



*Higher Than Planned Call Demand  
Reduced Toll-Free Telephone Access  
for the 2009 Filing Season*

**September 8, 2009**

**Reference Number: 2009-40-127**

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

September 8, 2009

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

**FROM:** *Michael R. Phillips*  
Michael R. Phillips  
Deputy Inspector General for Audit

**SUBJECT:** Final Audit Report – Higher Than Planned Call Demand Reduced  
Toll-Free Telephone Access for the 2009 Filing Season  
(Audit # 200940003)

This report presents the results of our review to evaluate the customer service toll-free telephone access during the 2009 Filing Season.<sup>1</sup> This audit was included in our Fiscal Year 2009 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

*Impact on the Taxpayer*

During the 2009 Filing Season, the Internal Revenue Service (IRS) did not achieve several of its key toll-free telephone assistance performance measurement goals. Access to the toll-free telephone assistors was lower than planned because of the high volume of telephone calls regarding the prior year Adjusted Gross Income, the Recovery Rebate Credit, and the American Recovery and Reinvestment Act of 2009.<sup>2</sup> In addition, the IRS' main performance measure for the toll-free telephone lines, the Customer Service Representative Level of Service (Level of Service), does not adequately reflect total call demand and the taxpayer experience when calling its toll-free telephone lines.

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<sup>1</sup> The filing season is the period from January through mid-April when most individual income tax returns are filed.

<sup>2</sup> Pub. L. No. 111-5, 123 Stat. 115.



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### Synopsis

Each year, millions of taxpayers contact the IRS by calling the various toll-free telephone assistance lines to seek help in understanding tax laws and meeting their tax obligations. During the 2009 Filing Season, the IRS made available approximately 12,000 assistors to answer the toll-free telephone lines at 24 call centers located throughout the United States and Puerto Rico.

The IRS experienced increased call demand this filing season because taxpayers called:

- To obtain the amount of their prior year Adjusted Gross Income. In Fiscal Year 2009, the IRS discontinued the use of U.S. Individual Income Tax Declaration for an IRS *e-file* Online Return (Form 8453-OL) for Tax Year 2008. Now, taxpayers choosing to electronically prepare and file their tax returns are required to provide their prior year Adjusted Gross Income and use a self-selected, five-digit Personal Identification Number as their signature.
- To ask economic stimulus payment and Recovery Rebate Credit questions and respond to math error notices<sup>3</sup> issued by the IRS relating to the Recovery Rebate Credit.
- To obtain information on the various tax relief provisions of the American Recovery and Reinvestment Act of 2009.

Because of the additional call volume, the IRS did not meet several of its key 2009 Filing Season toll-free telephone assistance performance measurement goals. The IRS had planned to achieve an 80.0 percent Level of Service and a 360-second Average Speed of Answer.<sup>4</sup> Instead, it achieved a 64.0 percent Level of Service and a 519-second Average Speed of Answer, indicating that the ability of taxpayers to access the toll-free telephone assistors was lower and slower than last filing season's performance.

The IRS planned to answer 16.5 million calls using assistors and 25.1 million calls using automation for the 2009 Filing Season. IRS assistors answered more calls than they answered in the prior filing season and 1.3 million more calls than planned for this filing season. Only 21.3 million calls were answered using automation.

During the 2009 Filing Season, 75.7 million total dialed attempts were made to the IRS toll-free telephone lines. Through automation and assistors, the IRS answered 35.8 million (47.3 percent) calls during normal hours of operation. However, 22.4 million calls were not answered during

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<sup>3</sup> The IRS created three math error notices for Recovery Rebate Credit math errors. Math error notices are issued to taxpayers when changes to the tax return during processing result in an overpayment or balance due.

<sup>4</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.



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normal hours of operation because the taxpayers hung up, were courtesy disconnected<sup>5</sup> by the IRS, or received a busy signal. IRS officials stated that the 22.4 million calls included calls from taxpayers who called back and received service, dialed the IRS repeatedly, or hung up for reasons outside the IRS' control. The IRS experienced high call demand during the last two filing seasons. Nevertheless, even when the IRS achieves more than an 80 percent Level of Service, millions of calls are not answered by IRS assistors.

Currently, the IRS' main performance measure for the toll-free telephone lines is the Level of Service. This measure represents the relative success rate of taxpayers who call the 20 Customer Account Services toll-free telephone lines seeking assistance from an assistor. It measures the success rate of access to the telephone system based on the number of calls answered by IRS assistors, but it does not completely reflect total taxpayer demand and the taxpayer experience while seeking assistance from the IRS when calling its toll-free telephone lines.

### *Recommendation*

We recommended that the Commissioner, Wage and Investment Division, develop a Government Performance and Results Act of 1993<sup>6</sup> quantity outcome measure that takes into account total taxpayer demand as well as the taxpayer experience (e.g., the Average Speed of Answer) when calling the IRS' toll-free telephone lines.

### *Response*

The IRS disagreed with the recommendation. The IRS stated that it already has a suite of measures that are utilized to assess the customer experience. It believes that any new quantity outcome measure would not incorporate the Treasury Inspector General for Tax Administration's characterization of total call demand. However, the IRS has undertaken a review of its Government Performance and Results Act measures and will take into consideration the concerns outlined in our report. Management's complete response to the draft report is included as Appendix V.

### *Office of Audit Comment*

Although the IRS has a suite of measures and reports the Level of Service externally to taxpayers and other stakeholders, the Average Speed of Answer is not reported as part of its Government Performance and Results Act measures. However, of most importance to taxpayers and other stakeholders is whether a taxpayer is able to speak with an assistor when desired and how

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<sup>5</sup> The IRS issues courtesy disconnects to taxpayers when calls entering the queue backup beyond a defined threshold. The callers receive a recorded announcement to call back at a later time.

<sup>6</sup> Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).



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quickly a taxpayer speaks with an assistor. Externally reporting measures relating to these issues would provide those evaluating the IRS' telephone operations for performance and budget purposes with valuable information.

The IRS also indicated that total call demand should not include disconnects at the discretion of the caller or callers who actually received service through automation or from non-Accounts Management product lines. Because there is a sizable difference between the number of call attempts and calls that are actually answered by the IRS, a more accurate measure of telephone access using total call demand is needed.

In its response, the IRS also questioned how we characterized certain calls as "unanswered." The report states the IRS did not answer 22.4 million calls during the IRS' normal hours of operations. The IRS responded that included in that figure are 10.8 million callers who chose to hang up before they reached an assistor and another 5.3 million callers who chose to disconnect while waiting for an assistor. The IRS states these callers are beyond its control and represent calls the IRS never had the opportunity to service.

Our report discloses that primary and secondary abandons<sup>7</sup> are included in the 22.4 million calls that were unanswered. The IRS could not provide data on how many of these calls were abandoned because the menu was difficult to navigate or the IRS took too long to answer the call. We believe these reasons are within the IRS' control.

The IRS asserts that Figure 5 in the report is incorrect because it shows calls received outside hours of operation and those transferred to other product lines as unanswered. Figure 5 totals 3 categories of calls to arrive at Total Calls of 75.7 million: Total Calls Answered (35.8 million), After Hours and Transfer to Other Lines (17.5 million), and Calls Not Answered During Normal Hours of Operation (22.4 million).

Copies of this report are also being sent to the IRS managers affected by the report recommendation. 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.

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<sup>7</sup> A primary abandon may occur, for example, when a taxpayer 1) realizes he or she input the wrong telephone number and immediately disconnects, 2) disconnects before completing an automated routing script, or 3) chooses a menu option to use an automated service but disconnects before completing the service. A secondary abandon occurs when a caller gains access into the queue and then hangs up while waiting in the queue for the next available assistor.



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*Abbreviations*

AGI	Adjusted Gross Income
IRS	Internal Revenue Service
VCR	Variable Call Routing

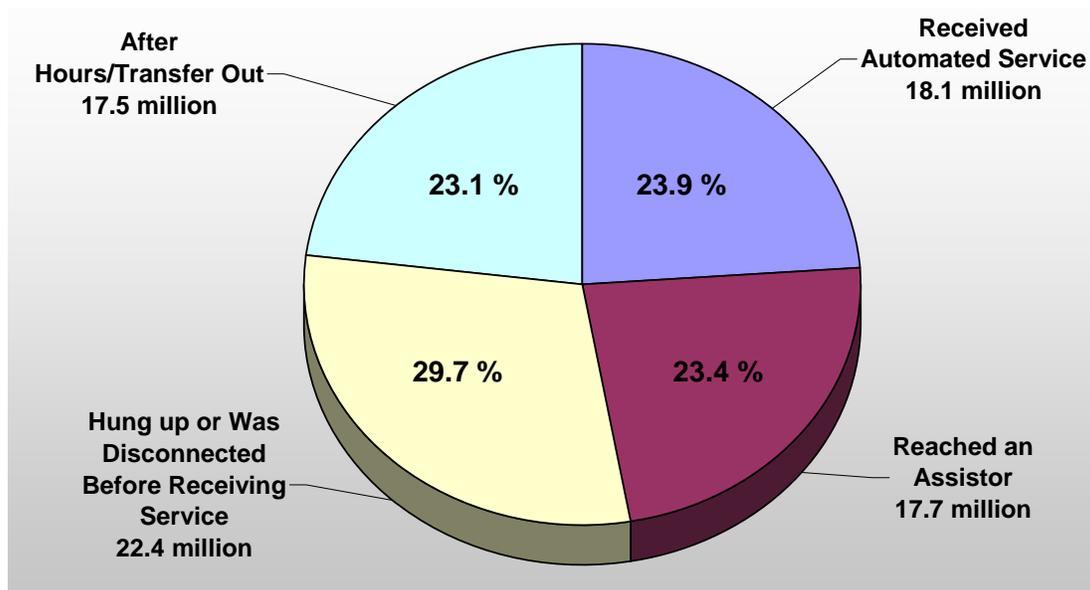


## Higher Than Planned Call Demand Reduced Toll-Free Telephone Access for the 2009 Filing Season

### 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 called the IRS toll-free telephone assistance lines approximately 75.7 million times<sup>1</sup> during the 2009 Filing Season.<sup>2</sup> Of these calls, about 29.4 million 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 6.2 million calls were made to the IRS automated TeleTax system that provides recorded tax law and tax refund information. Figure 1 shows the number of calls made to the toll-free telephone assistance lines, including about 17.7 million calls answered by customer service representatives (assistors).<sup>3</sup>

**Figure 1: Calls Handled by the IRS**



Source: IRS Enterprise Telephone Data Warehouse.

<sup>1</sup> These calls were made to the suite of 20 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 are for Customer Account Services Toll-Free telephone assistance lines from January 1 through April 18, 2009, and comparable dates in prior years.

<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 2009 Filing Season made in this report, unless otherwise specified, are for the period from January 1 through April 18, 2009.

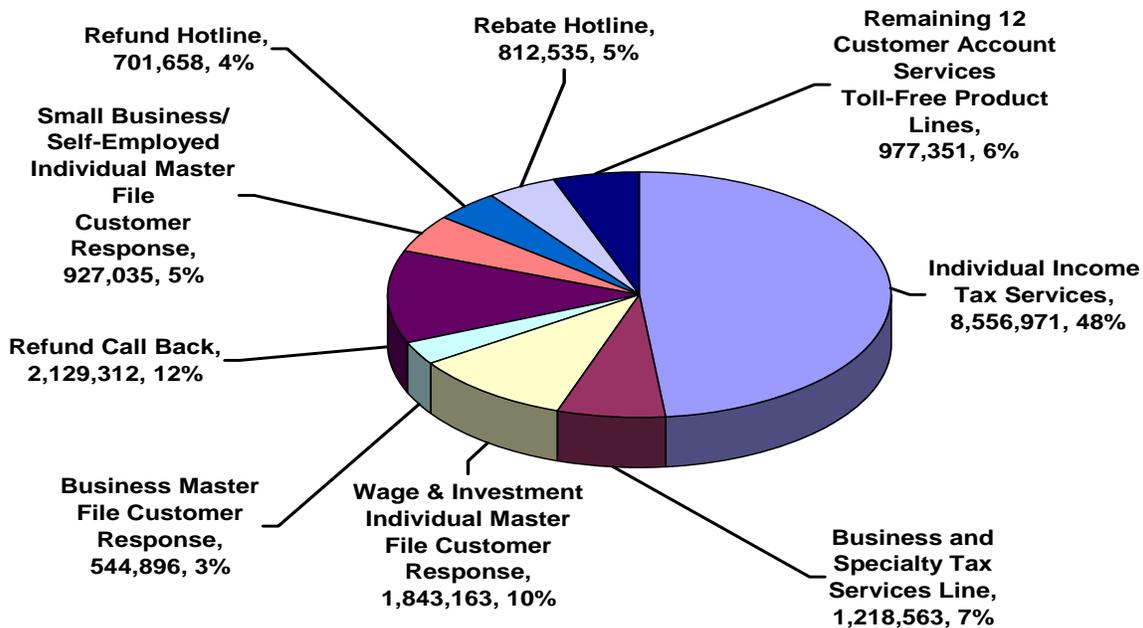
<sup>3</sup> Due to rounding, the numbers may not always equal the sum of the totals or 100 percent.



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The toll-free telephone assistance lines are further subdivided 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 2 shows the number of calls answered, by product line, during the 2009 Filing Season.

**Figure 2: Toll-Free Telephone Service Product Lines and Number of Calls Answered During the 2009 Filing Season<sup>4</sup>**



Source: IRS Enterprise Telephone Data Warehouse.

During the 2009 Filing Season, the IRS made available approximately 12,000 assistors to answer the toll-free telephone lines at 24 call centers located throughout the United States and Puerto Rico. The Director, Customer Account Services, Wage and Investment Division, manages tax law and account telephone calls through the Joint Operations Center. Appendix IV

<sup>4</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.



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explains the role of the Joint Operations Center and how telephone calls are routed to automated services or an assistor.

The IRS has encountered numerous issues over the years that have affected access to its toll-free telephone services, such as natural disasters and the late passage of Congressional legislation. In addition, the Economic Stimulus Act of 2008,<sup>5</sup> which passed in February 2008, affected toll-free telephone access and performance measures for both the 2008 Filing Season and Fiscal Year 2008. Taxpayers made about 193.3 million call attempts<sup>6</sup> to the IRS toll-free telephone assistance lines during Fiscal Year 2008. The IRS received approximately 132.8 million call attempts after the 2008 Filing Season.

This review was performed at the Joint Operations Center in Atlanta, Georgia, during the period January through May 2009. 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.

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

<sup>6</sup> These calls were made to the toll-free telephone lines the IRS refers to as “Customer Account Services” for the period October 1, 2007, through September 30, 2008.



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## *Results of Review*

### ***Taxpayer Access to the Toll-Free Telephone Assistors Was Lower Than Planned Due to Additional Call Demand***

Because of the additional call volume associated with recent regulations and legislation, the IRS did not meet several of its key 2009 Filing Season toll-free telephone assistance performance measurement goals. For the 2009 Filing Season, the IRS experienced increased demand because taxpayers called:

- To obtain the amount of their prior year Adjusted Gross Income (AGI). In Fiscal Year 2009, the IRS discontinued the use of U.S. Individual Income Tax Declaration for an IRS *e-file* Online Return (Form 8453-OL) for Tax Year 2008. Now, taxpayers choosing to electronically prepare and file their tax returns are required to provide their prior year AGI and use a self-selected five-digit Personal Identification Number as their signature.
- To ask economic stimulus payment and Recovery Rebate Credit questions and respond to math error notices<sup>7</sup> issued by the IRS relating to the Recovery Rebate Credit. The Recovery Rebate Credit is available to eligible taxpayers who did not receive an economic stimulus payment based upon the Economic Stimulus Act of 2008<sup>8</sup> or who are entitled to an additional payment. In order to determine eligibility for an additional payment, taxpayers needed to know the amount of the economic stimulus payment received in 2008. Taxpayers called because they did not retain documentation or did not remember the amount of their economic stimulus payment. In addition, taxpayers called after receiving IRS math error notices relating to the Recovery Rebate Credit. The IRS issued math error notices because taxpayers either claimed a Recovery Rebate Credit amount that did not match the amount calculated by the IRS or chose to have the IRS compute the amount of the Recovery Rebate Credit.
- To obtain information on the various tax relief provisions of the American Recovery and Reinvestment Act of 2009.<sup>9</sup>

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<sup>7</sup> The IRS created three math error notices for Recovery Rebate Credit math errors. Math error notices are issued to taxpayers when changes to the tax return during processing result in an overpayment or balance due.

<sup>8</sup> Pub. L. No. 110-185, 122 Stat. 613.

<sup>9</sup> Pub. L. No. 111-5, 123 Stat. 115.



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The IRS had planned to achieve an 80.0 percent Customer Service Representative Level of Service (Level of Service) and a 360-second Average Speed of Answer.<sup>10</sup> Instead, it achieved a 64.0 percent Level of Service and a 519-second Average Speed of Answer, indicating that the ability of taxpayers to access the toll-free telephone assistors was lower and slower than last filing season's performance.

For the 2009 Filing Season, the IRS planned to answer 16.5 million calls using assistors and 25.1 million calls using automation. IRS assistors answered more calls than they answered in the prior filing season and 1.3 million more calls than planned for this filing season. Only 21.3 million calls were answered using automation.<sup>11</sup> Also, on several applications, the IRS provided callers with the estimated wait times. This allows taxpayers to choose whether they want to wait to speak to an assistor or disconnect and call back.

As a result of the additional call demand, the IRS trained 400 additional assistors to respond to prior year AGI calls. It also freed up 50 more assistors to handle more complex account calls by routing more calls from taxpayers requesting forms to a nonprofit organization that provides employment to people with disabilities. This provided a total of 12,000 assistors to answer taxpayer calls. Figure 3 shows the actual performance measures for the last four filing seasons.

**Figure 3: Comparison of Performance Measures  
for the 2006 - 2009 Filing Seasons**

<b>Performance Measures</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Level of Service	82.0%	82.5%	77.4%	64.0%
Average Speed of Answer (seconds)	213	249	347	519
Assistor Calls Answered (millions)	14.8	14.7	16.1	17.7

*Source: IRS Enterprise Telephone Data Warehouse.*

**The AGI call demand was significantly higher than planned**

The IRS initially planned for 800,000 prior year AGI calls during the 2009 Filing Season. In September 2008, the tax preparation software industry expressed concern about taxpayers' ability to obtain the prior year AGI and Personal Identification Numbers using the IRS' toll-free telephone services.

<sup>10</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.

<sup>11</sup> Automated Calls Answered consists of 18.1 million automated calls answered during normal hours of operation, and 3.2 million automated calls answered after hours of operation.



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In late February 2009, as a result of the increased AGI call demand, the IRS adjusted its filing season plan to accommodate approximately 2.0 million AGI calls. Nevertheless, by the end of the filing season, the IRS had received 4.8 million calls from taxpayers requesting the amounts of their Tax Year 2007 AGI.

On January 5, 2009, the IRS added an AGI prompt that would route taxpayers who were calling to request the amount of the prior year's AGI directly to the appropriate application. In addition, on March 2, 2009, the IRS implemented and staffed a new application for the prior year AGI calls. Prior to the implementation of the new AGI application, the individual taxpayer account application<sup>12</sup> absorbed the AGI call demand. The IRS did not quantify the number of calls absorbed by other applications.

As of April 18, 2009, the individual taxpayer account application had exceeded planned services by 17.4 percent. The actual services provided were 8.9 million compared to the planned services of 7.6 million. In addition, 3.9 million callers were courtesy disconnected<sup>13</sup> from the individual taxpayer account application. For those taxpayers who reached an assistor, the Average Speed of Answer was 605 seconds or 10.1 minutes.

### **Many taxpayers were confused by the Recovery Rebate Credit, which increased call demand**

The Economic Stimulus Act of 2008 allowed for a Recovery Rebate Credit for taxpayers who did not receive the full rebate or only received a partial rebate payment by December 31, 2008. For the 2009 Filing Season, the IRS alerted assistors that taxpayers may be calling with questions about the rebates or the Recovery Rebate Credit and the related math error notices.

The IRS revised its strategic toll-free telephone plan in February 2009 for the increase in call demand related to the math error notices. It also provided an exclusive toll-free telephone number so taxpayers could call about the notices. When callers dialed the number, they heard an automated message explaining why they received the notice and the possible outcomes of the refund. Once the message was complete, callers had the option to route to an assistor by pushing the three-digit extension number provided on the notice.

### **The National Taxpayer Advocate toll-free telephone line performance was also affected by economic stimulus payment call demand**

The National Taxpayer Advocate leads the Taxpayer Advocate Service, an independent organization within the IRS that helps taxpayers resolve problems with the IRS and recommends

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<sup>12</sup> The toll-free telephone assistance lines are subdivided 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. Application 20 is the individual taxpayer account application which handles individual taxpayer account data.

<sup>13</sup> The IRS issues courtesy disconnects to taxpayers when calls entering the queue backup beyond a defined threshold. The callers receive a recorded announcement to call back at a later time.



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solutions to prevent problems. The National Taxpayer Advocate provides taxpayers a toll-free telephone line to call when they have problems with the IRS.

Assistors on the National Taxpayer Advocate telephone line answered 9 percent more calls during the 2009 Filing Season than in the 2008 Filing Season. The National Taxpayer Advocate toll-free telephone line's Level of Service achieved for the 2009 Filing Season was 75.0 percent, 7.6 percent lower than the 81.1 percent in the 2008 Filing Season. The Average Speed of Answer for the 2009 Filing Season was 243 seconds, an increase of 113 percent over the 2008 Filing Season Average Speed of Answer of 114 seconds. For the 2009 Filing Season, taxpayers calling the National Taxpayer Advocate telephone line spent 53.7 percent of their total contact time in either a hold or wait status, an increase of 17.0 percent over the 2008 Filing Season.

Although primary abandons for the National Taxpayer Advocate toll-free telephone lines decreased by 13.4 percent during the 2009 Filing Season, secondary abandons increased by 67.0 percent. A primary abandon may occur, for example, when a taxpayer 1) realizes he or she input the wrong telephone number and immediately disconnects, 2) disconnects before completing an automated routing script, or 3) chooses a menu option to use an automated service but disconnects before completing the service. A secondary abandon occurs when a caller gains access into the queue and then hangs up while waiting in the queue for the next available assistor. IRS officials stated that while access to assistors on the National Taxpayer Advocate telephone line was lower this filing season, it was generally higher than the access on the toll-free telephone lines.

### **Late legislation prompted the IRS to implement new automated scripts**

The American Recovery and Reinvestment Act of 2009 was enacted February 17, 2009, to provide for economic growth to the United States economy, help create jobs, improve energy independence, provide tax relief, expand educational opportunities, and other related purposes. Soon after it was enacted, taxpayers began calling the IRS to inquire about its provisions.

On March 2, 2009, the IRS implemented several automated messages to inform taxpayers about the American Recovery and Reinvestment Act of 2009. The IRS provided callers who chose to listen to the American Recovery and Reinvestment Act of 2009 messages an option to return to the main toll-free telephone line.<sup>14</sup> By providing automated messages and providing the option of routing back to the main menu to speak to an assistor, the IRS was able to provide taxpayers with needed information, reduce the impact on assistor demand, and provide an overall better customer experience.

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<sup>14</sup> The main toll-free telephone number that taxpayers call to ask account or tax law questions (1-800-829-1040).



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**The IRS blocked more calls and more taxpayers abandoned calls (disconnected) in the 2009 Filing Season**

The number of blocked calls increased more than three times from the 2008 Filing Season. As of April 18, 2009, 5.0 million calls were blocked compared to 1.2 million calls blocked during the 2008 Filing Season. Primary abandons and secondary abandons increased 37.0 percent and 40.0 percent, respectively, from the 2008 Filing Season. Figure 4 shows a comparison of various components (workload indicators) the IRS uses to manage the Level of Service.

**Figure 4: Comparison of Toll-Free Telephone Performance Measures and Workload Indicators for the 2006 – 2009 Filing Seasons**

Components <sup>15</sup>	Filing Season			
	2006	2007	2008	2009
Average Speed of Answer (seconds)	213	249	347	519
Blocked Calls (millions)				
Busy Signals	0.2	0.4	0.4	0.5
Courtesy Disconnects	1.2	0.4	0.8	4.5
Total Blocked Calls	1.4	0.8	1.2	5.0
Primary Abandons (millions)	6.3	6.7	7.9	10.8
Secondary Abandons (millions)	2.0	2.5	3.8	5.3
TeleTax <sup>16</sup> Abandons (millions)	1.1	1.2	1.0	1.4
Total Calls Not Answered During Normal Hours of Operation (millions)	10.7	11.2	13.8	22.4

*Source: IRS Enterprise Telephone Data Warehouse.*

During the 2009 Filing Season, 75.7 million total dialed attempts were made to the IRS toll-free telephone lines. Through automation and assistors, the IRS answered 35.8 million (47.3 percent) calls during normal hours of operation. Nevertheless, 22.4 million calls were not answered during normal hours of operation because taxpayers hung up, were courtesy disconnected by the

<sup>15</sup> Due to rounding, the numbers may not always equal the sum of the totals or 100 percent.

<sup>16</sup> Taxpayers may call 1-800-829-4477 to hear prerecorded messages covering various tax topics or to check on the status of their refund. TeleTax topics, which range from “IRS assistance” to “who must file,” are listed on pages 84 and 85 of the U.S. Individual Income Tax (Form 1040) Instruction booklet, available at IRS.gov. TeleTax abandons also include TeleTax overflows.



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IRS, or received a busy signal. IRS officials stated that the 22.4 million included calls from taxpayers who called back and received service, dialed the IRS repeatedly, or hung up for reasons outside the IRS' control.

The IRS experienced high call demand during the last two filing seasons. Nonetheless, even when the IRS achieves more than an 80 percent Level of Service, millions of callers are still unable to gain access to the IRS toll-free telephone system. During the 2007 Filing Season for example, the IRS achieved an 82.5 percent Level of Service, yet it only answered 57.1 percent of the 52.3 million total call attempts. Figure 5 shows a comparison of the last four filing seasons and how many calls went unanswered.

**Figure 5: Comparison of Toll-Free Telephone  
Answered and Unanswered Calls  
for the 2006 – 2009 Filing Seasons**

Component	Filing Season			
	2006	2007	2008	2009
Level of Service	82.0%	82.5%	77.4%	64.0%
Calls Answered (millions)				
Assistor Calls Answered	14.8	14.7	16.1	17.7
Automated Calls Answered	16.0	15.1	16.5	18.1
Total Calls Answered	30.8	29.8	32.6	35.8
After Hours and Transfer to Other Lines	10.6	11.3	13.3	17.5
Calls Not Answered During Normal Hours of Operation	10.7	11.2	13.8	22.4
Total Calls <sup>17</sup>	52.0	52.3	59.7	75.7

*Source: IRS Enterprise Telephone Data Warehouse.*

Assistors are not solely dedicated to answering the toll-free telephone lines. They also work and respond to taxpayer correspondence, mainly entering adjustments to taxpayer accounts into IRS computer systems. The IRS attempts to strike a balance between having assistors answer telephones and work adjustment inventories. As telephone volumes build, resources are shifted to the telephones. As the telephone volumes decline, assistors are released from answering calls and work adjustment inventories. Both the telephones and adjustments are opportunities for the

<sup>17</sup> Due to rounding, the numbers may not always equal the sum of the totals or 100 percent.



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IRS to assist taxpayers in complying with their tax obligations. If the IRS does not timely respond to certain types of correspondence such as amended tax returns that must be processed within 45 days of receipt, it can result in the IRS paying additional interest payments to taxpayers.

IRS officials stated that available time, budget, and space considerations limit how many assistors it can hire to answer telephones or work correspondence and adjustment inventories. Call demands are higher during the filing season and more assistors are needed during that time. Though it may be possible to hire more assistors, it is not always feasible or cost effective to expand facilities or telephone lines which may sit idle during much of the year.

Based on available funding, the IRS determines each year the specific Level of Service (usually between 80 percent and 85 percent) it can deliver while still being able to also work correspondence and adjustment inventories. The National Taxpayer Advocate continues to express concern about how customer service is affected when assistors work two critical functions, toll-free telephone operations and adjustment inventories. The IRS hired a consulting firm to assist with developing a model to facilitate the best balance of assistor resources working paper adjustment inventories and answering the telephones. A draft model is under review and the final results are due in the summer of 2009. We are making no recommendations concerning this issue, but will review the results of the model and any potential workload changes as a result of the review.

***The National Taxpayer Advocate  
has continued to express concern  
about how customer service is  
affected when the same assistors  
work two critical areas.***

### ***The Level of Service Performance Measure Should More Clearly Reflect Call Demand and the Taxpayer Experience***

Taxpayers are most interested in whether they can reach an IRS assistor when desired and how quickly they are able to speak with an assistor. Level of Service, however, only reflects the relative success rate of taxpayers who call the 20 Customer Account Services toll-free telephone lines seeking assistance from an assistor. It measures the success rate of access to the telephone system using the number of calls answered by IRS assistors. The current measure can be managed by increasing or decreasing the number of blocked calls, thus allowing more or fewer callers into the queue.

The Government Performance and Results Act of 1993<sup>18</sup> requires Federal agencies to establish standards for measuring their performance and effectiveness. The Government Performance and Results Act IRS toll-free telephone service measures are Level of Service, Customer Contacts Resolved per Staff Year, Customer Accuracy Accounts, and Customer Accuracy Tax Law.

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<sup>18</sup> Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).



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## *Higher Than Planned Call Demand Reduced Toll-Free Telephone Access for the 2009 Filing Season*

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We previously reported that the Level of Service only monitors access to the toll-free telephone system and the IRS should do more to assess the achievement of taxpayer expectations and demands for toll-free telephone service.<sup>19</sup> We recommended that the IRS "...develop Government Performance and Results Act quantity indicators for their toll-free telephone service that provide an accurate representation of the taxpayer experience and include the cost of providing that experience." A review of several government and private sector organization's toll-free telephone performance measures showed that these organizations included measures that gauge how long it took the caller to reach an assistor, as well as a measure of the caller's ability to gain access to the telephone system.

*The formula to calculate the  
Level of Service is:*

$$\frac{\text{Assistor Calls Answered + VCR  
Calls Answered + Informational  
Messages}}{\text{Assistor Calls Answered + VCR  
Calls Answered + Informational  
Messages + VCR Buses +  
Courtesy Disconnects +  
Emergency Closed + Secondary  
Abandons + Calculated Busy  
Signals}}$$

The IRS has stated that the Level of Service measures the level it plans to answer anticipated "call demand" for assistors in a given time period. It measures the success rate for taxpayers who gain access to the system and are placed in the IRS queue. Components of Level of Service include number of assistor calls answered, Variable Call Routing (VCR) Calls Answered,<sup>20</sup> and Informational Messages. Other factors include courtesy disconnects, secondary abandons, and calculated busy signals.<sup>21</sup> IRS officials stated they do not include primary abandons in the formula used to calculate Level of Service because they do not believe the IRS has control over these abandoned calls; taxpayers hang up for reasons outside the IRS' control. However, we

believe some of these abandons may be because of the difficulty in navigating the menus. The IRS is currently working on this issue.

The IRS' Level of Service does not factor in total taxpayer demand, the cost of providing telephone service, the time it takes taxpayers to talk to an assistor, or the level of resources the IRS is able to devote to telephone service. IRS officials stated that no toll-free contact centers include total call demand in their measures.

The IRS has also expressed concern about using a time measure such as Average Speed of Answer as a key performance measure because it can be controlled to a certain extent by courtesy disconnecting callers. Notwithstanding the IRS's concern about including such a

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<sup>19</sup> *Better GPRA Quantity Indicators Are Needed for Toll-Free Telephone Service* (Reference Number 2001-30-131, dated August 14, 2001).

<sup>20</sup> VCR Calls Answered was used when callers were offered only automation and no route-out option was provided due to high volumes of calls in the queue. Callers who successfully completed automation were included in this category.

<sup>21</sup> When a caller receives a busy signal, the IRS does not know if the caller's intent is to speak with an assistor or use automation. The IRS allocates the busy signals on a proportional basis between automation and assistor calls and uses the portion allocated to assistor calls for the Level of Service calculation.



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## *Higher Than Planned Call Demand Reduced Toll-Free Telephone Access for the 2009 Filing Season*

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measure, the number one area of dissatisfaction for the taxpayers who called IRS toll-free telephone lines and participated in the IRS' quarterly 2009 Customer Satisfaction survey was "Time to Get Through to the IRS." The third area of dissatisfaction was "Time to Get to Right Person." The firm conducting the survey recommended that the IRS focus improvement efforts on these issues.

The IRS should develop a measure that takes into account IRS resources and taxpayer demand for telephone service as a toll-free telephone system reported Government Performance and Results Act quantity outcome measure. By doing so, the measure would fairly present taxpayer demand and experience when calling the IRS. The IRS hired a consulting firm to assess its current performance measures and how they relate to customer experience. The final results are due in the summer of 2009.

### ***Recommendation***

**Recommendation 1:** The Commissioner, Wage and Investment Division, should develop a Government Performance and Results Act quantity outcome measure that takes into account total taxpayer demand as well as the taxpayer experience (e.g., the Average Speed of Answer) when calling the IRS' toll-free telephone lines.

**Management's Response:** The IRS disagreed with this recommendation. The IRS stated that it already has a suite of measures that are utilized to assess the customer experience. It stated that any new quantity outcome measure would not incorporate the Treasury Inspector General for Tax Administration's characterization of total call demand. However, the IRS has undertaken a review of its Government Performance and Results Act measures and will take into consideration the concerns outlined in our report

**Office of Audit Comment:** 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 IRS stated in its response that its suite of measures includes Average Speed of Answer. However, the IRS does not include this measure in its Government Performance and Results Act reporting. Doing so would address two taxpayer concerns regarding IRS telephone assistance and would provide those evaluating the IRS' telephone operations for performance and budget purposes with valuable information.

The IRS further indicated that total call demand should not include disconnects at the discretion of the caller or callers who actually received service through automation or from non-Accounts Management product lines. Because there is a sizable difference between the number of call attempts and calls that are actually answered by the IRS, a more accurate measure of telephone access using total call demand is needed.

In its response, the IRS also questioned how we characterized certain calls as "unanswered." The report states the IRS did not answer 22.4 million calls during the



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IRS' normal hours of operations. The IRS responded that included in that figure are 10.8 million callers who chose to hang up before they reached an assistor and another 5.3 million callers who chose to disconnect while waiting for an assistor. The IRS states that these callers are beyond its control and represent calls the IRS never had the opportunity to service.

Our report discloses that primary and secondary abandons are included in the 22.4 million calls that were unanswered. The IRS could not provide data on how many of these calls were abandoned because the menu was difficult to navigate or the IRS took too long to answer the call. We believe these reasons are within the IRS' control.

The IRS asserts that Figure 5 in the report is incorrect because it shows calls received outside of hours of operation and those transferred to other product lines as unanswered. Figure 5 totals 3 categories of calls to arrive at Total Calls of 75.7 million: Total Calls Answered (35.8 million), After Hours and Transfer to Other Lines (17.5 million), and Calls Not Answered During Normal Hours of Operation (22.4 million).



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## **Appendix I**

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

The overall objective of this review was to evaluate the customer service toll-free telephone access during the 2009 Filing Season.<sup>1</sup> To accomplish this objective, we:

- I. Evaluated the IRS' preparation for the toll-free telephone operations for the 2009 Filing Season, including the followup of a prior Treasury Inspector General for Tax Administration review.<sup>2</sup>
- II. Determined whether the IRS implemented any new operational processes to improve taxpayer access to the toll-free telephone system for the 2009 Filing System.
- III. 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 lines.
- IV. Determined whether the 2009 Filing Season performance measures goals and indicator targets for the toll-free telephone operations were achieved.
- V. Determined whether the Customer Service Representative Level of Service calculation adequately represented the toll-free performance measure of customer service provided.
- VI. Determined whether customer service goals for the National Taxpayer Advocate telephone line, particularly the wait and hold times, were achieved.

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<sup>1</sup> The filing season is the period from January through mid-April when most individual income tax returns are filed.

<sup>2</sup> *Call Volume Associated With the Economic Stimulus Payments Made It Difficult to Reach the Internal Revenue Service During Fiscal Year 2008* (Reference Number 2009-40-030, dated January 26, 2009).



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**Appendix II**

*Major Contributors to This Report*

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**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  
Chief Financial Officer OS:CFO  
Director, Customer Account Services, Wage and Investment Division SE:W:CAS  
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  
Chief, Performance Evaluation and Improvement, Wage and Investment Division  
SE:W:S:PRA:PEI  
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: Chief, Program Evaluation and Improvement, Wage and Investment Division  
SE:W:S:PRA:PEI



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## **Appendix IV**

### *Joint Operations Center*

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 the number of assistors who are idle or available to answer calls. When this occurs, actions are taken to modify routing scripts and to balance 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 received. The IRS does, however, monitor key segments in the life of a call. For example, the IRS monitors the call from the time it was answered by a screener to when it was transferred to an assistor or from the time it was answered by an assistor to the time the taxpayer was transferred or the call ended. The IRS believes that this provides indications of the type(s) of service the average taxpayer receives.

Taxpayers who call the IRS can receive automated services or choose to speak to a customer service representative (assistor). For taxpayers using a touchtone telephone, the automated services Telephone Routing Interactive System uses recorded information and interactive applications that provide automated tax 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 a taxpayer calls 1-800-829-1040 with a tax law or account question, he or she is provided, in English or Spanish, four touchtone automated main menu options with secondary options.

1. Requesting information on the new economic stimulus legislation, last year's rebate, or the current Recovery Rebate Credit and any related impact on the caller's Federal taxes. This option transfers the caller to the economic stimulus information line at 1-866-234-2942<sup>1</sup> to a second automated menu that provides information regarding any economic stimulus or rebate legislation and the impact to the caller's Federal taxes. The caller can choose from the following options: a) inquiry about the recent economic stimulus legislation known as the

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<sup>1</sup> For the 2009 Filing Season, there was also an option for requesting information about the new economic stimulus legislation, last year's rebate, or the current Recovery Rebate Credit. This option transferred the caller to a recorded message. The filing season is the period from January through mid-April when most individual income tax returns are filed.



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American Recovery and Reinvestment Act of 2009<sup>2</sup> or b) questions about the previous economic stimulus also known as the rebate, including the Recovery Rebate Credit.

2. Preparing or filing individual income tax returns or asking about tax-related rules and regulations. This option provides the caller 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; c) getting information about a refund, payment, or tax account; or d) getting help with other tax questions.
3. Requesting information on a tax refund, payment, personal tax account or getting prior years' AGI or prior years' Personal Identification Number in order to file electronically. This option provides the caller with a second automated menu from which to choose the following options: a) questions concerning a tax refund; b) questions concerning a personal tax account; or c) to obtain the prior years' AGI or prior years' Personal Identification Number.
4. Using the Business and Specialty Tax line or obtaining the address for the IRS Internet web site.
5. Repeating the above options.

If the caller 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 caller 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 caller's question. Assistors are trained and certified on specific applications<sup>3</sup> for each current filing season.

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<sup>2</sup> Pub. L. No. 110-185, 122 Stat. 613.

<sup>3</sup> The toll-free telephone assistance lines are subdivided into categories called applications, each of which is staffed with a group of assistors who have received specialized training to help taxpayers with specific tax issues.



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**Appendix V**

*Management's Response to the Draft Report*



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308

AUG 11 2009



MEMORANDUM FOR MICHAEL R. PHILLIPS  
DEPUTY INSPECTOR GENERAL FOR AUDIT

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

SUBJECT: Draft Audit Report – Higher Than Planned Call Demand  
Reduced Toll-Free Telephone Access for the 2009 Filing Season  
(Audit #200940003)

I reviewed the subject draft report and acknowledge your finding that access to toll-free assistors was lower than planned due to the high volume of calls generated by the elimination of the Form 8453 (*U.S. Individual Income Tax Transmittal for an IRS e-file Return*), and the new requirement to provide prior year Adjusted Gross Income to obtain a Personal Identification Number for e-file, the Recovery Rebate Credit (RRC), and the American Recovery and Reinvestment Act (ARRA) of 2009. The IRS took aggressive actions to address the additional call demand, including identification and special processing for prior year Adjusted Gross Income and, RRC calls, and redesign of the "Stimulus Hotline" to include information on both new legislation and the 2008 Recovery Rebate Credit.

Despite these challenges and due to the actions we took, the IRS delivered a very successful Filing Season, meeting or exceeding all but two Strategic Plan goals. Although it is true that, due to increased call demand, we achieved a lower Customer Service Representative Level of Service (CSR LOS) and a higher Average Speed of Answer (ASA) than we planned, I am pleased to report that we answered more calls, both assistor and automated, than ever before. We provided assistance to more than 39 million taxpayers in the three and one half months that represent the Filing Season. Our assistors provided over 20.5 million services, surpassing the 2008 Filing Season by almost 1.9 million assistor services. We were efficient in our resource usage, resolving 29,244 customer contacts for every staff year expended, exceeding our plan by 59 percent. Our continuing efforts to provide taxpayers with service options resulted in a self assistance participation rate of 82.4 percent, exceeding our planned rate of 73.6 percent. The Customer Account Services web services (including *Where's My Refund?* and *What Was My 2008 Stimulus Payment?*, among other web-based self service applications) were 100.5 million, an increase of 68.6 million over the prior year. In addition, inquiries received from our tax practitioner community were answered, on



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average, in less than three minutes and the CSR LOS was 90.3 percent for these customers.

In referring to our CSR LOS measure, the report states: "It measures the success rate of access to the telephone system based on the number of calls answered by IRS assistors, but it does not completely reflect total taxpayer demand and the taxpayer experience while seeking assistance from the IRS when calling its toll-free telephone lines." As explained to your auditors, CSR LOS is but one in a suite of measures utilized to assess our performance in delivering service to taxpayers within our resources while providing quality assistance. Other measures are utilized to assess customer experience and include ASA, Toll-Free Customer Satisfaction, and Tax Law and Account Accuracy. As previously noted, ASA was higher than planned due to increased demand. However, Toll-Free Customer Satisfaction remains high at 93 percent, as do Tax Law and Account Accuracy at 92.5 percent and 94.9 percent, respectively.

I also question your characterization of certain calls as "unanswered." The report states that IRS did not answer 22.4 million calls during our normal hours of operation. However, included in that figure are 10.8 million callers that chose to hang up before they reached an assistor queue and another 5.3 million callers that chose to disconnect while waiting in queue for an assistor. These are callers that disconnected for a multitude of reasons that are typically beyond our control and represent calls the IRS never had the opportunity to service. In addition, Figure 5 in your report shows calls received outside our hours of operation and those transferred to other product lines as unanswered. It is incorrect to characterize all of these calls as not receiving service. Included in these figures are after-hours calls that were serviced through automation and transferred calls that received service outside of the 20 product lines handled by Accounts Management.

Attached are our comments on your recommendation. If you have any questions, please call me at (404) 338-7060, or have a member of your staff contact Peter J. Stipek, Director, Customer Account Services, Wage and Investment Division, at (404) 338-8910.

Attachment



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**RECOMMENDATION**

The Commissioner, Wage and Investment Division, should develop a Government Performance and Results Act quantity outcome measure that takes into account total taxpayer demand, as well as the taxpayer experience, for example, the Average Speed of Answer, when calling the IRS' toll-free telephone lines.

**CORRECTIVE ACTION**

I disagree with this recommendation. As noted in our response, we already have a suite of measures, including Average Speed of Answer, that are utilized to assess the customer experience. In addition, any new quantity outcome measure would not incorporate your characterization of total call demand, since much of the activity cited in your report represent disconnects at the discretion of the caller or callers who actually received service through automation or from non-Accounts Management product lines. However, to ensure we are accurately depicting our customer experience we have undertaken a current review of our Government Performance and Results Act<sup>1</sup> measures and will take into consideration the concerns outlined in this report.

**IMPLEMENTATION DATE**

N/A

**RESPONSIBLE OFFICIAL**

N/A

**CORRECTIVE ACTION MONITORING PLAN**

N/A

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<sup>1</sup> Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285. (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).