



*Call Volume Associated With the Economic  
Stimulus Payments Made It Difficult to Reach  
the Internal Revenue Service  
During Fiscal Year 2008*

**January 26, 2009**

**Reference Number: 2009-40-030**

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

January 26, 2009

**MEMORANDUM FOR** COMMISSIONER, WAGE AND INVESTMENT DIVISION

*Michael R. Phillips*

**FROM:**

Michael R. Phillips  
Deputy Inspector General for Audit

**SUBJECT:**

Final Audit Report – Call Volume Associated With the Economic Stimulus Payments Made It Difficult to Reach the Internal Revenue Service During Fiscal Year 2008 (Audit # 200840034)

This report presents the results of our review of toll-free telephone access during Fiscal Year 2008. The overall objective of this review was to determine the effect that implementation of the Economic Stimulus Act of 2008<sup>1</sup> had on toll-free telephone access after the 2008 Filing Season<sup>2</sup> and planning for the 2009 Filing Season.

*Impact on the Taxpayer*

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. However, because of the volume of calls related to the Economic Stimulus Act of 2008, taxpayer demand for telephone assistor services increased significantly after the 2008 Filing Season. The volume of calls received exceeded the IRS' ability to answer them. Thus, it was more difficult for taxpayers to contact the IRS via the telephone for assistance during Fiscal Year 2008, particularly after the filing season. The IRS is anticipating additional calls regarding the economic stimulus payments during the 2009 Filing Season. If more than this call volume materializes, more blocked calls as well as more primary and secondary abandons

---

<sup>1</sup> Pub. L. No. 110-185, 122 Stat. 613.

<sup>2</sup> 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.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

will occur.<sup>3</sup> Failure to answer the additional volume of calls anticipated will result in the IRS falling significantly short of its planned performance goals.

### Synopsis

Taxpayers made about 189 million calls<sup>4</sup> to the IRS toll-free telephone assistance lines during Fiscal Year 2008. The IRS received approximately 125 million call attempts after the 2008 Filing Season, with approximately 45 million (36 percent) call attempts made to the Rebate Hotline (the telephone line dedicated to calls related to the economic stimulus payments/rebates). IRS assistors answered about 17 million calls after the 2008 Filing Season; approximately 4.2 million (24.5 percent)<sup>5</sup> were for those taxpayers calling the Rebate Hotline.

Because of the additional call volume associated with the economic stimulus payments, the IRS continued to struggle with extremely high call volumes after the 2008 Filing Season and did not achieve some of its fiscal year performance goals. The ability of taxpayers to access the toll-free telephone system was much lower than that in prior years. For example, the IRS had planned to achieve an 82 percent Level of Service and a 270-second Average Speed of Answer.<sup>6</sup> Instead, through August 30, 2008, it achieved a 54 percent Level of Service and a 589-second Average Speed of Answer.

With the increase in call demand, total blocked calls increased by 20.5 million from Fiscal Year 2007. 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 announcement to call back at a later time). The IRS refers to the latter type of blocked call as a courtesy disconnect. Primary abandons and secondary abandons increased by 20.8 million and 8.8 million, respectively, from those that occurred in Fiscal Year 2007.

The IRS estimates that about 70 percent of the calls associated with economic stimulus payments occurred during Fiscal Year 2008, with 4.9 million (30 percent) to occur during Fiscal Year 2009. The IRS anticipates that about 3.3 million (68 percent) of the calls will occur during

---

<sup>3</sup> A primary abandon occurs when the IRS blocks a taxpayer from reaching an assistor or the taxpayer hangs up. A secondary abandon occurs when a taxpayer hangs up while waiting in the queue for the next available assistor.

<sup>4</sup> 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 for Fiscal Year 2008 are for Customer Account Services Toll-Free telephone assistance lines for the period October 1, 2007, through August 30, 2008.

<sup>5</sup> Percentages were calculated using actual numbers rather than rounded numbers.

<sup>6</sup> 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.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

the Second Planning Period<sup>7</sup> of Fiscal Year 2009. The Second Planning Period includes the filing season, which is normally the IRS' busiest time of the year for telephone service. The IRS encountered a significant number of repeat call attempts from taxpayers trying to reach an assistor and believes this taxpayer behavior masks the true demand for assistor services. Thus, the IRS stated that in accordance with industry practice, it removed most of this inflated demand from calculations for its Fiscal Year 2009 estimates. However, using the IRS projected percentages for calls about the economic stimulus payments and assistor demand received, we estimated that the additional call volume could be 8.6 million if taxpayer calling patterns remain the same.<sup>8</sup>

The IRS plans to increase its Full-Time Equivalents<sup>9</sup> by about 850 for the 2009 Filing Season. IRS staff indicated that this number will be adequate to answer the anticipated call volume. Based on historical data, these additional Full-Time Equivalents will provide the capacity to answer about 4.5 million calls during the 2009 Filing Season.<sup>10</sup> This is more than 4.1 million short of our estimate of 8.6 million calls. Many callers will encounter courtesy disconnects, busy signals, or long wait times if the additional call volume materializes.

### Recommendations

The Commissioner, Wage and Investment Division, should 1) amend the telephone scripts to alert taxpayers waiting to speak with an assistor that they could experience longer wait times or be unable to speak with an assistor if the call volume received during the 2009 Filing Season increases significantly above that planned, in addition to providing information to taxpayers about the services available on IRS.gov (the IRS web site), and 2) provide each caller with the estimated wait time to speak with an assistor.

### Response

IRS management did not formally agree with Recommendation 1 but agreed with Recommendation 2. IRS management stated that Recommendation 1 was part of their standard mode of operation, and therefore no further corrective actions are planned. With regard to Recommendation 2, IRS management indicated that six applications currently have the feature that provides each caller with the estimated wait times. Future expansion of wait times,

---

<sup>7</sup> The Second Planning Period is January through June of each year.

<sup>8</sup> Call volume could range from 8.6 million to 11.5 million.

<sup>9</sup> A measure of labor hours in which 1 Full-Time Equivalent is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year. For Fiscal Year 2008, 1 Full-Time Equivalent was equal to 2,096 staff hours. For Fiscal Year 2009, 1 Full-Time Equivalent is equal to 2,088 staff hours.

<sup>10</sup> Based on 2008 Filing Season data of 16.1 million calls answered with 3,100 Full-Time Equivalents.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

including the rebate applications, will take place pending Modernization and Information Technology Services organization priorities and funding.

Additionally, IRS management disagreed with some of the language we used in the report. IRS management disagreed with our portrayal that taxpayers experienced difficulty contacting the IRS throughout Fiscal Year 2008. The IRS stated the difficulty occurred primarily in the post-filing season period of May through August 2008. The IRS took exception that for our reporting purposes we defined Fiscal Year 2008 as the period from October 1, 2007, through August 30, 2008. The IRS also disagreed with our estimation techniques, noting that we did not use all of the IRS' planning projections and used an alternate model to arrive at total taxpayer economic stimulus payment demand. Management's complete response to the draft report is included as Appendix IV.

### *Office of Audit Comment*

Concerning the first recommendation to amend the telephone scripts to alert taxpayers waiting to speak with an assistor that they could experience longer wait times, the IRS stated that our recommendation was part of their standard mode of operation. As call demand warrants, the IRS stated that it already reacts with appropriate telephone script announcements, and therefore no further corrective actions are planned. However, the IRS does not announce to taxpayers when the telephones are experiencing heavy call volumes or suggest that they may want to call back when the telephones are less busy. The IRS does announce to taxpayers when it is experiencing extremely high call volumes that require it to disconnect taxpayers.

Management disagreed with our portrayal that taxpayers experienced difficulty contacting the IRS throughout Fiscal Year 2008. However, the IRS had planned to achieve an 82 percent Level of Service and a 270-second Average Speed of Answer for Fiscal Year 2008. The Level of Service for Fiscal Year 2008 was 52.8 percent and the Average Speed of Answer was 626 seconds. The IRS uses data from the entire fiscal year to calculate these performance measures.

- For the 2008 Filing Season, the IRS had planned to achieve an 81.1 percent Level of Service and a 270-second Average Speed of Answer. Instead, it achieved a 77.4 percent Level of Service and a 347-second Average Speed of Answer.<sup>11</sup>
- Through August 30, 2008, the IRS achieved a 54 percent Level of Service and a 589-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.

---

<sup>11</sup> *Increased Call Volume Associated With Economic Stimulus Payments Reduced Toll-Free Access for the 2008 Filing Season* (Reference Number 2008-40-168, dated August 29, 2008).



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

Our time period for testing ended August 30, 2008; thus, we clarified the time period for which we were presenting results.

The IRS also explained the overall effect of single callers making repeated call attempts in the same day but did not provide us with specific rates by which we could reasonably reduce our estimate. We shared our results with the IRS and fully disclosed our methodology in the report.

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 (Returns Processing and Account Services), at (202) 622-5916.



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

## *Table of Contents*

|  |         |
|--|---------|
| <b>Background</b> .....  | Page 1  |
| <b>Results of Review</b> .....   | Page 4  |
| Toll-Free Telephone Assistance Performance Fell Far<br>Short of Two Key Fiscal Year 2008 Performance Goals .....                         | Page 4  |
| The Economic Stimulus Payments Might Affect Key Toll-Free<br>Telephone Assistance Performance Measures in the<br>2009 Filing Season..... | Page 11 |
| <u>Recommendation 1:</u> .....   | Page 13 |
| <u>Recommendation 2:</u> .....   | Page 14 |
| <b>Appendices</b>  |         |
| Appendix I – Detailed Objective, Scope, and Methodology .....  | Page 15 |
| Appendix II – Major Contributors to This Report .....  | Page 16 |
| Appendix III – Report Distribution List .....  | Page 17 |
| Appendix IV – Management’s Response to the Draft Report .....  | Page 18 |



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

*Abbreviations*

|     |                           |
|-----|---------------------------|
| CAS | Customer Account Services |
| IRS | Internal Revenue Service  |





---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

## *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 made about 189 million calls<sup>1</sup> to the IRS toll-free telephone assistance lines during Fiscal Year 2008. About 62.7 million of these calls 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 10.8 million calls were made to the IRS automated TeleTax system that provides recorded tax law and tax refund information.



***Taxpayers made about 189 million calls to the IRS toll-free telephone assistance lines during Fiscal Year 2008.***

The toll-free telephone assistance lines are further sub-divided 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 1 shows the number of calls answered,<sup>2</sup> by product line, during Fiscal Year 2008.

---

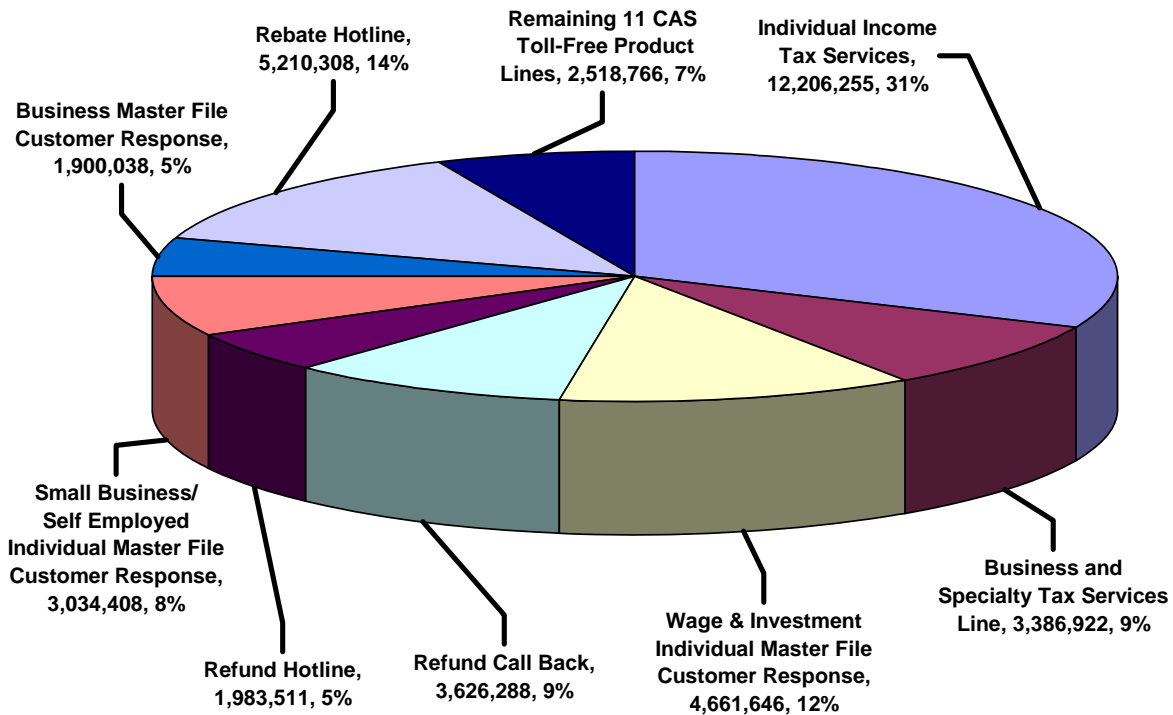
<sup>1</sup> These calls were made to the suite of 19 telephone lines the IRS refers to as “Customer Account Services Toll-Free” and included calls made to the TeleTax system. Unless otherwise specified, all references made in this report to the toll-free telephone system performance data for Fiscal Year 2008 are for Customer Account Services Toll-Free telephone assistance lines for the period October 1, 2007, through August 30, 2008.

<sup>2</sup> All references to calls answered made in this report, unless otherwise specified, are for calls answered by assistors.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

**Figure 1: Toll-Free Telephone Service Product Lines and  
Number of Calls Answered During Fiscal Year 2008<sup>3</sup>**



Source: IRS Enterprise Telephone Data Warehouse.<sup>4</sup>

Assistors are available 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 Division, manages tax law and account telephone calls through the Joint Operations Center.

The Economic Stimulus Act of 2008<sup>5</sup> 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

<sup>3</sup> 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.

<sup>4</sup> The IRS Enterprise Telephone Data Warehouse is the official source for all data related to toll-free telephone measures and indicators.

<sup>5</sup> Pub. L. No. 110-185, 122 Stat. 613.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

April and early May 2008. During Fiscal Year 2008, rebate call volumes fluctuated, reaching a peak volume of 1.7 million in 1 day.

This review was performed at the Joint Operations Center in Atlanta, Georgia, during the period June through September 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.



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

*Results of Review*

***Toll-Free Telephone Assistance Performance Fell Far Short of Two  
Key Fiscal Year 2008 Performance Goals***

Because of the additional call volume associated with the economic stimulus payments, the IRS continued to struggle with extremely high call volumes after the 2008 Filing Season<sup>6</sup> and did not achieve some of its fiscal year performance measures. For Fiscal Year 2008, the IRS had planned to achieve an 82 percent Level of Service and a 270-second Average Speed of Answer.<sup>7</sup> Instead, through August 30, 2008, it achieved a 54 percent Level of Service and a 589-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. Assistor Calls Answered increased by 6.6 million. Figure 2 shows the actual performance measures for the last 4 fiscal years.

***Figure 2: Comparison of the Performance Measures  
for Fiscal Years 2005–2008***

| <b>Performance Measures</b>               | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008*</b> |
|---|-------------|-------------|-------------|--------------|
| <b>Level of Service</b>                   | 83.0%       | 81.9%       | 81.3%       | 54.0%        |
| <b>Average Speed of Answer (seconds)</b>  | 250         | 241         | 270         | 589          |
| <b>Assistor Calls Answered (millions)</b> | 31.8        | 31.4        | 31.9        | 38.5         |

\* = Data are through August 30, 2008, and comparable periods for prior years.

Source: IRS Enterprise Telephone Data Warehouse.

---

<sup>6</sup> 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.

<sup>7</sup> 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.

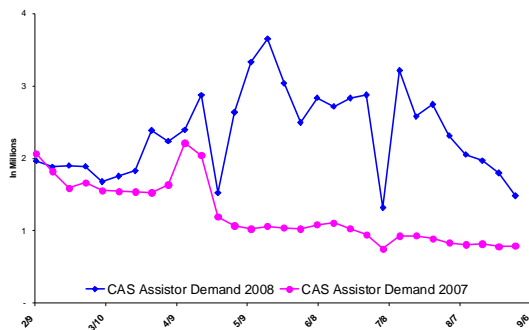


*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

**High call volumes affected toll-free telephone system access for Fiscal Year 2008**

As shown in Figure 3, call volume usually decreases after the filing season, as it did in

**Figure 3: Assistor Demand in Fiscal Years 2007 and 2008**



Source: IRS Enterprise Telephone Data Warehouse.

Fiscal Year 2007. However, due to calls about the economic stimulus payments and taxpayers repeatedly trying to call, not only did demand not decrease, it increased significantly after the 2008 Filing Season. Because of this, the IRS did not achieve its Fiscal Year 2008 toll-free telephone assistance performance measurement goals for Level of Service and Average Speed of Answer.

The IRS received approximately 125 million call attempts after the 2008 Filing Season, with about 45 million (36 percent) call attempts made to the Rebate Hotline (the telephone line dedicated to calls related to the economic stimulus payments/rebates). IRS assistors

answered about 17 million calls after the 2008 Filing Season; approximately 4.2 million (24.5 percent)<sup>8</sup> of the calls answered were for those taxpayers calling the Rebate Hotline.

Two of the IRS' most important telephone assistance measures are whether a taxpayer is able to speak with an assistor when desired and how quickly a taxpayer speaks with an assistor. The goal for Assistor Level of Service for Fiscal Year 2008 was 82 percent. Because the IRS did not anticipate meeting the 82 percent Assistor Level of Service goal for Fiscal Year 2008, it was allocating *available* resources to achieve a Level of Service of 54 percent as of August 30, 2008. Similarly, the Fiscal Year 2008 Average Speed of Answer goal was 270 seconds (4.5 minutes), but calls were answered in 589 seconds (9.8 minutes). The goals were not met because caller demand after the 2008 Filing Season exceeded the IRS' ability to provide services. This is atypical for the IRS because calls usually decrease after the filing season, allowing some assistors to discontinue answering calls and work correspondence. For Fiscal Year 2008, actual assistor demand was greater than 84.3 million calls compared to a planned demand of 51.2 million calls.

The IRS expected and planned for 31 million calls to be answered by assistors and 22.1 million calls to be answered on the automated lines for Fiscal Year 2008. However, the IRS answered 38.5 million assistor calls and 50.9 million calls on the automated lines, including 9.2 million calls answered by toll-free telephone assistors and 25.3 million automated calls related to the rebates.

<sup>8</sup> Percentages were calculated using actual numbers rather than rounded numbers.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

Additionally, the IRS planned to provide approximately 36.6 million toll-free telephone assistor services in Fiscal Year 2008. Instead, it provided 44 million assistor services due to the rebate call volume. 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).

For the last 3 fiscal years, services provided by CAS function assistors averaged 36.8 million. For Fiscal Year 2008, services provided by CAS function assistors, including rebate calls, totaled 44 million. As a result of the Economic Stimulus Act of 2008, the CAS function assistor services provided increased by 17.7 percent over those provided in Fiscal Year 2007. The IRS also estimates that assistors in other CAS applications provided 50.9 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.

As shown in Figure 4, the number of toll-free telephone services provided during Fiscal Year 2008 (94.9 million) was significantly greater than that provided during each of the last 3 fiscal years.

**Figure 4: Comparison of Toll-Free Telephone Services Provided for Fiscal Years 2005–2008 (in millions)**

| Services Provided                        | 2005        | 2006        | 2007        | 2008*       |
|--|-------------|-------------|-------------|-------------|
| Automated Services Provided <sup>9</sup> | 25.4        | 24.0        | 22.8        | 50.9        |
| Assistor Services Provided               | 36.9        | 36.1        | 37.4        | 44.0        |
| <b>Totals</b>                            | <b>62.3</b> | <b>60.1</b> | <b>60.2</b> | <b>94.9</b> |

\* = Data are through August 30, 2008, and comparable periods for prior years.  
Source: IRS Enterprise Telephone Data Warehouse.

**The IRS blocked more calls and more taxpayers abandoned calls (disconnected) in Fiscal Year 2008**

With the increase in call demand, total blocked calls increased by 20.5 million from Fiscal Year 2007. 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

<sup>9</sup> 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.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

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 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 fiscal year than the 3 prior fiscal years.

Primary abandons and secondary abandons increased by 20.8 million and 8.8 million, respectively, from those that occurred in Fiscal Year 2007.<sup>10</sup> Figure 5 shows a comparison of the various components (workload indicators) the IRS uses to manage the Level of Service.

**Figure 5: Comparison of Toll-Free Telephone Level of Service Components and Workload Indicators for Fiscal Years 2005–2008**

| Components                        | 2005 | 2006 | 2007 | 2008* |
|-----------------------------------|------|------|------|-------|
| Average Speed of Answer (seconds) | 250  | 241  | 270  | 589   |
| Busy Signals (millions)           | 0.5  | 0.4  | 0.6  | 1.2   |
| Courtesy Disconnects (millions)   | 1.1  | 1.9  | 0.9  | 20.8  |
| Total Blocked Calls (millions)    | 1.6  | 2.3  | 1.5  | 22.0  |
| Primary Abandons (millions)       | 10.6 | 11.4 | 12.5 | 33.3  |
| Secondary Abandons (millions)     | 5.1  | 4.6  | 5.7  | 14.5  |

\* = Data are through August 30, 2008, and comparable periods for prior years.

Source: IRS Enterprise Telephone Data Warehouse.

Although the IRS retained as many assistors as possible to answer calls, maintained average handle time<sup>11</sup> below that planned for Fiscal Year 2008, and provided more services than planned, its two key measures were not achieved because the volume of calls received exceeded the IRS' ability to answer them.

**Call volumes increased sharply after taxpayers began receiving the economic stimulus payments and second notices about the payments**

In keeping with the intent of the Economic Stimulus Act of 2008, the IRS tried to ensure that everyone who is entitled to the stimulus payment knows what to do to receive it. For example, the IRS sent notices and tax packages to taxpayers, held special events to advertise the rebates

<sup>10</sup> A primary abandon occurs when the IRS blocks a taxpayer from reaching an assistor or the taxpayer hangs up. A secondary abandon occurs when a taxpayer hangs up while waiting in the queue for the next available assistor.

<sup>11</sup> Average Handle Time is a measure of the average amount of time (seconds) an assistor spent assisting the customer. This measure includes talk, hold, and wrap (after call work) times.



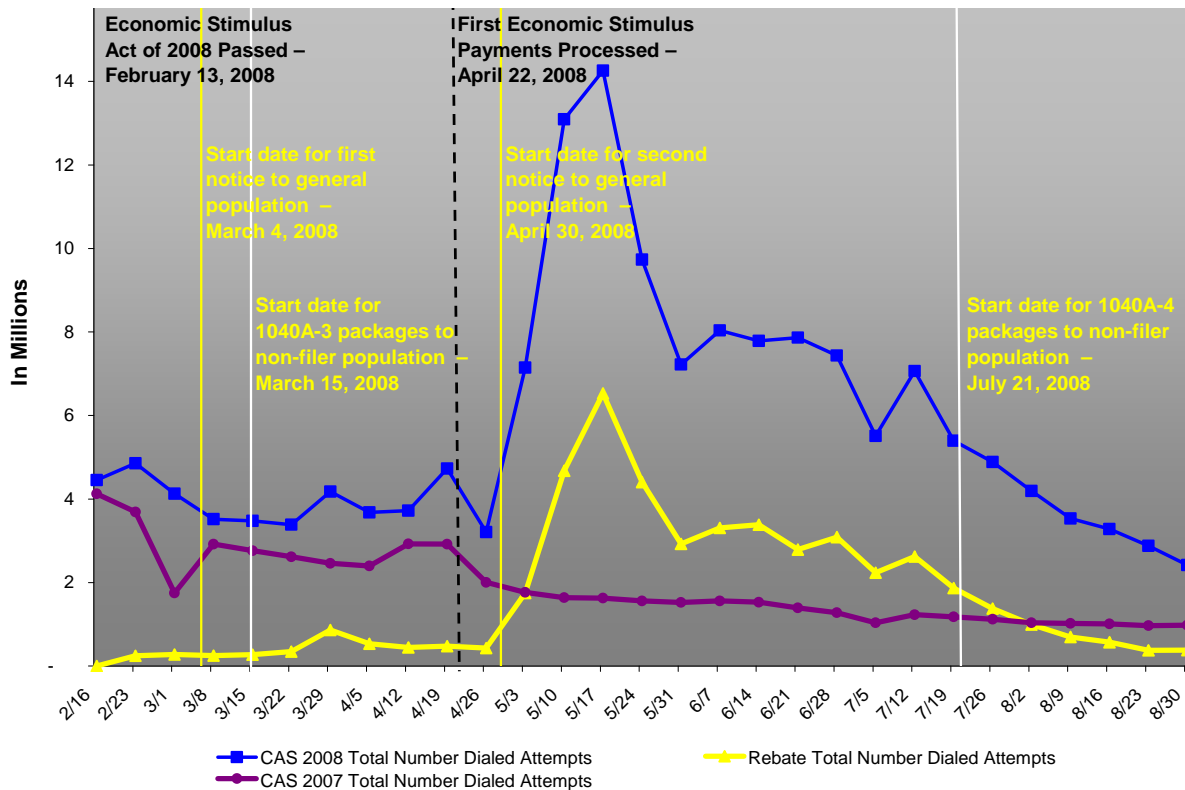


*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

and help taxpayers complete forms, and advertised on its public Internet web site (IRS.gov) as well as on other government web sites.

Nevertheless, a great number of taxpayers called the IRS to obtain information about the rebates. Figure 6 shows the call volumes from the time the Economic Stimulus Act of 2008 was passed through August 30, 2008, and compares the call volumes to the dates the notices and tax packages were sent.

**Figure 6: Economic Stimulus Payment Calls  
for February 16–August 30, 2008**



Source: IRS Enterprise Telephone Data Warehouse.

- From March 4 through March 22, 2008, the IRS sent Economic Stimulus Payment Notices (Notice 1377) to more than 130 million taxpayers who filed a Tax Year 2006 income tax return, at an estimated cost of \$45 million to print and mail. This advance Notice was informational only and did not require a response from the taxpayer. The Notice did not provide an IRS telephone number for taxpayers to call but included the IRS.gov address. The IRS believed that it would receive significantly fewer calls to its toll-free telephone information line as a result of issuing the advance Notice.





---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

Calls did not increase significantly after Notices 1377 were sent. However, calls also did not decline. The majority of the calls about the rebates during the 2008 Filing Season focused on eligibility and how to complete and/or file the required forms.

- From March 15 through March 21, 2008, the IRS sent the new tax package Information About Economic Stimulus Payments for Social Security, Veterans, and Other Beneficiaries (Package 1040A-3) to more than 20 million individuals who normally do not have to file tax returns (e.g., those who receive Social Security Administration and Department of Veterans Affairs benefits) but might qualify for the economic stimulus payment. Call volume remained steady after this Package was sent.
- On April 30, 2008, the IRS began mailing the second notice, Understanding Your Economic Stimulus Payment (Notice 1378), to every taxpayer eligible to receive an economic stimulus payment. This Notice advised taxpayers of the amount of their payments, when to expect them, and what they needed to do. Some taxpayers might have received this Notice after receiving their economic stimulus payments via direct deposit.

Call volume increased significantly after issuance of these Notices and economic stimulus payments. For example, CAS call attempts were 3.2 million for the week ending prior to issuance of the Notice but increased to 7.1 million for the week ending May 3, 2008, and increased again to 13.1 million for the week ending May 10, 2008.

Call attempts to the Rebate Hotline were about 431,000 for the week ending prior to issuance of the Notice but increased to 1.7 million for the week ending May 3, 2008, and increased again to 4.7 million for the week ending May 10, 2008.

Finally, CAS call attempts increased to 14.3 million for the week ending May 17, 2008, and Rebate Hotline call attempts peaked at 6.5 million calls for the same week. The majority of the calls focused on when taxpayers would receive their money, while many other calls were from taxpayers providing a new address or confirming the address on file.

- From July 21 through August 7, 2008, the IRS mailed Packages 1040A-4 as a follow-up to Package 1040A-3 to 5.2 million individuals who normally do not file tax returns. The volume of calls had been declining at that time, and mailing of this Package did not appear to cause a significant increase in call volume.

Figure 7 provides the reasons why taxpayers called the toll-free telephone lines about the economic stimulus payments from February 13 through August 13, 2008.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

**Figure 7: Why Taxpayers Called About the Economic Stimulus Payments**

| Reasons for Calling                     | February 13 – April 24, 2008 |                | April 25 – August 13, 2008 |                |
|---|------------------------------|----------------|----------------------------|----------------|
|   | Number of Calls by Reason    | Percentage     | Number of Calls by Reason  | Percentage     |
| Address                                 | 64                           | 6.3%           | 542                        | 10.7%          |
| Address Verification                    | 20                           | 2.0%           | –                          | –              |
| Amount                                  | 28                           | 2.7%           | 431                        | 8.5%           |
| Direct Deposit                          | 27                           | 2.6%           | 281                        | 5.6%           |
| Eligibility                             | 342                          | 33.5%          | 463                        | 9.2%           |
| How to File/Complete the Form           | 217                          | 21.3%          | –                          | –              |
| Miscellaneous                           | –                            | –              | 372                        | 7.4%           |
| Refund Offset Questions                 | 86                           | 8.4%           | 291                        | 5.8%           |
| Refund Anticipation Loans <sup>12</sup> | 10                           | 1.0%           | –                          | –              |
| Unknown Specific Issue/Other Issues     | –                            | –              | 329                        | 6.5%           |
| When Will Payment Be Issued?            | 49                           | 4.8%           | 2,000                      | 39.6%          |
| Subtotals                               | 843                          | 82.6%          | 4,709                      | 93.3%          |
| Other                                   | 178                          | 17.4%          | 338                        | 6.70%          |
| <b>Totals</b>                           | <b>1,021</b>                 | <b>100.00%</b> | <b>5,047</b>               | <b>100.00%</b> |

Source: Our analysis of the IRS' National Quality Review System data.<sup>13</sup>

Although issuance of the first Notice does not appear to have generated calls or influenced the number of calls to the IRS, more than 50 percent of the calls made after issuance of the first Notice (from February 13 - April 24, 2008) were on the subjects of eligibility and filing issues. However, calls increased significantly after issuance of the second Notice. Almost 40 percent of the callers who called after issuance of the second Notice (from April 25 - August 13, 2008) called with questions about when they would receive their payments.

Resource limits precluded us from listening to taxpayer calls to determine exactly why taxpayers called in such high numbers during that time period. Thus, we could not determine whether the

<sup>12</sup> A Refund Anticipation Loan is a short-term loan based on a taxpayer's expected income tax refund and is a contract between the taxpayer and a lender.

<sup>13</sup> The National Quality Review System is a database used to house site reviews for the national quality measure and local reviews performed for quality improvement.



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

Notices could not or did not answer all the questions presented by the taxpayers or whether another factor such as a newspaper article or press release triggered the calls. Additionally, some of the calls could have been made by those who were not eligible to receive a stimulus payment. We made no recommendation concerning the Notices, but additional analyses might allow the IRS to determine what to include in future notices to help reduce taxpayer calls to the IRS.

**Management's Response**

IRS management disagreed with our portrayal that taxpayers experienced difficulty contacting the IRS throughout Fiscal Year 2008. The IRS stated the difficulty occurred primarily in the post-filing season period of May through August 2008. The IRS also took exception that we defined Fiscal Year 2008 as the period from October 1, 2007, through August 30, 2008, for our reporting purposes.

**Office of Audit Comment**

The IRS had planned to achieve an 82 percent Level of Service and a 270-second Average Speed of Answer for Fiscal Year 2008. The Level of Service for Fiscal Year 2008 was 52.8 percent and the Average Speed of Answer was 626 seconds. The IRS uses data from the entire fiscal year to calculate these performance measures.

- For the 2008 Filing Season, the IRS had planned to achieve an 81.1 percent Level of Service and a 270-second Average Speed of Answer. Instead, it achieved a 77.4 percent Level of Service and a 347-second Average Speed of Answer.<sup>14</sup>
- Through August 30, 2008, the IRS achieved a 54 percent Level of Service and a 589-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.

Our time period for testing ended August 30, 2008; thus, we clarified the time period for which we were presenting results.

***The Economic Stimulus Payments Might Affect Key Toll-Free Telephone Assistance Performance Measures in the 2009 Filing Season***

The IRS estimates that about 70 percent of the calls associated with economic stimulus payments occurred during Fiscal Year 2008, with 4.9 million (30 percent) to occur during Fiscal Year 2009. The IRS anticipates that about 3.3 million (68 percent) of the calls will occur during

---

<sup>14</sup> *Increased Call Volume Associated With Economic Stimulus Payments Reduced Toll-Free Access for the 2008 Filing Season* (Reference Number 2008-40-168, dated August 29, 2008).



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

the Second Planning Period<sup>15</sup> of Fiscal Year 2009. The Second Planning Period includes the filing season, which is normally the IRS' busiest time of the year for telephone service.

The IRS encountered a significant number of repeat call attempts from taxpayers trying to reach an assistor. As the call attempts increased, the IRS blocked more calls. The IRS believes this taxpayer behavior masks the true demand for assistor services and stated that in accordance with industry practice, it removed most of this inflated demand from calculations for its Fiscal Year 2009 estimates. However, using the IRS projected percentages for calls about the economic stimulus payments and assistor demand received, we estimated the additional call volume could be 8.6 million if taxpayer calling patterns remain the same.<sup>16</sup>

The IRS plans to increase its Full-Time Equivalents<sup>17</sup> by about 850 for the 2009 Filing Season. IRS staff indicated this number will be adequate to answer the anticipated call volume. Based on historical data, these additional Full-Time Equivalents will provide the capacity to answer about 4.5 million calls during the 2009 Filing Season.<sup>18</sup> This is more than 4.1 million short of our estimate of 8.6 million calls. Many callers will encounter courtesy disconnects, busy signals, or long wait times if the additional call volume materializes.

As of October 2, 2008, draft documents provided to us pertaining to the 2009 Filing Season did not indicate the IRS had changed its primary performance measures to accommodate this potential volume of calls, although the IRS stated it is reviewing its performance measure targets. Given the volume attributed to the economic stimulus payments and unusual taxpayer calling patterns during Fiscal Year 2008, the ability to achieve key toll-free telephone assistance performance measure goals such as Average Speed of Answer and Level of Service could be at risk during the 2009 Filing Season.

If the additional call volume materializes, more blocked calls—as well as more primary and secondary abandons—will occur. Failure to answer the additional volume of calls anticipated will result in the IRS falling significantly short of its planned performance goals. During the post-filing season period, the IRS continued to revise its workplans in an effort to monitor its resource use and to track whether it was on target for meeting its performance measures and goals.

The IRS is currently developing its workplans for Fiscal Year 2009 and stated it is monitoring the toll-free telephone operations for adherence to planned hours for assistors. In addition, the IRS stated it is increasing the performance of the toll-free telephone operations with several system improvement efforts. It is increasing its Full-Time Equivalents and adding a toll-free

---

<sup>15</sup> The Second Planning Period is January through June for each year.

<sup>16</sup> Volume could range from 8.6 million to 11.5 million.

<sup>17</sup> A measure of labor hours in which 1 Full-Time Equivalent is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year. For Fiscal Year 2008, 1 Full-Time Equivalent was equal to 2,096 staff hours. For Fiscal Year 2009, 1 Full-Time Equivalent is equal to 2,088 staff hours.

<sup>18</sup> Based on 2008 Filing Season data of 16.1 million calls answered with 3,100 Full-Time Equivalents.



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

telephone line for use by victims of identity theft. Other than these changes, the IRS is not planning any modifications to the toll-free telephone operations in terms of adding dedicated telephone lines and applications or hours of operation to aid in handling increased call volume related to the economic stimulus payments.

During Fiscal Year 2008, the IRS implemented the Estimated Wait Time Message Pilot, which ended in May 2008, for toll-free telephone callers waiting on hold for six toll-free telephone applications. The Estimated Wait Time Message provides a real-time message that informs taxpayers about their expected wait time in the queue, allowing them to make more informed decisions based on the status of their calls. These 6 applications covered 60 percent of the Fiscal Year 2007 actual call volume. As of July 2008, the IRS had determined that the Estimated Wait Time Message would continue on the same six applications, with expansion to additional applications in July 2009.

**Management's Response**

The IRS disagreed with our estimation techniques, noting that we did not use all of the IRS' planning projections and used an alternate model to arrive at total taxpayer economic stimulus payment demand.

**Office of Audit Comment**

The IRS explained the overall effect of single callers making repeated call attempts in the same day but did not provide us with specific rates by which we could reasonably reduce our estimate. We shared our results with the IRS and fully disclosed our methodology in the report.

**Recommendations**

**Recommendation 1:** The Commissioner, Wage and Investment Division, should amend the telephone scripts to alert taxpayers waiting to speak with an assistor that they could experience longer wait times or be unable to speak with an assistor if the call volume received during the 2009 Filing Season increases significantly above that planned, in addition to providing information to taxpayers about the services available on IRS.gov.

**Management's Response:** IRS management did not formally agree with this recommendation but indicated that our recommendation was part of their standard mode of operation. No further corrective actions are planned.

**Office of Audit Comment:** The IRS does not announce to taxpayers when the telephones are experiencing heavy call volumes or suggest that they may want to call back when the telephones are less busy. The IRS does announce to taxpayers when it is experiencing extremely high call volumes that require it to disconnect taxpayers.



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

---

**Recommendation 2:** The Commissioner, Wage and Investment Division, should provide each caller with the estimated wait time to speak with an assistor.

**Management's Response:** IRS management agreed with the recommendation. IRS management indicated that six applications currently have this feature. Future expansion, including the rebate applications (Applications 15 and 16), will take place pending Modernization and Information Technology Services organization priorities and funding.



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

## **Appendix I**

### *Detailed Objective, Scope, and Methodology*

Our overall audit objective was to determine the effect that implementation of the Economic Stimulus Act of 2008<sup>1</sup> had on toll-free telephone access after the 2008 Filing Season<sup>2</sup> and planning for the 2009 Filing Season. To accomplish this objective, we:

- I. Determined if the IRS was adequately preparing its toll-free telephone system for the 2009 Filing Season.
  - A. Analyzed the IRS' planning documents and determined the process used to develop workplans for the 2009 Filing Season.
  - B. Determined if the IRS implemented any new operational processes to improve taxpayer access to the toll-free telephone system for the post-2008 Filing Season period.
  - C. 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 system.
- II. Determined if the IRS was achieving its post-2008 Filing Season toll-free performance measures and indicators.
  - A. Reviewed IRS performance measures for the toll-free telephone system, including any new measures or indicators.
  - B. Monitored reports to determine if toll-free performance measures and indicators were achieving post-2008 Filing Season and Fiscal Year 2008 goals. This included comparing post-2008 Filing Season performance to that in prior post-filing season periods.
  - C. If the IRS was not achieving its goals, determined why.
  - D. Determined why significant numbers of taxpayers called the toll-free telephone system about the economic stimulus payments and what plans the IRS has to alleviate this in the future.

---

<sup>1</sup> Pub. L. No. 110-185, 122 Stat. 613.

<sup>2</sup> 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.





*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

**Appendix II**

*Major Contributors to This Report*

Michael E. McKenney, Assistant Inspector General for Audit (Returns Processing and Account Services)

Augusta R. Cook, Director

Paula W. Johnson, Audit Manager

Patricia A. Jackson, Lead Auditor

Jackie E. Forbus, Senior Auditor

M. Jean Bell, Auditor

Jerry Douglas, Auditor





---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

## **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



*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

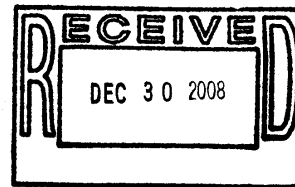
**Appendix IV**

*Management's Response to the Draft Report*

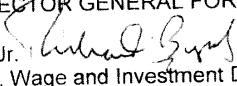


DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308

DEC 30 2008



MEMORANDUM FOR MICHAEL R. PHILLIPS  
DEPUTY INSPECTOR GENERAL FOR AUDIT

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

SUBJECT: Draft Audit Report – Call Volume Associated With the  
Economic Stimulus Payments Made It Difficult to Reach  
the Internal Revenue Service During Fiscal Year 2008  
(Audit # 200840034)

I have reviewed the subject draft report and acknowledge your findings regarding the impact that the Economic Stimulus Payments (ESP) and the associated increased call volumes had on toll-free access.

Despite the late passage of the ESP legislation, our immediate and successful responses to the challenges that ensued allowed us to provide service to our ESP customers and deliver a successful filing season. We achieved 95 percent of our planned Customer Service Representative Level of Service (CSR LOS) and answered 15 percent more calls than planned through April 19, 2008. However, beginning in early May, calls increased to unprecedented levels, which strained our resources and contributed to a significant decline in telephone access to an assistor. While we exceeded six of our nine strategic measures goals, the high call volumes impacted our ability to deliver CSR LOS and Average Speed of Answer measures as planned.

Although your report recognizes the challenges we faced in Fiscal Year (FY) 2008 due to ESP demand, I disagree with some of the language in the report. For example, the report states, "Thus, it was more difficult for taxpayers to contact the IRS via the telephone for assistance during Fiscal Year 2008." The report defines FY 2008 in footnote 3 as the period of October 1, 2007, through August 30, 2008, and it is used throughout the text. We disagree with this portrayal that the difficulty to contact IRS was experienced throughout the fiscal year when in fact, it occurred primarily in the post-filing season period of May 2008 through August 2008.



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

2

Another area of disagreement relates to the report text surrounding the FY 2009 ESP planning projections. The report states *"Using the IRS assumptions and assistor demand received, we TIGTA estimated that the additional call volume could be 8.6 million if taxpayer calling patterns remain the same."* Stating that Treasury Inspector General for Tax Administration (TIGTA) used IRS assumptions is not an entirely accurate statement. The calculations TIGTA used were based on some of IRS' preliminary assumptions, but used an alternate model to arrive at total taxpayer ESP demand. The TIGTA model did not take into consideration all IRS assumptions, in particular, accounting for caller retries. Retries occur when single callers make repeated call attempts in the same day. We expect that retries in FY 2009 will be significantly less than in FY 2008 since the population of potential callers will be reduced given the fact that the vast majority of taxpayers have already received their payments. In developing our plans for FY 2009, we considered this a critical assumption in forecasting "true" ESP customer demand. The IRS plans were created using FY 2008 historical demand data with an adjustment to reduce the artificial retry behavior where TIGTA's projections did not.

The report goes on to estimate IRS *"capacity to answer about 4.5 million calls during the 2009 Filing Season. This is more than 4.1 million short of our TIGTA estimate of 8.6 million calls."* The process by which TIGTA computes capacity in this statement differs from that used by the IRS. Currently, we have planned for ESP demand of 3.2 million for the January to June planning period of FY 2009. Our plan was developed with consideration of many assumptions, including those listed in the paragraph above.

Our comments to your recommendations are attached. If you have any questions or need additional information, 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.



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

Attachment

**RECOMMENDATION 1**

The Commissioner, Wage and Investment Division, should amend the telephone scripts to alert taxpayers waiting to speak with an assistor that they could experience longer wait times or be unable to speak with an assistor if the call volume received during the 2009 Filing Season increases significantly above that planned, in addition to providing information to taxpayers about the services available on IRS.gov.

**CORRECTIVE ACTION**

This recommendation requests actions that are already part of our standard mode of operation. As call demand warrants, IRS already reacts with appropriate telephone script announcements. Strategies such as redirecting callers to other options, including our web site tools and automation, are currently used and assist in freeing up telephone agents for callers who really need an assistor.

**IMPLEMENTATION DATE**

N/A

**RESPONSIBLE OFFICIAL**

N/A

**CORRECTIVE ACTION MONITORING PLAN**

N/A

**RECOMMENDATION 2**

The Commissioner, Wage and Investment Division, should provide each caller with the estimated wait time to speak with an assistor.

**CORRECTIVE ACTION**

We agree with this recommendation. We are currently doing this on six of our applications. Future expansion, including the rebate applications (15 and 16), will take place pending Modernization and Information Technology Services (MITS) priorities and funding.

**IMPLEMENTATION DATE**

January 15, 2010

**RESPONSIBLE OFFICIAL**

Director, Joint Operations Center, Customer Account Services, Wage and Investment Division



---

*Call Volume Associated With the Economic Stimulus Payments  
Made It Difficult to Reach the Internal Revenue Service  
During Fiscal Year 2008*

---

2

**CORRECTIVE ACTION MONITORING PLAN**

This corrective action will be monitored as part of our internal managerial control system. The Director, Joint Operations Center will report progress to the Director, Customer Account Services.