



*Taxpayers Continued to Experience
Improved Access to Toll-Free Telephone
Service During the 2005 Filing Season*

September 2005

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TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 21, 2005

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Taxpayers Continued to Experience Improved
Access to Toll-Free Telephone Service During the 2005 Filing Season
(Audit # 200540011)

This report presents the results of our review to evaluate the customer service toll-free telephone access during the 2005 Filing Season.¹ We performed this audit as part of the Treasury Inspector General for Tax Administration's annual reviews of the performance of key customer service programs.

Synopsis

Each year, millions of taxpayers contact the Internal Revenue Service (IRS) seeking assistance in understanding the tax law and meeting their tax obligations by calling the various Customer Account Services (CAS) toll-free telephone assistance lines.² During the 2005 Filing Season, the IRS staffed 10,614 Customer Service Representatives at 26 call centers located throughout the United States and Puerto Rico, provided taxpayers with effective access to its toll-free telephone system, and realized productivity and efficiency gains. Specifically, the IRS planned and met the 82 percent Customer Service Representative Level of Service goal for the 2005 Filing Season. Level of Service is the primary measure of providing taxpayers with access to a live assistor and has been consistent over the last three filing seasons.

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

² These calls were made to the suite of 17 telephone lines the IRS refers to as "CAS Toll-Free." Unless otherwise specified, all references made in this report to the toll-free telephone system performance data are for CAS Toll-Free telephone assistance lines through April 16, 2005, and comparable prior years.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

In preparation for the 2005 Filing Season, the IRS planned for 38.8 million taxpayer calls. This represented a 21.8 percent decrease from the 2004 Filing Season and was based on historical data and workplan assumptions. For the 2005 Filing Season, the IRS achieved 105 percent of its planned assistor services and 90 percent of its planned automated services. We believe the IRS did not achieve the planned services for automated calls because of the increase in taxpayers' use of the IRS Internet web site to check the status of their refunds.

Assistors answered 14.8 million calls, or 4 percent more calls than planned, using 95 percent of the planned resources. In addition, assistors answered more calls per Full Time Equivalent³ than in the 2004 Filing Season. One factor that contributed to this increase is the Assistor Availability, which measures the amount of time assistors are idle or available to answer calls. When Assistor Availability is low, assistors' time is being productively used and the cost of providing toll-free telephone services decreases. Compared to the 2004 Filing Season, the Assistor Availability rate decreased 42 percent.

For the 2005 Filing Season, the IRS experienced 1.5 million (22 percent) fewer primary abandons compared to the 2004 Filing Season. Primary abandons may occur when taxpayers: (1) realize they dialed the wrong number and immediately disconnect, (2) disconnect before completing an automated routing script, or (3) choose a menu option to use an automated service but disconnect before completing the service. Primary abandons can lead to taxpayers having to call back or possibly not receiving assistance at all because they find the toll-free telephone system difficult to use.

During Fiscal Year 2005, the IRS implemented a new initiative, the Internet Service Node, to improve taxpayer access to the toll-free telephone assistance lines and help identify and correct high primary abandons. With the implementation of the Internet Service Node, the IRS now has detailed data about where and when taxpayers abandon calls. In the past, the IRS did not have any data on the taxpayers' experience when navigating through the automated menu (i.e., the IRS could not determine where taxpayers disconnected). By analyzing these data, the IRS has information about taxpayer behavior while using the automated menu and can begin to determine why the taxpayers disconnected. Furthermore, changes to the automated menu, which in the past could take months, can now be completed internally within days.

While the IRS did achieve its Level of Service goal, several performance measures declined during the 2005 Filing Season. For 4.3 million tax law and 9.3 million account-related assistor answered calls, the percentage of taxpayers that received services within 30 seconds (Assistor Response Level) decreased and the average number of seconds taxpayers waited in the queue before receiving services (Average Speed of Answer) increased. In addition, the Secondary

³ A Full Time Equivalent is a measure of labor hours. One Full Time Equivalent is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year. For Fiscal Year 2005, 1 Full Time Equivalent is equal to 2,088 hours.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Abandon Rate (in which a taxpayer navigated the automated menu and then disconnected while waiting to speak to an assistor) increased from the 2004 Filing Season.

Recommendations

The primary focus of this audit was to monitor and report the IRS' toll-free telephone system performance during the 2005 Filing Season. As a result, we are making no recommendations in this report.

Response

IRS management agreed with our assessment of the toll-free telephone service during the 2005 Filing Season and was pleased with our recognition of their positive efforts. Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers affected by the report results. Please contact me at (202) 622-6510 if you have questions or Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-0597.

Attachment



*Taxpayers Continued to Experience Improved Access to
Toll-Free Telephone Service During the 2005 Filing Season*

Table of Contents

BackgroundPage 1

Results of ReviewPage 5

 Improvements in Accessing the Toll-Free Telephone Service
 Continued in the 2005 Filing SeasonPage 5

Appendices

 Appendix I – Detailed Objective, Scope, and MethodologyPage 15

 Appendix II – Major Contributors to This ReportPage 16

 Appendix III – Report Distribution ListPage 17

 Appendix IV – Customer Account Services Toll-Free
 Telephone Service Individual Product Lines for
 the 2004 and 2005 Filing SeasonsPage 18

 Appendix V – Management’s Response to the Draft ReportPage 20



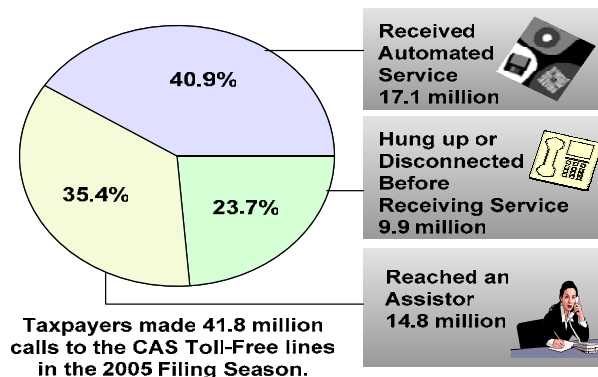
Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Background

Each year, millions of taxpayers contact the Internal Revenue Service (IRS) seeking assistance in understanding the tax law and meeting their tax obligations by calling the various toll-free telephone assistance lines, accessing the IRS Internet web site (IRS.gov), or visiting an IRS Taxpayer Assistance Center. Although accessing IRS.gov is the single most frequent means of contacting the IRS for taxpayers, the second most frequent means is calling the toll-free telephone assistance lines.

Taxpayers called the IRS Customer Account Services (CAS) Toll-Free telephone assistance lines approximately 41.8 million times¹ during the 2005 Filing Season.² Of these, 16.8 million were made to the toll-free telephone number, 1-800-829-1040, the telephone number taxpayers call to ask tax law or account-related questions. In addition, over 9.4 million calls were made to the IRS automated TeleTax system³ that provides recorded tax law and refund information. Figure 1 shows the number of calls made to the CAS Toll-Free telephone assistance lines and the 14.8 million calls answered during the 2005 Filing Season.

Figure 1: IRS Handled Calls for the 2005 Filing Season



Source: IRS Enterprise Telephone Data Warehouse.

¹ These calls were made to the suite of 17 telephone lines the IRS refers to as “CAS Toll-Free.” Unless otherwise specified, all references made in this report to the toll-free telephone system performance data are for CAS Toll-Free telephone assistance lines through April 16, 2005, and comparable prior years.

² The filing season is the period from January through mid-April of each year when most individual income tax returns are filed. All references to the 2005 Filing Season made in this report, unless otherwise specified, are for the period from January 1 to April 16, 2005.

³ The TeleTax system allows taxpayers to check the status of their current year refunds or listen to recorded tax information on a variety of topics.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

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

1. Preparing or filing individual income tax returns. This option provides the taxpayer with a second automated menu from which to choose the following options: (a) ordering tax forms or publications, (b) finding addresses to mail tax returns or payments to the IRS or (c) getting help with other tax questions.
2. Requesting information on a tax refund or personal tax account. This option provides the taxpayer with a second automated menu from which to choose the following options: (a) questions concerning a refund or (b) questions concerning a personal account.
3. Using the business and specialty tax line or obtaining the address for the IRS Internet web site.
4. Repeating the above options.

If the taxpayer does not select an option or is calling from a rotary telephone and is unable to select a touchtone option, the same script is repeated providing voice response options. If the taxpayer selects an invalid option, he or she is transferred to an IRS employee (screener), who screens and transfers the call to the appropriate assistor to answer the taxpayer's question.

Assistors are trained and certified for each current filing season on specific applications.⁴ Assistors answer taxpayer questions involving tax law and other related tax account conditions such as refunds, balance due billing activity, and changes to the amount of taxes 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 the business taxpayer.

During the 2005 Filing Season, the IRS staffed 10,614 assistors to answer the telephones at 26 call centers⁵ located throughout the United States and Puerto Rico. The Director, CAS, in the Wage and Investment Division manages tax law and account telephone calls for Customer

⁴ The CAS Toll-Free telephone assistance lines are further subdivided into categories called "applications." Each application is staffed with a group of assistors that have received specialized training to assist taxpayers with specific tax issues.

⁵ Only eight call centers handle tax law questions.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Account Services through the Joint Operations Center. Figure 5 on page 8 shows the percentage of calls handled during the 2005 Filing Season.

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

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

Providing quality customer service operations was one of the major management challenges the IRS faced during the 2005 Filing Season. One of the IRS' major strategies for Fiscal Year 2005 is to reduce taxpayer burden by improving the quality and efficiency of service delivery. The goal is to provide prompt and courteous responses to all requests for assistance. To ensure a successful filing season, the Director, Accounts Management, annually certifies that all elements of the filing season certification document are incorporated into the overall planning process and that all items will be monitored for progress and timely delivery.

According to the IRS Strategic Plan 2005–2009, the IRS measures success in improving taxpayer service by the:

- Assistor Level of Service – The relative success rate of taxpayers calling for assistance and seeking services from an assistor. Part of the calculation of results for this measure includes the percentage of call attempts made by taxpayers compared to the number of calls answered by the IRS.
- Timeliness of Responding to Customer Inquiries – Measurements of the time taxpayers wait on the telephone when calling the IRS about their accounts or inquiring about tax laws when preparing tax returns; the time from account creation to disposition for taxpayers needing account resolution assistance; and the response time for those taxpayers who communicate electronically with the IRS.

This review was performed at the Joint Operations Center in Atlanta, Georgia, during the period January through June 2005. The audit was performed in accordance with *Government Auditing Standards*. The scope of this audit did not include the quality of toll-free telephone services. The performance data we evaluated were provided by IRS management information systems.



*Taxpayers Continued to Experience Improved Access to
Toll-Free Telephone Service During the 2005 Filing Season*

We did not verify the accuracy of these data. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Results of Review

Improvements in Accessing the Toll-Free Telephone Service Continued in the 2005 Filing Season

During the 2005 Filing Season, the IRS provided taxpayers with effective access to its toll-free telephone system and realized productivity and efficiency gains. This effective performance was evident in many of the measures the IRS uses to monitor its call center operations. Specifically, the IRS planned and met the 82 percent Customer Service Representative Level of Service goal for the 2005 Filing Season. Level of Service is the IRS' primary measure of providing taxpayers with access to a live assistor. Figure 2 shows the Level of Service for the last four filing seasons, during which the Level of Service achieved has been consistent over the last three filing seasons.

Figure 2: Comparison of the Level of Service for the 2002–2005 Filing Seasons

CAS Toll-Free	2002	2003	2004	2005
Level of Service	66.6%	82.4%	84.7%	81.7%

Source: IRS Enterprise Telephone Data Warehouse.

Customer satisfaction surveys continue to show positive results. However, taxpayers experienced an increase in the number of blocked calls. A blocked call is one that cannot be connected immediately because either no circuit is available at the time the call arrives (i.e., the taxpayer receives a busy signal) or 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. Figure 3 shows the number of blocked calls for the last four filing seasons.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Figure 3: Comparison of Number of Blocked Calls for the 2002–2005 Filing Seasons⁶

CAS Toll-Free	2002	2003	2004	2005
Busy Signals	3,665,180	239,911	147,200	286,517
Courtesy Disconnects⁷	-	832,610	591,993	605,252
Selected Expanded Access⁸	2,924,830	228,507	72	-
Total Blocked Calls	6,590,010	1,301,028	739,265	891,769

Source: IRS Enterprise Telephone Data Warehouse.

From the 2004 to 2005 Filing Season, the data in Figure 3 shows the IRS had an increase in:

- Busy signals of 94.6 percent.
- Courtesy disconnects of 2.2 percent.
- Total blocked calls of 20.6 percent.

The IRS stated the increase in busy signals is attributed to the November 2004 implementation of the Internet Service Node. This new system replaced the IRS' toll-free carrier routing scripts that recognized very short call attempts (0-2 seconds) as primary abandons.⁹ Currently, these same types of calls are captured as busy signals. Despite this increase, the percentage of busy signals remains less than 1 percent of total taxpayer calls.

For courtesy disconnects, there was an approximate 2 percent increase in volume. The IRS attributed much of this increase to taxpayers that chose the menu in Spanish. To accommodate this increase in volume, the IRS made the business decision to increase the volume of taxpayers receiving a courtesy disconnect. The slight increase in the overall courtesy disconnect volume resulted in substantial improvement to the bilingual taxpayer experience by improving the Average Speed of Answer by a cumulative 376 seconds and the Spanish secondary abandon rate by 15 percentage points. Despite the minimal increase, courtesy disconnects account for only 1 percent of the total call attempts for the CAS Toll-Free telephone assistance lines.

⁶ Due to changes in the methodology the IRS used to capture toll-free data, the totals for previous filing seasons in this chart may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.

⁷ Courtesy Disconnects were introduced in Fiscal Year 2003.

⁸ The Selected Expanded Access is a system that allows a taxpayer to receive automated services in lieu of a busy signal during periods of peak demand. It was discontinued in Fiscal Year 2005 because network prompting now identifies up front where to route the calls and sends them directly to assistors.

⁹ The IRS refers to a call that disconnects before reaching the queue as a primary abandon. A call that reaches the queue and then disconnects is classified as a secondary abandon.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

The IRS planned for fewer taxpayer calls and fewer services

In preparation for the Fiscal Year 2005 Filing Season, the Joint Operations Center planned for 38.8 million taxpayer calls, a 21.8 percent decrease from the 2004 Filing Season. This estimate was based on historical data and workplan assumptions. The Joint Operations Center planned for fewer calls because it expected more taxpayers to choose other methods of obtaining assistance (i.e., through the use of electronic methods such as accessing IRS.gov). With the expected decrease in calls, the IRS anticipated taxpayers would require fewer services.

The IRS planned to provide approximately 2 million fewer toll-free telephone assistor services and 4.5 million fewer automated services to taxpayers. The IRS defines a service as an issue or multiple issues handled by a single assistor. In general, 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) having a tax law question answered and requesting a form (two questions = one service by one Tax Law assistor), (2) status of an Employer Identification Number (one service by a Business assistor), and (3) checking the status of the customer’s individual account (one service by an Individual Account assistor). For the 2005 Filing Season, the IRS achieved 105 percent of its planned assistor services and 90 percent of its planned automated services. Figure 4 shows the number of CAS Toll-Free telephone services provided for the last four filing seasons.

Figure 4: Comparison of CAS Toll-Free Telephone Services Provided for the 2002–2005 Filing Seasons¹⁰

CAS Toll-Free	2002	2003	2004	2005
Automated Services Provided¹¹	36,348,921	25,818,334	25,732,372	19,131,884
Assistor Services Provided	18,748,935	17,599,403	18,606,483	17,394,240
Totals	55,097,856	43,417,737	44,338,855	36,526,124

Source: IRS Enterprise Telephone Data Warehouse.

While the IRS exceeded its plan for assistor services provided, we believe the decrease from the 2002 Filing Season is attributed to the increase in taxpayers’ use of the Internet Refund Fact of Filing (IRFOF) application. This application allows taxpayers to check the status of their tax

¹⁰ Due to changes in the methodology the IRS used to capture toll-free data, the totals for previous filing seasons in this chart may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.

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



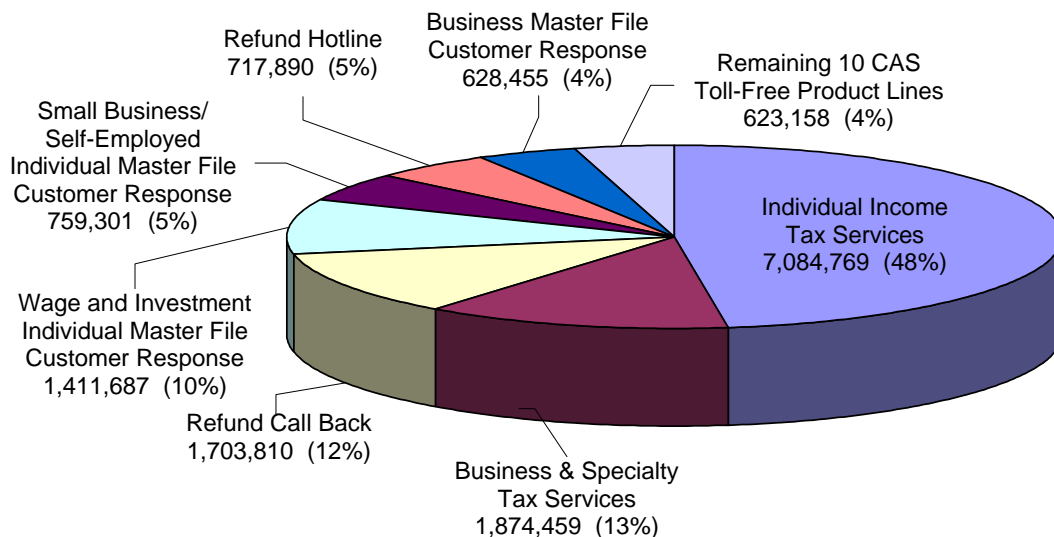
Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

refunds. During the 2005 Filing Season, approximately 20.9 million taxpayers accessed the IRFOF application. This represented a 15.5 percent increase from the 2004 Filing Season (from 18.1 to 20.9 million).

Assistors answered more calls than planned using less planned resources

For the 2005 Filing Season, assistors answered 14.8 million calls, 4 percent more than planned, using 95 percent of the planned resources. Each year, the IRS allocates Full Time Equivalents (FTE)¹² to the Accounts Management function for the operation of the toll-free telephone program. Based on these budgeted resources, the IRS can plan for how many taxpayer calls will be answered by assistors and how many services taxpayers may need during the calls. These data are used to set the Level of Service goal for the filing season. Figure 5 shows the CAS Toll-Free telephone service product lines and the number of assistor calls answered.

Figure 5: CAS Toll-Free Telephone Service Product Lines and Number of Calls Answered¹³ During the 2005 Filing Season



Source: IRS Enterprise Telephone Data Warehouse.

¹² An FTE is a measure of labor hours. One FTE is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year. For Fiscal Year 2005, 1 FTE is equal to 2,088 hours. If one assistor worked the full year, the assistor could answer 5,454 calls.

¹³ Percentages do not add to 100 percent due to rounding.

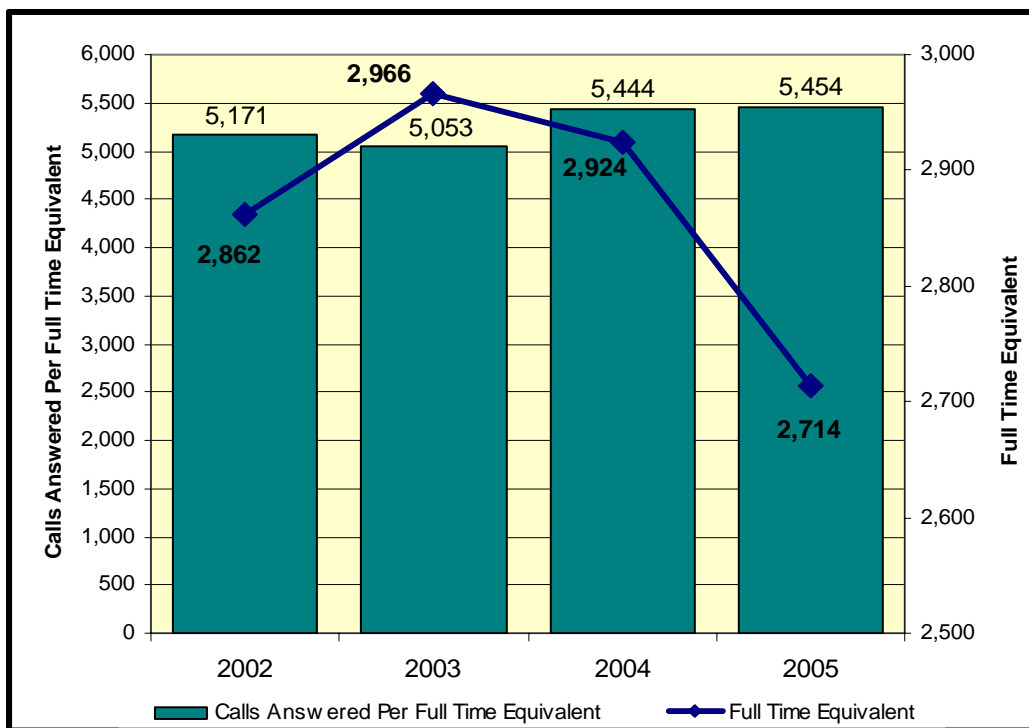


Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Productivity and efficiency gains were realized

Assistors answered more calls per FTE compared to the 2004 Filing Season. Since the 2003 Filing Season, the IRS has experienced a steady decrease in the number of FTEs budgeted for the toll-free telephone program. However, over the same time period the number of calls answered per FTE has increased. To put this in perspective, assistors answered 5,171 calls per FTE in the 2002 Filing Season compared to 5,454 calls in the 2005 Filing Season. In addition, Assistor Availability, which measures the amount of time that assistors are idle or available to answer calls, declined 42 percent compared to the 2004 Filing Season. When Assistor Availability is low, assistors' time is being productively used and the cost of providing toll-free telephone services decreases. Figures 6 and 7 show a comparison of calls answered based on FTEs and Assistor Availability for the last four filing seasons.

Figure 6: Comparison of Calls Answered per FTE for the 2002–2005 Filing Seasons¹⁴



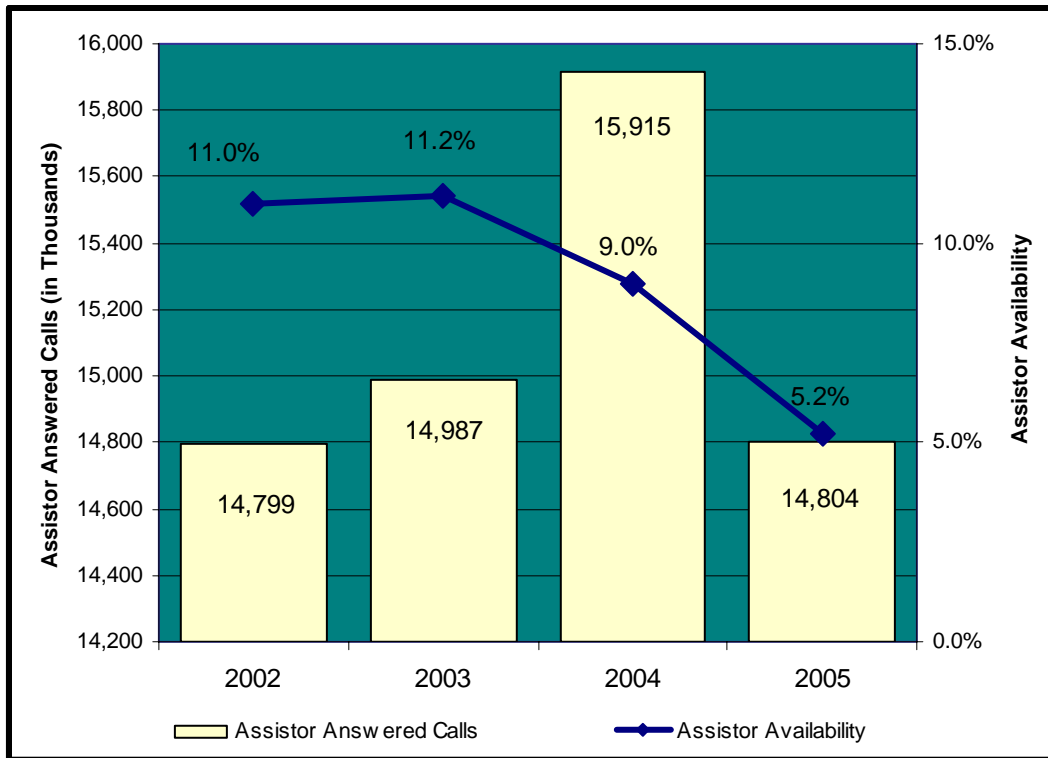
Source: IRS Enterprise Telephone Data Warehouse.

¹⁴ Due to the 2005 Filing Season ending 1 day earlier than the 2004 Filing Season, the totals for previous filing seasons in this chart may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Figure 7: Comparison of Calls Answered and Assistor Availability for the 2002–2005 Filing Seasons¹⁵



Source: IRS Enterprise Telephone Data Warehouse.

The IRS implemented a new initiative to improve access that will help identify and correct high primary abandons

Each filing season, millions of taxpayers that call the IRS disconnect (i.e., hang up) early in their calls prior to receiving assistance. The IRS refers to calls that disconnect before reaching the queue as primary abandons. Primary abandons may occur when taxpayers: (1) realize they dialed the wrong number and immediately disconnect, (2) disconnect before completing an automated routing script, or (3) choose a menu option to use an automated service but disconnect before completing the service.

For the 2005 Filing Season, the IRS experienced 1.5 million (22 percent) fewer primary abandons compared to the 2004 Filing Season. The number of abandoned calls is directly related

¹⁵ Due to the 2005 Filing Season ending 1 day earlier than the 2004 Filing Season, the totals for previous filing seasons in this chart may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

to the number of attempted calls taxpayers make. Thus, the IRS measures the number of calls attempted to calls abandoned. This percentage has decreased from a high of 19.1 percent in the 2002 Filing Season to 12.8 percent in the 2005 Filing Season. Figure 8 shows the number of primary abandons and total attempts for the last four filing seasons.

Figure 8: Comparisons of Primary Abandons for the 2002–2005 Filing Seasons¹⁶

CAS Toll-Free	2002	2003	2004	2005
Primary Abandons	10,593,981	5,402,495	6,745,735	5,273,708
Total Attempts	55,450,114	42,054,628	49,609,768	41,232,421
Percentage of Primary Abandons to Total Attempts	19.1%	12.8%	13.6%	12.8%

Source: IRS Weekly Enterprise Snapshot Reports.

Primary abandons can lead to taxpayers having to call back or possibly not receiving assistance at all because they find the toll-free telephone system too difficult to use. When taxpayers have these types of difficulties in attempting to contact the IRS, the IRS’ strategic goal of improving taxpayer service is not being met. In completing customer satisfaction surveys during the 2005 Filing Season, taxpayers that called the IRS toll-free telephone system identified “finding the appropriate menu choice” as one of the IRS’ top improvement opportunities.¹⁷ Consequently, the continued identification and correction of causes for high levels of primary abandons is necessary.

Prior to November 22, 2004, the IRS did not have data on the taxpayers’ experience when navigating through the automated menu (i.e., the IRS could not determine where taxpayers disconnected). With the implementation of the Internet Service Node, the IRS has detailed data about where and when taxpayers abandon calls. By analyzing these data, the IRS has information about taxpayer behavior while using the menu and can begin to deduce why the taxpayer disconnected. Furthermore, changes to the automated menu, which in the past could take months, can now be completed internally within days.

¹⁶ Due to changes in the methodology the IRS used to capture toll-free data, the totals for previous filing seasons in this chart may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.

¹⁷ IRS Customer Satisfaction Survey, Toll-Free Wage and Investment Division National Report, Covering January through March 2005.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Taxpayers waited longer to receive services and abandoned the calls more often

For the 2005 Filing Season, assistors answered 14.8 million calls, approximately 4.3 million were tax law calls and 9.3 million were account-related calls. The remaining 1.2 million calls answered were classified in other categories. While the IRS did achieve its Level of Service goal, several performance measures declined during the 2005 Filing Season. For example, the percentage of taxpayers that received services within 30 seconds (Assistor Response Level) declined, and the average number of seconds taxpayers waited in the queue before receiving services (Average Speed of Answer) increased. In addition, the rate in which the taxpayer who navigated the automated menu and then disconnected while waiting to speak to an assistor (Secondary Abandon Rate) increased from the 2004 Filing Season. However, the Transfer Rate¹⁸ has remained fairly constant over the last three filing seasons. Figure 9 shows a comparison of these measures for the last four filing seasons.

Figure 9: Comparison of Various Performance Measures for the 2002–2005 Filing Seasons¹⁹

CAS Toll-Free	Tax Law Calls				Account Calls			
	2002	2003	2004	2005	2002	2003	2004	2005
Average Speed of Answer (seconds)	160	196	165	190	293	138	206	301
Assistor Response Level	70.1%	56.9%	63.9%	50.9%	43.8%	56.9%	44.1%	21.4%
Secondary Abandons	11.1%	10.3%	7.0%	8.5%	15.6%	6.7%	10.4%	13.9%
Transfer Rate	38.9%	30.0%	25.5%	25.5%	12.4%	11.1%	10.2%	10.8%

Source: IRS Enterprise Telephone Data Warehouse.

In comparison with prior years, the data in Figure 9 shows:

- Taxpayers with tax law questions had a slightly longer wait time (25 seconds) in the 2005 Filing Season before reaching an assistor for service than in the 2004 Filing Season. However, for taxpayers with account questions, the wait time was 301 seconds before they received service by assistors. This was 1 minute and 35 seconds (46 percent increase) longer in the 2005 Filing Season than in the 2004 Filing Season. This is the longest period during the last four filing seasons that taxpayers had to wait to speak to an

¹⁸ The Transfer Rate compares the number of calls transferred by assistors to the number of calls handled.

¹⁹ Due to changes in the methodology the IRS used to capture toll-free data, the totals for previous filing seasons in this chart may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

assistor for service with their accounts. However, per the IRS Oversight Board Survey, individuals surveyed were willing to wait an average of 8 minutes to speak to an assistor.

- Over half of the taxpayers with tax law questions received assistor service within 30 seconds of waiting. However, for taxpayers with account questions only 21 percent received assistor service within 30 seconds. The percentage of taxpayers receiving service within 30 seconds has declined over the last 2 filing seasons.
- The percentage of taxpayers with tax law and account questions that hung up while waiting for assistor service has increased by 1.5 percentage points (21 percent) and 3.5 percentage points (34 percent), respectively. This means that during the 2005 Filing Season, more taxpayers became tired of waiting and hung up.

Taxpayers with tax law and account questions are being transferred when reaching an assistor at approximately the same rate in the 2005 Filing Season as in the 2004 Filing Season. Reducing call transfers lowers burden by having taxpayers spend less time on the telephone. The IRS' cost to handle a call is also lowered when the call is completed by the first assistor it is sent to rather than transferred.

Customer satisfaction surveys continued to show positive results

From January through March 2005, 95 percent of the taxpayers who called the IRS toll-free telephone system and completed customer satisfaction surveys regarding their experience gave the IRS a rating of 4 (mostly satisfied) or 5 (completely satisfied) on a 5-point scale.²⁰ The overall satisfaction rating was 4.68. Only 2 percent of the taxpayers were dissatisfied (i.e., gave a rating of 1 or 2). This is the second survey that reflects the overall satisfaction rating for all toll-free telephone customers since the Small Business/Self-Employed Division and the Wage and Investment Division merged at an organizational level on October 1, 2004. These ratings are the same as the previous period (October through December 2004).

According to the Customer Satisfaction Survey, to increase taxpayer satisfaction with the toll-free telephone program, the IRS should focus improvement efforts on the following: (1) Time to Get Through to the IRS; (2) After You Reached a Representative, Time to Complete Call; and (3) Ease of Understanding Automated Answering System Menu and Instructions. These are the top three improvement priorities for all toll-free telephone customers.

Taxpayers calling the toll-free telephone assistance lines request a more user-friendly automated answering system. Taxpayers comment that the menu options are inappropriate, vague, and excessive. They express a desire to spend less time on hold and experience fewer transfers. Taxpayers also request that IRS assistors have the knowledge to answer their questions

²⁰ The only taxpayers surveyed were a sample of those that completed their interaction with the IRS.



*Taxpayers Continued to Experience Improved Access to
Toll-Free Telephone Service During the 2005 Filing Season*

accurately and efficiently. The IRS uses these surveys to track taxpayer satisfaction with the CAS Toll-Free telephone program's progress over time and to identify what CAS Toll-Free telephone staff and managers can do to improve customer service.



*Taxpayers Continued to Experience Improved Access to
Toll-Free Telephone Service During the 2005 Filing Season*

Appendix I

Detailed Objective, Scope, and Methodology

The overall audit objective of this review was to evaluate the customer service toll-free telephone access during the 2005 Filing Season. To accomplish this objective, we

- I. Evaluated the Internal Revenue Service's (IRS) preparation for the toll-free telephone system for the 2005 Filing Season (the period from January through mid-April when most individual income tax returns are filed).
 - A. Analyzed the IRS' planning documents for references to toll-free telephone access.
 - B. Identified any new tax law legislation passed during Calendar Year 2004.
 - C. Reviewed the United States Individual Income Tax Return (Form 1040) instruction booklet and Your Federal Income Tax for Individuals (Publication 17) to determine the accuracy of published toll-free telephone numbers.
 - D. Determined the process used to develop the workplans for the 2005 Filing Season.
- II. Determined whether the IRS implemented any new operational processes to improve taxpayer access to the toll-free telephone system for the 2005 Filing Season.
- III. Determined the process used to monitor call volumes and respond to any unanticipated changes in call patterns or problems taxpayers experienced accessing the toll-free telephone system.
 - A. Attended biweekly executive status meetings held by the IRS for the toll-free telephone program.
 - B. Reviewed application availability reports (call site staffing requirements) and workplans to compare forecasted call volumes to actual call volumes per product line and application and to determine whether stated goals were met.
- IV. Determined whether the toll-free telephone program achieved its 2005 Filing Season goals by reviewing the performance measures and indicators. This included comparing the 2005 Filing Season performance to prior filing seasons.
- V. Followed up on IRS' planned corrective actions in response to recommendations made in prior Treasury Inspector General for Tax Administration filing season reports.



*Taxpayers Continued to Experience Improved Access to
Toll-Free Telephone Service During the 2005 Filing Season*

Appendix II

Major Contributors to This Report

Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs)

Augusta R. Cook, Director

Frank W. Jones, Audit Manager

Jack Forbus, Lead Auditor

Jean Bell, Auditor

Sylvia Sloan-Copeland, Auditor



*Taxpayers Continued to Experience Improved Access to
Toll-Free Telephone Service During the 2005 Filing Season*

Appendix III

Report Distribution List

Commissioner C
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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
Acting Director, Strategy and Finance, Wage and Investment Division SE:W:S
Director, Accounts Management, Wage and Investment Division SE:W:CAS:AM
Director, Joint Operations Center, Wage and Investment Division SE:W:CAS:JOC
Acting Chief, Performance Improvement, Wage and Investment Division SE:W:S:PI
Chief Counsel CC
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Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Management Controls OS:CFO:AR:M
Audit Liaison: Acting Senior Operations Advisor, Wage and Investment Division SE:W:S



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Appendix IV

*Customer Account Services
Toll-Free Telephone Service Individual Product Lines
for the 2004 and 2005 Filing Seasons*

Product Lines	Assistor Answered Calls		Average Speed of Answer (Seconds)		Primary Abandons		Secondary Abandons		Level of Service (Percentage)	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Individual Income Tax Services	7.3 M	7.1 M	188	243	2.8 M	2.0 M	1.1 M	1.1 M	82.9	82.9
Business & Specialty Tax Services	1.9 M	1.9 M	120	197	459,784	440,401	191,268	308,428	89.0	84.5
Refund Hotline	101,821	717,890	239	347	1.8 M	1.6 M	28,809	179,989	35.3	76.7
Business Master File Customer Response	699,988	628,455	101	221	57,343	51,445	57,124	101,278	91.6	85.4
Small Business/ Self-Employed Individual Master File Customer Response	828,330	759,301	168	259	218,461	169,598	78,778	113,887	90.6	84.5
Wage & Investment Individual Master File Customer Response	1.7 M	1.4 M	219	291	538,248	376,929	251,278	272,031	86.5	80.1
Refund Call Back	2.7 M	1.7 M	256	381	427,866	306,826	388,647	372,706	86.8	75.6
Special Services	13,879	21,389	176	140	1,288	438	1,204	1,489	88.8	91.7
Telecommunications/ Teletype	1,092	827	164	206	231,873	233,737	421	450	36.6	31.7
National Taxpayer Advocate	76,864	64,572	87	183	117,267	66,592	9,051	13,763	87.1	79.7
Criminal Investigation	174,125	170,324	231	275	52,449	52,679	25,329	29,417	75.4	62.4



Taxpayers Continued to Experience Improved Access to Toll-Free Telephone Service During the 2005 Filing Season

Product Lines	Assistor Answered Calls		Average Speed of Answer (Seconds)		Primary Abandons		Secondary Abandons		Level of Service (Percentage)	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Practitioner Priority Service	260,098	280,048	89	102	22,510	27,497	15,100	18,274	94.1	93.1
Taxpayer Assistance Center – Customer Account Services	11,452	5,931	88	29	482	17	2,145	313	80.6	93.8
Volunteer Income Tax Assistance	15,123	15,263	145	145	300	553	2,047	1,819	87.2	87.7
International	34,172	52,251	122	177	16,014	22,220	1,759	3,920	95.1	90.8
International Employer Identification Number	12,077	12,553	177	189	8,851	6,334	1,359	1,322	81.3	89.5
Advanced Child Tax Credit¹	525		4		15		5		98.3	
Totals²	15.9 M	14.8 M			6.7 M	5.3 M	2.2 M	2.5 M		

Source: Internal Revenue Service Enterprise Telephone Data Warehouse.

¹ The Advanced Child Tax Credit Product Line was discontinued for Fiscal Year 2005.

² The individual product line totals will not sum to Totals because of rounding.



*Taxpayers Continued to Experience Improved Access to
Toll-Free Telephone Service During the 2005 Filing Season*

Appendix V

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

RECEIVED
SEP 06 2005

SEP 02 2005

MEMORANDUM FOR PAMELA J. GARDINER
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Richard J. Morgante *Richard J. Morgante*
Commissioner, Wage and Investment Division

SUBJECT: Draft Audit Report – Taxpayers Continued to Experience
Improved Access to Toll-Free Telephone Service During the
2005 Filing Season (Audit # 200540011)

I agree with your positive assessment of our toll-free telephone service during the 2005 filing season. I am pleased with the balance of service that we offered to our customers. We remained responsive by targeting and achieving an 82 percent Customer Service Representative (CSR) Level of Service while increasing our productivity. In addition, we dramatically increased our filing season Tax Law Customer Accuracy rate from 79 percent last year to over 89 percent in 2005. We also posted an increase in Account Customer Accuracy, climbing from 89 percent to 91 percent. We are pleased that we were able to both increase our productivity and also post positive gains to Customer Accuracy. I appreciate your recognition of our successful delivery of toll-free service this filing season.

Our planning efforts were effective, allowing us to reduce Assistor Availability by 42 percent (i.e., the time our CSRs spend waiting to receive a call). I would like to point out that as we planned for increased productivity, we recognized that there would be some decreases in certain performance measures when compared to the 2004 filing season. While customer wait times and secondary abandons increased, most of our other performance indicators remained positive. As acknowledged in your report, customer access remained high and we answered more calls than planned with fewer resources. Other positive indicators include:

- Calls prevented from receiving service remained less than 1 percent of total taxpayer calls. (i.e., blocked calls consisting of busy signals and courtesy disconnects).



*Taxpayers Continued to Experience Improved Access to
Toll-Free Telephone Service During the 2005 Filing Season*

2

- Taxpayers opting to hang-up when initially entering the telephone system decreased by 1.5 million or 22 percent compared to the prior filing season. (Primary Abandons)
- Taxpayer use of our Internet refund service, "Where's My Refund," grew 15.5 percent to 20.9 million, relieving the need for telephone service while providing a convenient alternative source of information.

We strive to balance customer convenience and speed of service with our need to keep our CSRs productively engaged with our customers. Both strategically and tactically, we continue to plan and make adjustments that will allow us to balance our service delivery to efficiently and effectively serve our customers.

Once again, thank you for recognizing our positive accomplishments this filing season. If you have any questions, please call me at (404) 338-7060, or members of your staff may contact David L. Medeck, Director, Customer Account Services, at (404) 338-8910.