



**The National Taxpayer  
Advocate's  
Fiscal Year 2002 Objectives Report to  
Congress**

JUNE 30, 2001

*INTERNAL REVENUE SERVICE*



*WORKING TO PUT SERVICE FIRST*

# The **NATIONAL TAXPAYER ADVOCATE'S** Fiscal Year 2002 Objectives Report to Congress

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## BACKGROUND

The Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206, "RRA 98") requires the National Taxpayer Advocate to submit semiannual reports to the House Ways and Means Committee and the Senate Finance Committee. The reports must be submitted directly to the Committees without any prior comment from the Internal Revenue Commissioner, the Secretary of the Treasury, any other Treasury officer, or the Office of Management and Budget. The first report, to be submitted by June 30 of each year, must identify the objectives of the Taxpayer Advocate Service for the fiscal year beginning in that calendar year. This report is submitted in accordance with Internal Revenue Code (IRC) Section 7803(c)(2)(B)(i); it details the activities and objectives planned by the Office of the National Taxpayer Advocate for Fiscal Year 2002.

## INTRODUCTION

In his Fiscal Year 2001 Objectives Report to Congress, National Taxpayer Advocate W. Val Oveson identified six major objectives for the Taxpayer Advocate Service (TAS). These objectives encompass a broad array of activities. The objectives derive from TAS' Congressional charge, found in IRC Section 7803(c)(2), to assist taxpayers in resolving problems with the Internal Revenue Service (IRS), and to identify and propose administrative or legislative solutions to those problems arising from taxpayer dealings with the IRS. These objectives are set forth in Appendix I.

Since assuming the position of National Taxpayer Advocate on March 1, 2001, I have worked to refine TAS' strategic goals in order to implement the objectives described above. The Taxpayer Advocate Service identified several major strategies, operational priorities, and improvement projects for fiscal years 2002 and 2003 as part of the Service's strategic planning process. TAS' four major strategies for fiscal years 2002 and 2003 are as follows:

- Advocate changes in tax law or procedures that reduce taxpayer burden and improve IRS effectiveness;
- Identify significant sources of TAS casework and work with the Operating Divisions on strategies to reduce inappropriate TAS workload;
- Improve TAS' ability to identify and respond to taxpayer concerns; and

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- Ensure that the human resources component of the Taxpayer Advocate Service is adequate to meet its workload demands.

I submit for your review and comment, in the pages following, reports of various TAS operational areas and programs that address these major strategies. I include descriptions of our current and future plans for case processing (including the delegation and implementation of additional case resolution authorities); systemic advocacy (including the Annual Report to Congress); human resources (staffing and training); toll-free telephone access to TAS caseworkers; communications and liaison (internal and external outreach and publicity); and citizen advocacy panels.

I believe these activities present a clear picture of the nature and scope of the Taxpayer Advocate Service's efforts to assist taxpayers resolve tax problems, be they individual cases or systemic in nature. However, I have also identified several themes for fiscal year 2002 which bridge all of the Taxpayer Advocate Service's operations and which speak to its fundamental mission of advocacy on behalf of taxpayers. Each of these inquiries will assist the Taxpayer Advocate Service in developing a definition of advocacy, a code of practice for its employees, and an understanding of its underlying, or core, values.

Some of the issues we expect to explore during fiscal year 2002 and thereafter include:

- ***What does it mean to be a taxpayer advocate within the Internal Revenue Service?***  
Congress charged the National Taxpayer Advocate and her employees with assisting taxpayers to resolve their tax problems. Under what circumstances may a taxpayer advocate refuse to accept a case or say "no" to a taxpayer? Should a TAS employee advance a taxpayer's position, regardless of its merits? At what point should a taxpayer advocate accept the Internal Revenue Service's determination in a given case and cease to advocate on behalf of the taxpayer?
- ***What is the extent of the National Taxpayer Advocate's (and her delegates') authority to resolve taxpayer problems?*** Are TAS employees merely facilitators or mediators between taxpayers and other IRS functions? Should they be authorized to render substantive determinations in taxpayer cases? What role should TAS play in taxpayer examinations that are open in other IRS operating divisions?
- ***What is the appropriate composition of TAS inventory according to hardship criteria?*** As a general rule, should TAS receipts reflect a predominance of financial hardship cases over those involving a delay of more than 30 days over normal processing time? In achieving the appropriate balance, what efforts should TAS undertake to reach out to taxpayers who have given up on their cases or who have fallen between the cracks of our tax administration system?

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- *What standards of practice should TAS employees be held to?* Should we zealously advocate for a taxpayer's position or temper our representation with objectivity and independence? When should Local Taxpayer Advocates keep taxpayer contact or communications confidential from the rest of the Service? To whom do TAS employees owe a duty of care?
  - *What is the appropriate measure of the Taxpayer Advocate Service's performance and success?* Should casework be measured by the number of cases closed, or the number of days it takes to complete a case, or the decline in the number of cases received? Should advocacy be measured by the number of Taxpayer Assistance Orders or Taxpayer Advocate Directives issued, or the number of advocacy projects started (or completed), or the number of legislative recommendations adopted, or the inclusion of TAS representatives in IRS planning meetings, task forces, and other initiatives?

Fiscal Year 2002, then, will witness the beginning of the Taxpayer Advocate Service's exploration of its core values. We will conduct this inquiry using a number of methods including:

- internal dialog within the Taxpayer Advocate Service;
- discussions with other IRS employees, managers, executives, and the National Treasury Employees Union;
- presentations to and discussions with members of Congress and their staffs, and with taxpayers, tax practitioners, and other professionals;
- analysis of TAS' casework and methodologies; and
- examination of the standards of practice to which external taxpayer advocates adhere.

I do not expect that the Taxpayer Advocate Service will answer these questions during fiscal year 2002. I do, however, anticipate that TAS will undertake this inquiry and that we will be open to new approaches and models, even as we affirm old ones. The Taxpayer Advocate Service will evolve its own standards of practice, to which its employees can both aspire and adhere. I am honored to be a participant in this process, and I look forward to reporting to you in the future about our progress toward these goals. In the sections that follow, I believe you will see how the Taxpayer Advocate Service plans to establish a foundation for success in this exciting endeavor.

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## ***TAXPAYER ADVOCATE SERVICE CASEWORK***

### **DERIVATION OF TAS AUTHORITY**

Prior to the creation of the Taxpayer Advocate Service as a separate and independent function within the Internal Revenue Service, cases involving significant taxpayer hardship were addressed through the Service's Problem Resolution Program (PRP). Problem Resolution personnel were located in each district, region, and service center, as well as in the National Office. Although in most instances the Taxpayer Assistance Order (TAO) authority provided in section 7811 of the Code was delegated to Problem Resolution caseworkers, in practice this authority was not the basis upon which the vast majority of taxpayer issues and problems were resolved.

Generally, Problem Resolution personnel were district or service center employees. They did not report to the Taxpayer Advocate or the Taxpayer Ombudsman but to the individual district or service center director for their post of duty. Since district directors were delegated broad authority to address, administer, and enforce the internal revenue laws, employees of the district (including Problem Resolution personnel) were able to resolve many taxpayer issues based on the authority delegated to the district or center director, irrespective of it being specifically related to a position description.

Many people, both within and outside the IRS, believe that Problem Resolution personnel exercised their authorities as a function of their positions as Problem Resolution caseworkers. In actuality, these authorities (except those described in IRC Section 7811) derived from the reporting relationship of the employee to the district or center director, and the director's authority to enforce and administer the internal revenue laws. The ability of a Problem Resolution caseworker to address substantive issues of the taxpayer or to take certain administrative actions not currently available to the Taxpayer Advocate Service (TAS) was unrelated to his or her PRP status, but rather a function of his or her status as a district or center employee.

Congress changed the Taxpayer Advocate Service's organizational reporting structure in RRA 98 in order to ensure an independent problem-solving function within the IRS. The prior IRS Problem Resolution Program was replaced by a system of local and area Taxpayer Advocates who report directly to the National Taxpayer Advocate – the Taxpayer Advocate Service.

Beginning in 1998, the structure of the entire IRS changed. Authorities that were delegated to the various field components of the Service responsible for administration and enforcement processes (district directors and service center directors) are now delegated to the Operating Division within the Service responsible for administering those issues (Wage and Investment, Tax Exempt/Government

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Entities, Small Business/Self Employed, and Large and Mid-Sized Business). Taxpayer Advocate Service employees are not included in this delegation chain, since Congress mandated that TAS employees report to the National Taxpayer Advocate.

### **THE TAXPAYER ADVOCATE SERVICE'S AUTHORITY TODAY**

Under the new IRS reorganization, the National Taxpayer Advocate (NTA) possesses certain statutory authorities that enable her to assist taxpayers who are experiencing or are about to experience a significant hardship. These include the authority to issue a Taxpayer Assistance Order (TAO), either ordering the IRS to take an action or to cease an action (a "direct" TAO) or ordering the IRS to review a decision already or about to be made (a "review" TAO). TAOs may be issued by the NTA, taxpayer advocate area directors, and local taxpayer advocates. TAOs are reviewable by the Commissioner, Deputy Commissioner, and National Taxpayer Advocate.

The Commissioner has delegated to the National Taxpayer Advocate the authority to issue a Taxpayer Advocate Directive (TAD), addressing a system-wide administrative or procedural problem affecting many taxpayers. The TAD must address a process or procedure that creates undue burden, infringes upon the rights of taxpayers, or results in inequitable treatment of taxpayers. The National Taxpayer Advocate has the sole authority to issue a TAD. TADs are reviewable by the Commissioner and Deputy Commissioner of Internal Revenue.

Absent any other delegation of authorities from the Commissioner of Internal Revenue, the ability of the National Taxpayer Advocate or her employees to act on behalf of taxpayers is limited to those actions described in these statutory authorities. Since the establishment of the Taxpayer Advocate Service in RRA 98, the Commissioner has delegated to the National Taxpayer Advocate numerous authorities relating to procedural resolution of taxpayer problems. The NTA has, in turn, redelegated them to TAS employees.

On January 17, 2001, the Commissioner delegated the accounts management authority of the Customer Service function to the National Taxpayer Advocate. The NTA will redelegate these authorities, contained in the Internal Revenue Manual, to TAS employees at the beginning of fiscal year 2002, following an intensive all-TAS training program during the late summer and early fall of 2001. These authorities enable TAS employees to perform many of the Customer Service related functions on routine cases that do not involve substantive determinations and thereby provide more efficient service to taxpayers.

It is a misnomer to describe the Taxpayer Advocate Service's authority to resolve taxpayer problems as "merely" procedural. While it is true that Taxpayer Advocate Service employees cannot and should not make substantive determinations in

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cases, they can still influence the outcome of a case. TAS employees can make sure that IRS employees making the substantive determination have all of the information necessary for making an informed decision. They can also make a recommendation of an appropriate resolution to the deciding employee. Finally, if the TAS employee believes that another function reached an incorrect result, the employee can continue to discuss the case with that function, including managers, and ultimately elevate it up to the National Taxpayer Advocate.

TAS employees have the ability and obligation to advocate on behalf of taxpayers, to the extent appropriate for each case. The Taxpayer Advocate Service will undertake a program-wide analysis of “advocacy” during fiscal year 2002. We will develop training materials and workshops that highlight advocacy, case preparation and presentation, conflict management, and negotiation skills.

The Taxpayer Advocate Service must not set itself up as a second IRS. We cannot, through our desire to resolve individual cases, become an accomplice to masking and sustaining systemic problems. Advocacy sometimes entails stepping back and taking a broader view of the situation and proposing a system-wide solution. The National Taxpayer Advocate believes that this approach is authorized by Congress in IRC Sections 7803 and 7811.

#### **NATIONAL CUSTOMER SERVICE AGREEMENTS**

Taxpayers turn to the Taxpayer Advocate Service for relief when Internal Revenue Service processes and procedures do not work as intended. The National Taxpayer Advocate is committed to providing immediate assistance and to working with IRS Operating and Functional Divisions to improve service to taxpayers.

During fiscal year 2001, the Taxpayer Advocate Service developed a template for agreements that we propose to enter into with each of the divisions with regard to the processing of TAS cases by Operating and Functional Division employees. These National Customer Service Agreements will clearly define the roles and responsibilities of all individuals involved in TAS casework.

The Taxpayer Advocate Service expects that these agreements will help to ensure consistency with both taxpayer treatment and case processing. We also hope to establish uniform standards for the processing of work when TAS employees do not have the delegated authority to effect a complete resolution of the taxpayer’s problem. We believe that the National Customer Service Agreements will enable us to measure our performance against defined expectations and standards. We plan to negotiate, execute, and implement these agreements during fiscal year 2002.

The Taxpayer Advocate Service is currently operating in an environment where there are numerous local agreements for processing cases but no one consistent vehicle to provide direction to all employees throughout the Internal Revenue

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Service. In crafting the National Customer Service Agreements, we plan to review the existing local agreements and determine the best practices for different types of cases and procedures. These best practices will be incorporated into the National Customer Service Agreements.

There may be instances when the National Customer Service Agreements do not meet the specific needs of local areas. In these cases, we will work with the local areas and the Operating and Functional Divisions to develop site-specific procedures. We will also continue to review the National Customer Service Agreements to ensure that we are handling taxpayer cases in the most expeditious and accurate manner possible.

### *TAS ADVOCACY INITIATIVES*

Casework is only one aspect of the Taxpayer Advocate Service's activities. TAS is also charged with advocating for systemic changes that will help resolve taxpayer problems. Internal Revenue Code Section 7803 requires the Taxpayer Advocate Service to identify areas in which taxpayers experience problems with the IRS and to propose possible administrative and legislative changes that may mitigate such problems.

The Taxpayer Advocate Service's advocacy function, which culminates annually in the National Taxpayer Advocate's Activities Report to Congress, is not divorced from the TAS casework component. Our casework frequently helps us identify specific problems that affect a large number of taxpayers which can only be solved at the operating division or Service-wide level or through legislative changes. The TAS Inventory Study, discussed in this Report, is a valuable tool for advocacy as well as case and personnel management.

### **OPERATING DIVISION TAXPAYER ADVOCATES**

The TAS advocacy function is primarily conducted by advocacy analysts reporting to two Operating Division Taxpayer Advocates (ODTAs), who in turn report to the ODTA Executive. Each Operating Division Taxpayer Advocate is responsible for issues arising in two of the four Operating Divisions – Wage and Investment/Tax Exempt Government Entities and Small Business Self-Employed/Large and Mid-sized Businesses.

Operating Division Taxpayer Advocates are responsible for identifying and raising the awareness of systemic issues within IRS Operating and Functional Divisions that impact taxpayers. They work with the Operating and Functional Division managers to determine the best solutions for systemic problems and to build support for initiating changes in policies and procedures to resolve those problems.



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Advocacy Analysts are located in various TAS offices throughout the nation. They work with the Operating and Functional Divisions to identify and analyze the root cause(s) of taxpayer problems. They also support joint advocacy projects and efforts. The advocacy analyst's ultimate objective is to prevent or reduce taxpayer burden, represent taxpayer interests during the decision-making processes, improve customer service, and address inequitable treatment of taxpayers.

All Taxpayer Advocate Service employees are encouraged to identify potential advocacy issues and submit advocacy suggestions to the appropriate Operating Division Taxpayer Advocate. The ODTA staff screens the suggestions for quality and currency; suggestions are then entered into a tracking database. Suggestions may be assigned to an advocacy analyst or referred to the appropriate Operating or Functional Division for further action. The ODTA staff monitors and reports on project activities in a variety of ways; examples include:

- Advocacy projects are tracked using the Service-Wide Action Plan (SWAP) database system. ODTA advocacy analysts use the system to establish project plans, update project information, and monitor project status. Advocacy analysts across the country can access the database.
- Advocacy analysts use the SWAP system data to prepare project status reports for the ODTA Directors and Executive Director and the National Taxpayer Advocate. ODTA Directors also use the system to submit quarterly updates as part of the Business Performance Review System (BPRS). The NTA briefs the Commissioner on the information included in BPRS reports.
- Taxpayer Advocate white papers, position papers involving administrative or legislative recommendations that address taxpayer problems, are issued intermittently in response to issues arising outside the Annual Objectives Report cycle.

The Taxpayer Advocate Service also receives many legislative proposals from TAS and IRS employees as well as from taxpayers, the Citizen Advocacy Panels (CAPs), and the tax practitioner community. The team that prepares the Annual Activities Report to Congress reviews the proposed legislative recommendations and further develops suggestions that address tax law complexity, taxpayer equity, or taxpayer burden.

### **ANNUAL ACTIVITIES REPORT TO CONGRESS**

The National Taxpayer Advocate is required to report to Congress at the end of each calendar year about its activities for the past year. Among other items, this report must contain a summary of the 20 most serious taxpayer problems and the 10 most litigated tax issues. This report also provides recommendations for resolving or

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mitigating those problems and compliance burdens through either administrative or legislative action. IRC Section 7803(c)(2)(B)(ii).

The 2001 Annual Activities Report to Congress will reflect some changes in approach from previous reports. For example, we will present two lists of the 20 most serious taxpayer problems. We will draw one list from the Taxpayer Advocate Management Information System (TAMIS) which will indicate the 20 issues (broadly defined) about which taxpayers most frequently request help from the Taxpayer Advocate Service. Our second "Top 20" list will be developed by a team of TAS advocacy and casework employees. This list will be drawn from the collective knowledge and experience of TAS employees.

We will report on our legislative and administrative recommendations in three ways. First, we will propose at least five recommendations that address issues of broad taxpayer impact. We will identify the number and categories of taxpayers affected and the paperwork, processing, and compliance burdens associated with those issues, both from the taxpayer and IRS perspectives. We will also identify any privacy or business systems implications of these issues. We will describe the operation and history (where appropriate) of each of these provisions. Finally, we will submit a proposal to eliminate or lessen the problem for taxpayers.

The second list of recommendations will include descriptions of proposals that are currently under consideration by the Taxpayer Advocate Service but are not yet developed to the level of a recommendation. We believe this list is valuable because it identifies issues that have already surfaced as problems but do not have a readily achievable solution as of report publication. The Taxpayer Advocate Service will continue to work on these issues. They may form the basis of legislative recommendations in future annual reports or in TAS white papers. We believe that by identifying the problems we will encourage informed discussion about them and speed resolution.

The final list of recommendations will consist of brief proposals that have been identified by TAS employees, IRS Operating or Functional Division employees, tax professionals, or taxpayers as problems requiring a legislative solution. The proposals included in this list will all need further development; however, we hope that their inclusion will stimulate interest and solicit additional information and solutions from the public and the IRS.

The Taxpayer Advocate Service employees who are working on the Annual Activities Report are approaching their work with one overriding question in mind – what is the particular perspective or piece of information that the Taxpayer Advocate Service can contribute to the discussion that is unique to TAS? Clearly, Congress felt that the Taxpayer Advocate Service could add something to Congress' own analysis of taxpayer problems. Thus, we hope that the National Taxpayer Advocate's 2001 Annual Report to Congress will not be a re-hash of old solutions

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but will provide fresh insight, information, and experience from the point of view of advocates who operate within the IRS.

### ***TAXPAYER ADVOCATE SERVICE INVENTORY STUDY***

#### **BACKGROUND**

Understanding the Taxpayer Advocate Service case inventory is an essential first step to accomplishing the Taxpayer Advocate Service's strategic objectives. (See Appendix II.) During fiscal year 2001, we conducted a study to determine the major components of TAS caseload and the relationship between Operating Division inventories and TAS receipts. The study results provide the framework for our fiscal year 2002-2003 strategic plans. In fiscal year 2002, we will continue to update our study monthly to identify workload trends and emerging issues. We will share this analysis with the Operating Divisions and use the study to coordinate our approach to systemic problem solving.

#### **INVENTORY STUDY METHODOLOGY**

During fiscal year 2001, the Taxpayer Advocate Service convened an inventory study task force. The task force members gathered report data from TAS and Operating Division management information systems. They captured TAS receipts by month for fiscal years 2000 and 2001. They then linked TAS receipts to Operating Division inventories for the same periods, using major issue codes. (Major issue codes are numeric codes utilized on the Taxpayer Advocate Management Information System (TAMIS) to indicate the major issue presented in each TAS case.) The task force used data from Operating Division reports to capture receipts, closures, and ending inventories. TAS focused on Operating Division ending inventories because we believed that, as ending inventories increase and age, taxpayers begin to turn to TAS for assistance.

The Taxpayer Advocate Service previously identified problems with major issue code accuracy. The data reviewed by the task force reflected these problems, and the team took steps to address the issues in our study. The study team sampled 850 cases to test the accuracy of the major issue codes assigned to the cases. In some instances, results from this sample led to the reassignment of cases by major issue code (for analysis purposes only).

We initially selected five program areas for review based on perceived inventory problems and level of TAS impact:

1. Accounts Management (Adjustment) Correspondence,
2. Automated Underreporter (AUR),

3. Earned Income Tax Credit (EITC),
4. Innocent Spouse, and
5. Offers in Compromise (OIC).

We established a correlation between IRS Operating Division ending inventories and TAS receipts for fiscal year 2000. We wanted to see if we could predict TAS workload receipts in important program areas based on the inventory relationships.

We later expanded the study to address ten major categories of TAS receipts/Operating Division inventory using fiscal year 2001 receipts:

<i>Continued from Fiscal Year 2000</i>	<i>Added for Fiscal Year 2001</i>
1. Accounts Management (Adjustment) Correspondence	6. Audit Issues (Other than EITC)
2. Automated Underreporter (AUR)	7. Collection Issues, other than Offer In Compromise (OIC)
3. Earned Income Tax Credit (EITC)	8. Other (Miscellaneous)
4. Offer In Compromise (OIC)	9. Processing Returns
5. Innocent Spouse	10. Refunds (Lost/Stolen/Undeliverable)

We continue to make predictions as we update our inventory study data monthly. Using our current data, we are now able to identify workload trends. Some trends are attributable to the normal IRS workload shifts associated with filing season. Others reflect changes in Operating Division programs and shifting staffing allocations. We continue to refine our analyses as we gather additional data and observe these trends.

### **INVENTORY STUDY RESULTS**

The results of the study provide data for TAS to use in achieving our strategic objectives.

**Identify Significant Sources of Taxpayer Advocate Casework.** Current data indicates that most taxpayer cases come to TAS as a result of systemic or procedural problems (including delay) and not as the result of significant hardship, threat of adverse action, irreparable harm, or significant cost concerns - the issues that TAS is uniquely designed to resolve. As illustrated in Figure 1, only 14 percent of cases meet significant hardship criteria, as defined by IRC Section 7811(a)(2)(A), (C), and (D). These cases are shown in Figure 1 as criteria codes one through four. Cases in which the IRS did not achieve intended results within expected periods comprise 80 percent of TAS receipts. These cases are shown in Figure 1 as criteria codes five through seven.

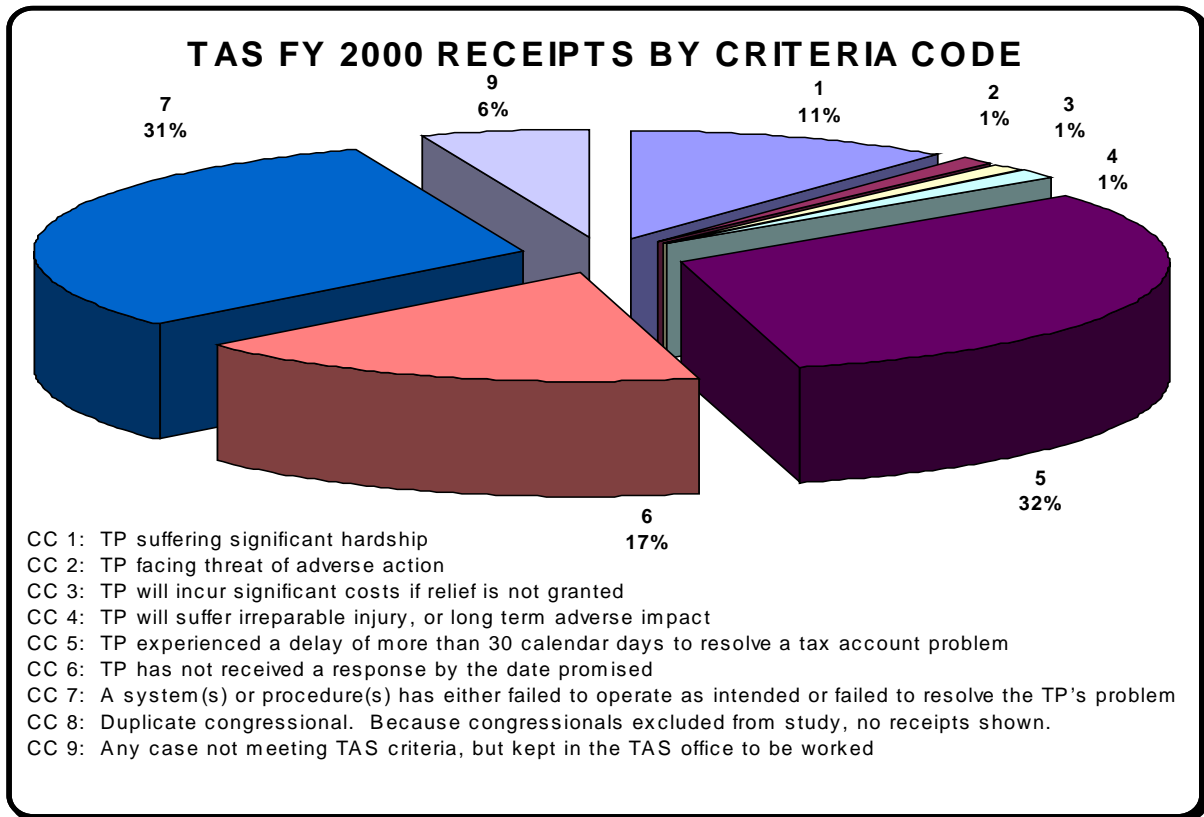
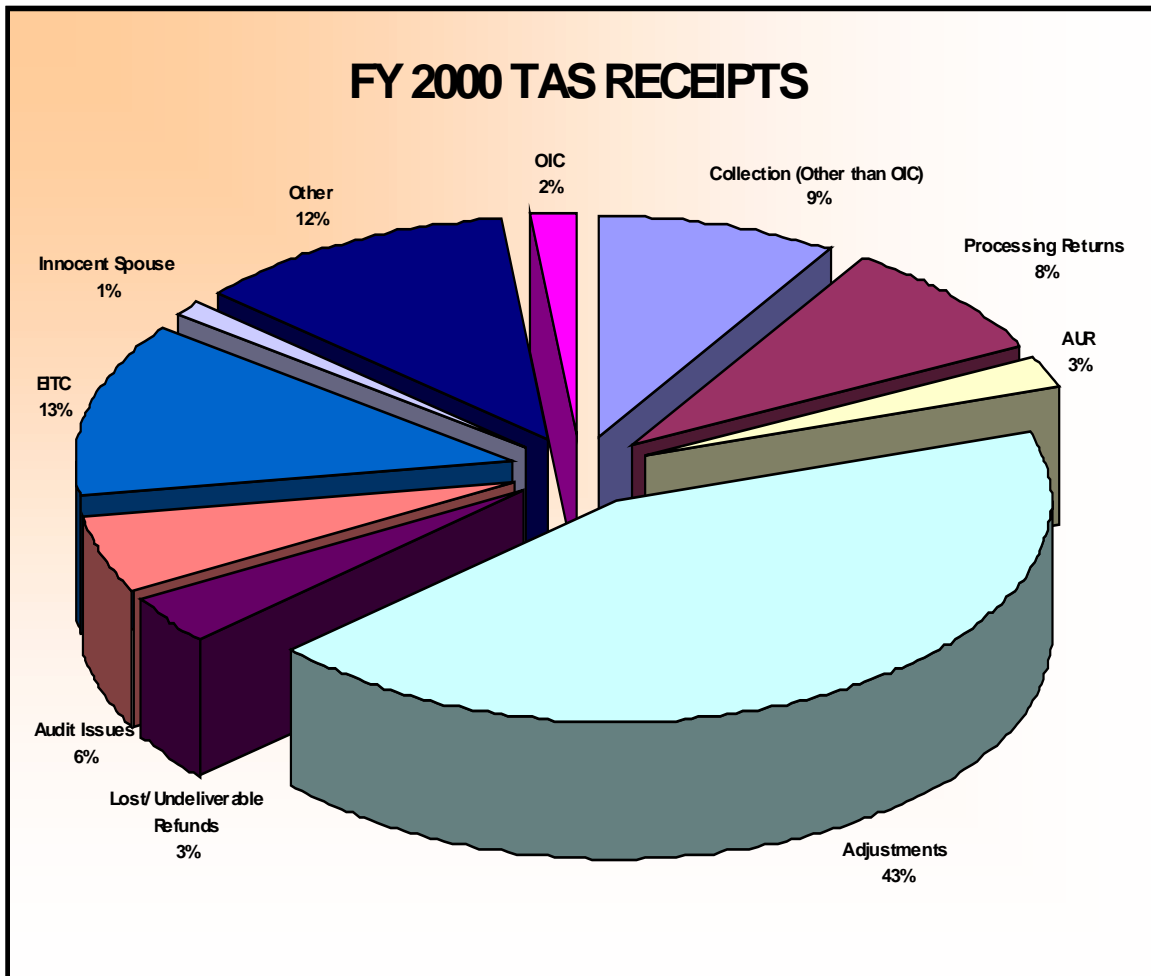


Figure 1

Major sources of TAS Inventory are shown in the Figure 2. We identified a strong relationship between Operating Division workload delays and TAS receipts in the fiscal year 2000 inventory study. First, we found that the percentage of taxpayers likely to contact TAS for assistance is much higher in cases in which taxpayer refunds are delayed. Second, as inventories in the Operating Divisions increase and/or age, there is a similar increase in TAS receipts.



KEY	
AUR	Automated Under Reporter
EITC	Earned Income Tax Credit
OIC	Offer in Compromise

Figure 2

The relationship between TAS receipts and adjustment inventories is shown in Figure 3. As the inventory builds in the Operating Divisions, TAS receipts build as well.

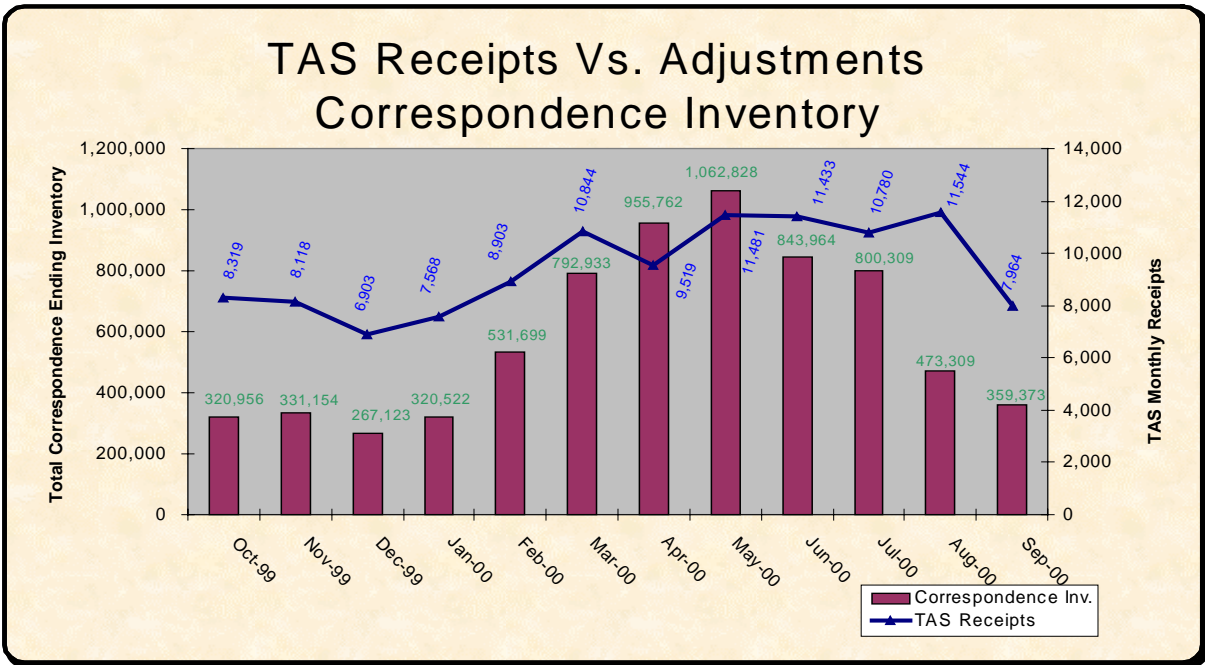


Figure 3

Operations' improvements in service led to corresponding reductions in TAS inventory receipts. The Wage and Investment Operating Division achieved a 15 percent improvement in controlling taxpayer correspondence in Adjustments for the first half of fiscal year 2001. "Controlled" correspondence is written taxpayer communication that is received by the IRS, and entered onto the Integrated Data Retrieval System (IDRS). Once an item is entered on IDRS, all employees with IDRS access can identify that the correspondence has been received and is in the queue for being worked. TAS experienced a corresponding 10 percent reduction in Adjustments inventory receipts, even as Service-wide total adjustments inventories increased. By entering taxpayer correspondence into the IDRS database sooner, Wage and Investment is able to respond directly to taxpayer follow-up inquiries instead of referring the case to the Taxpayer Advocate Service.

The Wage and Investment Operating Division also achieved a significant improvement in IRC Section 6015 ("Innocent Spouse") case processing by consolidating the program, strengthening communication with taxpayers, and streamlining work processes. Innocent spouse claim processing periods are lengthy in order to protect the rights of both parties filing a joint return, therefore, program

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improvements are not reflected quickly in TAS inventories. Even so, the Taxpayer Advocate Service is already experiencing a 16 percent decrease in case receipts.

***Work with IRS to Improve Service; Advocate Changes in Tax Law or Procedures.*** TAS inventories are due, in part, to staffing shortages in the Operating Divisions. As Operations workload ages due to staffing shortfalls, taxpayers are negatively impacted.

The inventory study points to areas in which service can be improved, whether through streamlining work processes, adjusting the workload mix to minimize the impact of seasonal workload pressures on taxpayers, or making legislative recommendations to improve program administration. We are discussing the study with the Operating Divisions and are exploring with them ways to improve service. In fiscal year 2002, TAS will be able to identify each case's point of origin by business unit (e.g. Wage and Investment or Appeals). The ultimate goal is to provide better service to the public at the first point of contact with the IRS thereby reducing the need for taxpayers to come to the Taxpayer Advocate Service.

One area of mutual concern is the growing Earned Income Tax Credit (EITC) inventory. This program, more than most, affects taxpayers whose refunds are delayed. As the Operating Divisions continue to focus on improving compliance in the EITC population, we expect a dramatic increase in TAS receipts. Based on current fiscal year 2001 receipts and aging inventories in the Operating Divisions, we predict a 50 percent increase in TAS EITC receipts. TAS and the Wage and Investment Operating Division have agreed to work together to improve EITC audit processes and procedures.

We have not assessed the potential impact of recent changes in tax law in the EITC program, or changes recommended in the National Taxpayer Advocate's Fiscal Year 2000 Annual Activities Report to Congress, on future EITC inventories.

***Ensure TAS Employees Can Meet Workload Demands; Improve Ability to Respond to Taxpayer Concerns.*** The National Taxpayer Advocate believes that current TAS staffing levels should be maintained during fiscal years 2001 and 2002. I derive this conclusion from the TAS casework levels projected in the inventory study. The projected levels were based on our analysis of past receipts and adjusted for changes in programs within the Operating Divisions.

While we do not expect the total numbers of receipts to change significantly, we believe there may be a shift in the inventory mix and in workload locations. As IRS consolidates programs such as Offers in Compromise and EITC to specific sites, we may need to change the TAS offices assigned to resolve the cases. We will analyze inventory and predict workload shifts based on the Operating Divisions' program strategies and workload consolidation plans.



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Understanding the workload mix and the ways in which it is expected to change will be useful in recruitment and training decisions. As the workload shifts, training plans will be adjusted to fill knowledge and skill gaps. Managers may need to recruit employees with the necessary skills to meet new workload demands. Throughout fiscal year 2002 and thereafter, TAS managers, executives, and Strategic Human Resources staff, in partnership with the National Treasury Employees Union (NTEU), can utilize the inventory analysis and predictions of workload shifts to plan for employee recruitment and development.

## **SUMMARY**

This study suggests that the Taxpayer Advocate Service should continue to monitor receipts by category to identify trends in Operating Division inventories. Using this data, TAS will work with the Operating Divisions throughout fiscal year 2002 to improve service, which should ultimately reduce the number of cases that are transferred to TAS due to service delays, or system or procedural problems. We will continue to provide updates of the inventory study to TAS leadership, interested Operating Division Commissioners, and NTEU.

## ***TAS EMPLOYEE TRAINING INITIATIVES***

### **INTRODUCTION**

A highly skilled, well-trained workforce is key to the accomplishment of the Taxpayer Advocate Service's mission. During fiscal year 2002, we will focus on the development and execution of a corporate approach to training and education. This effort, which will incorporate both strategic and tactical initiatives, will ensure that TAS employees are provided the skills and abilities they need to perform their jobs and will also promote their professional development and career progression within both TAS and the IRS.

### **DEVELOPMENT OF A STRATEGIC -- MULTI-YEAR TRAINING PLAN**

With the assistance of a contractor experienced in strategic planning, we will design the first ever TAS four-year strategic training plan. The plan will enable the Taxpayer Advocate Service to develop employees in response to evolving customer and casework bases. The plan will also allow us to recruit and retain those employees, by demonstrating the organizational commitment to their professional and personal development.

The multi-year training plan will include an annual TAS-wide training meeting that will offer beginning and advanced training programs for TAS employees. Session topics may included technical skills, conflict management, case management, management techniques, communications skills, ethics, stress management,

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Taxpayer Advocate Management Information System (TAMIS), and the legislative process. The TAS-wide program will be complemented by training sessions held at local offices designed to address issues specific to those locales. TAS will also coordinate with the other Operating and Functional Divisions so that TAS employees can attend training programs offered by other divisions.

The Taxpayer Advocate Service recently established a TAS training advisory board with our collective bargaining partner, the National Treasury Employees Union (NTEU). This board will assist in the review and monitoring of the TAS training effort, the evaluation of training priorities, and the crafting of training recommendations to the National Taxpayer Advocate. Customer needs will be garnered from a number of sources, including employee and customer satisfaction surveys, input from taxpayers, and discussions with other Operating and Functional Divisions. TAS Strategic Human Resources will review the information and develop and deliver training effectively and efficiently.

The TAS four-year strategic plan will:

- Use computer technology to develop and maintain a well-informed and trained workforce (E-learning). This IRS corporate strategy aims to leverage technology to deliver 70 percent of skills and competencies through E-learning by fiscal year 2007.
- Monitor the creative, no-cost method for promoting employee computer training piloted by the United States Postal Service.
- Leverage limited TAS resources by combining our training efforts with those of other IRS Operating and Functional Divisions.
- Explore the availability of out-service training offered by both governmental (United States Department of Agriculture) and private sector entities, and by professional associations (e.g., Attorneys, CPAs and Enrolled Agents).
- Design and conduct training initiatives to address the 20 most serious problems encountered by taxpayers, as identified in the National Taxpayer Advocate's Annual Activities Report to Congress.
- Build plan flexibility so that TAS can be responsive to our external customers, the taxpayers. For example, TAS may need to pursue a multilingual initiative in order to improve access to services for taxpayers with limited English proficiency. We may need to develop and deliver training for IRS and TAS employees so that they can better understand and respond to taxpayer issues and questions. In addition, TAS employees may require specific communications training to assist in taxpayer outreach.

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- Coordinate with other divisions to crosstrain TAS and Operating and Functional Division employees during formal training sessions and Continuing Professional Education (CPE) sessions.

### **TACTICAL ANNUAL TRAINING PLAN**

The Taxpayer Advocate Service will closely coordinate its tactical annual training plan with the four year strategic training plan. The annual plan will address current organizational and employee needs, such as those involving technical components (e.g., IRC Section 6413) and automation components (Taxpayer Advocate Management Information System (TAMIS) and Integrated Case Processing (ICP) training), and those necessary to accomplish our casework (the Executive Correspondence Management System (ECMS) and core leadership skills).

Through its annual plan, TAS can assess the organization's ability to address existing technical and programmatic training needs. The Taxpayer Advocate Service will respond to current needs in TAS or in other divisions, such as those evidenced around the delegation of authorities training, and also be proactive with our customers, internal as well as external.

In addition to incorporating component specific interests (e. g. innocent spouse), the plan will:

- Utilize available outservice training in order to free up internal training development resources.
- Expand the process of informing and educating the public about their right to seek assistance through the Taxpayer Advocate Service.
- Continue the integration efforts with our Citizen Advocacy Panels (CAPs).
- Coordinate with Operating and Functional Divisions to crosstrain TAS and Operating Division employees in the development and delivery of training.
- Develop and deliver training in response to congressional legislation and/or executive direction.
- Continue implementation of an employee training tracking system so that every TAS employee's training and development remains an organizational priority and is advanced.

The Taxpayer Advocate Service must provide its employees with the requisite tools to accurately identify and respond to taxpayer concerns. By setting training priorities, which reflect both corporate goals and the needs of TAS employees and customers, the Taxpayer Advocate Service will maintain a capable and informed

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workforce. These TAS training initiatives are expected to yield improved business results and better customer and employee satisfaction.

### *NATION TAXPAYER ADVOCATE TOLL-FREE LINE*

#### **NTA Toll-Free Line (1-877-777-4778)**

In his Fiscal Year 2001 Objectives Report to Congress, the National Taxpayer Advocate reported the expansion of the National Taxpayer Advocate (NTA) Toll-free line. The NTA Toll-free line provides cost free access to the Taxpayer Advocate Service for issues that have not been resolved through the IRS' normal channels. The service is available to taxpayers 24 hours a day, seven days a week.

Each call to the NTA Toll-Free line is screened by a customer service representative to determine if the taxpayer's inquiry meets Taxpayer Advocate Service criteria. If the call does not meet TAS criteria, the call is transferred to an IRS employee with the appropriate skills and training to answer the call. When the call does meet TAS criteria, NTA Toll-Free customer service representatives try to resolve the issue while the taxpayer is on-line. If they are unable to resolve the case on-line, the call is transferred to the appropriate local TAS office for resolution.

In fiscal year 2000, NTA Toll-Free customer service representatives answered more than 295,000 calls. From October 1, 2000, through May 5, 2001, more than 243,000 calls have been answered. We continue to market the program and educate taxpayers as to when it is appropriate to seek assistance from the Taxpayer Advocate Service. Thus, we expect increased NTA Toll-Free traffic during fiscal year 2002.

The NTA Toll-Free line continues to be staffed and managed by the Wage and Investment and Small Business/Self-Employed Operating Divisions. We gratefully acknowledge the Operating Divisions' ongoing support for this service to taxpayers and the excellent work of the customer service representatives who answer the calls. These employees often provide the first meaningful step toward case resolution.

### *TOLL-FREE ACCESS TO INDIVIDUAL TAS CASEWORKERS*

#### **BACKGROUND**

Customers of the Problem Resolution Program who were interviewed in 1994 using focus group interview techniques identified the following customer expectations with respect to communications:

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- To be given the name of the contact person, and the direct telephone number of that person. *"A single point of contact was considered "the single most important element in providing high quality service."*
  - To be kept advised of unexpected delays, recognizing that the complexity or seriousness of the issue determines the frequency of contacts

Our analysis of the focus group data indicated that taxpayers with complex cases expect frequent updates, but that they recognize the cost of employing people to place calls may be prohibitive. In addition, the focus group data indicate that while taxpayers may be willing to initiate an inquiry about the status of the problem, the cost of the telephone call could be a factor in their decision to make such calls.

Taxpayers do not care if their problem is worked by a caseworker in another city, as long as the resolution meets their expectations

**"Most of the respondents said they prefer toll-free access to the case worker, citing lengthy telephone calls and being placed on hold as reasons."<sup>1</sup>**

In 1999, the Taxpayer Advocate Service established and began marketing a dedicated toll-free telephone number for taxpayers who need assistance (the NTA Toll-free line). This number enables taxpayers to initiate cost-free contact with TAS on issues or problems that meet TAS' program criteria. In the current environment, once a taxpayer's issue is accepted as a TAS case and a caseworker is assigned to resolve it, the taxpayer must then pay for any subsequent telephone calls to the caseworker.

Providing toll-free service to individual TAS caseworkers is a logical extension of the services already offered by the Taxpayer Advocate Service to help taxpayers to resolve their problems where standard IRS procedures have failed or proven inadequate. Toll-free access to assigned caseworkers is an especially critical factor in the more complex cases, or when initial time estimates for case resolution are inaccurate, leaving the taxpayer in the uncertain state of not knowing what, if anything, is being done to resolve his or her situation. The taxpayer will be less anxious if he or she can reach the caseworker directly to provide additional information or to obtain a case update. If a taxpayer is reticent to call the caseworker because of long distance telephone charges, it impedes both communications and taxpayer confidence in the process.

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<sup>1</sup> "Problem Resolution Program: Customer Expectations, Focus Group Report," Dru DeLong and John Lemon, Value Tracking Core Business System, Internal Revenue Service, February 1994.

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During the second half of fiscal year 2001, the Taxpayer Advocate Service will begin a two month test in four offices to provide taxpayers with toll-free access to the Taxpayer Advocate Service caseworker assigned to their case. This service will relieve taxpayers of the financial burden of making toll calls to resolve their tax problems. The test will be completed in September 2001, and the results evaluated relative to operational issues as well as the operational costs and benefits, to determine whether toll-free service should be extended to all TAS offices and customers. This project is included in the Taxpayer Advocate Service's strategic plan for fiscal years 2002-2003.

### **PROJECTED BENEFITS OF PROVIDING TOLL-FREE SERVICE TO TAS CUSTOMERS**

The implementation of this proposal is projected to:

- Remove a potential barrier to case resolution by providing an additional, cost-free avenue of access for taxpayers to their caseworker.
- Reduce burden placed on taxpayers who incur long distance telephone toll charges in the current environment.
- Provide free access for customers who have no telephone service and who would otherwise experience hardship in contacting their caseworker.
- Enhance both communications and the perceived 'relationship' between the two parties and thereby facilitate the resolution of the issue being worked.
- Streamline the service process by more efficiently connecting the taxpayer requiring assistance with the IRS employee who provides the assistance.
- Relieve NTA toll-free assistors of the responsibility for transferring taxpayers entering the current NTA toll-free line to their caseworker thus reducing the perception among NTA assistors that they serve as long-distance operators.

### **TEST OBJECTIVES**

The Taxpayer Advocate Service hopes to extend toll-free access to TAS caseworkers in one-half of its field offices during fiscal year 2002. However, before we implement this program, we must address some issues relating to costs and risks. We plan to resolve two specific concerns through the fiscal year 2001 toll-free access pilot program:

- *Estimate overall costs of nationwide implementation; identify hidden costs.* An initial assumption of this test is that the IRS is presently paying for long-distance phone service when TAS customers ask caseworkers to call them back (to avoid toll charges) or when the NTA toll-free call site transfers callers to their caseworkers.

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Providing toll-free service would reduce these 'workarounds' and the telephone/personnel costs associated with them would offset the cost of establishing toll-free service. The test will attempt to quantify the extent to which the costs incurred in the current environment help to offset the cost of providing toll-free service.

- ***Identify risks and operational issues associated with providing this service to TAS customers.*** Providing toll-free access to caseworkers could result in negative outcomes. For example, customers may take advantage of this service to present issues unrelated to the TAS case. Such unintended outcomes, if occurring with significant frequency, could consume caseworker time, which could be spent on resolving other, more pressing taxpayer issues. The test will therefore develop and evaluate procedures that redirect taxpayers with closed TAS cases back into the mainstream IRS functions.

### **COSTS OF PROVIDING TOLL-FREE SERVICE**

If the test results indicate that there are net operational benefits to providing toll-free service to caseworkers without any significant offsetting problems, the National Taxpayer Advocate will expand this service to all local TAS offices during fiscal years 2002 and 2003. As noted above, it is anticipated that offsetting savings from reducing 'workaround' situations (including eliminating unproductive staff time and associated telephone charges) should significantly reduce the cost of implementing a toll-free service.

### **CUSTOMER SERVICE**

Toll-free numbers for caseworkers will certainly increase taxpayer access to the Taxpayer Advocate Service. However, toll-free access does not eliminate TAS employees' obligation to provide their client-taxpayers with regular updates and status reports on case progress. During fiscal year 2002, the Taxpayer Advocate Service will continue its review of TAS case processing and instructional materials to ensure that employees are clearly instructed to contact taxpayers at appropriate intervals during the case resolution process.

### ***TAS COMMUNICATIONS STRATEGY***

The Taxpayer Advocate Service's initial marketing campaign, following the enactment of RRA 98, was primarily created to inform individuals of our evolution from the former Problem Resolution Program to the newly modernized Taxpayer Advocate Service. Implemented in March 2000, the initial campaign achieved "brand recognition" of the new organization with both IRS employees and taxpayers. The Taxpayer Advocate Service is also easily recognized within both the practitioner and congressional communities.

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In fiscal year 2000, The Taxpayer Advocate Service expanded its outreach activities to the general public. Local Taxpayer Advocates were required to develop outreach plans using demographic information developed by internal research that identified potentially underrepresented taxpayer populations.

The Taxpayer Advocate Service continues to search for the most efficient and cost effective methods of reaching taxpayers who are most in need of our services. Over the next two fiscal years, the Taxpayer Advocate Service will undertake several initiatives that will heighten public awareness of our services and offer them to the appropriate individuals. We will also continue to analyze the impact of the IRS' modernized organizational structure on TAS outreach strategies both within and outside the IRS. A few of our initiatives are discussed below:

- During fiscal year 2002, the Taxpayer Advocate Service will conduct formal research to determine markets where taxpayers are potentially underrepresented and most in need of our services. We will build upon our fiscal year 2000 internal research efforts and conduct external research with an independent marketing firm. The resulting data, along with updated demographic information, will be used to refine our current marketing campaign.
- The Taxpayer Advocate Service will develop an intensive communications plan using various communications vehicles, including television, radio, and print media. TAS will also build a focused outreach strategy, both nationally and locally. We will research the needs of our audience and tailor our education and marketing campaigns accordingly. We will develop specific communications plans for taxpayers who speak little or no English or who have low literacy levels.
- The Taxpayer Advocate Service will continue to increase awareness among its internal and external partners of its advocacy role. We will achieve this by communicating our advocacy projects and successes through a variety of methods including Congressional testimony, the Annual Reports to Congress, collaboration with local Strategic Relationship Management councils, and other IRS partners.
- We plan to share, both internally and externally, the actions taken to address the 20 most serious problems facing taxpayers as identified in the National Taxpayer Advocate's Annual Report to Congress. The Taxpayer Advocate Service will place updated information on the IRS Web page, publish our strategic assessment, and conduct liaison meetings informing stakeholders of actions, successes, and challenges. By doing so, we will demonstrate and communicate the value of each individual's input and role in the effective administration of the tax system.
- During fiscal year 2002, the Taxpayer Advocate Service will continue to partner with the IRS Operating and Functional Division Commissioners to enhance and



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promote problem-solving initiatives. We will support current efforts to educate IRS employees about the Taxpayer Advocate Service's mission and case criteria, through formal training, informal meetings, and participation in various task forces.

As National Taxpayer Advocate, I will continue my practice of appearing at meetings of Operating and Functional Division employees, participating in panel discussions, and holding town hall meetings with both TAS and other IRS employees. I will also continue to appear at programs sponsored by practitioner groups as well as at Citizen Advocacy Panel meetings. I will continue to make myself available to the media so that I can communicate the Taxpayer Advocate Service's mission as well as discuss specific issues we may be facing. Finally, I will continue to meet with members of Congress to discuss matters of concern to them or to taxpayers.

The Taxpayer Advocate Service believes its communications strategy – of open access, outreach, and partnership -- will ensure that taxpayers who require our services will know where to find them. This strategy should also result in appropriate referrals being forwarded to our organization. We will strive to clearly define and communicate our mission to taxpayers, to other IRS employees, to TAS employees, and to tax practitioners.

#### *TAXPAYER ADVOCATE SERVICE MANAGEMENT INFORMATION SYSTEM (TAMIS)*

The Taxpayer Advocate Management Information System (TAMIS) is a nationwide database designed to automate controlling and processing Taxpayer Advocate Service cases. Taxpayer cases that meet TAS criteria, as well as Congressional contact cases, are controlled on TAMIS. Once a case is input, a taxpayer can call the National Taxpayer Advocate toll-free number, or any of the local TAS offices, and be given the current status of his or her case. All cases, both open and closed, are stored on the database.

Employees can document cases on-line, which reduces the need to keep paper copies of case histories. Employees can also indicate the Next-Action-Date for a case. This function helps caseworkers deliver customer service and aids inventory management.

TAS management officials use TAMIS to actively manage the case inventory, to generate reports of program statistics (e.g., the number of closed cases within a window of time), and to monitor TAS casework balanced measures. TAMIS data is used to identify trends in casework and is critical to our continuing TAS Inventory Study. Case-related trends also help the Taxpayer Advocate Service identify advocacy issues as well as technical training needs. Additionally, we use TAMIS data as one tool in the identification of the 20 most serious taxpayer problems included in the National Taxpayer Advocate's Annual Activities Report to Congress.

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Given the numerous uses for TAMIS information, it is absolutely vital that TAMIS data be accurate. TAMIS' interface must be user-friendly and the system must be designed so that it will capture the appropriate data. We believe that our proposed fiscal year 2002 TAMIS improvements will achieve these objectives.

### **FISCAL YEAR 2002 TAMIS IMPROVEMENTS**

The TAMIS database is enhanced on an ongoing basis, often in response to suggestions from our employees. We recently added new fields in response to the changing structure of the Internal Revenue Service. These new fields will track the Business Operating Division point of case origin and the level of case complexity.

In fiscal year 2001, the Taxpayer Advocate Service convened a team to improve the TAMIS data input instructions for our employees. The instructions will be incorporated into the next revision of the Taxpayer Advocate Handbook, Internal Revenue Manual (IRM) 13. In addition to providing input instructions, we will give improved directions regarding various major issue codes. We plan to develop and conduct a training course during fiscal year 2002 that will focus on key input fields and TAMIS instructions in IRM 13. Our training will emphasize the importance of TAMIS data accuracy.

The Taxpayer Advocate Service's long-range goal is to change the software application which runs TAMIS. Currently, we use a UNIX based program. TAMIS will be moving to Oracle by December 2002. A redesign team is currently meeting to develop the database. When this conversion is completed, TAMIS will operate in a user friendly Windows environment and have expanded data collection capabilities.

### ***TAS - NTEU NATIONAL PARTNERING COUNCIL***

The Taxpayer Advocate Service and the National Treasury Employees Union (NTEU) have established a National Partnering Council (NPC) to provide advice to TAS senior management about programs and decisions that directly affect employees. The National Partnering Council is co-chaired by the Deputy National Taxpayer Advocate and NTEU's Assistant Counsel for Negotiations. The Council includes TAS Directors and NTEU representatives.

The National Partnering Council's mission is to serve as an integrative decision-making body for the Taxpayer Advocate Service. Although management retains its right to make decisions, and NTEU retains its right to bargain and negotiate, the National Partnering Council affords TAS leadership and NTEU representatives with an opportunity to discuss employee concerns at the earliest stages of decision-making. We expect that if used appropriately, there will be fewer issues to bargain

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and that when bargaining is required, the parties will be better prepared to discuss issues and negotiate agreement. The National Partnering Council also provides ideas and suggestions for the TAS Strategic Planning and Business Performance Review process. In this way, the Council links partnering efforts with TAS performance improvement.

At its first meeting in January 2001, the National Partnering Council established three working groups, which address NTEU/Manager partnering relationships; TAS technology needs; and employee satisfaction coordination (i.e., SURVEY 2001, an IRS survey document used to monitor and address employee satisfaction issues throughout the Service, the employee suggestion program, training needs, and other initiatives to support employee satisfaction). More recently, the National Partnering Council addressed the TAS strategic plan, TAS oversight of the President's Quality Award (PQA) assessment process, and delegations of authority to TAS employees.

The National Partnering Council meets six times a year. During fiscal year 2002, the TAS-NTEU National Partnering Council will continue to explore ideas and initiatives for improvement of Taxpayer Advocate Service operations. Scheduled topics include the National Partnering Council's role in the IRS Strategic Assessment Process; establishing a direct communications link to the National Partnering Council so that employees and managers can suggest ideas and receive information; developing unique and innovative ways to serve our customers and our employees; and oversight of TAS-wide improvement initiatives.

#### *CITIZEN ADVOCACY PANELS (CAP)*

The Citizen Advocacy Panels were established beginning in June 1998. They have proven to be a valuable partner, providing a forum for direct citizen input into IRS decision making. Meeting schedules for the CAPs vary, however, each panel meets at least quarterly and the meetings are open to the public. During fiscal year 2001, the Department of the Treasury, in response to CAP member suggestions, expanded the geographic boundaries of three of the four CAPs.

The South Florida CAP changed its name to Florida CAP and now includes all 64 counties in the state of Florida. Illinois joins the states of Wisconsin, Iowa and Nebraska to form the Midwest CAP. The Brooklyn CAP changed its name to the New York Metro CAP, which includes the five boroughs plus Nassau and Suffolk counties. Washington, Oregon, Alaska, and Hawaii continue to comprise the Pacific Northwest CAP.

When the initial commitment of each CAP member expired in March 2001, half of the panel members agreed to extend their terms for one year to provide continuity to the panel and allow for staggered terms. Treasury and the IRS developed a new

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recruitment model. The 2001 recruitment process incorporated lessons learned from the 1998 pilot, and focused on the underrepresented geographic areas.

The CAPs kicked off a new marketing campaign in May 2001. The new marketing material was developed to reach more and underrepresented taxpayers. In fiscal year 2002, the CAPs will expand their outreach activities. The CAPs will continue to serve as focus groups for the IRS in the areas of: notice re-design, penalty and interest administration, filing season walk-in site locations, nationwide roll-out of tax kiosks, and implementation of new Employer Identification Number (EIN) processes.

The Taxpayer Advocate Service provides staff and research support to the panels, sponsors their recommendations within the IRS, and guides the recommendations through the appropriate channels. Annual Reports are submitted to the Secretary of the Treasury and the IRS Commissioner. Copies of all reports, events, meeting agenda's and minutes, and success stories can be found on their website at [www.improveirs.org](http://www.improveirs.org).

### ***BALANCED MEASURES***

TAS developed ten balanced measures focused on customer satisfaction, employee satisfaction, and business results as part of our modernization efforts. During fiscal year 2001, we implemented nine of the measures and are collecting data to establish baselines for our organization. Our tenth measure addresses internal customer satisfaction and will provide an assessment of TAS work products and business relationships from the perspective of the other IRS Operating and Functional Divisions. We will work jointly with the IRS Operating and Functional Divisions to further analyze the best means to implement and monitor this assessment as well as to establish National Customer Service Agreements. This measure is particularly sensitive since we must work effectively within the IRS while providing the service expected to our most important customers, taxpayers. Our balanced measures are set forth in Appendix III.

In one effort to engage front-line managers in our balanced measures program, we are currently expanding our balanced measures to include local level goals. During fiscal year 2001, local goal setting will be limited to quality business results since we are still baselining many of our balanced measures. We selected two quality business results measures (casework quality index and case cycle time) for local level goals and are making refinements as a result of the Strategic Assessment process. In Fiscal Year 2002, we will evaluate the initial results and plan to expand local level goals to more of our balanced measures.

During fiscal year 2002 we will monitor our balanced measures, strategic objectives, and program goals and make improvements in partnership with the National

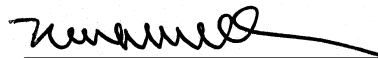
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Treasury Employees Union. We will verify that our measures help us deliver the unique mission of the Taxpayer Advocate Service:

*"We help taxpayers resolve problems with the IRS and recommend changes that will prevent the problems."*

**CONCLUSION**

In this report, I have set forth an aggressive program for fiscal year 2002 and identified our essential areas of focus. The dedicated employees in the Taxpayer Advocate Service continue to face challenges related to our independence and modernization; however, the Taxpayer Advocate Service is poised to undertake the challenging and interesting work ahead. I look forward to building on this foundation and exploring the profession of advocacy within the Internal Revenue Service. Thank you for the opportunity to report on my fiscal year 2002 objectives.

  
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Nina E. Olson  
National Taxpayer Advocate

June 26, 2001

***TAXPAYER ADVOCATE SERVICE FISCAL YEAR 2001 OBJECTIVES***

1. Assist taxpayers in resolving problems with the IRS.
2. Identify and address systemic and procedural problems through analysis of the underlying cause of the problem in order to take corrective action.
3. Identify and address operational issues that affect taxpayers.
4. Represent taxpayers' interests in the formulation of policies and procedures.
5. Identify and develop legislative proposals to simplify the tax code and reduce taxpayer burden.
6. Expand Taxpayer Advocate Services' outreach opportunities to assist and educate external customers.

*FISCAL YEAR 2002-2003 STRATEGIC OBJECTIVES*

<b>MAJOR STRATEGIES</b>	<b>OPERATIONAL PRIORITIES</b>	<b>OPERATIONAL PRIORITIES AND IMPROVEMENT PROJECTS</b>
1. Advocate changes in tax law or procedures that reduce taxpayer burden and improve IRS effectiveness	<ul style="list-style-type: none"> <li>• Report to Congress the most serious problems facing taxpayers.</li> <li>• Develop and recommend legislative proposals to address tax law complexity, equity, and taxpayer burden.</li> <li>• Advise Congress' Joint Committee on Taxation on the complexity of legislation being considered.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to work with Operating Divisions and Members of Congress to achieve a less burdensome process in key areas of the tax law; assist in simplifying forms and instructions.</li> <li>• Partner with Research and W&amp;I on a study of the most significant errors on individual income tax returns.</li> <li>• Systematically analyze the inventory of advocacy projects to improve overall IRS service to taxpayers and reduce the number of cases coming to TAS.</li> </ul>
2. Improve TAS' ability to identify and respond to taxpayer concerns	<ul style="list-style-type: none"> <li>• Train staff on the Taxpayer Advocate Management Information System (TAMIS) and Intelligent Query.</li> <li>• Seek resource support through Research to develop an improved process for gathering and analyzing data to report to Congress on the top 20 taxpayer concerns.</li> <li>• Increase public awareness of TAS.</li> <li>• Ensure that TAS employees have the authorities necessary to resolve taxpayer problems.</li> </ul>	<ul style="list-style-type: none"> <li>• Review/revise case criteria guidelines to ensure that TAS workload is focused on taxpayers with hardships.</li> <li>• Develop supporting information for legislative recommendations that address underlying causes of workload.</li> <li>• Conduct focus groups and surveys.</li> <li>• Conduct focused outreach to practitioners and community liaisons.</li> <li>• Conduct a quality assessment of center campus casework to determine why the Casework Quality Index scores of the campuses are so much lower than other offices.</li> </ul>

MAJOR STRATEGIES	OPERATIONAL PRIORITIES	OPERATIONAL PRIORITIES AND IMPROVEMENT PROJECTS
		<p><b>Improvement Projects:</b></p> <ul style="list-style-type: none"> <li>• Redesign and upgrade TAMIS to improve trend analysis and to capture relational data for root cause analysis.</li> <li>• Examine the feasibility of providing taxpayers with toll-free telephone access to TAS caseworkers.</li> </ul>
<p>3. Identify significant sources of TAS casework and work with Operating Divisions on strategies to reduce inappropriate TAS workload.</p>	<ul style="list-style-type: none"> <li>• Plan/implement outreach efforts to taxpayers.</li> <li>• Propose content for Operating Division procedures manuals and training that leverages TAS experience.</li> <li>• Examine the sources of TAS casework to determine whether work being performed is in accord with TAS' legislative mandate.</li> </ul>	<ul style="list-style-type: none"> <li>• Joint educational outreach efforts with Small Business/Self-Employed to address rising trend of unreported income by sole proprietors.</li> <li>• Conduct ongoing TAS inventory Study and consult regularly with the Operation Divisions to analyze underlying causes of taxpayer problems and identify changes to mitigate those problems.</li> </ul>
<p>4. Ensure that the human resources component of the Taxpayer Advocate Service is adequate to meet its workload demands</p>	<ul style="list-style-type: none"> <li>• Assure that the human resources component of the TAS organization is adequately sized, trained and supported.</li> </ul>	<ul style="list-style-type: none"> <li>• Revisit the staffing model study.</li> <li>• Complete the hiring process to ensure that TAS is able to adequately address taxpayer problems and systemic issues.</li> <li>• Design and implement a comprehensive, multi-year training program for TAS.</li> <li>• Coordinate with Operating Divisions to cross-train TAS and OD employees during formal training sessions and CPE.</li> </ul>



**TAXPAYER ADVOCATE SERVICE BALANCED MEASURES**

<b>CATEGORY</b>	<b>BALANCED MEASURE</b>	<b>DEFINITION</b>
<b>Employee Satisfaction</b>	Employee satisfaction score	The average level of employee satisfaction, determined through the use of surveys.
<b>Customer Satisfaction</b>	External customer satisfaction	The average level of customer satisfaction determined through the use of vendor conducted transactional surveys.
	Internal customer satisfaction	Being developed.
<b>Business Results (Quantity)</b>	Closed cases	A count of closed TAS cases. This measure does not include non-criteria cases, such as duplicate controlled correspondence cases.
	Outreach resources spent versus plan	A comparison of planned versus actual outreach hours spent as outlined in local TAS outreach plans.
	Outreach effectiveness	The percentage of cases that come to TAS through direct taxpayer contact versus case referrals from Operating Division employees
	Immediate advocacy interventions	The number of actions taken expeditiously to correct a systemic problem when there is not enough time for the normal corrective process.
<b>Business Results (Quality)</b>	Case cycle time	The average time (TAS received date to TAS closed date) to resolve all regular cases worked in TAS. This measure does not include non-criteria cases, such as duplicate controlled correspondence cases.
	Casework quality index	A measure of TAS effectiveness in meeting customer expectations based on a random sample of cases reviewed and scored against customer service standards of timeliness, accuracy, and communication.
	Long-term advocacy proposals	The number of substantive initiatives being worked by the Operating Division Taxpayer Advocate Staff to improve IRS processes and procedures.

**TAXPAYER ADVOCATE SERVICE ORGANIZATION**

