

## Introduction to Most Serious Problems: The IRS Must Confront Challenges to Delivering High Quality Taxpayer Service in the Twenty-First Century

*It is, of course, essential to the success of such a program that Bureau personnel be indoctrinated with an attitude of complete objectivity toward the taxpayers' obligations to the Government. They must, in effect, represent both the taxpayer and the Government with the sole purpose in mind of obtaining a correct determination of the tax under the prevailing law and its current interpretation — the correct tax to which the Government is entitled, but not \$1 more. A full-fledged and vastly expanded program of taxpayer assistance in the preparation of returns would drastically reduce audit requirements and in the long run be productive of substantially increased revenue.<sup>1</sup>*

### OVERVIEW

The IRS has entered the twenty-first century after evolving from an organization of local collection districts into a centralized nationwide processing operation.<sup>2</sup> Yet concerns articulated by congressional experts shortly after enactment of the mass income tax, as quoted above, persist today. Information technology has facilitated mass production under tight budgetary constraints at a cost of individualized service. This section surveys taxpayer service through eight Most Serious Problems (MSPs), four of which concern means of communication or serving taxpayers, including telephone, correspondence, electronic technology, face-to-face and video-conferencing. Another four MSPs address various sectors, including tax professionals as well as low income, small business, and international taxpayers. Thus, a matrix of technological channels and taxpayer preferences confronts the IRS, which must use limited resources to deliver personal service where necessary. Internally, the IRS needs to consider potential repercussions to taxpayers from telework practices. Some channels that appear expensive at first may turn out to be the most effective for certain taxpayer populations or issues, potentially proving to be efficient in the end.

### BACKGROUND

The IRS has to meet taxpayers where they are. All taxpayers live in geographic locations where homogeneity at different levels, including tax compliance behavior, delineates cultural regions.<sup>3</sup> Geography is everywhere, and IRS efforts to encompass all taxpayers with a single apparatus cannot avoid regional differences. It would be better to confront regional and other differences directly.

Against inherent taxpayer diversity, mass production has been an inevitable alternative to processing a growing return population. Historically, mass production flourished

<sup>1</sup> Jt. Comm. on Int. Rev. Tax'n, INVESTIGATION OF THE BUREAU OF INT. REV. (Washington, DC: Gov't Printing Office, 1948) 37.

<sup>2</sup> See National Taxpayer Advocate 2011 Annual Report to Congress, Vol. 2, § 1 at 1 (Research Study: *From Tax Collector to Fiscal Automaton: Demographic History of Federal Income Tax Administration, 1913-2011*).

<sup>3</sup> See generally Mona Domosh et al. THE HUMAN MOSAIC: A THEMATIC INTRODUCTION TO CULTURAL GEOGRAPHY 12th ed. (NY: W.H. Freeman & Co., 2012).

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under a model of scientific management famously articulated by the engineer Frederick Winslow Taylor, whereby an office “divided skills into a sequence of simple procedures to be taught to workers and monitored by management.”<sup>4</sup> In 1911, Taylor’s regime focused on individual output: “when accurate records are kept of the amount of work done by each man and of his efficiency, and then each man’s wages are raised as he improves, and those who fail to rise to a certain standard are discharged ...”<sup>5</sup> In 1925, the IRS established an “Efficiency-Record Section” for personnel functions as well as training of income tax auditors and technicians.<sup>6</sup> Even today, any particular IRS employee may develop efficiency in one skill or program, but few employees (mostly higher-level managers) know the tax system as a whole. As a result, an IRS employee may not realize how a program affects a taxpayer overall. In the words of a critic, Taylorism requires a clerk to “‘forget’ or not think about the intellectual content of the text he is reproducing.”<sup>7</sup> While Taylor’s management science was an advance when he introduced it, in the twenty-first century it may be time for something more holistic.<sup>8</sup>

Nevertheless, the pressure to operate efficiently cannot be overlooked, especially when the IRS operates under resource constraints that may be disproportionate in the developed world. Of 34 countries listed by the Organisation for Economic Co-operation & Development, only four have higher ratios than the U.S. of citizens to tax staff. Taxpayer workload in the face of limited resources puts pressure on IRS efficiency.

<sup>4</sup> *A Short History of the Birth & Growth of the American Office*, CARBONS TO COMPUTERS, Smithsonian Inst. (Washington, DC: 1998); see Frederick W. Taylor, *THE PRINCIPLES OF SCIENTIFIC MANAGEMENT* (NY: Harper Bros., 1911), ch. 2, stating: “Under the old type of management success depends almost entirely upon getting the ‘initiative’ of the workmen, and it is indeed a rare case in which this initiative is really attained. Under scientific management the ‘initiative’ of the workmen (that is, their hard work, their good-will, and their ingenuity) is obtained with absolute uniformity and to a greater extent than is possible under the old system ... The managers assume ... the burden of gathering together all of the traditional knowledge which in the past has been possessed by the workmen and then of classifying, tabulating, and reducing this knowledge to rules, laws, and formulae.”

<sup>5</sup> Taylor, *PRINCIPLES OF SCIENTIFIC MANAGEMENT*, ch.1 (quoting from presentation to Amer. Soc’y of Mechanical Engineers, June 1903). Taylor was a colleague of time & motion efficiency experts Frank B. & Lillian M. Gilbreth, whose family was portrayed in a book and movie, *Cheaper by the Dozen* (1950).

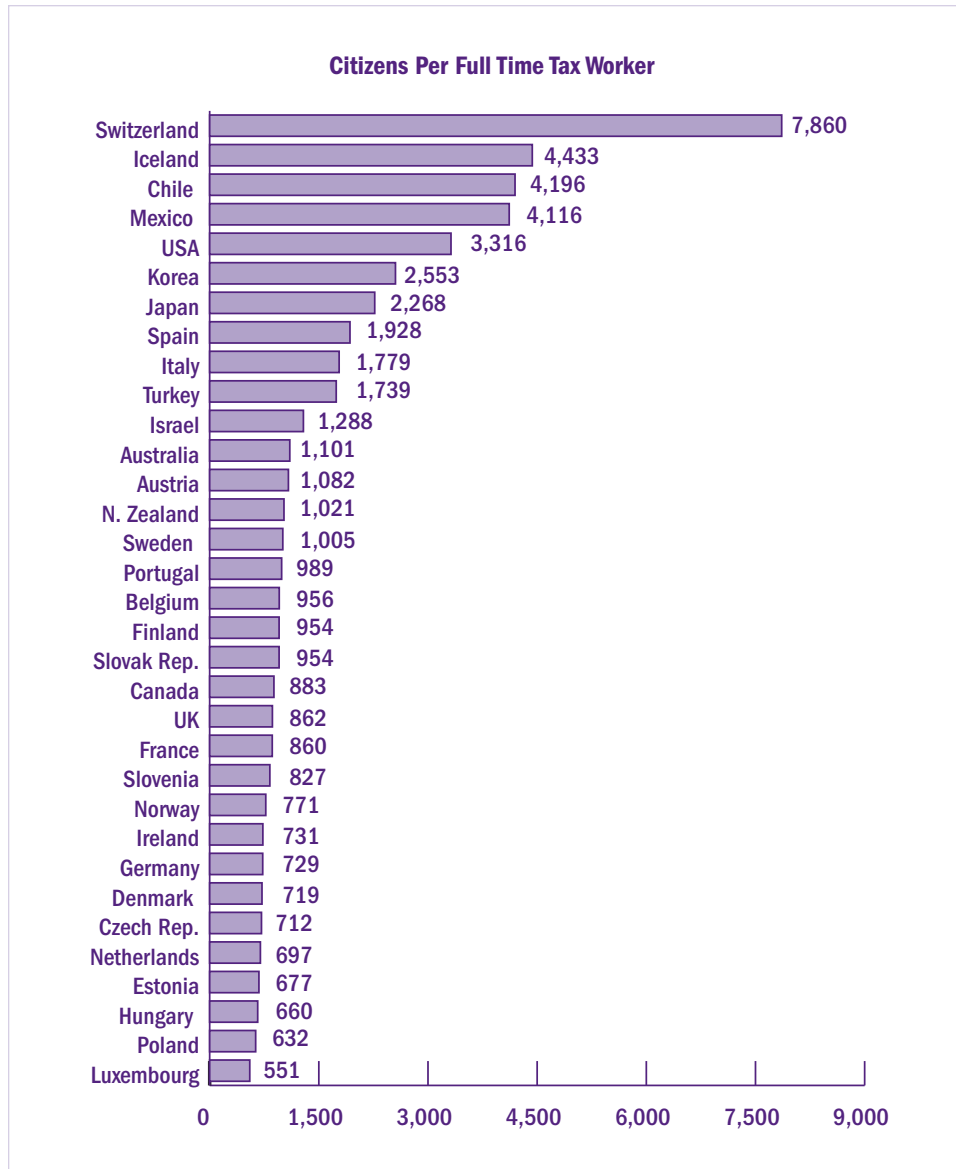
<sup>6</sup> Subsequently, the Efficiency-Record Sec. was merged into a Personnel Div’n. See IRS Pub. 1694, *Historical Fact Book: A Chronology, 1646-1992* at 99, 109, 114; Comm’y of Int. Rev., ANN’L REP’T (1920) at 13, (1922) at 11, (1924) at 7.

<sup>7</sup> *Taylorism and the Mechanization of the Worker*, ANTONIO GRAMSCI READER: SELECTED WRITINGS, 1916-1935, ed. David Forgacs (NY: Schocken Books, 1988).

<sup>8</sup> See Robert Kanigel, *Taylor-made*, 37 *THE SCIENCES* 18 (NY Acad. of Sci. 1997); Michael Maccoby, *THE LEADERS WE NEED* (Boston: Harv. Business School Press, 2007) 22-23.

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**FIGURE 1.1, Ratio of Citizens to Tax Staff by Country<sup>9</sup>**



<sup>9</sup> The ratio is number of citizens per full-time tax employee. In Greece, Iceland, and Chile, data are unavailable or incomplete. In Switzerland, federal tax staff administer only the value-added tax (VAT) while local personnel (not in table) administer personal and corporate income tax. In Mexico, the tax system is smaller than in most other OECD countries. In the USA, there is no federal VAT. See OECD Forum on Tax Admin. TAX ADMINISTRATION IN OECD AND SELECTED NON-OECD COUNTRIES: COMP. INFO. SS. (2010) Table 21, ¶¶13-22 at 134-37.

## ISSUES

### **The IRS Has an Information-Gathering Apparatus.**

The IRS has ways to gather information about taxpayers' needs and communicate with them about the services it offers. In particular, the IRS has research and communication functions embedded in the National Office as well as the Operating Divisions, highlights of which are summarized below. The Taxpayer Advocate Service (TAS) has parallel functions.

In the National Office, the Research, Analysis & Statistics division contains an Office of Program Evaluation and Risk Analysis (OPERA). Founded by Commissioner Charles Rossotti in the aftermath of the IRS Restructuring & Reform Act of 1998 OPERA includes, approximately 40 analysts, economists, statisticians, and researchers who help the IRS determine resource allocations, mitigate potential risks, and develop plans and other program management capabilities.<sup>10</sup> Also in Washington, DC, the National Public Liaison (NPL) within the headquarters Communication & Liaison (C&L) function, among other activities, coordinates professional seminars called Nationwide Tax Forums, as well as two Federal Advisory Committees.<sup>11</sup>

The Wage & Investment (W&I) operating division, with individual taxpayers in its customer base, has a Research & Analysis (R&A) function comprising seven groups focusing on:

- Taxpayer Needs, Preferences & Burden;
- Electronic Tax Administration Support & Self-Preparer Taxpayer Studies;
- Relationship of Service & Compliance;
- IRS Partner Needs & Preferences;
- Refundable Credits;
- Knowledge Infrastructure; and
- Survey Administration & Analysis.<sup>12</sup>

In addition to a divisional C&L office, W&I has a Customer Assistance, Relationships & Education (CARE) function that includes Stakeholder Partnerships, Education & Communication (SPEC), which divides the country into four areas, each with about 15 posts of duty, where employees assist taxpayers in fulfilling their responsibilities.<sup>13</sup> CARE also houses Media & Publications, which produces the tax forms and publications that, as a practical matter, are the face of the IRS for many taxpayers.

<sup>10</sup> <http://opera.web.irs.gov/about.html> (last visited Aug. 30, 2012).

<sup>11</sup> <http://irweb.irs.gov/AboutIRS/bu/cl/npl/default.aspx> (last visited Aug. 30, 2012).

<sup>12</sup> [http://win.web.irs.gov/Research/WIRA\\_webpage.htm](http://win.web.irs.gov/Research/WIRA_webpage.htm) (last visited Dec. 13, 2012).

<sup>13</sup> [http://win.web.irs.gov/spec/docs/SPEC\\_Chart\\_FO.pdf](http://win.web.irs.gov/spec/docs/SPEC_Chart_FO.pdf) (last visited Aug. 30, 2012).

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In the Small Business/Self-Employed (SB/SE) operating division, a half-dozen Research groups identify economic and demographic trends.<sup>14</sup> Techniques include:

- Trend analysis of filing, payment, and reporting patterns;
- Market research;
- Impact measurement; and
- Development and prioritization of alternative methods of enhancing voluntary compliance.

For example, SB/SE Research generates statistics in support of financial or procedural guidance (such as those needed to establish and support standards like Allowable Living Expenses for bankruptcy administration).<sup>15</sup> Additionally, SB/SE Stakeholder Liaison focuses on national and local engagement of the payroll and practitioner community and stakeholder organizations to disseminate information about IRS policies, practices, and procedures to ensure compliance with the tax laws, both by voluntary means and through enforcement programs.<sup>16</sup>

In the Large Business & International (LB&I) operating division, a Planning, Analysis, Inventory & Research (PAIR) function includes, among others, a Workload Identification office, which has a few branches of almost ten employees each to:

- Conduct cross-industry research on compliance risk; link with the Pre-Filing Technical Group;
- Leverage academic and other external research to identify emerging issues and trends in tax administration and compliance; and
- Develop return scoring models and filters for compliance risk.<sup>17</sup>

In addition, a C&L function offers Communications Consulting Services for notifying Revenue Agents about significant tax law changes and other internal or external messages.<sup>18</sup>

Finally, TAS has some half-dozen R&A staff who produce studies that:

- Review IRS interactions with taxpayers and suggest ways to improve IRS communications;
- Evaluate audit, collection, and other IRS enforcement programs to protect taxpayer rights and minimize taxpayer burden;
- Summarize taxpayer statistics annually for each congressional district;

<sup>14</sup> <http://mysbse.web.irs.gov/AboutSBSE/Research/default.aspx> (last visited Aug. 30, 2012).

<sup>15</sup> *Id.*

<sup>16</sup> <http://mysbse.web.irs.gov/AboutSBSE/CLD/aboutsl/default.aspx> (last visited Aug. 30, 2012).

<sup>17</sup> [http://lmsb.irs.gov/hq/srp/RWI\\_Contacts/Research\\_Teams/Team\\_1.asp](http://lmsb.irs.gov/hq/srp/RWI_Contacts/Research_Teams/Team_1.asp) (last visited Aug. 30, 2012).

<sup>18</sup> [http://lmsb.irs.gov/hq/cl/new\\_communications/communications\\_guidance.asp](http://lmsb.irs.gov/hq/cl/new_communications/communications_guidance.asp) (last visited Aug. 30, 2012).

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- Explore taxpayers' service needs;
- Focus on Earned Income Tax Credit (EITC) taxpayers;
- Identify characteristics of TAS customers and factors that affect TAS's workload; and
- Address factors that influence taxpayers and preparers to comply with the tax laws.<sup>19</sup>

Meanwhile, about 20 TAS C&L employees are charged with making TAS a nationally and locally known organization.<sup>20</sup>

In sum, national and divisional components of the IRS have research and communication functions in part to understand and respond to taxpayer needs. These parallel functions are targeted to each component's customer base. While there is coordination through a Servicewide Research Council (SRC) that "serves as a forum for sharing information, coordinating crosscutting actions and resolving procedural issues that affect the execution of research and analysis across operating divisions," SRC "will not supplant the authority and accountability, which resides in the research organizations, embedded in the operating divisions and the functions."<sup>21</sup> In any case, the multi-level research and communication apparatus should leave no doubt about the importance of information gathering and exchange between the IRS and taxpayers. The question may be how to interpret and apply information.<sup>22</sup>

### Taxpayer Needs Vary by Sector.

Taxpayer needs vary by sector as well as by inherent geographic variations. The MSPs that follow discuss needs of some salient sectors. In the case of tax professionals, return preparers, or other advisors, IRS errors and omissions in recognizing their powers of attorney or similar authorizations harm not only the professional but also the client.<sup>23</sup> For low income and small business populations, IRS representatives such as Stakeholder Liaison discussed in an MSP below face a historic low in staffing that paradoxically coincides with increases in demand for assistance.<sup>24</sup>

Other taxpayer needs relate to consumer preferences susceptible to market research by the research functions described above. For example, using "conjoint" techniques that allow researchers to deduce preferences from respondents' choices among an array of options, the IRS has surveyed preferences of randomly recruited taxpayers among seven telephonic, online, or postal media — not including in-person channels such as Taxpayer

<sup>19</sup> <http://tas.web.irs.gov/res/default.aspx> (last visited Aug. 30, 2012).

<sup>20</sup> <http://tas.web.irs.gov/Comm/outreach/default.aspx> (last visited Aug. 30, 2012).

<sup>21</sup> SRC Charter (Mar. 14, 2001).

<sup>22</sup> For previous commentary on aspects of IRS research, see National Taxpayer Advocate 2007 Annual Report to Congress 156 (Most Serious Problem: *Taxpayer Service and Behavioral Research*).

<sup>23</sup> See Most Serious Problem: *IRS Processing Flaws and Service Delays Continue to Undermine Fundamental Taxpayer Rights to Representation*, *infra*.

<sup>24</sup> See Most Serious Problem: *The IRS Is Substantially Reducing both the Amount and Scope of its Direct Education and Outreach to Taxpayers and Does Not Measure the Effectiveness of its Remaining Outreach Activities, Thereby Risking Increased Noncompliance*, *infra*.

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Assistance Centers (TACs) — relating to seven generic service tasks (rather than specific account resolutions).<sup>25</sup> From 2006 to 2011, preferences shifted slightly away from a toll-free telephone Customer Service Representative toward online service. In 2011, the online interactive tool was the most preferred channel for all needs (except getting a form or publication, for which printing, rather than ordering hard copy, from the website was the preferred channel). For newer media, the results showed that taxpayers prefer social media, which offer general information but not resolution of specific problems, at lower rates than more established channels. Similarly, smartphone owners prefer these devices, especially for “getting the status of a transaction,” at higher rates than the general population. Consequently, the researchers recommended that the IRS investigate the possibility of developing smartphone apps for checking the status of a tax transaction and using social media accounts to disseminate information about how to obtain a prior year return, and about which credits and deductions may be available. This “conjoint” study is exemplary of research on taxpayer preferences, given that the study’s scope was the general population, rather than any particular sector.<sup>26</sup>

### Research Can Prioritize Service Initiatives.

Other research focuses on preferences of certain taxpayer sectors. For example, some sectors are less likely than others to use the Internet.<sup>27</sup> Thus, the effect of constraints on face-to-face or similar services is not neutral with respect to taxpayer populations who prefer those channels.

As discussed in an MSP below, W&I and TAS have partnered on the Service Priorities Project to develop a ranking methodology that will take taxpayer preference into account.<sup>28</sup> The goal of the Project, which will use existing data while identifying data gaps, is to value each type of service from both the taxpayer and IRS perspectives. The Project will facilitate resource allocation decisions based on highest-valued services in the face of budget or staffing constraints.

### Current Service Approaches May Not Meet Taxpayer Needs.

Merely identifying taxpayer needs and preferences may not mean that the IRS meets them. Given the expense of walk-in sites, the IRS often channels taxpayers into telephone or Internet service, where they may be underserved. Unfortunately, “walk-in” site is not

<sup>25</sup> This paragraph summarizes IRS W&I R&A Group 2, *T[axpayer] A[ssistance] B[Blueprint] Conjoint Update*, Project No. 2-10-09-S-058 (Feb. 2012) 2, 3-4 & 7. The tasks were: (1) getting a form or publication; (2) getting information about a notice you received from the IRS; (3) getting assistance determining tax credits and/or deductions you may be able to take on your tax return; (4) getting prior year return information; (5) making a payment or setting up a payment plan; (6) checking the status of a transaction; and (7) getting help making tax-related calculations.

<sup>26</sup> Another limitation was that the methodology assumed complete awareness, availability, and information relating to service channels. See *TAB Conjoint Update*, Appdx. A at 14.

<sup>27</sup> See National Taxpayer Advocate 2011 Annual Report to Congress 273, 279 (Introduction to Diversity Issues: *The IRS Should Do More to Accommodate Changing Taxpayer Demographics*) (citing data indicating that low income, less educated, minority, elderly, disabled, or rural populations were less likely than others to use the Internet).

<sup>28</sup> See Most Serious Problem: *The IRS Lacks a Servicewide Strategy that Identifies Effective and Efficient Means of Delivering Face-to-Face Taxpayer Services*, *infra*.

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only a name but is now a limitation, since TACs no longer schedule certain appointments, instead offering service on a first-come, first-served basis.<sup>29</sup> Even if taxpayers use the phone instead, the IRS simply fails to answer more than three out of ten calls, potentially leading to unnecessary audits or submission of incomplete documentation, drawing out the duration of a case.<sup>30</sup> Resource constraints demand creative solutions.

Where the IRS leverages technology for efficiency gains, it may neglect taxpayer needs. In the case of telecommuting, the IRS may save the cost of office space by allowing employees to work at home despite information security risks. While telecommuting affords flexibility, promoted by both private employers and the government, customer impact remains a question. In the case of the IRS, telecommuting may affect taxpayer rights, especially privacy rights. Different statutes, with underlying guidance, set forth telework goals and taxpayer privacy rights.<sup>31</sup> Even if computer connections are secure, it may be impracticable to conceal tax return information from household members or neighbors visiting when the information is laid out in the flexible workplace at home. An option could be to allow taxpayers to consent to access of their return information by teleworking IRS employees, with the exception of Revenue Officers, Revenue Agents, or others whose job descriptions require working outside of the office. As of now, the rhetoric of telework omits customer impact, lacking a mechanism to assess and accommodate taxpayer preferences.

In short, current approaches effectively may ignore taxpayer needs. In some cases, cost may appear prohibitive. In other cases, taxpayers may not even be aware of potential risks surrounding IRS practices. In either case, the IRS should accommodate taxpayer needs and preferences both as a matter of principle and as a matter of encouraging compliance.

### **Taxpayer Diversity in the Face of Resource Constraints Calls for Innovation.**

While resource constraints may be the primary concern, cost-effective innovations could yield improvements in taxpayer service. For example, at least for the Internet-savvy, a potential solution would be more self-service Web tools such as the popular “Where’s My Refund?” application, as recognized by the IRS research described above. For small businesses, TAS has developed a Small Business Health Care Tax Credit Estimator to help plan for benefits available under the Affordable Care Act. For low income taxpayers, various needs could be met by a return-free or at least pre-populated filing system and a tax refund

<sup>29</sup> See Most Serious Problem: *The IRS Lacks a Servicewide Strategy that Identifies Effective and Efficient Means of Delivering Face-to-Face Taxpayer Services*, *infra*.

<sup>30</sup> For FY 2012, IRS toll-free assistors answered 30.8 million of 107.8 million calls, a 67.6-percent Level of Service, with a 16.7-minute Average Speed of Answer. See IRS Enterprise Snapshot Rep’t (Sept. 29, 2012); see also Treasury Inspector General for Tax Administration (TIGTA), Ref. No. 2012-40-036, *Interim Results of the 2012 Filing Season* (Mar. 30, 2012); Most Serious Problem: *The IRS Telephone and Correspondence Services Have Deteriorated over the Last Decade and Must Improve to Meet Taxpayer Needs*, *infra*.

<sup>31</sup> See Dep’t of Transp. & Related Agencies Appropriations, 2001, Pub. L. No. 106-346, 114 Stat. 1356A-36, § 359 (Oct. 23, 2000); Telework Enhancement Act of 2010, 5 USC § 6502(b)(4)(B); OMB Memo. M-11-27 (Jul. 15, 2011); IRM 6.800.2 (June 2, 2010); IRC § 6103.



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debit card.<sup>32</sup> All taxpayers would benefit from a free e-filing portal.<sup>33</sup> For international taxpayers, lack of service could be mitigated by guidance on murky tax law questions.<sup>34</sup> Technological or other services could help these sectors help themselves.

The historic trend in tax administration has been away from personal service toward automation, which may be most effective for uniform provisions. Yet the tax Code has become more complex rather than more uniform. Given these inconsistent trends, an emerging option may be to use social and electronic technology to help taxpayers help themselves to unique options. As mentioned, automatic generation of taxpayer information as in the case of returns pre-populated by third-party information reports can give each taxpayer an individualized starting point. Web tools and smartphone applications such as those suggested by IRS research would further enable computer-savvy taxpayers to make transactions of their choosing.

A comparable mechanism could be self-service kiosks as now offered by retail establishments, automatic teller machines (ATMs), and even the Post Office. For relatively simple transactions, self-service can be more efficient. For more complex transactions, customer assistance may be necessary. Experts have cautioned that “coordinated human interactions are essential for the successful operation of retail kiosks.”<sup>35</sup> This may be because kiosks are a form of “performance support technology [that] is quite distinct from automation. By definition, performance support technology is designed to support a human in accomplishing a task, not replace a human.”<sup>36</sup> Kiosks or similar technology could allow the IRS to leverage staff as long as they can meet taxpayer needs, but if a complex transaction takes too long, a kiosk such as an ATM may “time out,” leaving the customer to go to the teller anyway.<sup>37</sup> Successful use of self-service kiosks requires dedicated staff.<sup>38</sup>

The IRS has “kiosks in 37 Taxpayer Assistance Centers (TACs) where individuals can perform a wide variety of tasks, including filing a return, printing forms, and obtaining transcripts.”<sup>39</sup> Experience has shown that taxpayers may walk into a TAC “expecting someone to complete their return, only to be told that they must take the keyboard and input

<sup>32</sup> See Most Serious Problem: *A Proactive Approach to Developing a Government-Issued Debit Card to Receive Tax Refunds Will Benefit Unbanked Taxpayers*, *infra*.

<sup>33</sup> See Most Serious Problem: *The IRS Has Failed to Make Free Return Preparation and Free Electronic Filing Available to all Individual Taxpayers*, *infra*.

<sup>34</sup> See Most Serious Problem: *Challenges Persist for International Taxpayers as the IRS Moves Slowly to Address Their Needs*, *infra*.

<sup>35</sup> Hira Cho & Susan Fiorito, *Self-Service Technology in Retailing: The Case of Retail Kiosks*, 1 *Symphonya: Emerging Issues in Mgmt.* 43, 45 (Univ. of Milan, 2010).

<sup>36</sup> Thomas Cavanagh, *The Kiosk Culture: Reconciling the Performance Support Paradox in the Postmodern Age of Machines* (Ph.D. diss., Univ. of Central Fla., 2006) 10.

<sup>37</sup> Cavanagh, *Kiosk Culture* at 84, citing Regina Colonia-Willner, *Self-Service Systems: New Methodology Reveals Customer Real-Time Actions During Merger*, 20 *Computers in Human Behavior* 243 (2004).

<sup>38</sup> In November, 2010, a TAS delegation observed successful staffed kiosk use in facilities of the internal revenue service of Chile in Santiago.

<sup>39</sup> IRS SPEC, *Facilitated Self Assistance [FSA] Reference Manual for 2013 Filing Season 5* (Oct. 15, 2012).

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their information” which can “lead to a perception of “bait-and-switch.”<sup>40</sup> Consequently, “education about the options” may be as essential as staff assistance.<sup>41</sup>

Likewise, video-conferencing technology, if strategically deployed, may facilitate effective virtual service delivery (VSD) for taxpayers and enforcement functions.<sup>42</sup> For example, VSD may enable taxpayers and examiners to see one another as people when before they would have merely corresponded by mail. While technology in itself may not be the solution, a thoughtful combination of human effort with technological support can help.

### **FOR BETTER SERVICE, EVERY EMPLOYEE NEEDS TO KNOW HOW HIS OR HER WORK FITS INTO THE IRS MISSION.**

Resource constraints are squeezing taxpayer service to a disproportionate extent, although enforcement efforts proceed. As discussed in an MSP below, international taxpayers feel pursued by enforcement initiatives even where certain rules remain unclear. Underserved groups continue to have needs, although certain innovations, like an e-filing portal, could address at least some of them. While creative solutions could come from creative thinking, the following parameters may help.

Like all populations, taxpayers are innately diverse on multiple dimensions, one of which is geographic diversity, particularly in a large country like the U.S.<sup>43</sup> Conversely, various regions contain cultures with an observable degree of internal consistency. Even in the high-technology industry, which is most likely to be adept at telecommunication, professionals gravitate toward local centers like Silicon Valley.<sup>44</sup> Like-minded people naturally form geographic communities.<sup>45</sup> By confronting cultural geography, along with other taxpayer sectors, through market segmentation or similar research techniques, the IRS could achieve an appreciable degree of targeting within cost-conscious service initiatives.<sup>46</sup> For instance, an MSP addressing stakeholder needs recommends the allocation of reduced liaison staffing to geographic areas or population strata that demonstrate the most critical needs.

The model of a locally centered occupational community may be helpful in rethinking management science. A hierarchical and specialized division of labor, in which clerical positions remain “permanently subordinated,” may be characteristic of work and business

<sup>40</sup> IRS SPEC, *Facilitated Self Assistance [FSA] Reference Manual for 2013 Filing Season 8* (Oct. 15, 2012).

<sup>41</sup> *Id.*

<sup>42</sup> See Most Serious Problem: *The IRS Lacks a Servicewide Strategy that Identifies Effective and Efficient Means of Delivering Face-to-Face Taxpayer Services*, *infra*; see also Virtual Face-to-Face Audits: A prescription for curing the IRS's ailing correspondence examination process, <http://www.taxpayeradvocate.irs.gov/Blog/virtual-face-to-face-audits> (last visited Oct. 19, 2012).

<sup>43</sup> See generally Wilbur Zelinsky, *Cultural Geography of the U.S.* (Prentice Hall, 1973).

<sup>44</sup> See Edw. Glaeser, *Triumph of the City* (NY: Penguin Press, 2011).

<sup>45</sup> On local culture, see Clifford Geertz, *Fact & Law in Comparative Perspective*, *Local Knowledge: Further Essays in Interpretive Anthropology* (N.Y.: Basic Books, 1983) (originally delivered as Storrs Lectures, Yale Law School, 1981).

<sup>46</sup> On market segmentation, see, e.g., Dennis Adcock *et al.*, *Marketing: Principles & Practice* 4th ed. (Prentice Hall, 2001).

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in industrial and post-industrial societies.<sup>47</sup> At the same time, work would be less alienating where employees are better integrated into the office community both geographically or architecturally and substantively. In the past couple of decades, a trend toward “open” floor plans with cubicle dividers rather than office walls may have reflected, at least in part, an ideal of integration.<sup>48</sup> By contrast, telecommuting from home or other remote locations could isolate employees.

To train managers, the IRS has analyzed its organizational characteristics in terms of a well-known typology. According to the IRS: “In the type world of the Myers-Briggs Type Indicator (MBTI), the IRS is an ISTJ organization.”<sup>49</sup> ISTJ refers to Introverted, Sensing, Thinking, and Judging, as opposed to Extroverted, Intuitive, Feeling, or Perceiving. The strength of ISTJ employees is “providing their own services or products... They are very reliable when it comes to getting details right.” On the other hand, “[t]hey can lose contact with their constituency.” By the same token, an ISTJ “organization is likely to be closed to outsiders... it is often difficult for anyone but an insider to spot internal problems at an early stage.” Efficient yet detailed production is consistent with old-fashioned scientific management. Nevertheless, tax administration now demands contact with a constituency that has diversified over time. Telework or other technological approaches that increase isolation of employees who tend to be introverted and judgmental rather than extroverted and perceptive does not bode well for taxpayers who need help.

Connections between stovepiped functions and functionaries potentially could be forged through the multiple channels potentially available, such as Office Communicator and social media. In the case of TAS, all-employee conferences and other training sessions have fostered an understanding of the working of the whole organization among all employees, including clerical staff. Whatever the mechanism, the goal would be to inform each employee, no matter how small a cog in the bureaucratic apparatus, how his or her work integrates with that of others, with an ultimate impact on the taxpaying customer.

Finally, it would be hard to avoid the conclusion that unless IRS resources rise to a level comparable to that of counterpart agencies in other developed economies, American tax administration will not remain on par.<sup>50</sup> Some taxpayers will receive service while the IRS will collect from some transgressors. Other taxpayers, especially those in underserved sectors identified in the following MSPs, may face so many obstacles that they abandon voluntary compliance, especially if enforcement becomes so uneven as to create a perception that scofflaws go undetected. With ingenuity, social and technological innovations can address taxpayer needs and preferences while integrating employees into the mission of the IRS

<sup>47</sup> *Office Organization, Carbons to Computers, op. cit.*

<sup>48</sup> See John Tierney, *From Cubicles, Cry for Quiet Pierces Office Buzz*, NYTimes (May 19, 2012) (discussing trade-off between communication and privacy).

<sup>49</sup> This paragraph quotes from IRS Training Pub. 28667-002, *Front Line Manager Course: Participant Guide* (Aug. 2011) 6-3.

<sup>50</sup> See National Taxpayer Advocate 2011 Annual Report to Congress 3 (Most Serious Problem: *The IRS Is Not Adequately Funded to Serve Taxpayers and Collect Taxes*).

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as a whole. This effort harks back to principles raised within the IRS when introducing sociotechnical design two decades ago:

*In analyzing the work system, importance is attached to technological issues and organizational/employee/human issues according to the findings of an **equally rigorous** study of each issue. This is in contrast to the traditional design and development process for information systems, where the true costs of possible adverse organizational impacts tend not to be accounted for, nor is a methodology used that is designed to guard against these impacts.<sup>51</sup>*

<sup>51</sup> IRS, *Draft Work System Design Handbook: A Guide to Integrating Technology with Human and Organizational Factors*, Doc. 7733, Cat. No. 13057F (Mar. 1991), Intro. at 3.