



*Toll-Free Telephone Access Exceeded  
Expectations, but Access for  
Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

**September 8, 2010**

**Reference Number: 2010-40-108**

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.



## HIGHLIGHTS

### **TOLL-FREE TELEPHONE ACCESS EXCEEDED EXPECTATIONS, BUT ACCESS FOR HEARING- AND SPEECH-IMPAIRED TAXPAYERS COULD BE IMPROVED**

## Highlights

**Final Report issued on September 8, 2010**

Highlights of Reference Number: 2010-40-108 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

### **IMPACT ON TAXPAYERS**

During the 2010 Filing Season, the Internal Revenue Service (IRS) exceeded its key toll-free telephone assistance performance measurement goals. However, hearing- and speech-impaired callers that used the IRS Text Tele-typewriter/Telecommunications Device for the Deaf (TTY/TDD) telephone line experienced a low Level of Service and had difficulty reaching an IRS assistant.

### **WHY TIGTA DID THE AUDIT**

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. The objective of this audit was to evaluate the customer service toll-free telephone access during the 2010 Filing Season and evaluate the access and service provided to hearing- and speech-impaired taxpayers.

### **WHAT TIGTA FOUND**

The IRS exceeded its key 2010 Filing Season toll-free telephone assistance performance measurement goals. The IRS planned to achieve a 73 percent Level of Service and a 635-second Average Speed of Answer. Instead, it achieved a 75.3 percent Level of Service and a 580-second Average Speed of Answer.

The IRS moved less complex calls to automation, leaving more complex calls for assistants to answer. The Average Speed of

Answer has increased by 12 percent since the 2009 Filing Season. During the 2010 Filing Season, 72 million total dialed attempts were made to the IRS toll-free telephone Customer Account Services lines.

Through automation and assistants, the IRS answered 37.3 million calls during normal hours of operation. The IRS hired more assistants, but assistants answered fewer calls during the 2010 Filing Season than the 2009 Filing Season, and callers waited longer to reach an assistant. Assistant Calls Answered decreased by 14 percent.

The Level of Service for the TTY/TDD toll-free telephone line for the 2010 Filing Season was 8.8 percent, the lowest Level of Service since the 2003 Filing Season when it was 6.2 percent. The TTY/TDD product line Level of Service has consistently provided the lowest Level of Service among all of the Customer Account Services Enterprise product lines.

### **WHAT TIGTA RECOMMENDED**

TIGTA recommended that the Commissioner, Wage and Investment Division, revise the various taxpayer instructions, including notices, for calling the IRS to clearly explain that the TTY/TDD toll-free telephone number is for hearing- and speech-impaired individuals; include in IRS publications the Federal Relay Service web site and toll-free telephone number as a means to communicate with the IRS; determine the efficiency of the placement of its TTY/TDD workstations; and revise TeleTax Topic 102 to include the TTY/TDD hours of operation.

The IRS agreed with three of our recommendations and partially agreed with one recommendation. It plans to revise taxpayer instructions for calling the IRS to explain that the TTY/TDD telephone number is for hearing- and speech-impaired individuals, analyze the placement of the TTY/TDD workstation, and revise the TeleTax Topic 102 to include the hours of operations for the TTY/TDD toll-free telephone line. The IRS plans to assess its communications related to the availability of the Federal Relay Service web site and toll-free number and will make revisions as necessary.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

September 8, 2010

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

*Michael R. Phillips*

**FROM:**

Michael R. Phillips  
Deputy Inspector General for Audit

**SUBJECT:**

Final Audit Report – Toll-Free Telephone Access Exceeded  
Expectations, but Access for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved (Audit # 201040017)

This report presents the results of our review to evaluate the customer service toll-free telephone access during the 2010 Filing Season. In addition, we evaluated the access and service specifically provided to hearing- and speech-impaired taxpayers. This audit is included in the Treasury Inspector General for Tax Administration's Fiscal Year 2010 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

Management's complete response to the draft report is included in Appendix V.

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Michael E. McKenney, Assistant Inspector General for Audit (Returns Processing and Account Services), at (202) 622-5916.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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## *Table of Contents*

<b>Background</b> .....	Page 1
<b>Results of Review</b> .....	Page 5
The Internal Revenue Service Exceeded Its Key Filing Season Toll-Free Telephone Performance Goals; However, Level of Service Remains at Less Than 80 Percent .....	Page 5
Hearing- and Speech-Impaired Callers Encounter Significant Difficulties Reaching the Internal Revenue Service Using the Text Tele-Typewriter/Telecommunications Device for the Deaf Telephone Line.....	Page 12
<u>Recommendation 1:</u> .....	Page 16
<u>Recommendations 2 through 4:</u> .....	Page 17
<b>Appendices</b>	
Appendix I – Detailed Objective, Scope, and Methodology .....	Page 18
Appendix II – Major Contributors to This Report .....	Page 19
Appendix III – Report Distribution List .....	Page 20
Appendix IV – Joint Operations Center.....	Page 21
Appendix V – Management’s Response to the Draft Report .....	Page 23



*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
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*Abbreviations*

AGI	Adjusted Gross Income
<i>e-file</i>	Electronic Filing; Electronically File
IRS	Internal Revenue Service
PIN	Personal Identification Number
TTY/TDD	Text Tele-typewriter/Telecommunications Device for the Deaf

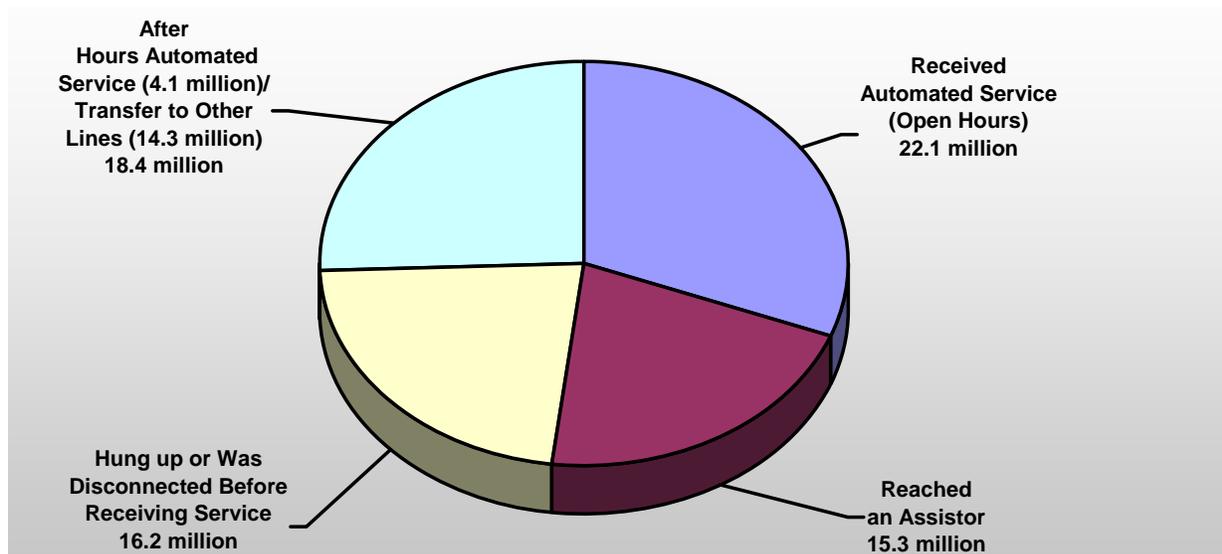


*Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

## *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 72 million<sup>1</sup> times during the 2010 Filing Season.<sup>2</sup> Of these calls, about 26.2 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 5.5 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 15.3 million calls answered by customer service representatives (assistors).

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



Source: IRS Enterprise Telephone Data Warehouse.

<sup>1</sup> These calls were made to a suite of 22 telephone lines the IRS refers to as “Customer Account Services Toll-Free” and include 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 17, 2010, and comparable dates in prior years.

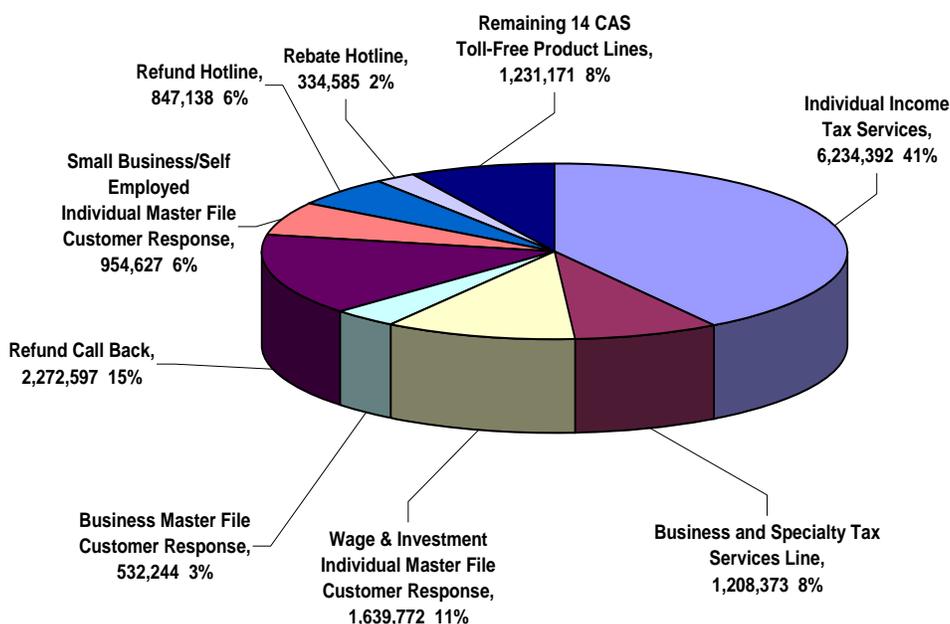
<sup>2</sup> The filing season is the period from January through mid-April of each year when most individual tax returns are filed. All references to the 2010 Filing Season made in this report, unless otherwise specified, are for the period from January 1 through April 17, 2010.



*Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

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 2010 Filing Season.

**Figure 2: Toll-Free Telephone Service Product Lines and Number of Assistor Calls Answered During the 2010 Filing Season<sup>3</sup>**



Source: IRS Enterprise Telephone Data Warehouse.

During the 2010 Filing Season, the IRS made available approximately 13,400 assistors to answer the toll-free telephone lines at 25 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 explains the

<sup>3</sup> The Business Master File is the IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes. The Individual Master File is the IRS database that maintains transactions or records of individual tax accounts.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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

The passing of late tax legislation and changes in regulations resulted in the IRS experiencing unprecedented high call demand the last two filing seasons and fiscal years. The Economic Stimulus Act of 2008,<sup>4</sup> which passed in February 2008, affected toll-free telephone access and performance measures for both the 2008 Filing Season and Fiscal Year 2008. 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 (PIN) as their signature.
- To ask economic stimulus payment and Recovery Rebate Credit questions and respond to math error notices<sup>5</sup> issued by the IRS relating to the Recovery Rebate Credit. The Recovery Rebate Credit was available to eligible taxpayers who did not receive an economic stimulus payment based upon the Economic Stimulus Act of 2008 or who were 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>6</sup>

As a result, the Customer Service Level of Service was below 80 percent, and the Average Speed of Answer increased for both the 2008 and 2009 Filing Seasons and Fiscal Years.

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<sup>4</sup> Pub. L. No. 110-185, 122 Stat. 613.

<sup>5</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>6</sup> Pub. L. No. 111-5, 123 Stat. 115.



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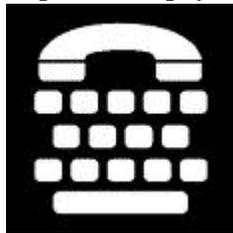
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**The IRS provides a toll-free telephone line (1-800-829-4059) for taxpayers who are hearing and speech impaired**

There are approximately 36 million Americans who have reported some degree of hearing difficulty ranging from a little trouble hearing to deaf, and 7.5 million Americans who have some degree of speech impairment.<sup>7</sup> The Telecommunications Accessibility Enhancement Act of 1998 requires that individuals with hearing and speech impairments be provided with full access to Federal Government telecommunications services and facilities.

The IRS provides a toll-free telephone line (1-800-829-4059) to serve hearing- and speech-impaired taxpayers that require Text Tele-typewriter and Telecommunications Device for the Deaf (TTY/TDD) service. The TTY/TDD device has a keyboard and allows people to type their telephone conversations and read the reply on a display screen. In addition, taxpayers may contact the IRS through the Federal Relay Service.<sup>8</sup> This is a Federal Government telecommunications service, which allows the general public to conduct business with the Federal Government and its agencies. Calls are relayed using specially trained communications assistants. The communication assistants act as a transparent conduit for the transmittal of information.



This review was performed at the Wage and Investment Division Headquarters and Joint Operations Center in Atlanta, Georgia, during the period January through June 2010. 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>7</sup> Statistics from the National Institute on Deafness and Other Communication Disorders web site.

<sup>8</sup> The Federal Relay Service is operated by the General Services Administration.



*Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

*Results of Review*

**The Internal Revenue Service Exceeded Its Key Filing Season Toll-Free Telephone Performance Goals; However, Level of Service Remains at Less Than 80 Percent**

The IRS achieved a 75.3 percent Level of Service and 580-second Average Speed of Answer,<sup>9</sup> exceeding the 2010 Filing Season performance measurement goals of 73 percent Level of Service and 635-second Average Speed of Answer. Including automated calls and calls answered by assistors, the IRS answered 37.3 million calls during normal hours of operation. The IRS answered 4 million more (22.3 percent) calls during normal hours of operation through telephone automation during the 2010 Filing Season than in the 2009 Filing Season for the same period. Assistors answered 14 percent fewer calls than the 2009 Filing Season.

**Figure 3: Comparison of Performance Measures for the 2007 - 2010 Filing Seasons**

Performance Measures	2007	2008	2009	2010
Level of Service	82.5%	77.4%	64.0%	75.3%
Average Speed of Answer (seconds)	249	347	519	580
Assistor Calls Answered (millions)	14.7	16.1	17.7	15.3

*Source: IRS Enterprise Telephone Data Warehouse.*

The IRS moved less complex calls to automation, such as calls related to refunds and prior years' AGI, leaving the more complex calls for assistors to answer. The IRS also advises taxpayers of the Estimated Wait Time to speak to an assistor. The IRS has placed an Estimated Wait Time message on 95 percent of its assistor-staffed applications. By informing callers of expected wait times, they have the option to wait to speak to an assistor or hang up and call back later. The Average Speed of Answer has increased by 12 percent since the 2009 Filing Season and 133 percent over the 2007 Filing Season. The last time the IRS achieved a Level of Service more than 80 percent and an Average Speed of Answer less than 250 seconds was during the

<sup>9</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.



*Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

2007 Filing Season. The amount of time assistors take to answer taxpayers' questions (called Handle Time) has also increased over the past several years. The Average Handle Time for the 2010 Filing Season was 649 seconds, a 13 percent increase over the 2009 Filing Season.

The customer accuracy rates for Account and Tax Law applications have remained high for the past four filing seasons.

**Figure 4: Comparison of Accuracy Rates for the 2007 - 2010 Filing Seasons**

Performance Measures	2007	2008	2009	2010
Accounts	93%	94%	95%	95%
Tax Law	90%	89%	92%	92%

*Source: IRS Centralized Quality Review System.*

**The IRS adjusted Level of Service goals and developed new initiatives to try to meet the higher call demand**

Over the last two filing seasons, because of new legislation and procedural changes, the IRS experienced high call demand on its toll-free telephone lines. It worked with consulting firms and internal business units to help meet this higher demand, improve the overall call experience, and work paper adjustment inventories. Some of the strategies implemented for the 2010 Filing Season were:

- **New Forecasting and Staffing Process** – The IRS implemented new workforce management software to incorporate the current increase in call demand trends. In an effort to increase efficiencies and streamline the forecasting and scheduling process, the IRS consolidated the Joint Operations Center and Accounts Management forecasting and scheduling operations to eliminate wasteful process steps between the two functions.
- **Menu Scripting Improvements** – In the 2009 and 2010 Customer Satisfaction survey, “finding the appropriate menu choice” was the second highest area of dissatisfaction for taxpayers who called the IRS toll-free telephone lines and participated in the survey. The IRS took several initiatives to clarify unclear script language and streamlined scripts to reduce redundancy and wordiness. In addition, the IRS implemented localized recording capacity in order to quickly change scripts in response to developing trends.
- **Telephone and Paper Optimum Resource Allocation Model** – Assistors are not dedicated solely to answering the toll-free telephone lines. They also work taxpayer correspondence, mainly entering adjustments to taxpayer accounts into IRS computer systems. One of the consulting firms' recommendations was to develop and deploy a



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
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Telephone and Paper Optimization tool to balance performance between the telephone and paper channels. The tool examines the performance and volume levels of both paper and telephone, and balances the resources to achieve the best combined performance for both channels.

- **Economic Recovery Payment Telephone and Web-based Self-Service Applications** – The IRS implemented new initiatives for self-service applications in order to reduce telephone demand for services and increase productivity. It deployed the Economic Recovery Payment telephone and web-based applications that assisted callers in determining whether they received a \$250 Economic Recovery Payment from the Social Security Administration, Veterans Administration, or Railroad Retirement Board.
- **Electronic Filing (*E-file*) PIN Telephone and Web Applications** – 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 PIN as their signature. In order to reduce calls to assistors requesting a prior year's AGI or prior year PIN, the IRS developed two methods for taxpayers to obtain a PIN to *e-file* their Tax Year 2009 returns.
  - **An Automated Interactive Telephone PIN Application (1-866-704-7388).** Using the telephone keypad, taxpayers entered their Social Security Number, date of birth, and Tax Year 2008 filing status. Taxpayers received a PIN for *e-filing* their Tax Year 2009 returns.
  - **A Self-Select PIN Application.** Using a web-based application on the IRS public Internet site, IRS.gov, taxpayers entered their name, address, date of birth, Social Security Number, and Tax Year 2008 filing status. A PIN was generated for taxpayers to *e-file* their Tax Year 2009 returns.

**At the beginning of January 2010, the IRS determined that more taxpayers than planned were requesting to talk directly to an assistor to obtain their prior year AGI**

The *e-file* PIN telephone and web applications are both new applications. Early in the filing season, the IRS determined that many callers using the Automated Interactive Telephone PIN Application were routing out of the automated telephone application to talk directly with an assistor. In addition, the success rate for the Self-Select PIN Application was less than anticipated, and more taxpayers than planned called to ask assistors for their prior years' AGI or to obtain a PIN. The IRS took immediate action to meet the demand. The IRS:

- Clarified the script for the Automated Telephone PIN Application. Total calls on the Automated Telephone PIN Application were 4.2 million. Of these calls, 3.1 million were completed, about 600,000 calls were routed to a live assistor, and 500,000 calls were abandoned. When the IRS experienced callers opting out of the PIN automated telephone



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## *Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

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line because of unclear scripting, it made the necessary changes to the scripting, which reduced the number of transfers to assistors.

- Deployed new hires and employees from other applications. The IRS used new hires to answer AGI, transcript, and Application 45<sup>10</sup> related calls which allowed experienced assistors to handle more complex account calls. Once call demand decreased, the new hires were deployed to correspondence training and eventually will be used to work paper adjustments.

Of 13.6 million taxpayers contacting the IRS to obtain an *e-file* PIN, 12.5 million (92 percent) attempted to use one of the IRS automated PIN applications. However, the actual success rate for authentication for the *e-file* PIN application for the first few weeks of operation was lower than projected. From January 18 through April 17, 2010, the IRS had approximately 8.3 million attempts on the *e-file* PIN Application, but only approximately 4.5 million taxpayers (54 percent) obtained PINs.

When taxpayers access the Self-Select PIN Application they must enter two additional pieces of information than they enter using the Telephone PIN Application: their name and address. Taxpayers were failing to authenticate the address field, resulting in about 1.9 million failed attempts. In order to improve access to data and be more consistent with the Telephone PIN Application, the IRS is considering removing the address authentication field for the 2011 Filing Season. This removal should also increase the completion rate.

### **The IRS blocked fewer calls and fewer taxpayers abandoned calls (disconnected) in the 2010 Filing Season**

The number of blocked calls decreased 82 percent from the 2009 Filing Season. Compared to the 2009 Filing Season, primary abandons and secondary abandons decreased by 7 percent and 17 percent, respectively.<sup>11</sup> However, primary abandons were 49 percent higher and secondary abandons were 77 percent<sup>12</sup> higher than the 2007 Filing Season, the last time the IRS provided a Level of Service of more than 80 percent.

Figure 5 shows a comparison of various components (workload indicators) the IRS uses to manage the Level of Service.

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<sup>10</sup> Application 45 is a smaller segment of Application 20, Individual Master File Accounts, and is used to answer transcript, AGI, and refund inquiries. The assistors working Application 45 received targeted training to allow for faster deployment of new hires.

<sup>11</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.

<sup>12</sup> Percentage may vary slightly due to rounding.



*Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

**Figure 5: Comparison of Toll-Free Telephone Performance Measures and Workload Indicators for the 2007 - 2010 Filing Seasons**

Components	Filing Season			
	2007	2008	2009	2010
Average Speed of Answer (seconds)	249	347	519	580
Blocked Calls (millions)				
Busy Signals	0.4	0.3	0.5	0.5
Courtesy Disconnects	0.4	0.8	4.5	0.4
Total Blocked Calls <sup>13</sup>	0.8	1.2	5.0	0.9
Primary Abandons (millions)	6.7	7.9	10.8	10.0
Secondary Abandons (millions)	2.5	3.8	5.3	4.4
TeleTax Abandons (millions) <sup>14</sup>	1.2	1.0	1.4	0.8
Total Calls Not Answered During Normal Hours of Operation (millions)	11.2	13.8	22.4	16.2

*Source: IRS Enterprise Telephone Data Warehouse.*

If the caller decides to hang up and call back at a later time, this is counted as a secondary abandon call, which reduces the Customer Service Representative Level of Service. IRS officials stated the increase in abandoned calls can in part be attributed to taxpayers reacting to informational messages in the menu scripts while they wait to speak to an assistor. For example, when informational messages advise taxpayers that information is available elsewhere, such as on IRS.gov, taxpayers may disconnect, deciding to use the Internet instead. The IRS continues to review its Customer Service Representative Level of Service metric to ensure it accurately reflects the customer service being provided to taxpayers, including whether these secondary abandon calls should be removed from the Level of Service calculation.

<sup>13</sup> Due to rounding, the numbers may not always equal the sum of the totals.

<sup>14</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 93 and 94 of the U.S. Individual Income Tax Return (Form 1040) Instruction booklet for Tax Year 2009, available at IRS.gov. TeleTax abandons also include TeleTax overflows.



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**The IRS experienced a high number of call attempts during the 2010 Filing Season**

During the 2010 Filing Season, there were 72 million attempts<sup>15</sup> to call the Customer Account Services toll-free telephone product lines. Although the total attempts for the 2010 Filing Season were down by 5 percent compared to the 2009 Filing Season, total dialed number attempts were up by 38 percent over the 2007 Filing Season.

The IRS diverted AGI calls to automated telephone and web applications, and residual rebate call demand was not an issue. In addition, the IRS hired more assistors and deployed business accounts staff to answer the increase in balance due account calls. Balance due calls are more complex and take longer to answer, and average handle time increased by 13 percent over the 2009 Filing Season. However, assistors answered fewer calls during the 2010 Filing Season than during the 2009 Filing Season, and callers waited longer to reach an assistor. Assistor Calls Answered decreased by 14 percent. Conversely, automated calls answered<sup>16</sup> increased by 22 percent.

Figure 6 shows a comparison of toll-free telephone calls answered and unanswered for the 2007 through 2010 Filing Seasons.

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<sup>15</sup> The IRS does not calculate demand based on Total Dialed Number Attempts, but incorporates prior year Unique Dialed Number Attempts into the demand forecast for future calculations.

<sup>16</sup> Total automated completed calls during normal hours of operation.



*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
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**Figure 6: Comparison of Toll-Free Telephone Answered  
and Unanswered Calls  
for the 2007 – 2010 Filing Seasons**

Component	Filing Season			
	2007	2008	2009	2010
Level of Service	82.5%	77.4%	64.0%	75.3%
Calls Answered (millions)				
Assistor Calls Answered	14.7	16.1	17.7	15.3
Automated Calls Answered <sup>17</sup>	15.1	16.5	18.1	22.1
Total Calls Answered <sup>18</sup>	29.8	32.6	35.8	37.3
After Hours and Transfer to Other Lines <sup>19</sup>	11.3	13.3	17.5	18.4
Calls Not Answered During Normal Hours of Operation	11.2	13.8	22.4	16.2
Total Calls	52.3	59.7	75.7	72.0

Source: IRS Enterprise Telephone Data Warehouse.

One of the IRS' goals for Fiscal Year 2011 is to raise the Level of Service to 75 percent. To accomplish this, the Fiscal Year 2011 IRS budget request proposes a \$20.9 million increase in funding for the toll-free program to increase Level of Service to 75 percent. While the IRS achieved a 75.3 percent Level of Service in the 2010 Filing Season which is higher than the 71 percent Fiscal Year goal, the IRS has determined that the \$20.9 million budget initiative will increase the toll-free base program budget to the level needed to respond to projected telephone calls at a 75 percent Level of Service in Fiscal Year 2011.

<sup>17</sup> Automated Calls Answered excludes after hours automation.

<sup>18</sup> Due to rounding, the numbers may not always equal the sum of the totals.

<sup>19</sup> After Hours/Transfer Out includes Automated Calls completed after hours.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
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## **Hearing- and Speech-Impaired Callers Encounter Significant Difficulties Reaching the Internal Revenue Service Using the Text Tele-Typewriter/Telecommunications Device for the Deaf Telephone Line**

TTY/TDD usage is significantly on the decline, and TTY/TDD devices are becoming obsolete; many deaf individuals prefer communicating with a video phone. Nevertheless, for taxpayers who must use or prefer to use a TTY/TDD telephone device, the Level of Service is considerably lower than that offered to hearing taxpayers. This, in part, could be because so many hearing individuals call the line mistakenly and hang up or the callers' device is incompatible with the IRS' system.

The Level of Service for the TTY/TDD toll-free telephone line for the 2010 Filing Season was 8.8 percent, the lowest Level of Service since the 2003 Filing Season when it was 6.2 percent. The Level of Service for the TTY/TDD toll-free telephone line has not exceeded 36.6 percent since the 2004 Filing Season. The TTY/TDD product line Level of Service has consistently provided the lowest Level of Service among all of the Customer Account Service Enterprise product lines. The total dialed attempts during the 2010 Filing Season were more than 350,000; assistors answered only 339 calls.

### **The TTY/TDD telephone line has high abandon rates**

During the 2010 Filing Season, there were more than 318,000 primary abandons and 452 secondary abandons on the TTY/TDD toll-free telephone product line. Although IRS officials are unable to determine the exact cause(s) for the extraordinarily high primary abandons, they cited several probable causes:

1. The TTY/TDD telephone number is listed on most IRS notices. Individuals may not know that the TTY/TDD telephone line is for hearing- and speech-impaired individuals and may view this telephone line as an alternate avenue for reaching the IRS.
2. When calling the TTY/TDD telephone line, one hears a series of rings or beeps. Because there is no verbal welcome or dialogue, a hearing individual may think an error in dialing was made and hang up and call again.
3. Calls may also be abandoned because of an incompatibility between the IRS' TTY/TDD system and the IRS' Automated Call Distributor infrastructure. The TTY/TDD system is compatible with Baudot tones,<sup>20</sup> which is what most commercial TTY/TDD equipment

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<sup>20</sup> Baudot is the default code for TTY devices in the United States. Many TTY devices and modems cannot generate Dual Tone Multiple Frequency tones after a call is connected, which is a problem when using TTY-adapted interactive voice response products.



*Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

use. However, all incoming calls to the IRS are routed to assistors through an Automated Call Distributor, which recognizes only Dual Tone Multiple Frequency tones.

According to the IRS, not all TTY/TDD telephone devices are equipped to recognize Dual Tone Multiple Frequency tones. In these cases, the IRS sends the TTY/TDD caller a text message that states the following:

*Welcome to the Internal Revenue Service. Please dial 8 using your touch tone telephone to continue this call. If you are using TTY/TDD software and do not have a touch tone phone, please call us back using 800 829 4059,,,,,8 to connect to an assistor. Go Ahead.*

If the caller subsequently hangs up, the call is counted as a primary abandon. The IRS is negotiating a contract for a new TTY/TDD system but it may be months before an agreement is reached.

Figure 7 shows a comparison of TTY/TDD telephone line performance for the 2007 through 2010 Filing Seasons.

**Figure 7: Comparison of TTY/TDD Telephone Line Performance for the 2007 – 2010 Filing Seasons**

<b>Performance Measures<sup>21</sup></b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Level of Service	14.3%	18.4%	14.4%	8.8%
Average Speed of Answer (seconds)	161	145	133	136
Total Dialed Attempts	203,029	312,432	342,655	352,758
Assistor Calls Answered	329	472	479	339
Primary Abandons	165,381	283,090	311,192	318,470
Secondary Abandons	222	292	306	452

*Source: IRS Enterprise Telephone Data Warehouse.*

**TTY/TDD usage is significantly on the decline**

Telecommunications organizations and organizations that provide service and assistance to the hearing- and speech-impaired communities were interviewed and stated that TTY/TDD usage is

<sup>21</sup> Select categories of calls are shown in Figure 7.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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significantly on the decline. Further, TTY/TDD devices are becoming obsolete; many deaf individuals prefer communicating with a video phone. A representative from a speech communication institute stated that speech-to-speech relay service is also available for individuals with speech impediments.

The National Exchange Carrier Association prepares reports that trend the growth of various relay services including TTY/TDD communications and has charted the minutes of these forms of services from Calendar Years 2002 through 2010.<sup>22</sup> The chart maps the actual and projected minutes used for various relay services and assistive devices.

Figure 8 shows TTY/TDD minutes, labeled as Telecommunications Relay Service, in steady decline from 3 million minutes in January 2002 to approximately 900,000 minutes in February 2010. In contrast, Video Relay Service has increased since May 2003 from zero minutes to 8 million minutes in February 2010. Projected minutes for Telecommunications Relay Service shows the minutes holding steady at less than 1 million, and Video Relay Service minutes are projected to increase to about 11 million minutes by mid-Calendar Year 2010. Although TTY/TDD devices are still used, interactive and Internet-based technology have quickly replaced them as a way for hearing- and speech-impaired individuals to communicate.

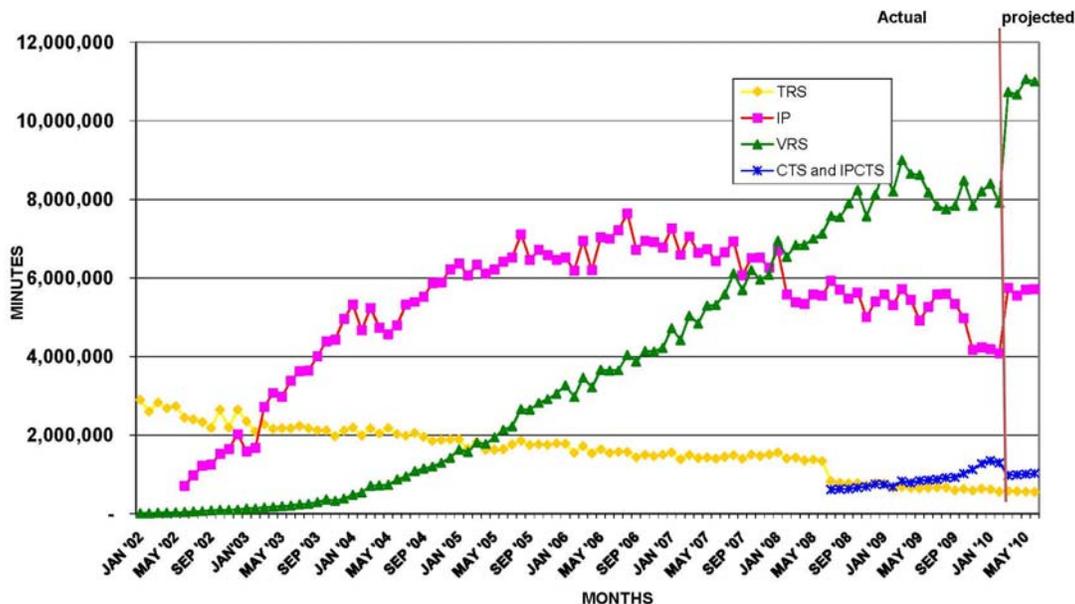
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<sup>22</sup> The National Exchange Carrier Association is a non-profit organization created in 1984 by telecommunications companies to administer the fees that long distance companies pay to access local telephone networks. The interstate Telecommunications Relay Service Fund, established by the Federal Communications Commission on July 26, 1993, helps speech- and hearing-impaired individuals use telecom services. Today, the fund reimburses relay service providers for completed interstate traditional Telecommunications Relay Service and speech-to-speech minutes of use and for all completed Internet protocol relay service and Video Relay Service minutes of use. The National Exchange Carrier Association was appointed fund administrator by the Federal Communications Commission in 1993 for 2 years and has been reappointed to manage the fund.



*Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

**Figure 8: Relay Services  
January 2002 – February 2010  
Projection May 2010 – June 2010**



Source: National Exchange Carrier Association. TRS=Telecommunications Relay Service; IP=Internet Protocol; VRS=Video Relay Service; CTS=CapTel Service; IPCTS= Internet Protocol Captioning Telephone Service.

**The IRS did not implement all recommendations from a prior Treasury Inspector General for Tax Administration report**

During the Fiscal Year 2003 review<sup>23</sup> of the TTY/TDD access to toll-free telephone services, we made eight recommendations to improve access to toll-free telephone services for hearing- and speech-impaired callers. The IRS agreed with four recommendations, but disagreed with four and took corrective action on only three recommendations. The following four recommendations for which the IRS did not take corrective actions remain relevant and would improve the Level of Service and save resources.

1. Revising the various taxpayer instructions for calling the IRS to clearly explain that the TTY/TDD telephone number is for hearing- and speech-impaired taxpayers only and that it requires special equipment to receive service on this telephone line.

<sup>23</sup> *The Internal Revenue Service Has Opportunities to Provide Hearing- and Speech-Impaired Taxpayers With Easier Access to Toll-Free Telephone Services* (Reference Number 2003-30-111, dated May 30, 2003).



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*Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing- and Speech-Impaired Taxpayers Could Be Improved*

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2. Including the TTY/TDD telephone number on account notices and letters sent to taxpayers and clearly indicating that it is for hearing- and speech-impaired taxpayers only.

The TTY/TDD toll-free telephone line experiences extremely high primary abandon rates which is most likely caused by hearing callers not knowing what TTY/TDD means when they see it in print and dialing the number in an attempt to reach the IRS. The IRS agreed that is one of three probable causes for the abandoned calls. In addition, the IRS added that because the TTY/TDD toll-free telephone number is also printed on notices, hearing callers might view the number as an alternate way to contact the IRS.

3. Increasing the capacity of the TTY/TDD telephone line to provide one-stop service by moving the TTY/TDD equipment from Atlanta, Georgia, to a site with assistors who are trained to handle both tax law and account calls. The Atlanta, Georgia, TTY/TDD workstation is available only one hour during normal hours of operation. In addition, productivity is low because the workstation answers only about one to two calls during the peak season and only answers individual account calls.
4. Revising TeleTax Topic 102 to announce the correct hours of operation for the TTY/TDD service. The TeleTax Topic 102 can be accessed by toll-free telephone or IRS.gov. Neither of these listed the hours of operation for the TTY/TDD toll-free telephone number.

Current research shows that TTY/TDD usage is on the decline and other assistive technology has become available to the hearing- and speech-impaired community. The Federal Relay Service provides newer assistive communication technology for hearing- and speech-impaired individuals that includes Video Relay Service, American Standard Code Information Interchange, and speech-to-speech relay services. Hearing- and speech-impaired individuals can also access services through the Federal Relay Service for TTY/TDD services.

IRS officials stated that taxpayers have the option and are using the Federal Relay Service to contact IRS assistors. Further, they stated that the IRS continues to research other methods for hearing- and speech-impaired individuals to contact the IRS. The IRS is currently using an internal research project to analyze and test assistive telecommunication technology. Test results will allow the IRS to determine if the technologies can be used externally for taxpayers to contact the IRS.

## ***Recommendations***

The Commissioner, Wage and Investment Division, should

**Recommendation 1:** Revise the various taxpayer instructions for calling the IRS, including notices, to clearly explain that the TTY/TDD telephone number is for hearing- and speech-impaired individuals.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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**Management's Response:** The IRS agreed with this recommendation. It plans to revise taxpayer instructions for calling the IRS to explain that the TTY/TDD telephone number is for hearing- and speech-impaired individuals.

**Recommendation 2:** Revise the various taxpayer publications and IRS webpages to include the Federal Relay Service web site and toll-free telephone number as a means to communicate with the IRS.

**Management's Response:** The IRS partially agreed with this recommendation. It did not agree to revise taxpayer publications and IRS webpages at this time. However, it agreed to assess IRS communications related to the availability of the Federal Relay Service web site and toll-free number, and plans to make revisions to taxpayer publications and IRS webpages, if warranted, based on the results of the assessment.

**Recommendation 3:** Determine whether it would be more efficient to move the Atlanta, Georgia, workstation to Indianapolis, Indiana, or Dallas, Texas, where the majority of the TTY/TDD telephone calls are received and have the two sites serve as each other's backup.

**Management's Response:** The IRS agreed with this recommendation and plans to perform an analysis with regard to the necessary resources and costs. It plans to move the TTY/TDD workstation located in Atlanta, Georgia, to a more advantageous site, if practical based on its analysis.

**Recommendation 4:** Revise the TeleTax Topic 102 to include the hours of operations for the TTY/TDD toll-free telephone line.

**Management's Response:** The IRS agreed with this recommendation and plans to revise the TeleTax Topic 102 to include the hours of operations for the TTY/TDD toll-free telephone line.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
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Could Be Improved*

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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 2010 Filing Season.<sup>1</sup> In addition, we evaluated the access and service specifically provided to hearing- and speech-impaired taxpayers. To accomplish this objective, we:

- I. Evaluated the IRS' preparation for the toll-free telephone operations for the 2010 Filing Season, including followup to recommendations made in 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 2010 Filing System.
- III. Determined the process used to monitor call volumes and applications that could affect Level of Service.
- IV. Determined whether the 2010 Filing Season performance measures, goals, and indicator targets for the toll-free telephone operations were achieved.
- V. Determined why the TTY/TDD product line had low Level of Service.
- VI. Determined whether corrective actions to the Treasury Inspector General for Tax Administration Fiscal Year 2003 TTY/TDD report the IRS disagreed with were still appropriate.

#### **Internal controls methodology**

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: Account Management policies, procedures, and practices for the toll-free telephone operation. We evaluated controls by interviewing management and reviewing policies, reports, and procedures.

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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> *The Internal Revenue Service Has Opportunities to Provide Hearing- and Speech-Impaired Taxpayers With Easier Access to Toll-Free Telephone Services* (Reference Number 2003-30-111, dated May 30, 2003).



*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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**Appendix II**

*Major Contributors to This Report*

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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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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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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
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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 tax legislation for Tax Year 2009. This option transfers the caller to the American Recovery and Reinvestment Act of 2009<sup>1</sup> information line at 1-866-234-2942 to a second automated menu that provides information regarding provisions that affect 2009 Federal taxes.<sup>2</sup> The caller can choose from the following options: a) the caller is inquiring about the Making Work Pay tax credit; or for information on Economic Recovery Payments for Social Security Administration, Veteran's Affairs, or Railroad Retirement recipients; or the credit for certain State or Federal pension recipients; b) information about changes to the taxability of unemployment compensation or the First-

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<sup>1</sup> Pub. L. No. 111-5, 123 Stat. 115.

<sup>2</sup> For the 2010 Filing Season, the 1-866-234-2942 line was revised to provide information about the American Recovery and Reinvestment Act of 2009 tax law legislation that affects 2009 tax returns. The filing season is the period from January through mid-April when most individual income tax returns are filed.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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Time Homebuyer Credit; c) information about the Higher Education Tax Credit (also known as the American Opportunity Tax Credit which modifies the former Hope Credit); d) information about the sales tax deduction for new vehicle purchases, the extended credits for energy-efficient improvements to existing homes, or the tax credits for installing residential alternative energy equipment on new and existing homes; or e) an option if the caller has not heard their topic.

2. Requesting information on a tax refund. An automated message advises to please visit [IRS.gov](http://IRS.gov) for the latest information on the refund status or to call the Refund Hotline at 1-800-829-1954. The call is then disconnected.
3. General Tax Law Questions Menu. This option provides the taxpayer with an automated menu from which to choose the following options: a) information on obtaining a prior year AGI or *e-file* PIN; b) questions about tax rules or filling out forms; c) questions about a form already submitted, tax history, or payment; or d) options to repeat this menu or return to the previous menu.
4. Preparing or filing individual income tax returns or tax-related rules and regulations. This option from the General Tax Law Menu provides the taxpayer with an automated menu from which to choose the following options: a) to order a blank form or publication; b) to get the mailing address for tax returns or payments; c) if you did not receive a Wage and Tax Statement (Form W-2) or a Form 1099 series<sup>3</sup> information return; d) for general tax questions including filing a return or tax rules and regulations; or e) options to repeat this menu or return to the previous menu.
5. Using the Business and Specialty Tax line or obtaining the address for the IRS Internet web site.
6. 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 for each current filing season.<sup>4</sup>

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<sup>3</sup> The 1099 series of information returns includes forms such as Interest Income (Form 1099-INT), Dividends and Distributions (Form 1099-DIV), and Miscellaneous Income (Form 1099-MISC).

<sup>4</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.



*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

**Appendix V**

*Management's Response to the Draft Report*



COMMISSIONER  
WAGE AND INVESTMENT DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308

RECEIVED  
AUG 13 2010  
BY: *DAS*

August 4, 2010

MEMORANDUM FOR MICHAEL R. PHILLIPS  
DEPUTY INSPECTOR GENERAL FOR AUDIT

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

SUBJECT: Draft Audit Report – Toll-Free Telephone Access Exceeded  
Expectations, but Access for Hearing- and Speech-Impaired  
Taxpayers Could Be Improved (Audit # 201040017)

We have reviewed the subject draft report and appreciate your recognition of our efforts with regard to toll-free telephone service. The report emphasizes our success in exceeding two of our primary toll-free telephone assistor performance measures, Level of Service and Average Speed of Answer. We were also pleased to see your acknowledgement of the difficult challenges presented by the enactment of late legislation and the related tax changes which led to unprecedented high call volumes during the last two filing seasons.

The report identifies many new initiatives, designed and implemented to improve the overall performance of our toll-free telephone access, and also acknowledges our successful efforts to expand automated self-service applications to resolve the less complex calls. We continue to look for improvements in existing processes, including automation opportunities. We will continue to develop and expand these, and other initiatives in the future to further improve our abilities to meet customer demand and provide a higher degree of service to taxpayers.

The toll-free line for the hearing- and speech-impaired was the primary focus for improvement identified in your report. Your report outlines the probable causes for the high number of abandoned calls on the Tele-Typewriter/Telecommunication Device for the Deaf (TTY/TDD) telephone line which led to the lower levels of service. Many individuals who call the TTY/TDD line immediately hang up, which may indicate taxpayers called the TTY/TDD line erroneously or are unaware that the TTY/TDD line is for hearing- and speech-impaired individuals. Taxpayers may have viewed this line as an alternate avenue for reaching the IRS.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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We recognize that while TTY/TDD devices are still used, interactive and internet-based technology is quickly replacing TTY/TDD as a way for hearing- and speech-impaired individuals to communicate. The IRS currently provides service to many individuals who contact IRS toll-free lines (other than TTY/TDD) via a relay service interpreter. We also understand the important value provided by the TTY/TDD services and will implement improvements to the TTY/TDD service during 2011. We remain committed to providing these customers the needed access and appreciate your findings.

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

Attachment



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
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Could Be Improved*

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Attachment

The Commissioner, Wage and Investment Division, should;

**RECOMMENDATION 1:** Revise the various taxpayer instructions for calling the IRS, including notices, to clearly explain that the TTY/TDD telephone number is for hearing- and speech-impaired individuals.

**CORRECTIVE ACTION**

We agree with this recommendation. We will revise taxpayer instructions for calling the IRS to explain that the Tele-Typewriter/Telecommunication Device (TTY/TDD) telephone number is for hearing- and speech-impaired individuals.

**IMPLEMENTATION DATE**

January 15, 2013

**RESPONSIBLE OFFICIAL**

Director, Accounts Management, Wage and Investment Division

**CORRECTIVE ACTION MONITORING PLAN**

We will monitor this corrective action as part of our internal management control system.

**RECOMMENDATION 2:** Revise the various taxpayer publications and IRS webpages to include the Federal Relay Service web site and toll-free telephone number as a means to communicate with the IRS.

**CORRECTIVE ACTION**

We partially agree with this recommendation. We do not agree to revise taxpayer publications and IRS webpages at this time. However, we agree to assess IRS communications related to the availability of the Federal Relay Service web site and toll-free number, and will make revisions to taxpayer publications and IRS webpages, if warranted, based on the results of this assessment.

**IMPLEMENTATION DATE**

January 15, 2012

**RESPONSIBLE OFFICIAL**

Director, Accounts Management, Wage and Investment Division

**CORRECTIVE ACTION MONITORING PLAN**

We will monitor this corrective action as part of our internal management control system.



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*Toll-Free Telephone Access Exceeded Expectations, but Access  
for Hearing- and Speech-Impaired Taxpayers  
Could Be Improved*

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**RECOMMENDATION 3:** Determine whether it would be more efficient to move the Atlanta, Georgia, workstation to Dallas, Texas, or Indianapolis, Indiana, where the majority of the TTY/TDD telephone calls are received and have the two sites serve as each other's backup.

**CORRECTIVE ACTION**

We agree with the recommendation and will perform an analysis with regard to the necessary resources and costs. We will move the TTY/TDD workstation located in Atlanta, Georgia, to a more advantageous site, if practical based on our analysis.

**IMPLEMENTATION DATE**

January 15, 2012

**RESPONSIBLE OFFICIAL**

Director, Joint Operations Center, Wage and Investment Division

**CORRECTIVE ACTION MONITORING PLAN**

We will monitor this corrective action as part of our internal management control system.

**RECOMMENDATION 4:** Revise the TeleTax Topic 102 to include the hours of operations for the TTY/TDD toll-free telephone line.

**CORRECTIVE ACTION**

We agree with this recommendation. We will revise the TeleTax Topic 102 to include the hours of operations for the TTY/TDD toll-free telephone line.

**IMPLEMENTATION DATE**

January 15, 2011

**RESPONSIBLE OFFICIAL**

Director, Accounts Management, Wage and Investment Division

**CORRECTIVE ACTION MONITORING PLAN**

We will monitor this corrective action as part of our internal management control system.