

IRS Oversight Board

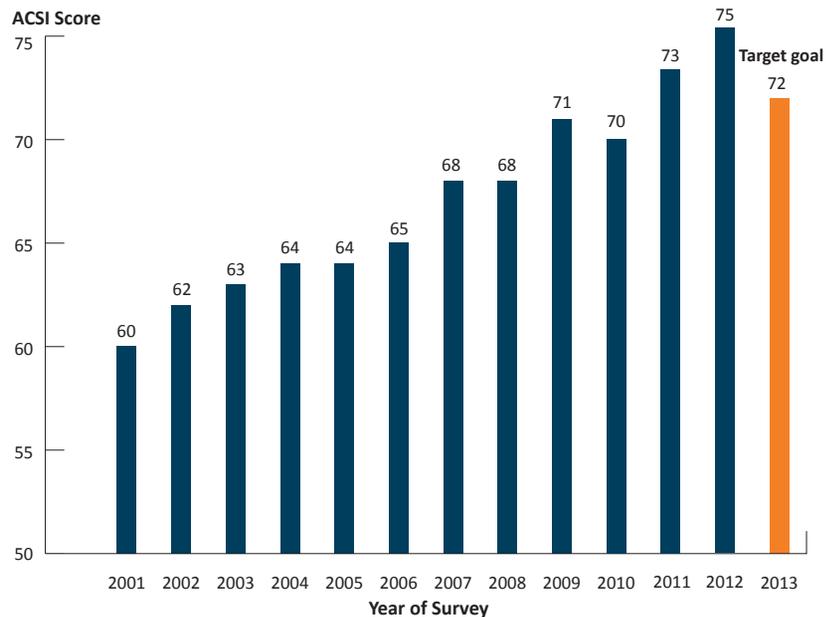
IRS Long Term Measures and Target Values

The Oversight Board has been tracking IRS progress on its long term measures and associated goals (“target values”) and sharing that information with stakeholders via a series of graphs on the Board’s website as a way of assessing progress toward the *IRS Strategic Plan 2009-2013*. These graphs are presented on the following pages.

Overall, the Board believes good progress has been achieved toward the strategic goals articulated by the IRS. In most instances, this progress toward the specific target value is largely reflective of IRS’ solid performance. However, for a few measures, the progress involved is a result of both the efforts of the IRS and the broader professional tax community, including return preparers and tax software providers.

American Customer Satisfaction Index Score for Individual Tax Filers

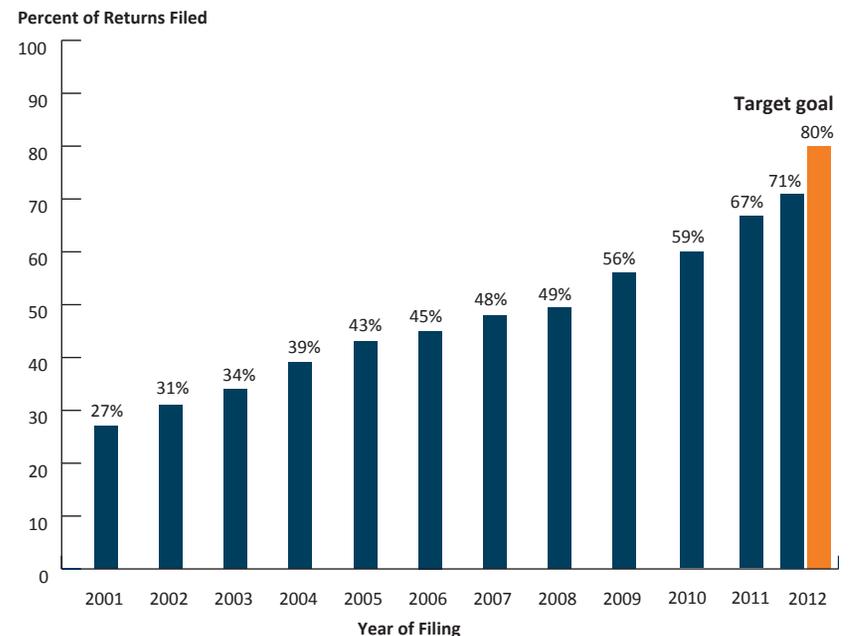
The American Customer Satisfaction Index (ACSI) is a national indicator of customer satisfaction with the quality of products and services available to household consumers in the United States. Each December, the ACSI issues a report on satisfaction of recipients of services from the federal government. Agency participation is voluntary, linking customer expectations and perceptions of quality and value to satisfaction. In 1999, the federal government selected the ACSI to be a standard metric for measuring citizen satisfaction. The ACSI customer satisfaction score for individual income tax filers is measured on a 0 - 100 scale and assesses taxpayer satisfaction with the return filing processes. The target value is for the IRS ACSI score to reach 72 by the year 2013.



e-File Rate: All Major Tax Returns

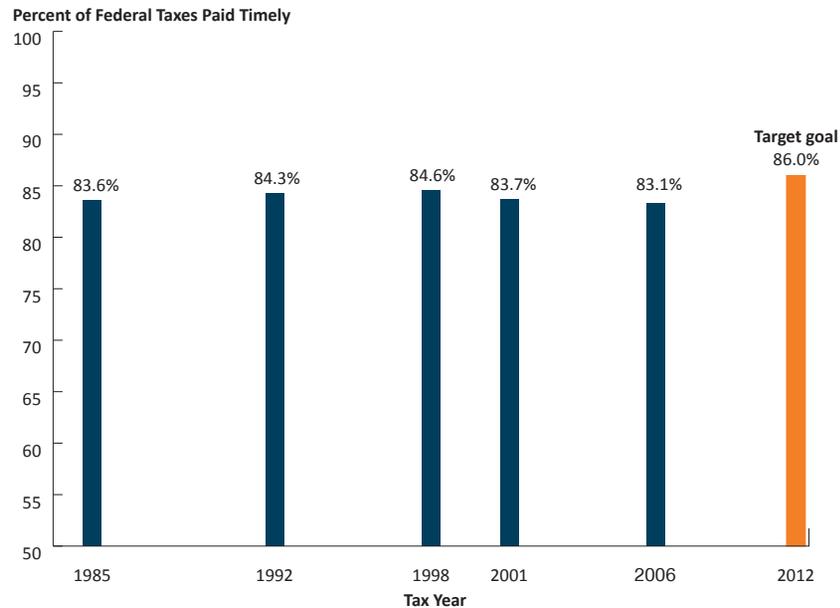
Although the IRS has tracked the rate of electronic filing for individual tax returns since its inception in 1987, this long-term measure is somewhat broader and gauges the percentage of all major tax returns filed electronically by individuals, businesses, and tax exempt entities. Major tax returns are those in which filers account for income, expenses, and/or tax liabilities. The target value is for 80 percent of all major tax returns by individuals, businesses, and tax exempt entities be filed electronically by 2012.

Note: Reported 2012 experience reflects Oversight Board estimate.



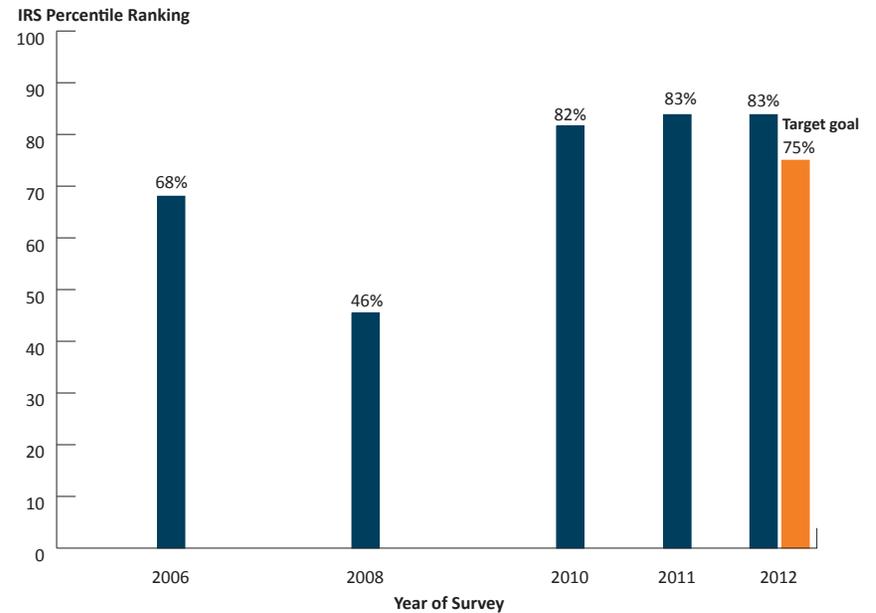
Voluntary Compliance Rate

The Voluntary Compliance Rate (VCR) is an estimate of the amount of tax for a given year that is paid voluntarily and timely. It is expressed as a percentage of the estimate of true tax liability for that year, reflecting the impact of non-filing, underreporting, and underpayment combined. The most recent VCR is based primarily on the IRS National Research Program evaluation of 2006 individual income tax returns and extrapolation of earlier estimates attributed to other taxpayer segments. The target value is to reach a VCR of 86 percent by tax year 2012.



Employee Engagement Index

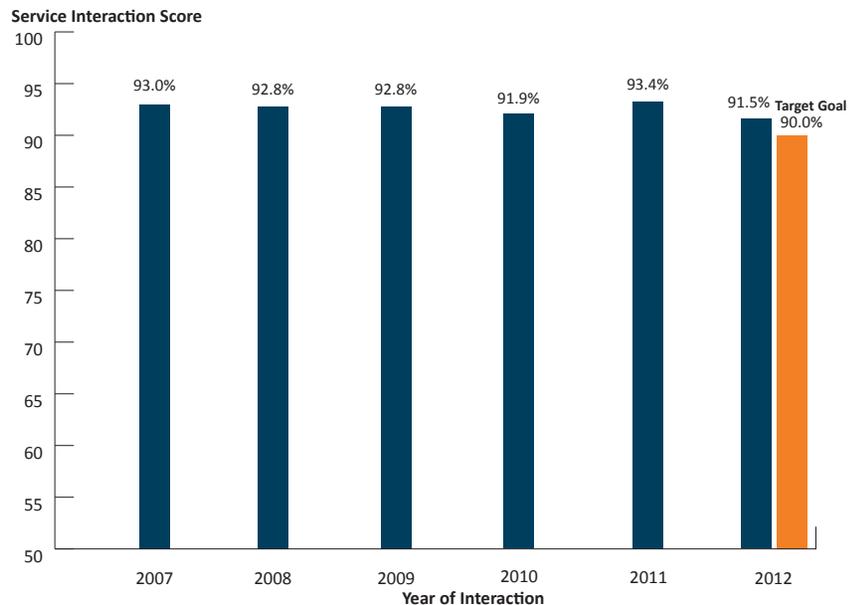
The US Office of Personnel Management conducts an annual employee survey to obtain feedback on a wide range of workplace issues. Using 11 questions from that survey, the IRS has developed an index that measures employee engagement and is using the index to compare itself to other large Federal agencies with 20,000 or more civilian employees. The target value is for the IRS to remain in the top quartile among the large federal agencies by 2012 based on that employee engagement index.



Service Interaction Score

The service interaction score attempts to measure taxpayer satisfaction with the services that they received in-person at IRS offices as well as through toll-free telephone service. It captures more than 90 percent of service program interactions with taxpayers through these channels. The IRS target value is to retain a score of at least 90 percent through 2012.

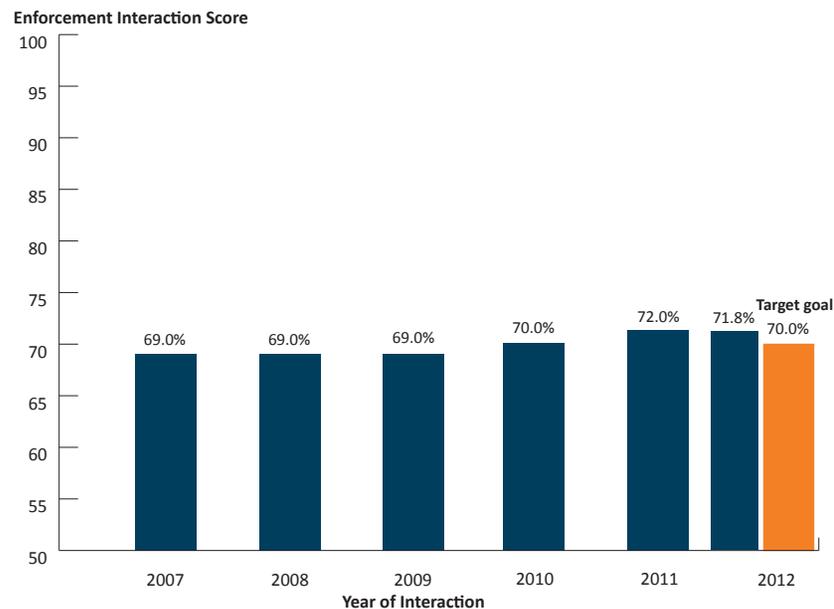
Note: Reported 2012 experience reflects Oversight Board estimate.



Enforcement Interaction Score

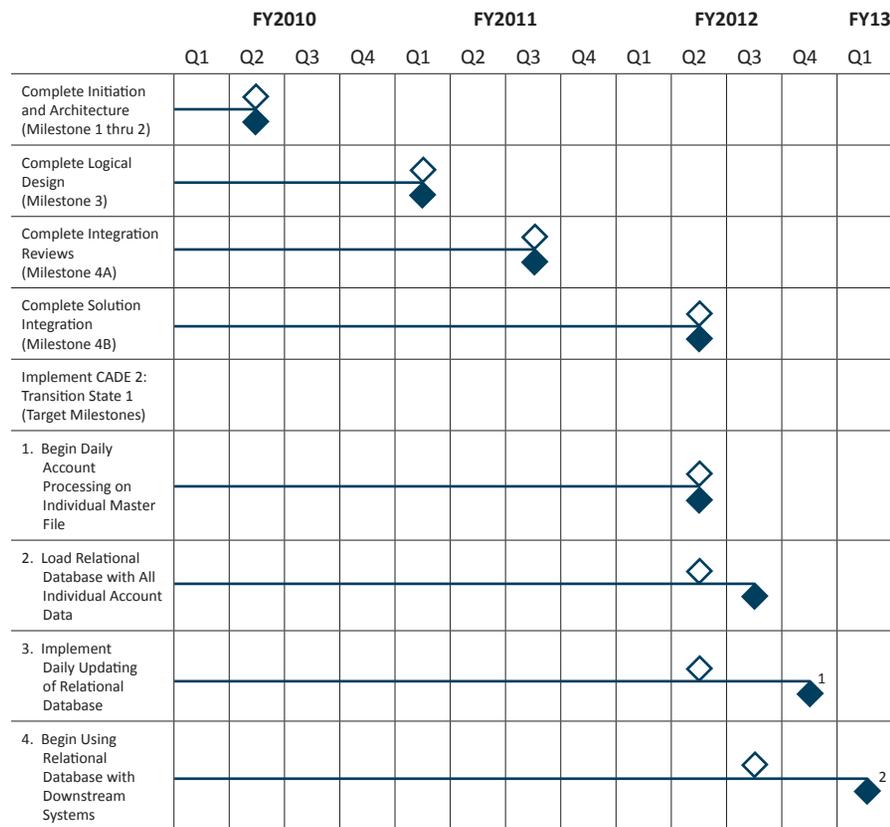
The enforcement interaction score attempts to measure the extent to which taxpayers contacted as part of the IRS compliance efforts, such as its examination and collection programs, feel that the process was satisfactory. It attempts to measure taxpayer interactions independent of the ultimate outcome of the enforcement activity, although it is likely that the final outcome of an IRS compliance contact impacts the rating some taxpayers provide under this interaction score. The score captures more than 90 percent of enforcement program interactions with taxpayers. The IRS target value is to attain a score of at least 70 percent by 2012.

Note: Reported 2012 experience reflects Oversight Board estimate.



Modernization: Delivery of CADE 2

The Customer Account Data Engine (CADE) program is a key component of the IRS' information technology Business Systems Modernization (BSM) efforts and is intended to eventually replace the antiquated Individual Master File processing system, which is the central tax accounting system for all individual taxpayers. In fiscal year (FY) 2009, the IRS restructured the CADE program, designating it CADE 2, and articulated as a target milestone establishing a modern relational database for its central tax accounting system by the 2012 filing season. This relational database would be part of a greatly enhanced computing environment, described by the IRS as "Transition State 1," that would also provide daily updating of taxpayer accounts, in contrast to traditional master file processing capabilities that only accommodate weekly updating.



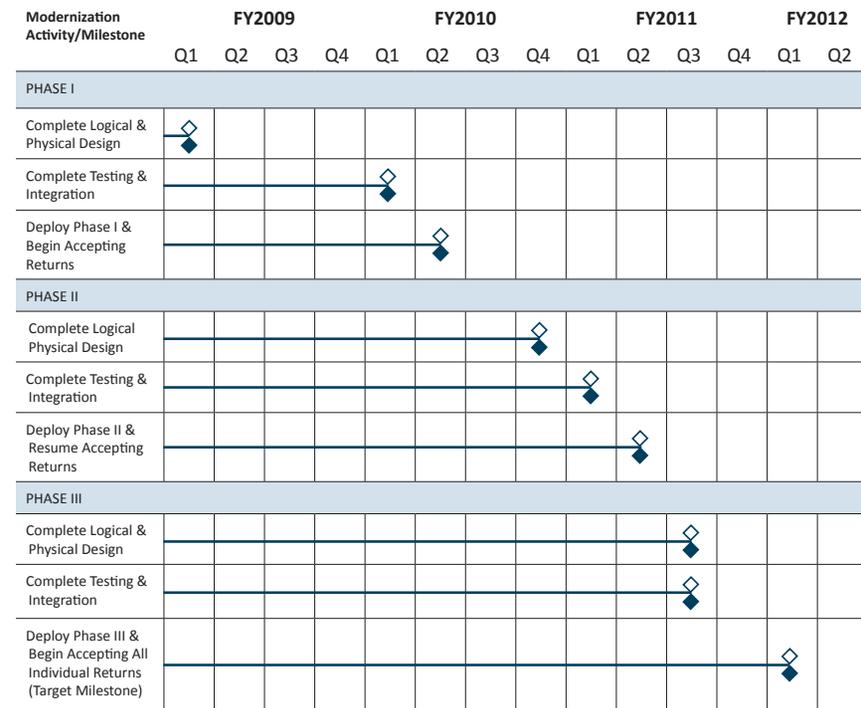
◆ Planned date ◆ Completion date (planned or actual) for the CADE modernization activity in question.

¹ During the 4th Quarter of FY2012, the CADE 2 relational database began accepting daily updates.

² During the 1st Quarter of FY2013, the IRS ran controlled production feeds from the CADE 2 relational database to three downstream IRS systems: Corporate Files on-Line, Individual Master File On-Line, and Data Access Service.

Modernization: Delivery of Form 1040 MeF

The Form 1040 Modernized e-File (MeF) program is another key component of the IRS' information technology Business Systems Modernization (BSM) efforts and will eventually replace the outdated legacy electronic filing (e-file) system for individual income tax returns. The Form 1040 MeF system is an Internet-based application that greatly facilitates e-file by using flexible, industry standard technology and MeF will enable better customer service to taxpayers and tax professionals, and improved IRS efficiency. During Phase I and II of MeF implementation, the IRS will accommodate the basic Form 1040 return and approximately 20 of its more common forms and schedules. Phase III reflects the target milestone in which the Form 1040 MeF system is capable of handling all individual income tax returns.



◆ Planned date ◆ Completion date (planned or actual) for the CADE modernization activity in question.