

Taxpayer Assistance Center (TAC) Closure Methodology

The IRS developed five criteria that comprised the input elements of the model used in deciding the TAC sites that would be closed. These criteria were 1) geography, 2) employee costs, 3) facilities costs, 4) workload, and 5) demographics. In addition, each of the five criteria had multiple components.

Initially, all five criteria were given the same weight. After obtaining comments from within the IRS, as well as external comments from our Internal Revenue Service Advisory Committee (IRSAC), we revised our methodology to give slightly more weight to geography, demographics and workload. All the components within each criteria were also weighted.

Utilizing an industry standard model, over 13,000 data points were input into the model for weighting. The model then ranked the sites. The result from the model showed that some states would have more than 50 percent of their TACs closed and in some cases all TACS were closed in the state. This result did not meet the objective of having a balanced program in delivering assistance to taxpayers.

The IRS then applied three business rules to the model: 1) a significant office presence will remain in the top 35 metropolitan areas based on the latest census population information 2) no state would lose more than half of the TACs in that state, nor have a TAC closed that accounted for more than 40 percent of the customers serviced in that state, and 3) Alaska and Hawaii would not have any TACs closed as they are remote locations away from the continental U.S.

The new business rules identified 68 TACs that would achieve the targeted savings.

Model Criteria and Components

Sub-Model	Criterion	Sub-Model Components
1	Workload	<ul style="list-style-type: none"> ▶ Tax Law, Forms and Pubs., Return Preparation, Accounts workloads ▶ Modernization efforts applied ▶ Abandoned TACs
2	Demographic	<ul style="list-style-type: none"> ▶ Population size by zip code ▶ Income level by zip code ▶ Poverty level by zip code ▶ Percentage older than 65 by zip code ▶ Population of Household income <\$35,000 ▶ Number of Returns filed by zip code ▶ Number of EITC Returns filed by zip code ▶ Percentage breakout by EEO demographic categories ▶ Percent of E-file by zip code ▶ Percent Unemployed by zip code ▶ Average Education Level by zip code ▶ Percent of Households with Computers
3	Geographic	<ul style="list-style-type: none"> ▶ Traffic volumes (Filing and Non-Filing Season) ▶ Distance to next nearest TAC ▶ Distance to nearest VITA center ▶ Distance to nearest library, post office, or kiosk
4	Facilities Cost	<ul style="list-style-type: none"> ▶ Space usage ▶ Furniture cost ▶ Square footage cost ▶ Total rent/leasing cost ▶ Length of rent/leasing contract ▶ MITS cost
5	Employee Cost	<ul style="list-style-type: none"> ▶ Number of managers, secretaries, IARs, TRRs, CSRs, and others ▶ Number of employees at the TAC ▶ Number of full-time, seasonal, and part-time employees ▶ Total direct labor hours ▶ Total overhead hours ▶ Average salary ▶ Average benefits ▶ Retirement eligibility