



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

**August 19, 2011**

**Reference Number: 2011-40-087**

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.

---

Phone Number | 202-622-6500

Email Address | [TIGTACommunications@tigta.treas.gov](mailto:TIGTACommunications@tigta.treas.gov)

Web Site | <http://www.tigta.gov>



## HIGHLIGHTS

### **INCREASED CALL DEMAND AND LIMITED RESOURCES CONTINUE TO ADVERSELY AFFECT THE TOLL-FREE TELEPHONE LEVEL OF SERVICE**

## Highlights

**Final Report issued on August 19, 2011**

Highlights of Reference Number: 2011-40-087 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

### **IMPACT ON TAXPAYERS**

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. During the 2011 Filing Season, the IRS exceeded its key toll-free telephone assistance performance measurement goals. However, wait times to speak with an assistor are still high.

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

The objective of this audit was to evaluate the customer service toll-free telephone access during the 2011 Filing Season and evaluate the toll-free estimated wait time process.

### **WHAT TIGTA FOUND**

More taxpayers are calling the IRS's toll-free telephone lines every year. During the 2011 Filing Season, the IRS received approximately 80 million attempts to call the toll-free telephone lines, up from 54 million, or 48 percent, during the 2007 Filing Season—the last filing season with a Level of Service more than 80 percent. Taxpayers waited on average 10 minutes to speak to an assistor, a 137 percent increase since the 2007 Filing Season.

The IRS exceeded its key 2011 Filing Season toll-free telephone assistance performance goals. The IRS planned to achieve a 71 percent Level of Service and a 680-second Average Speed of Answer. Instead, it achieved a 74.6 percent Level of Service and a 596-second Average Speed of Answer.

During Fiscal Year 2008, the IRS implemented the Estimated Wait Time Message Pilot on six toll-free telephone applications. The message provides a real-time message that informs taxpayers of their expected wait time to reach an assistor. This allows taxpayers to make more informed decisions on whether to wait for an assistor or hang up and call at another time. Currently, the Estimated Wait Time Message is on 74 percent of the IRS's assistor-staffed applications.

TIGTA evaluated a sample of 33 calls made to the toll-free 1-800-829-1040 telephone number that individual taxpayers call to ask tax account or tax law questions. The IRS provided an Estimated Wait Time Message and an assistor answered on 30 calls. The other three calls were disconnected prior to reaching an assistor or an Estimated Wait Time was not given. The Estimated Wait Time was accurate for 24 (80 percent) of 30 calls.

### **WHAT TIGTA RECOMMENDED**

Although TIGTA made no recommendations in this report, IRS officials were provided an opportunity to review the draft report. IRS management did not provide any comments in response to this report.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

August 19, 2011

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

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

**SUBJECT:** Final Audit Report – Increased Call Demand and Limited Resources  
Continue to Adversely Affect the Toll-Free Telephone Level of Service  
(Audit # 201140002)

This report presents the results of our review to evaluate the Internal Revenue Service's customer service toll-free telephone access during the 2011 Filing Season. In addition, we evaluated the toll-free estimated wait time process to determine whether the Internal Revenue Service has continued and expanded the use of the Estimated Wait Time Message service and whether the estimated wait times provided to taxpayers are accurate. This audit is included in the Treasury Inspector General for Tax Administration's Fiscal Year 2011 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

Although we made no recommendations in this report, Internal Revenue Service officials were provided an opportunity to review the draft report. Internal Revenue Service management did not provide any comments in response to this report.

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



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

## *Table of Contents*

<b>Background</b> .....	Page 1
<b>Results of Review</b> .....	Page 5
Increased Call Demand and Limited Resources Continue to Keep Level of Service Under 80 Percent.....	Page 5
The Estimated Wait Time Message Provides Callers With Accurate Wait Times .....	Page 12
<b>Appendices</b>	
Appendix I – Detailed Objectives, Scope, and Methodology.....	Page 14
Appendix II – Major Contributors to This Report .....	Page 15
Appendix III – Report Distribution List .....	Page 16
Appendix IV – Joint Operations Center.....	Page 17
Appendix V – Busiest Customer Account Services Lines.....	Page 19



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

## *Abbreviations*

CAS	Customer Account Services
<i>e-file; e-filing</i>	Electronically file, electronic filing
IRS	Internal Revenue Service
PIN	Personal Identification Number

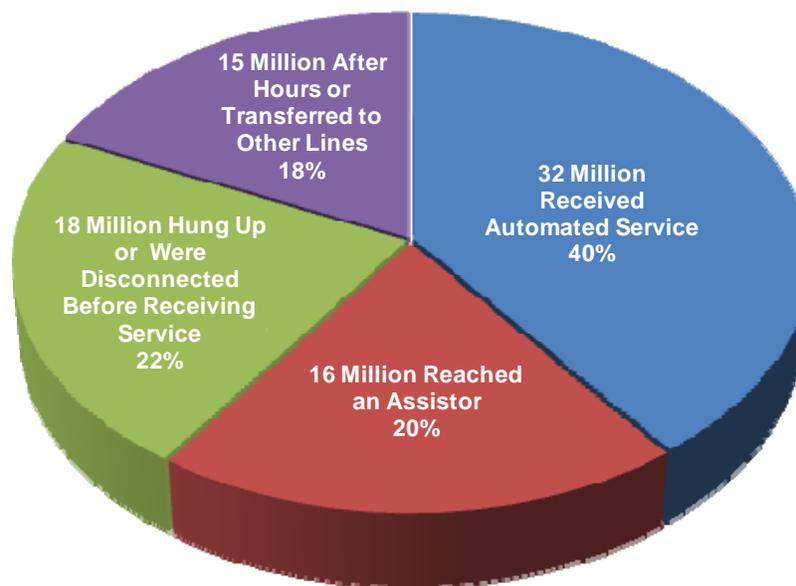


*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

## *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 80 million<sup>1</sup> times during the 2011 Filing Season.<sup>2</sup> Of these calls, about 24 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 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 16 million calls answered by customer service representatives (assistors).

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



*Source: IRS Enterprise Telephone Data Warehouse. Numbers are rounded.*

<sup>1</sup> These calls were made to a suite of 26 telephone lines the IRS refers to as “Customer Account Services (CAS) 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 CAS Toll-Free telephone assistance lines from January 1 through April 23, 2011, and comparable dates in prior years.

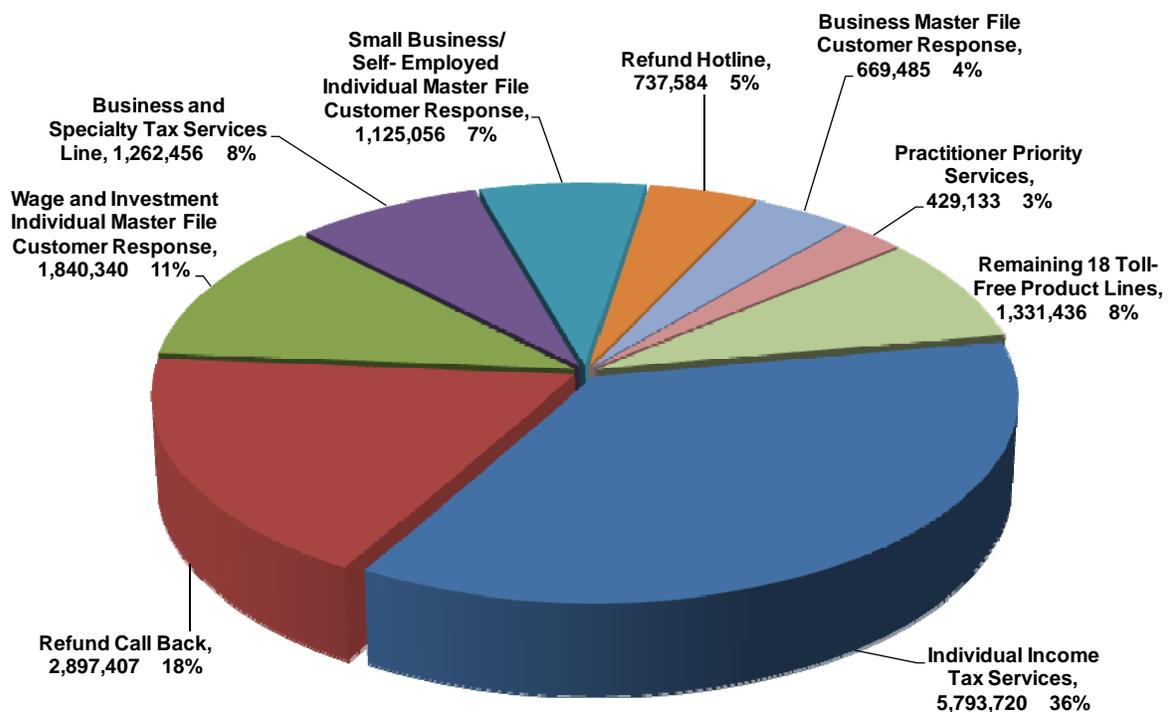
<sup>2</sup> The filing season is the period from January through mid-April of each year when most individual tax returns are filed. All references to the 2011 Filing Season made in this report, unless otherwise specified, are for the period from January 1 through April 23, 2011.



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

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 on the 26 Customer Account Services (CAS) lines, by product line, during the 2011 Filing Season.

**Figure 2: Toll-Free Telephone Service Product Lines and Number of Assistor Calls Answered During the 2011 Filing Season**



Source: IRS Enterprise Telephone Data Warehouse.

During the 2011 Filing Season, the IRS made available approximately 12,600 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



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

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

In recent years, the passing of tax legislation (the Economic Stimulus Act of 2008<sup>3</sup> and the American Recovery and Reinvestment Act of 2009<sup>4</sup>) has placed an enormous burden on the IRS. In addition, late legislation in Fiscal Year 2011 required the IRS to quickly respond to increase call demand and last minute changes to tax systems, forms, and regulations for both internal and public users.

- On September 27, 2010, the Small Business Jobs Act of 2010<sup>5</sup> was passed that provided tax relief to small business owners affecting their Tax Year 2010 and 2011 returns.
- On December 17, 2010, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Tax Relief Act of 2010),<sup>6</sup> which extended the Tax Year<sup>7</sup> 2001, 2003, and 2009 temporary tax relief provisions, and other temporary tax extensions for individual and small business taxpayers.

As a result, certain taxpayers affected by the tax extension credits and deductions had to wait until February 14, 2011, to file their tax returns in order for the IRS to update the tax forms and reprogram its processing systems.

**The IRS provides Estimated Wait Time Messages while taxpayers wait to speak to an assistor**

During Fiscal Year 2008, the IRS implemented the Estimated Wait Time Message Pilot on six toll-free telephone applications. The message provides a real-time message that informs taxpayers about their expected wait time to hold until the call is answered by an assistor, allowing them to make more informed decisions on whether to wait for an assistor or hang up and call at another time. The IRS maintains that providing this information has a positive effect on telecom costs and reduces the overall duration of time callers spend waiting before they make a decision whether to wait or hang up. The IRS viewed the pilot as a success and continued the Estimated Wait Time Message on the same six applications with expansion to additional applications in July 2009. Currently, the Estimated Wait Time Message is on 74 percent of the IRS's assistor-staffed applications.

This review was performed at the Wage and Investment Division Headquarters and Joint Operations Center in Atlanta, Georgia, during the period January through May 2011. We conducted this performance audit in accordance with generally accepted government auditing

---

<sup>3</sup> Pub. L. No. 110-185, 122 Stat. 613.

<sup>4</sup> Pub. L. No. 111-5, 123 Stat. 115 (2009).

<sup>5</sup> Pub. L. No. 111-240, 124 Stat. 2504.

<sup>6</sup> Pub. L. No. 111-312, 124 Stat. 3296.

<sup>7</sup> A 12-month accounting period for keeping records on income and expenses used as the basis for calculating the annual taxes due. For most individual taxpayers, the tax year is synonymous with the calendar year.



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. 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 reviewed IRS documentation, interviewed IRS officials about computer systems and data limitations, and compared those results to the Government Accountability Office standards of data reliability.<sup>8</sup> Detailed information on our audit objectives, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

---

<sup>8</sup> *Assessing the Reliability of Computer-Processed Data* (GAO-09-680G, dated July 2009).



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

*Results of Review*

**Increased Call Demand and Limited Resources Continue to Keep Level of Service Under 80 Percent**

More taxpayers are calling the IRS’s toll-free lines every year. During the 2011 Filing Season, the IRS received 80 million attempts to call the toll-free telephone lines, up from 54 million, or an increase of 48 percent, during the 2007 Filing Season—the last filing season with a Customer Service Representative Level of Service more than 80 percent. Taxpayers waited on average 10 minutes to speak to an assistor (referred to as the Average Speed of Answer), a 137 percent increase since the 2007 Filing Season. Figure 3 shows how the calls have increased and the performance measures have changed since the 2007 Filing Season.

**Figure 3: Comparison of Call Attempts and Performance Measures for the 2007 - 2011 Filing Seasons**

Product Line	Total Attempts by Filing Season (in Millions)					Percentage Change From 2007 to 2011
	2007	2008	2009	2010	2011	
All CAS Lines	54	64	79	74	80	48%
1040 Line	19	23	30	27	24	26%

Performance Measure						Percentage Change From 2007 to 2011
	2007	2008	2009	2010	2011	
Level of Service	82.4%	77.5%	64.5%	75.5%	74.6%	-9.5%
Average Speed of Answer (seconds)	252	351	516	576	596	137%
Assistor Calls Answered (millions)	15.5	17.1	18.6	16.2	16.1	4%

Source: IRS Enterprise Telephone Data Warehouse.

The IRS met its 2011 Filing Season goals to achieve a 71 percent Level of Service and 680 second (11.3 minutes) Average Speed of Answer.



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

Except for the 2010 Filing Season, the IRS has experienced a continuous increase in the volume of calls since the 2007 Filing Season. Previously, the IRS has received additional funding to help with the call demand created by legislation such as the Economic Stimulus Act of 2008. However, although call demand remains high, the IRS is no longer receiving these additional funds.

The IRS requested a Fiscal Year 2011 budget program increase of \$11.9 million and a \$9 million reallocation from other IRS programs to increase its telephone Level of Service goal to 75 percent. However, the IRS did not receive the additional funding to increase its telephone Level of Service to 75 percent for the 2011 Fiscal Year. The program increase and reallocation did not materialize because the Federal Government operated under a continuing resolution for most of Fiscal Year 2011. The IRS was still able to achieve a 74.6 percent Level of Service for the 2011 Filing Season, even though the request for the additional funding was for the Fiscal Year 2011, which ends September 30, 2011. As of May 28, 2011, the Level of Service for Fiscal Year 2011 was 74.0 percent.

The IRS attributes the increase in the number of calls to taxpayers inquiring about their individual tax accounts. Fewer taxpayers are calling the 1040 Line during the filing season, but significantly more are calling about their tax refunds. Figure 4 provides the number of call attempts during the 2007 and 2011 Filing Seasons for the 8 lines that make up 70 percent of the call attempts on the 26 CAS lines.

**Figure 4: Call Attempts on the Busiest CAS Lines  
From the 2007 to 2011 Filing Seasons<sup>9</sup>**

<b>Product Line</b>	<b>2007 Attempts (in Millions)</b>	<b>2011 Attempts (in Millions)</b>	<b>Difference</b>	<b>Percentage Change</b>
Individual Income Tax Services (1040)	19,453,559	23,773,873	4,320,314	22%
Business and Specialty Tax Services	2,192,827	1,721,902	-470,925	-21%
Business Master File Customer Response	1,017,597	1,094,082	76,485	8%
Wage and Investment Individual Master File Customer Response	3,458,794	4,278,534	819,740	24%
Practitioner Priority Services	562,357	857,457	295,100	52%

<sup>9</sup> See Appendix V for a description of each of the toll-free telephone lines.



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

<b>Product Line</b>	<b>2007 Attempts (in Millions)</b>	<b>2011 Attempts (in Millions)</b>	<b>Difference</b>	<b>Percentage Change</b>
Small Business/ Self-Employed Individual Master File Customer Response	1,883,606	2,437,947	554,341	29%
Refund Hotline	15,147,505	12,315,374	-2,832,131	-19%
Refund Call Back	2,295,300	5,691,599	3,396,299	148%
<b>TOTALS</b>	<b>46,011,545</b>	<b>52,170,768</b>	<b>6,159,223</b>	<b>13%</b>

*Source: IRS Enterprise Telephone Data Warehouse.*

The Refund Call Back and the Practitioner Priority Service lines had the greatest increase in call demand.

The increase in call demand since the 2007 Filing Season continues to keep the Level of Service below 80 percent and the Average Speed of Answer high. The Average Speed of Answer has increased over the years from more than 4 minutes during the 2007 Filing Season to approximately 10 minutes during the 2011 Filing Season.

Both the IRS Oversight Board and the National Taxpayer Advocate have expressed concern over the decreasing Level of Service. The National Taxpayer Advocate's 2010 Annual Report to Congress stated that the IRS does not receive sufficient funding for toll-free telephone access and it can only do so much when having to adjust its resources between paper inventories and telephones. The IRS Oversight Board stated in its 2010 Annual Report to Congress that:

*The level of service on IRS toll-free telephones during Fiscal Year 2010 was 74 percent, an improvement over the 70 percent achieved in Fiscal Year 2009, and higher than its goal of 71 percent based on resources appropriated. However, this Level of Service was still below the 80 percent level the Board considers acceptable for good taxpayer service. . . . In recent years, the tax administration system has been used to deliver quickly and efficiently a variety of financial benefits to taxpayers during a period of economic turmoil. The IRS has responded well to these challenges, but the result has been to stretch the IRS' resources thin. Every new tax provision added to the internal revenue code requires both service and enforcement resources for successful implementation.*

**The IRS did not block more calls, but there was a slight increase in the number of taxpayers who abandoned calls (disconnected) in the 2011 Filing Season**

The number of blocked calls remained approximately the same as the 2010 Filing Season—at about 1 million. Compared to the 2010 Filing Season, primary abandons increased more than



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

7 percent, but secondary abandons generally remained the same at 4.7 million.<sup>10</sup> However, primary abandons remain 60 percent higher and secondary abandons were 79 percent<sup>11</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.

**Figure 5: Comparison of Toll-Free Telephone Performance Measures and Workload Indicators for the 2007–2011 Filing Seasons<sup>12</sup>**

Components	Filing Season				
	2007	2008	2009	2010	2011
Average Speed of Answer (seconds)	252	351	516	576	596
Blocked Calls (millions)					
Busy Signals	0.4	0.4	0.5	0.6	0.3
Courtesy Disconnects	0.4	0.8	4.5	0.4	0.6
Total Blocked Calls	0.9	1.2	5.0	1.0	1.0
Primary Abandons (millions)	7.0	8.3	11.2	10.5	11.3
Secondary Abandons (millions)	2.6	4.0	5.5	4.6	4.7
TeleTax Abandons (millions) <sup>13</sup>	1.2	1.0	1.4	0.9	0.9
Total Calls Not Answered (Hung Up or Disconnected)	11.6	14.6	23.2	16.9	17.9

Source: *IRS Enterprise Telephone Data Warehouse.*

<sup>10</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>11</sup> Percentage may vary slightly due to rounding.

<sup>12</sup> Due to rounding, the numbers may not always equal the sum of the totals.

<sup>13</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 services” to “When, where and how to file,” are listed on pages 90 and 91 of the U.S. Individual Income Tax Return (Form 1040) Instruction booklet for Tax Year 2010, available at IRS.gov. TeleTax abandons also include TeleTax overflows. An overflow call is when a caller cannot get into the system because of high call volume.



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

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 Level of Service. IRS officials stated the increase in abandoned calls can be attributed in part 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 the IRS public Internet site, IRS.gov, taxpayers may disconnect and decide to use the Internet instead. The Estimated Wait Time Message may also result in abandoned calls because taxpayers can choose whether they want to wait to speak to an assistor or disconnect and call back. The IRS continues to review its 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.

**The IRS determines the number of calls it can answer and the Level of Service it can provide by first determining its available resources**

The IRS's planning for toll-free access takes into account that not all calls it receives on its CAS telephone lines can be answered during the filing season, even without the recent increased call demand. Instead, it plans on how many calls it can answer based on its annual budget. The IRS stated that the Level of Service measures the level it plans to answer (i.e., the anticipated "call demand" for assistors in a given time period). The success rate is determined by measuring the number of taxpayers who gain access to the system and are placed in the IRS queue.

The IRS develops strategic plans based on historic data and trends, and determines how many calls can be answered by the number of Full-Time Equivalent<sup>14</sup> allocated for the filing season and fiscal year. The Level of Service is an average set for a time period, and as a part of the IRS's strategic plan to monitor the Level of Service, the IRS sets daily, weekly, filing season, and fiscal year goals. During certain weeks of the filing season, the Level of Service may experience low dips because of call demand. Figure 6 shows the weekly call volumes and their impact on the Level of Service for the weeks throughout the 2011 Filing Season.

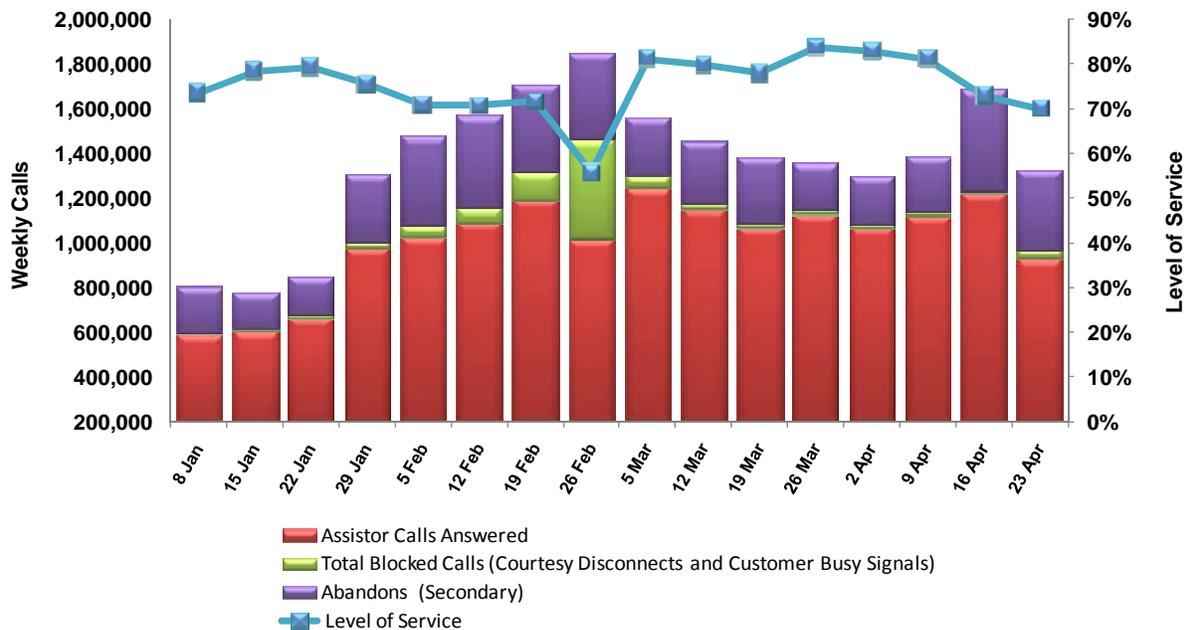
---

<sup>14</sup> A measure of labor hours in which 1 Full-Time Equivalent is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year.



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

**Figure 6: Weekly Level of Service and Call Volume for the 2011 Filing Season**



Source: IRS Enterprise Telephone Data Warehouse.

The IRS has a limited number of resources and must allocate those resources between answering toll-free telephone lines and working correspondence and adjustments to taxpayer accounts. Assistors who answer the toll-free telephone lines also handle paper correspondence (including processing amended returns). During the filing season when call demand is usually at its highest, more resources are shifted to the telephones to answer calls, and correspondence and adjustment inventory processing is placed on hold until call demand subsides.

As call volumes have increased and assistors have been moved to answer telephone calls, paper correspondence inventories have substantially increased. The correspondence inventory rose from approximately 480,000 at the end of Fiscal Year 2007 to more than 628,000 at the end of Fiscal Year 2010—an increase of nearly 31 percent.

**The IRS continues to look for ways to improve customer service by leveraging its available resources**

Each year, the IRS continues to identify toll-free telephone services that can be diverted to automated self-service and web applications in an effort to ease the ever increasing call demand on its limited number of assistors. During Fiscal Year 2010, the IRS developed the Leveraging Resources and Optimizing Services Project to address toll-free resource challenges with a focus in the following four key areas:



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

- Narrow the gap between assistor staffing supply and total workload.
- Improve taxpayer experience through targeted and cost-effective initiatives.
- Deliver quick successful improvements in Fiscal Year 2010 and longer-term change in Fiscal Year 2011.
- Remain budget neutral.

**Assistors are shifting from generalists to specialists**

The Accounts Management function identified correspondence and telephone processes that could be re-designed to shift the assistors from a “generalist” full-scope process to a more “specialized” work process approach. This new approach incorporated new training methodology that focuses on issue-based segments and shorter training time in customer accounts such as Refunds, Balance Dues, and Injured Spouse inquires. Training was enhanced to focus on e-learning, which can be delivered at assistors’ workstations, thereby reducing the number of training hours and the need for classroom resources.

Some of the correspondence training has been designed to correspond with and complement the telephone segmentation, thus reinforcing the targeted training by issue. In addition, in January 2011, the IRS implemented two new Automated Self-Service Applications that allow toll-free screeners to transfer callers directly to the automated lines to order a tax return transcript or find out about their tax refunds.<sup>15</sup> Prior to this year, these calls were answered by assistors. During the 2011 Filing Season, 28,308 calls were transferred to the Transcript Automated Self-Service Application, and 51,662 calls were transferred to the Refund Automated Self-Service Application.

**The IRS is continuing its expansion of web-based self assistance tools**

On January 3, 2011, the IRS developed and deployed a new interactive web application so taxpayers can order account transcripts online through IRS.gov. Previously, this service was available only through the telephone. During the 2011 Filing Season, this application received 396,273 attempts with 272,336 (69 percent) successful completions.

During the 2010 Filing Season, the IRS developed and deployed the Electronic Filing (*e-file*) Personal Identification Number (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 Adjusted Gross Income and use a self-selected, five-digit PIN as their signature. In order to reduce calls to assistors requesting a

---

<sup>15</sup> A toll-free telephone screener’s (also known as a default screener) assignment is to properly direct the caller to the designated area related to the caller’s inquiry.



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

prior year's Adjusted Gross Income or prior year PIN, the IRS developed two methods for taxpayers to obtain a PIN to *e-file* their tax returns.

- **An Automated Interactive Telephone PIN Application (1-866-704-7388).** Using the telephone keypad, taxpayers enter their Social Security Number, date of birth, and prior tax year filing status. Taxpayers receive a PIN for *e-filing* their tax returns. During the 2011 Filing Season, this application received 11,418,331 attempts with 400,675 Assistor Calls Answered and 6,798,892 Automated Calls Answered.
- **A Self-Select PIN Application.** Using a web-based application on IRS.gov, taxpayers enter their name, address, date of birth, Social Security Number, and prior tax year filing status. A PIN generates for taxpayers to *e-file* their tax returns. During the 2011 Filing Season, this application received 13.9 million attempts with 9.6 million (69 percent) successful PIN requests.

### ***The Estimated Wait Time Message Provides Callers With Accurate Wait Times***

Testing showed that the Estimated Wait Time Message is generally accurate. From a test of 33 calls made to the toll-free 1-800-829-1040 telephone number that individual taxpayers call to ask tax account or tax law questions, the IRS provided an Estimated Wait Time Message and an assistor answered on 30 calls. The other three calls were disconnected prior to reaching an assistor or an Estimated Wait Time was not given. The Estimated Wait Time was accurate for 24 (80 percent) of 30 calls.

For 4 (17 percent) of 24 calls in which the wait time ranged from 33 to 53 minutes, the Estimated Wait Time Message stated that the wait time would be greater than 15 minutes. According to IRS criteria, the Estimated Wait Time was accurate. However, an Estimated Wait Time Message of greater than 30 minutes would have been more accurate. The following Estimated Wait Time messages are available:

- Less than 2 minutes.
- 2 to 4 minutes.
- 4 to 7 minutes.
- 7 to 10 minutes.
- 10 to 15 minutes.
- Greater than 15 minutes.
- Greater than 30 minutes.



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

An analysis of Estimated Wait Time reports showed that of the 70 Estimated Wait Time applications, 24 applications had a 70 percent or better accuracy rate. These applications had the majority of the call volume at 16.1 million calls (94 percent). The other 46 applications with less than a 70 percent accuracy rate had only about 1 million calls with most of them having an Average Daily Volume of 800 calls or less.

During the 2011 Filing Season, of the 17.1 million calls that received an Estimated Wait Time Message, 14.2 million (83 percent) received an accurate message. The Estimated Wait Time Message is currently on 70 CAS toll-free telephone assistor applications.

According to the IRS, there are certain applications that would not be conducive to the Estimated Wait Time Message because certain conditions need to be present in order for the Estimated Wait Time calculation to estimate an accurate message. The Estimated Wait Time calculation is a two-part calculation.

- The first part of the equation is based on the service interval or how often a call leaves the queue.
- The second part of the equation is queue depth or how many calls are in the queue.

For example, if the queue depth is 20 calls, then there are 20 callers in front of an inbound caller. With a service interval of 10 seconds, the caller should receive an Estimated Wait Time Message of 210 seconds or about 4 minutes.

The calculation is relatively stable when there is a sufficient call volume in the queue depth to estimate the service interval. The more call volume in an application, the more accurate the Estimated Wait Time Message. When the daily call volume drops below 900 calls, the accuracy rate of the Estimated Wait Time Message also drops. The calculation has to have a substantial call volume in order to provide an accuracy rate of 70 percent or better.

In addition, the Estimated Wait Time Message is not used on applications with Prioritized Transfers. Prioritized Transfers occur when a caller has already spoken with an assistor but needs to be transferred to another assistor for further assistance. This caller is given priority and is placed ahead of other callers in the application queue. The callers who are already in the queue have heard an Estimated Wait Time Message based on the queue depth and service interval. When a call is Prioritized Transferred into the queue, it is placed in front of the other callers, thereby adding time onto their wait and causing an inaccurate Estimated Wait Time.

We are making no recommendations in this report.



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

## **Appendix I**

### *Detailed Objectives, Scope, and Methodology*

The overall objective of this review was to evaluate the customer service toll-free telephone access during the 2011 Filing Season.<sup>1</sup> In addition, we evaluated the toll-free estimated wait time process to determine whether the IRS has continued and expanded the use of the Estimated Wait Time Message service and whether the estimated wait times provided to taxpayers are accurate. To accomplish our objectives, we:

- I. Evaluated the IRS's preparation for the toll-free telephone operations for the 2011 Filing Season, including follow up 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 2011 Filing Season.
- III. Determined the process used to monitor call volumes and applications that could affect Level of Service.
- IV. Determined whether the 2011 Filing Season performance measures, goals, and indicator targets for the toll-free telephone operations were achieved.
- V. Evaluated the results of the Estimated Wait Time Message Pilot and determined whether the IRS has successfully implemented the Estimated Wait Time Message to all applications and telephone lines.

#### **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 objectives: Account Management function policies, procedures, and practices for the toll-free telephone operations. We evaluated controls by interviewing management and reviewing policies, reports, and procedures.

---

<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> *Toll-Free Telephone Access Exceeded Expectations, but Access for Hearing-and Speech-Impaired Taxpayers Could Be Improved* (Reference Number 2010-40-108, dated September 8, 2010).



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

**Appendix II**

*Major Contributors to This Report*

Michael E. McKenney, Assistant Inspector General for Audit (Returns Processing and Account Services)

Augusta R. Cook, Director

Paula W. Johnson, Audit Manager

M. Jean Bell, Acting Audit Manager

Jackie Forbus, Lead Auditor

Patricia A. Jackson, Senior Auditor

Geraldine Vaughn, Senior Auditor



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

## **Appendix III**

### *Report Distribution List*

Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy Commissioner for Services and Enforcement SE  
Chief Financial Officer OS:CFO  
Deputy Commissioner of Operations, Wage and Investment Division SE:W  
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: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:PEI



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

## Appendix IV

### *Joint Operations Center*

The Joint Operations Center serves as the central control organization for all of the IRS's 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. This option transfers the caller to the American Recovery and Reinvestment Act of 2009<sup>1</sup> information line at 1-866-234-2942 and then to a second automated menu that provides information regarding provisions that affect 2010 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 Earned Income Tax Credit; c) information on the First-Time Homebuyer

---

<sup>1</sup> Pub. L. No. 111-5, 123 Stat. 115 (2009).

<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.



---

*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

---

- Credit; d) information about the Higher Education Tax Credit (also known as the American Opportunity Tax Credit which modifies the former Hope Credit); e) Residential Credits; or f) 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 for the latest information on the refund status. The caller is then advised that to protect their privacy, they will need to provide their name, Social Security Number, and date of birth, as well as the filing status and address from their tax return. The caller is then asked to please hold.
  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 Adjusted Gross Income 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>

---

<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.



*Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service*

**Appendix V**

*Busiest Customer Account Services Lines*

<b>Telephone Line</b>	<b>Service</b>
<b>Individual Income Tax Services (1040)</b>	For individuals who need procedural or tax law information and/or help to file their U.S. Individual Income Tax (Form 1040)-type individual returns, and general account information for Form 1040 filers.
<b>Business and Specialty Tax Services</b>	For businesses, corporations, partnerships, and trusts that need information and/or help regarding their business returns or business accounts.
<b>Business Master File Customer Response</b>	For business taxpayers who receive a specific notice to call the number listed in the notice. The number is not publicly marketed.
<b>Wage and Investment Individual Master File Customer Response</b>	For individual taxpayers who receive a specific notice to call the number listed in the notice. The number is not publicly marketed.
<b>Practitioner Priority Services</b>	For practitioners as the first point of contact for assistance regarding their clients' account-related issues.
<b>Small Business/Self-Employed Individual Master File Customer Response</b>	For taxpayers who receive a specific notice to call the number listed in the notice. The number is not publicly marketed.
<b>Refund Hotline</b>	For individuals to check the status of their refund. Callers will need to know their filing status and the exact whole-dollar amount of expected refund.
<b>Refund Call Back</b>	For taxpayers who receive a specific notice to call the number listed on the notice. The number is not publicly marketed.

*Source: IRS Intranet.*