, future decisions to provide a route-back option to customers when using informational messages will be made on a case-by-case basis after careful consideration of all factors unique to the situation.

The IRS plans to continue offering Spanish-speaking callers the option of routing to an English-speaking assistor, as appropriate. As trends emerge, the IRS plans to assess the value of offering this option and make configuration changes to provide the best possible customer experience. Configuration changes will be made within reasonable time periods based on the

⁵ The toll-free telephone assistance lines are subdivided into categories called applications, each of which is staffed with a group of assistors who have received specialized training to assist taxpayers with specific tax issues.



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staff available to make these changes. Management's complete response to the draft report is included as Appendix V.

Office of Audit Comment

IRS management disagreed with Recommendation 1 that the IRS ensure that callers have the option of returning to the main menu when the IRS uses a recorded message to provide information to taxpayers. We believe that callers should be given the option to return to the main menu because it provides better customer service, allows callers to feel in control, and is common practice on customer service telephone lines. Additionally, not providing the option of returning to the main menu forced taxpayers to call the IRS again—up to 89 percent on some days. By not adjusting its telephone scripting and providing a route-back option, the IRS 1) forced these callers to redial the toll-free telephone number to obtain additional rebate information or to ask other questions, and 2) burdened these callers rather than making their experiences easier.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Michael E. McKenney, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 622-5916.



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Abbreviations

CAS	Customer Account Services
IRS	Internal Revenue Service
SB/SE	Small Business/Self-Employed
W&I	Wage and Investment

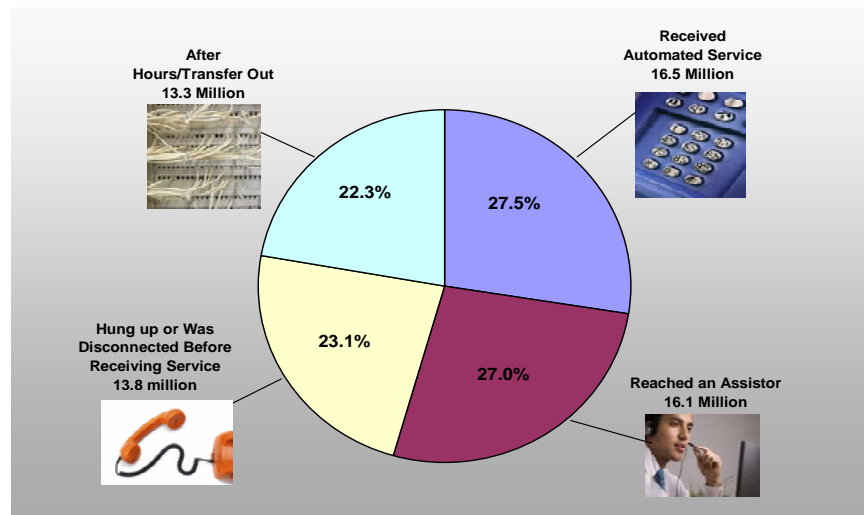


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Background

Each year, millions of taxpayers contact the Internal Revenue Service (IRS) by calling the various toll-free telephone assistance lines to seek help in understanding tax laws and meeting their tax obligations. Taxpayers called the IRS toll-free telephone assistance lines approximately 59.7 million times¹ during the 2008 Filing Season.² Of these calls, about 22.2 million were made to the toll-free telephone number that taxpayers call to ask account or tax law questions (1-800-829-1040). In addition, about 6.1 million calls were made to the IRS automated TeleTax system that provides recorded tax law and tax refund information. Figure 1 shows the number of calls made to the toll-free telephone assistance lines, including about 16.1 million calls answered by customer service representatives (assistors).³

Figure 1: Calls Handled by the IRS in the 2008 Filing Season



Source: IRS Enterprise Telephone Data Warehouse.⁴

¹ These calls were made to the suite of 19 telephone lines the IRS refers to as “Customer Account Services Toll-Free” and included calls made to the TeleTax system. Unless otherwise specified, all references made in this report to the toll-free telephone system performance data are for Customer Account Services Toll-Free telephone assistance lines from January 1 through April 19, 2008, and comparable dates in prior years.

² The filing season is the period from January through mid-April of each year when most individual tax returns are filed. All references to the 2008 Filing Season made in this report, unless otherwise specified, are for the period from January 1 through April 19, 2008.

³ Due to rounding, numbers in the report might not always equal the sum of the totals or 100 percent.

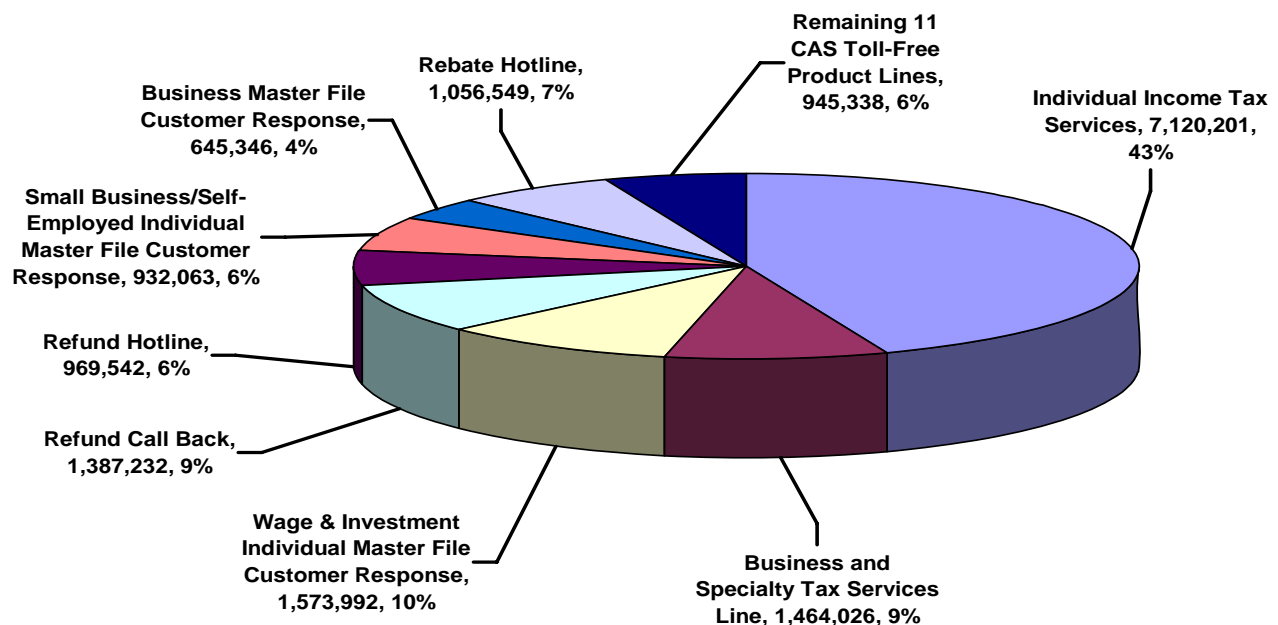
⁴ The Enterprise Telephone Data Warehouse is the official source for all data related to toll-free telephone assistance measures and indicators.



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The toll-free telephone assistance lines are further subdivided into categories called “applications,” each of which is staffed with a group of assistors who have received specialized training to assist taxpayers with specific tax issues. Assistors answer taxpayer questions involving tax law and tax account conditions such as refunds, balance-due billing activity, and changes to the amount of tax owed. For example, if an individual taxpayer calls to find out where to mail a tax return, the call would be routed to an assistor who has been trained to handle IRS procedural issues for individual taxpayers. If a business taxpayer calls to find out the taxes due on a business account, the call would be routed to an assistor who handles balance-due questions for business taxpayers. Figure 2 shows the number of calls answered, by product line, during the 2008 Filing Season.

Figure 2: Toll-Free Telephone Service Product Lines and Number of Calls Answered During the 2008 Filing Season⁵



Source: IRS Enterprise Telephone Data Warehouse.

During the 2008 Filing Season, the IRS made available approximately 12,600 assistors to answer the toll-free telephone lines at 24 call centers located throughout the United States and Puerto Rico. The Director, Customer Account Services (CAS), Wage and Investment (W&I) Division, manages tax law and account telephone calls through the Joint Operations Center.

⁵ The Business Master File is the IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes. The Individual Master File is the IRS database that maintains transactions or records of individual tax accounts.



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Appendix IV explains the role of the Joint Operations Center and how telephone calls are routed to automated services or an assistor.

Over the years, the IRS has encountered issues that affect access to its toll-free telephone services, such as natural disasters and the late passage of Congressional legislation. For example, for the 2006 Filing Season, the IRS planned for more services on the toll-free telephone lines and dedicated disaster relief applications to help reduce any potential impact of callers inquiring about filing extensions related to Hurricanes Katrina and Rita. For the 2007 Filing Season, the IRS planned for additional calls to assistors and the automated lines in anticipation of questions about the Telephone Excise Tax Refund.

However, the Economic Stimulus Act of 2008⁶ was passed in February 2008, after the IRS had completed planning for the 2008 Filing Season. The Act was passed to provide economic stimulus through recovery rebates to individuals, incentives for business investment, and an increase in conforming and Federal Housing Authority loan limits. About 130 million taxpayers were expected to receive economic stimulus payments (also referred to as rebates) beginning in late April and early May. During the 2008 Filing Season, the IRS averaged 69,000 rebate calls per day, with a peak volume of 208,000 in 1 day.

This review was performed at the Joint Operations Center in Atlanta, Georgia, during the period January through April 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The scope of this audit did not include an evaluation of the quality of toll-free telephone services. The performance data presented were provided by IRS management information systems. We did not verify the accuracy of these data because of resource limitations. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

⁶ Pub. L. No. 110-185, 122 Stat. 613.



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Results of Review

Access to Toll-Free Telephone Lines Was Lower Than Planned Due to the Demand From Calls Related to the Economic Stimulus Payments

Because of the additional call volume associated with the economic stimulus payments, the IRS did not achieve its 2008 Filing Season toll-free telephone assistance performance measurement goals. The IRS had planned to achieve an 81.1 percent Level of Service and a 270-second Average Speed of Answer.⁷ Instead, it achieved a 77.4 percent Level of Service and a 347-second Average Speed of Answer, indicating that the ability of taxpayers to access the toll-free telephone system was lower than that in prior years. Figure 3 shows the actual performance measures for the last four filing seasons.

Figure 3: Comparison of the Performance Measures for the 2005–2008 Filing Seasons

Performance Measures	2005	2006	2007	2008
Level of Service	81.8%	82.0%	82.5%	77.4%
Average Speed of Answer (seconds)	255	213	249	347
Assistor Calls Answered (millions)	15.6	14.8	14.7	16.1

Source: IRS Enterprise Telephone Data Warehouse.

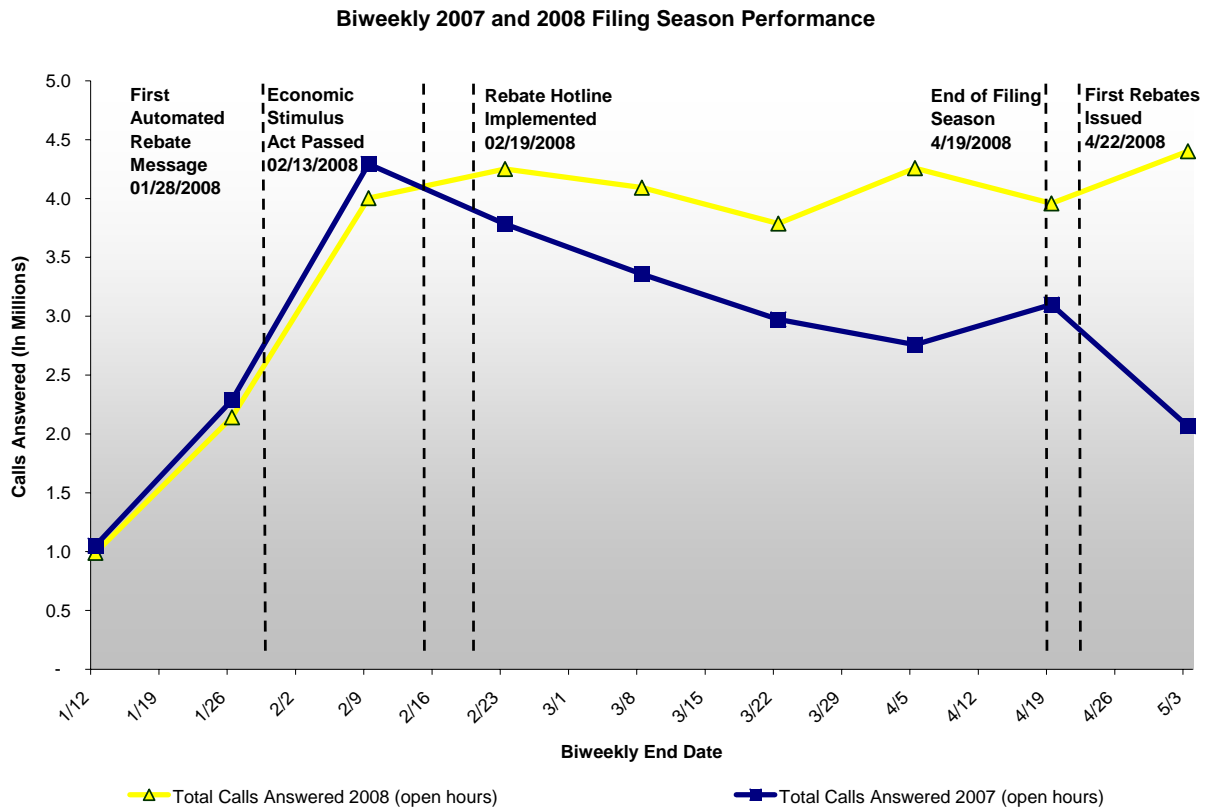
Figure 4 shows a comparison of calls answered on a biweekly basis for the 2007 and 2008 Filing Seasons. The volume of calls answered increased significantly for the 2008 Filing Season due to the rebates. In addition, calls answered continued to increase after the 2008 Filing Season once the rebates began to be issued to taxpayers.

⁷ Level of Service is the IRS' primary measure of providing taxpayers with access to an assistor. Average Speed of Answer is the average number of seconds taxpayers waited in the queue (on hold) before receiving services.



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Figure 4: Calls Answered During the 2007 and 2008 Filing Seasons



Source: IRS Enterprise Telephone Data Warehouse.

The Economic Stimulus Act of 2008 created greater demand for the toll-free telephone lines, thus lowering the Level of Service

The IRS responded quickly to address taxpayers’ inquiries about the expected rebates. During the week of January 14, 2008, it identified spikes in its individual toll-free telephone help line, 1-800-829-1040,⁸ also known as the 1040 line. IRS analysis of call recordings identified taxpayers calling about the impending rebates. The IRS automated message informed taxpayers that because no legislation had passed, details of the rebate plan had not been finalized. The IRS took additional steps to provide customers with information on the rebates, including:

- In late January 2008, the IRS began receiving higher volumes of calls from taxpayers inquiring about the rebates. To reduce the demand on assistors, the IRS implemented an

⁸ The Individual Income Tax Service toll-free telephone line, 1-800-829-1040, is comprised of Tax Law and Accounts categories.



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automated message on the 1040 line and on the 1-800-829-4933⁹ toll-free telephone line. The message explained that 1) the Administration and Congress had announced an economic growth package that would provide a rebate to many Americans, 2) no legislation had been enacted and final details were not yet available, and 3) as more information became available, the IRS would post it on its web site, IRS.gov.

- In mid-February, the IRS dedicated a separate telephone line to the automated message about the rebates. The message was updated several times to reflect when checks/payments were scheduled to be mailed/directly deposited and to provide more details to individuals who normally do not have to file tax returns.
- In early March, the IRS temporarily transferred about 1,500 assistors from other IRS functions and trained all assistors to respond to taxpayers' rebate calls, for both the English and Spanish toll-free telephone lines.

During planning in early Fiscal Year 2008, the IRS expected and planned for 14.1 million calls to assistors and 17 million calls to the automated lines for the 2008 Filing Season. However, the IRS received 16.1 million assistor calls and 19.1 million calls on the automated lines, including 1.3 million calls to toll-free telephone assistors and 4.2 million automated calls related to the rebates.

Additionally, the IRS planned to provide approximately 16.8 million toll-free telephone assistor services in the 2008 Filing Season. Instead, it provided 18.7 million assistor services due to rebate call volumes. Generally, one service equates to one or more taxpayer questions answered by one assistor. For example, one call might result in the IRS counting three services provided for one taxpayer 1) asking a tax law question and requesting a form (two questions equals one service by one tax law assistor), 2) asking the status of an Employer Identification Number (one service by a business assistor), and 3) asking the status of the customer's individual account (one service by an individual account assistor).

Before the 2008 Filing Season, CAS function assistor services provided had remained at about 17.5 million for the last 2 filing seasons. The CAS function assistor services provided, without the rebate calls, totaled 16.4 million for the 2008 Filing Season. As a result of the Economic Stimulus Act of 2008, the CAS function assistor services provided increased by 6.5 percent over those provided in the 2007 Filing Season. The IRS also estimates that assistors in other CAS applications provided 49 percent of the rebate services. This happened when a taxpayer called a toll-free telephone line other than the rebate line and had a rebate-related question.

More taxpayers appear to be using tax preparation software and IRS.gov to obtain tax forms and answers to tax law questions and to prepare tax returns. For example, visits to IRS.gov increased from 55.8 million in the 2004 Filing Season to 161 million in the 2008 Filing Season. In

⁹ This is the Business and Specialty Tax Services line.



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addition, during the 2008 Filing Season, taxpayers made approximately 38 million attempts to access the Internet Refund Fact of Filing application, which allows taxpayers to check the status of their tax refunds via IRS.gov. This represented an 18 percent increase from the 2007 Filing Season (from 32.2 million to 38 million). Finally, taxpayers seeking rebate information visited IRS.gov 18 million times during the 2008 Filing Season. As shown in Figure 5, the number of toll-free telephone services provided during the 2008 Filing Season (37.8 million) was greater than that provided during each of the last 2 filing seasons.

Figure 5: Comparison of Toll-Free Telephone Services Provided for the 2005–2008 Filing Seasons (in millions)¹⁰

Services Provided	2005	2006	2007	2008
Automated Services Provided ¹¹	19.8	18.6	17.5	19.1
Assistor Services Provided	18.5	17.5	17.6	18.7
Totals	38.3	36.1	35.1	37.8

Source: IRS Enterprise Telephone Data Warehouse.

The IRS implemented several strategies to advise and educate taxpayers about the economic stimulus payments. It mailed taxpayer notices advising taxpayers of the impending payments and produced television advertisements about the rebates. The IRS also provided payment information on IRS.gov. Nevertheless, a great number of taxpayers called the IRS to obtain information about the rebates. To answer these calls, the IRS trained additional telephone assistors and provided automated tools to the assistors to enable consistent answers to taxpayers. Because of the continuing effect that increased volumes of calls are having on the IRS fiscal year performance goals, we will continue to monitor toll-free telephone access for the remainder of the year and will review the IRS planning process for the 2009 Filing Season.

The IRS blocked more calls and more taxpayers abandoned calls (disconnected) in the 2008 Filing Season

With the increase in demand from calls related to the rebates, total blocked calls increased by 67.1 percent from the 2007 Filing Season. A blocked call is one that cannot be connected immediately because either 1) no circuit is available at the time the call arrives (i.e., the taxpayer receives a busy signal), or 2) the system is programmed to block calls from entering the queue when the queue backs up beyond a defined threshold (i.e., the taxpayer receives a recorded

¹⁰ Due to changes in the methodology the IRS used to capture toll-free telephone data, the totals for previous filing seasons in Figure 5 might not equal the totals presented in our previous reports.

¹¹ The Automated Services Provided category does not include the number of services provided by the Internet Refund Fact of Filing application. Automated Services Provided equals Automated Calls Answered.



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announcement to call back at a later time). The IRS refers to the latter type of blocked call as a courtesy disconnect. The IRS blocked more calls during this filing season rather than allow more callers to wait on hold.

Primary abandons and secondary abandons increased 18.3 percent and 52.6 percent, respectively, from those that occurred in the 2007 Filing Season. A primary abandon might occur, for example, when a taxpayer 1) realizes he or she input the wrong telephone number and immediately disconnects, 2) disconnects before completing an automated routing script, or 3) chooses a menu option to use an automated service but disconnects before completing the service. A secondary abandon occurs when a caller gains access into the queue and then hangs up while waiting in the queue for the next available assistor. Figure 6 shows a comparison of the various components (workload indicators) the IRS uses to manage the Level of Service.

Figure 6: Comparison of Toll-Free Telephone Level of Service Components and Workload Indicators for the 2005–2008 Filing Seasons

Components	2005	2006	2007	2008
Average Speed of Answer (seconds)	255	213	249	347
Busy Signals	299,022	217,744	287,120	349,321
Courtesy Disconnects	729,696	1,206,424	419,273	830,832
Total Blocked Calls	1,028,718	1,424,168	706,393	1,180,153
Primary Abandons (millions)	5.5	6.3	6.7	7.9
Secondary Abandons (millions)	2.7	2.0	2.5	3.8

Source: IRS Enterprise Telephone Data Warehouse.

Customer service on the Automated Collection System Program and the Automated Underreporter Program toll-free telephone lines could be improved

Some performance measures for two of the IRS’ main compliance toll-free telephone lines—the Automated Collection System Program and the Automated Underreporter Program—were lower than those for the 1040 line. The Automated Collection System Program is a telephone tax collection system designed to assist Collection function representatives in the resolution of delinquent taxpayer accounts. The Automated Underreporter Program provides toll-free telephone assistance for taxpayers who have questions about notices they receive as a result of underreported income. Calls in these two Programs are answered by assistors in the Small Business/Self-Employed (SB/SE) and W&I Divisions.



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Compared to the 2007 Filing Season, taxpayers calling these telephone lines experienced a longer wait time to speak with an assistor and spent more time on hold once they were connected to an assistor. Figure 7 shows select elements of performance for these lines during the 2008 Filing Season.

Figure 7: Performance Measures and Indicators for the Automated Collection System Program and Automated Underreporter Program Compliance Lines During the 2008 Filing Season

Performance Measures and Indicators	Automated Collection System Program		Automated Underreporter Program	
	SB/SE Division	W&I Division	SB/SE Division	W&I Division
Level of Service Achieved	77.0%	79.0%	71.4%	76.0%
Level of Service Goal	82.0%	83.0%	70-75.0%	74.0%
Average Speed of Answer (seconds)	665	464	836	598

Source: IRS Enterprise Telephone Data Warehouse.

The Automated Underreporter Program exceeded its Level of Service goal for the 2008 Filing Season. However, the Automated Collection System Program did not meet its goal because about one-half of the assistors who normally answer calls on the Automated Collection System Program lines were diverted to answer calls about rebates during this filing season.

On the other hand, the Average Speed of Answer for the Automated Collection System Program line was better (there was a shorter waiting time) than that for the Automated Underreporter Program line. For example, a caller on the SB/SE Division Automated Collection System Program line waited 665 seconds (slightly more than 11 minutes) before speaking with an assistor. A taxpayer calling the SB/SE Division Automated Underreporter Program line waited 836 seconds (almost 14 minutes) before speaking with an assistor. These wait times are excessive because taxpayers calling these lines are doing so because they must respond to the IRS notices they received.

For the 2008 Filing Season, taxpayers calling the 1040 line about account and tax law questions spent 56.1 percent of their total contact time in either a hold or wait status. The hold and wait times to total contact time percentage shows the portion of time during the total contact with the IRS that the caller was on hold or had to wait to speak with an assistor. Callers on the Automated Underreporter Program line waited or were placed on hold longer than those on the 1040 line, while those on the Automated Collection System Program line waited less time than those on the 1040 line. Figure 8 provides a comparison of the percentage of hold and wait times for the Automated Collection System Program and the Automated Underreporter Program



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telephone lines to the 1040 line. We will continue to monitor these compliance lines during the 2009 Filing Season.

Figure 8: Comparison of the Hold and Wait Times to Total Contact Time for Select Telephone Lines

Hold and Wait Times Percentages	Accounts and Tax Law on the 1040 Line	Automated Collection System Program ¹²	Percentage Point Difference	Automated Underreporter Program	Percentage Point Difference
Hold and Wait Times As a Percentage of Total Contact Time	56.1%	49.3%	-6.8%	63.5%	7.4%

Source: IRS Enterprise Telephone Data Warehouse.

Customer service for the Practitioner Priority Service toll-free telephone line was comparable to or exceeded customer service on the CAS toll-free telephone lines

The Treasury Inspector General for Tax Administration has received complaints about the length of time practitioners must wait to speak with an assistor and a reduction in the types of services offered on the Practitioner Priority Service toll-free telephone line. However, the Level of Service goal for the 2008 Filing Season was 87 percent, and assistors achieved a 90.2 percent Level of Service. Calls were answered, on average, in 165 seconds (2.8 minutes). The Level of Service exceeded that received by callers on the CAS toll-free telephone lines, which had a 77.4 percent Level of Service and a 347-second Average Speed of Answer.

IRS officials stated that a practitioner might be transferred to the Automated Collection System Program toll-free telephone line when asking questions about a taxpayer’s account. More than 25,300 callers were transferred from the Practitioner Priority Service line to the Automated Collection System Program telephone line during the 2008 Filing Season. This could be causing practitioners to wait for longer periods of time. The types of services provided to practitioners on the Practitioner Priority Service line have remained constant for the past 3 years.

Taxpayers Who Chose to Hear Automated Messages About the Economic Stimulus Payments Were Not Given the Option to Return to the Main Menu

Due to the anticipated volume of calls about the rebates, the IRS implemented a series of automated messages to address rebate questions during the 2008 Filing Season. The initial

¹² The SB/SE Division and W&I Division Automated Collection System Program and Automated Underreporter Program lines were combined to derive the percentages for hold and wait times.



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automated message provided general information about the impending passage of the Economic Stimulus Act of 2008. In late February, the IRS installed a separate line, the Rebate Hotline, with its own distinct number that delivered an automated rebate message. This message provided additional details concerning eligibility requirements and what a taxpayer must do to receive the rebate. In both instances, when the message ended, the call ended and the caller did not have the choice to talk to an assistor or go back to the main menu.

In March, the IRS revised the Rebate Hotline message and gave callers several options to select, depending on a caller's filing status and eligibility. For eligibility questions, callers were prompted to press 1. The recorded message listed the eligibility requirements. Callers were then asked to select from another set of options: Option 1 for callers who normally are not required to file a tax return or Option 2 for callers who had filed or who planned to file a Tax Year 2007 tax return.

Callers who selected Option 1 heard a message about eligibility requirements and the need to fill out a U.S. Individual Income Tax Return (Form 1040A) to receive the rebate. Because these callers do not normally file tax returns, the IRS believed that they might have additional questions. So the IRS provided an option for the callers to speak to an assistor by pressing 0 (zero) after the recorded message ended. For those callers who selected Option 2, the call ended with the recording, and callers were not given the opportunity to speak to an assistor or route back to the main menu.

Management decided not to route callers back to the main menu because the IRS assumed that once a caller heard the rebate message, the caller would require no additional information or would go to IRS.gov.

However, the IRS compared the unique numbers of callers to the Rebate Hotline with those who called the 1040 line for a 35-day period. The IRS estimated that between 58 percent and 89 percent of callers who heard the automated rebate message called the IRS

The IRS estimated that between 58 percent and 89 percent of taxpayers who heard the automated rebate message called the IRS again to obtain additional rebate information or to ask other questions.

again to obtain additional rebate information or to ask other questions. Even with this information, IRS officials did not amend the decision to end the calls after the recorded message ended. This caused burden for taxpayers because they had to make another call(s) to the IRS.

In our 2007 Filing Season report on toll-free telephone access, we recommended that the IRS route taxpayers back to the main menu when using automated messages.¹³ The IRS agreed with the recommendation and indicated that it would do so, if adequate system capacity existed. After the 2008 Filing Season, IRS officials clarified that system capacity is a function of human assistors and technology. They agreed that while routing callers back to the main menu or to an

¹³ *Toll-Free Access for the 2007 Filing Season Was Effective, but the Quality and Level of Customer Service for Spanish-Speaking Taxpayers Could Be Improved* (Reference Number 2007-40-160, dated August 31, 2007).



Increased Call Volume Associated With Economic Stimulus Payments Reduced Toll-Free Access for the 2008 Filing Season

assistor would provide better customer service, doing so might affect their performance measures and the ability of callers with account or tax law questions to reach an assistor. They did not want to make additional changes during the 2008 Filing Season, nor did they believe that they had enough assistors to answer the volume of calls received. However, we continue to believe that the customer's experience should take precedence over IRS timing issues and internal performance measurements. Callers should be able to route back to the main menu or to an assistor, if desired. Therefore, we are repeating the recommendation made in last year's report.

Recommendation

Recommendation 1: The Commissioner, W&I Division, should ensure that callers have the option of returning to the main menu when the IRS uses a recorded message to provide information to taxpayers.

Management's Response: IRS management disagreed with this recommendation. Although the IRS previously agreed to consider our 2007 Filing Season audit recommendation to include an option to route back to the main menu when using information messages, the timing of the economic stimulus payment legislation made instituting this recommendation impractical. Instead, consideration was given to the design of the economic stimulus payment-related announcements and call routing. The decision not to offer customers the option of returning to the main menu after hearing an economic stimulus payment announcement was driven by several key factors during the initial deployment. These include:

- When information about the economic stimulus payment began to surface to the public and when the legislation was first passed, the IRS had limited information to provide callers. The IRS messaging provided all available information, and assistors could not provide anything more at the time.
- The economic stimulus payment legislation was enacted during the filing season peak when taxpayers were seeking assistance to prepare and file their income tax returns in a timely manner. A decision was made to focus resources to ensure that regular filing season callers were served.
- Call routing in the contact center environment is extremely complex. Extensive testing is required for any configuration change to ensure that service is not negatively affected for customers. Insufficient time existed to devise and thoroughly test the scripting required to implement the route-back option for all callers while ensuring that service to traditional customers would not be disrupted.

After the economic stimulus payment legislation was passed and more information became available, the IRS modified its call-routing strategies to provide expanded service for specific economic stimulus payment customers. This included enhanced service for



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the Social Security Administration/Veterans Affairs community by adding a routing option that enabled these callers to reach an assistor. This targeted approach to service economic stimulus payment callers was critical to facilitating voluntary tax compliance and providing access for the greatest number of callers during the IRS' busiest time of the year. As was the case with the economic stimulus payment, future decisions to provide a route-back option to customers when using informational messages will be made on a case-by-case basis after careful consideration of all factors unique to the situation.

Office of Audit Comment: We again recommended that the IRS ensure that callers have the option of returning to the main menu when the IRS uses a recorded message to provide information to taxpayers. We believe that callers should be given the option to return to the main menu because it provides better customer service, allows callers to feel in control, and is common practice on customer service telephone lines. Additionally, not providing the option of returning to the main menu forced taxpayers to call the IRS again—up to 89 percent on some days. By not adjusting its telephone scripting and providing a route-back option, the IRS 1) forced these callers to redial the toll-free telephone number to obtain additional rebate information or to ask other questions and 2) burdened these callers rather than making their experiences easier.

Service for Spanish Applications Has Improved; However, Some Spanish-Speaking Taxpayers Referred to the English Line Had Longer Wait Times

Accuracy rates for the Spanish Accounts and Spanish Tax Law toll-free telephone lines and the percentage of hold and wait times to total contact time improved over those for last year. The Average Speed of Answer decreased significantly from the comparable English applications and from the 2007 Filing Season Spanish results. Additionally, Spanish-speaking taxpayers were given the option to switch to the English line even though service on that line was less than that on the Spanish line.

The Average Speed of Answer for the 2008 Filing Season Spanish applications was 219 seconds faster than that for the comparable English applications and 272 seconds faster than that during the 2007 Filing Season for Spanish applications. These improvements occurred because the IRS had planned to hire 318 Spanish-speaking assistors and actually hired 338 (20 more than its goal). This resulted in a better customer experience for Spanish-speaking taxpayers. Figure 9 shows a comparison of Average Speed of Answer and components of average handle time for Spanish and comparable English applications for the 2008 Filing Season. Figure 10 shows a comparison of Spanish applications for the 2007 and 2008 Filing Seasons for Average Speed of Answer and components of average handle time.



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Figure 9: Comparison of Performance Metrics for Spanish and Comparable English Applications, Including the Rebates, for the 2008 Filing Season

Performance Metrics ¹⁴	Spanish 2008	English 2008	Numeric Difference	Percentage Difference
Average Speed of Answer (Seconds)	146	365	-219	-60.0%
Average Hold Time (Seconds)	249	120	129	107.5%
Average Talk Time (Seconds)	495	348	147	42.2%
Average Wrap Time (After-Call Work) (Seconds)	91	83	8	9.6%
Average Handle Time (Seconds)	835	551	284	51.5%

Source: IRS Enterprise Telephone Data Warehouse.

Figure 10: Comparison of Performance Metrics for Spanish Applications, Excluding the Rebates, for the 2007 and 2008 Filing Seasons

Performance Metrics ¹⁵	Spanish 2007	Spanish 2008	Numeric Difference	Percentage Difference
Average Speed of Answer (Seconds)	436	164	-272	-62.4%
Average Hold Time (Seconds)	220	255	35	15.9%
Average Talk Time (Seconds)	508	513	5	1.0%
Average Wrap Time (After-Call Work) (Seconds)	94	93	-1	-1.1%
Average Handle Time (Seconds)	822	861	39	4.7%

Source: IRS Enterprise Telephone Data Warehouse.

IRS officials stated that the improvements to the Spanish applications might also be attributable to a Spanish-to-English option placed on the Spanish lines in January 2008. Spanish-speaking callers are informed that Spanish-speaking assistors are very busy at the moment and if they would like to continue in English to press 1 on their telephone or continue to hold for a Spanish-speaking assistor. During the 2008 Filing Season, about 116,700 taxpayers opted to switch to an English-speaking assistor after listening to the automated message.

¹⁴ The 2008 Filing Season Spanish-to-English comparisons include Applications 15 and 16, which are the rebate applications.

¹⁵ The Spanish-to-Spanish 2008 to 2007 comparisons exclude the Telephone Excise Tax Rebate and rebate applications for a one-to-one basis comparison.



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Because the Average Speed of Answer and average handle times on the Spanish lines had historically been longer than those for the English lines, implementing this prompt had merit because it could help to reduce the wait time for Spanish-speaking callers. However, because the high volume of rebate calls decreased access to the English lines, the Spanish-to-English option is currently no longer improving customer service for Spanish-speaking callers. The Average Speed of Answer for the 2008 Filing Season on the English lines was 365 seconds, 219 seconds longer than that on the Spanish lines. Therefore, advising a Spanish-speaking caller to switch to an English-speaking assistor might have resulted in the caller waiting longer to obtain assistance. It might also have skewed the Average Speed of Answer and Level of Service performance measures for the Spanish lines for the better because there were fewer Spanish-speaking taxpayers waiting in the Spanish queue to speak with an assistor.

The percentage of hold and wait times to total contact time was better for Spanish applications than for English applications. The shorter percentage of hold and wait times to total contact for the Spanish applications is attributable to the shorter Average Speed of Answer. Contact time includes average talk time, average hold time, and Average Speed of Answer. Figure 11 provides a comparison of hold and wait times to total contact time for Spanish and comparable English applications for the 2008 Filing Season.

Figure 11: Comparison of Hold and Wait Times to Total Contact Time for Spanish and Comparable English Applications for the 2008 Filing Season

2008 Comparison	Taxpayer's Total Contact Time With the IRS	Taxpayer's Total Hold and Wait Time	Percentage of Hold and Wait Times to Total Contact Time
Spanish	890	395	44.4%
English	833	485	58.2%

Source: IRS Enterprise Telephone Data Warehouse.

The accuracy rates for Spanish Accounts and Spanish Tax Law applications were higher than the accuracy rates for the English Accounts and Tax Law applications for the 2008 Filing Season and better than the 2007 Filing Season results for both Spanish and English applications. Figure 12 shows the accuracy rates for the Accounts and Tax Law Applications for the 2007 and 2008 Filing Seasons.¹⁶

¹⁶ Unweighted accuracy rates are shown for comparison purposes because weighted accuracy rates are not available for Spanish Accounts and Spanish Tax Law applications separately. The IRS combines the Spanish Accounts and Spanish Tax Law applications and reports a combined weighted accuracy rate. The weighted accuracy rate for the Spanish Accounts and Tax Law applications for January 1 through April 30, 2008, was 93.4 percent.



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Figure 12: Accuracy Rates for Accounts and Tax Law Applications in English and Spanish for the 2007 and 2008 Filing Seasons

Accuracy Rates	Spanish Accounts	Spanish Tax Law	English Accounts	English Tax Law
2008	94.0%	92.8%	93.7%	89.5%
2007	89.8%	83.3%	93.5%	89.6%
Percentage Difference	4.2%	9.5%	0.2%	-0.1%
Percentage Change	4.7%	11.4%	0.2%	-0.1%

Source: IRS Enterprise Telephone Data Warehouse.

Although the accuracy rates for Spanish applications improved, other performance metrics show that calls handled in the Spanish applications last longer than those handled in the English applications. The IRS explained that calls to the Spanish application lines often take longer than calls to the English application lines for a variety of reasons, such as cultural backgrounds and dialects, multiple tax issues, and assistors educating Spanish-speaking taxpayers about the United States tax system and how the tax laws work. Generally, Spanish-speaking taxpayers will wait less time to speak with an assistor but will remain on the telephone for a longer period of time to have questions answered.

Recommendation

Recommendation 2: The Commissioner, W&I Division, should ensure that the automated messages provided on the Spanish toll-free telephone lines are monitored so that they will remain valid and promote better customer service for Spanish-speaking taxpayers.

Management's Response: IRS management agreed with this recommendation. The IRS plans to continue to offer Spanish-speaking callers the option to route to an English-speaking assistor as appropriate. As trends emerge, the IRS plans to assess the value of offering this option and make configuration changes to provide the best possible customer experience. Configuration changes will be made within reasonable time periods based on the staff available to make these changes.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to evaluate the customer service toll-free telephone access during the 2008 Filing Season.¹ To accomplish this objective, we:

- I. Evaluated the IRS' preparation for toll-free telephone operations for the 2008 Filing Season.
- II. Determined whether the IRS implemented any new operational processes to improve taxpayer access to the toll-free telephone system for the 2008 Filing Season.
- III. Determined the process used to monitor call volumes and respond to any unanticipated changes in call patterns or problems taxpayers experience accessing the toll-free telephone lines.
- IV. Determined whether 2008 Filing Season performance measure goals and indicator targets for the toll-free telephone operations were achieved.
- V. Determined whether the Automated Collection System Program and Automated Underreporter Program compliance lines were meeting goals, particularly for wait and hold times.²
- VI. Determined the Level of Service and Average Speed of Answer for the Practitioner Priority Service telephone line and whether these performance measures are significantly changed from those in the prior year.³ In addition, we determined whether there has been a reduction in services provided for the Practitioner Priority Service line over the last 3 fiscal years.
- VII. Followed up on the IRS' planned corrective actions in response to recommendations made in prior Treasury Inspector General for Tax Administration toll-free telephone access reports. If we found that corrective actions were not taken, we attempted to determine why and the effect on toll-free telephone operations.
- VIII. Determined whether the IRS decreased taxpayer services for Fiscal Year 2008 and why.

¹ The filing season is the period from January through mid-April when most individual income tax returns are filed.

² The Automated Collection System Program is a telephone tax collection system designed to assist Collection function representatives in the resolution of delinquent taxpayer accounts. The Automated Underreporter Program provides toll-free telephone assistance for taxpayers who have questions about notices they receive as a result of underreported income.

³ Level of Service is the IRS' primary measure of providing taxpayers with access to an assistor. Average Speed of Answer is the average number of seconds taxpayers waited in the queue (on hold) before receiving services.



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Appendix II

Major Contributors to This Report

Michael E. McKenney, Assistant Inspector General for Audit (Wage and Investment Income Programs)

Augusta R. Cook, Director

Paula W. Johnson, Audit Manager

M. Jean Bell, Lead Auditor

Jackie E. Forbus, Senior Auditor

Patricia A. Jackson, Auditor

Nelva A. Usher, Auditor



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Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Services and Enforcement SE
Deputy Commissioner, Wage and Investment Division SE:W
Director, Customer Account Services, Wage and Investment Division SE:W:CAS
Director, Strategy and Finance, Wage and Investment Division SE:W:S
Chief, Performance Improvement, Wage and Investment Division SE:W:S:PI
Director, Accounts Management, Wage and Investment Division SE:W:CAS:AM
Director, Joint Operations Center, Wage and Investment Division SE:W:CAS:JOC
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaison: Senior Operations Advisor, Wage and Investment Division SE:W:S



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Appendix IV

Joint Operations Center

The Joint Operations Center serves as the central control organization for all of the IRS' toll-free telephone call routing. It uses intelligent call management software to control and route calls to call centers and assistors who have the skills and are available to answer the calls. In addition, it monitors the call centers for abnormally high queue (wait) times and/or the number of assistors who are idle or available to answer calls. When this occurs, actions are taken to modify routing scripts and to balance workload and associated staffing.

The Joint Operations Center has the ability to trace one call from the time it is received to the time the call is terminated but does not do so because of the large volume of calls received. The IRS does, however, monitor key segments in the life of a call. For example, the IRS monitors the call from the time it was answered by a screener to when it was transferred to an assistor or from the time it was answered by an assistor to the time the taxpayer was transferred or the call ended. The IRS believes that this provides indications of the type(s) of service the average taxpayer receives.

Taxpayers who call the IRS can receive automated services or choose to speak to a customer service representative (assistor). For taxpayers using a touchtone telephone, the automated services Telephone Routing Interactive System uses recorded information and interactive applications that provide automated tax refund status information, permit taxpayers to obtain a payoff amount for an outstanding balance due, or enable taxpayers to set up an installment agreement to settle a delinquent tax debt. For example, when a taxpayer calls 1-800-829-1040 with a tax law or account question, he or she is provided, in English or Spanish, four touchtone automated main menu options with secondary options.¹

1. Requesting information on the tax rebate. This option provides information about the Economic Stimulus Act of 2008² tax rebate.
2. Preparing or filing individual income tax returns or tax-related rules and regulations. This option provides the taxpayer with a second automated menu from which to choose the following options: a) ordering tax forms or publications;

¹ For the 2008 Filing Season, there was also an option for requesting information about the tax rebate (economic stimulus payment). This option transferred the caller to a recorded message. The filing season is the period from January through mid-April when most individual income tax returns are filed.

² Pub. L. No. 110-185, 122 Stat. 613. The Economic Stimulus Act of 2008 was passed to provide economic stimulus through recovery rebates to individuals, incentives for business investment, and an increase in conforming and Federal Housing Authority loan limits.



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- b) finding addresses to mail tax returns or payments to the IRS; c) getting information about a refund, payment, or tax account; or d) getting help with other tax questions.
3. Requesting information on a tax refund, payment, or personal tax account. This option provides the taxpayer with a second automated menu from which to choose the following options: a) questions concerning a tax refund; b) questions concerning a personal tax account; or c) questions concerning the economic stimulus payment.
4. Using the Business and Specialty Tax line or obtaining the address for the IRS Internet web site.
5. Repeating the above options.

If the caller does not select an option or is calling from a rotary telephone and is unable to select a touchtone option, the same script is repeated providing voice response options. If the caller selects an invalid option, he or she is transferred to an IRS employee (screener) who screens and transfers the call to the appropriate assistor to answer the caller's question. Assistors are trained and certified on specific applications³ for each current filing season.

³ The toll-free telephone assistance lines are subdivided into categories called applications, each of which is staffed with a group of assistors who have received specialized training to help taxpayers with specific tax issues.



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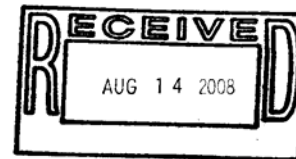
Appendix V

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

AUG 14 2008



MEMORANDUM FOR MICHAEL R. PHILLIPS
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Richard Byrd, Jr. *Richard Byrd, Jr.*
Commissioner, Wage and Investment Division

SUBJECT: Draft Audit Report – Increased Call Volume Associated With
Economic Stimulus Payments Reduced Toll-Free Access for the
2008 Filing Season (Audit # 200840008)

I reviewed the subject draft report and appreciate your findings regarding toll-free access for the 2008 filing season. Although the passage of the Economic Stimulus Payment (ESP) Legislation created many challenges, the Service responded immediately and successfully to those challenges with proactive actions designed to minimize impact to traditional filers while delivering service to customers seeking information regarding ESP.

These actions included a progressive campaign of information dissemination through the use of informational messages, a web based self-service application, deployment of "Where's My Economic Stimulus Payment" on IRS.gov, and targeted outreach to those taxpayers who needed to file only to claim the ESP. In anticipation of the higher call volumes due to the ESP, Automated Collection Systems employees from the Wage and Investment and Small Business/Self Employed business divisions also answered ESP calls to allow Accounts Management telephone assistants to maintain focus on taxpayers with other filing season-related questions.

In addition, service to our Spanish-speaking callers has improved significantly from last year due in part to a hiring initiative and to the hard work and dedication of our employees. We believe all of these efforts culminated in the delivery of a successful filing season for both traditional and ESP customers.

Attached are our comments to your recommendations. If you have any questions regarding this response, please call me at (404) 338-7060, or a member of your staff may contact Peter J. Stipek, Director, Customer Account Services, at (404) 338-8910.

Attachment



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Attachment

RECOMMENDATION 1

The Commissioner, W&I Division, should ensure that callers have the option of returning to the main menu when the IRS uses a recorded message to provide information to taxpayers.

CORRECTIVE ACTION

We disagree with this recommendation. Although the Service agreed to consider Treasury Inspector General for Tax Administration's (TIGTA's) 2007 Filing Season Audit recommendation to include an option to route back to the main menu when utilizing information messages, the timing of the Economic Stimulus Payment (ESP) legislation made instituting this recommendation impractical.

Careful consideration was given to the design of ESP-related announcements and call routing. The decision not to offer customers the option of returning to the main menu after hearing an ESP announcement was driven by several key factors during the initial deployment. These include:

1. When information about ESP began to surface to the public and when the legislation was first passed, the IRS had limited information to provide callers. The informational messaging provided all available information, and assistors could not provide anything more at the time.
2. The ESP legislation was enacted during the filing season peak when taxpayers were seeking assistance to prepare and timely file their income tax returns. A decision was made to focus resources to ensure regular filing season callers were served.
3. Call routing in the contact center environment is extremely complex. Extensive testing is required for any configuration change to ensure service is not negatively impacted for customers. Insufficient time existed to devise and thoroughly test the scripting required to implement the route-back option for all callers while ensuring that service to traditional customers would not be disrupted.

After the ESP legislation was passed and more information became available, the IRS modified its call routing strategies to provide expanded service for specific ESP customers. This included enhanced service for the Social Security Administration (SSA)/Veterans Affairs (VA) community by adding a routing option that enabled these callers to reach an assistor. This targeted approach to serving ESP callers was critical to facilitating voluntary tax compliance and providing access for the greatest number of callers during our busiest time of the year.



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2

As was the case with ESP, future decisions to provide a route-back option to customers when using informational messages will be made on a case-by-case basis after careful consideration of all factors unique to the situation.

IMPLEMENTATION DATE

N/A

RESPONSIBLE OFFICIAL

N/A

CORRECTIVE ACTION MONITORING PLAN

N/A

RECOMMENDATION 2

The Commissioner, W&I Division, should ensure that the automated messages provided on the Spanish toll-free telephone lines are monitored so they remain valid and promote better customer service for Spanish-speaking taxpayers.

CORRECTIVE ACTION

We agree with this recommendation. The IRS will continue to offer Spanish speaking callers the option to route to an English speaking assistor as appropriate. As trends emerge, we will assess the value of offering this option and make configuration changes to provide the best possible customer experience. Configuration changes will be made within reasonable timeframes based on the staff available to make these changes.

IMPLEMENTATION DATE

N/A

RESPONSIBLE OFFICIAL

N/A

CORRECTIVE ACTION MONITORING PLAN

N/A