

# Improving IRS Telephone Service: A Review of Best Practice Processes and Measures Used by Large Government and Private Sector Call Centers

## EXECUTIVE SUMMARY

The National Taxpayer Advocate has included IRS telephone operations as one of the ten Most Serious Problems facing taxpayers since 2020.<sup>1</sup> To its credit, the IRS improved its primary measure – Level of Service (LOS) – on its Accounts Management (AM) phone lines during the 2023 and 2024 filing seasons, setting and achieving its goal of at least an 85 percent LOS. However, the LOS metric is an imperfect, incomplete measure of the service the IRS provides to taxpayers calling for assistance. The IRS has also expanded its online services to taxpayers by developing individual and business online accounts. The expansion of online services provides informative content on a variety of tax topics, allows taxpayers to check the status of their refunds or review their account, and makes it easier to get copies of tax returns and account transcripts, all of which should reduce the number of taxpayers who must call the IRS. Nevertheless, tens of millions of taxpayers continue to call the IRS each year.

The IRS receives approximately 100 million calls each year. It uses an enterprise of phone lines to provide service to taxpayers on a variety of issues, including tax law, compliance services, and other specialty topics. This report compares the telephone processes and metrics of the IRS with other public and private entities, including state and national governmental agencies that receive large call volumes. The goal of this comparison is to recommend metrics and processes that may improve IRS telephone operations.

Although the IRS has increased the likelihood of taxpayers having their calls answered during the filing season, practitioner complaints about IRS telephone service dominated the Town Halls that the National Taxpayer Advocate held at the 2024 IRS Nationwide Tax Forums during the summer. When the IRS provides better service during the filing season (late January to mid-April), it is more likely to receive tax returns with fewer errors. However, taxpayers who have something wrong with their return after the filing season face difficulty reaching the IRS to resolve the problem. For example, in fiscal year (FY) 2024, IRS customer service representatives (CSRs) answered 32.1 percent of the calls it received during the filing season and only 24.4 percent of the calls it received after the filing season through September 30, 2024; the wait time for a CSR to answer more than tripled, increasing from 3.4 minutes to 12.6 minutes.<sup>2</sup> This is understandable as CSRs wear multiple hats and juggle work from answering telephones to processing correspondence to making account adjustments. That said, the challenge the IRS faces involves allocating its resources to properly adjust and provide taxpayers and practitioners with the quality service to which they are entitled across multiple channels (telephones, online services, and in-person).

1 See National Taxpayer Advocate 2020 Annual Report to Congress 28 (Most Serious Problem: *Telephone and In-Person Service: Taxpayers Face Significant Difficulty Reaching IRS Representatives Due to Outdated Information Technology and Insufficient Staffing*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2021/01/ARC20\\_MSP\\_02\\_Telephone.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2021/01/ARC20_MSP_02_Telephone.pdf); National Taxpayer Advocate 2021 Annual Report to Congress 66 (Most Serious Problem: *Telephone and In-Person Service: Taxpayers Face Significant Challenges Reaching IRS Representatives Due to Longstanding Deficiencies and Pandemic Complications*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21\\_MSP\\_03\\_Telephone.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_MSP_03_Telephone.pdf); National Taxpayer Advocate 2022 Annual Report to Congress 74 (Most Serious Problem: *Telephone and In-Person Service: Taxpayers Continue to Experience Difficulties and Frustration Obtaining Telephone and Face-to-Face Assistance to Resolve Their Tax Issues and Questions*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22\\_MSP\\_04\\_Telephone.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2023/01/ARC22_MSP_04_Telephone.pdf); National Taxpayer Advocate 2023 Annual Report to Congress 48 (Most Serious Problem: *Telephone and In-Person Service: Despite Improvements in Its Service Levels, the IRS Still Does Not Provide Taxpayers and Tax Professionals With Adequate, Timely Telephone and In-Person Service*), [https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23\\_MSP\\_04\\_Telephone-InPerson.pdf](https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/01/ARC23_MSP_04_Telephone-InPerson.pdf).

2 IRS, Joint Operations Center (JOC), Snapshot Reports: Enterprise Snapshot, Enterprise Total (FY 2024 data for weeks ending Apr. 20, 2024; Sept. 30, 2024), Snapshot Reports: Enterprise Snapshot, Enterprise Total (Planning Period 2024 data for week ending Apr. 20, 2024). Calls answered by CSRs after filing season are calculated by subtracting the FY 2024 data week ending April 20, 2024, from FY 2024 data week ending September 30, 2024. Wait time after filing season is calculated similarly using a function of calls answered and average speed of answer for both sets of FY 2024 data.

As mentioned, the IRS uses LOS as a primary metric to evaluate its telephone operations. LOS measures how many calls the IRS answers, but this measure is somewhat misleading. During the 2024 filing season, the IRS LOS on its AM lines was 87.6 percent, even though live assistants answered only 32.1 percent of the calls they received.<sup>3</sup> The primary reason for this discrepancy is that the IRS does not include calls that drop off before it places the caller in a queue for a live assistant, which impacts its LOS calculation.

We found that public or private entities typically do not use LOS or variations of this metric. Of the entities we reviewed, the IRS was the only one using this specific metric. Other incoming call center operations often measured aspects of the IRS's LOS measure including calls answered, call abandon rate, and callers receiving a busy signal. Both the IRS and other entities included metrics on the time spent answering an inquiry; the wait time before a representative answers a call, which the IRS refers to as the average speed of answer; the percent of calls transferred; and other metrics such as handle and wrap time. Like other entities, the IRS uses customer satisfaction surveys to gauge taxpayer sentiment for its telephone service; however, the percentage of respondents is much lower for the IRS than for other entities. Additionally, we found that many entities track if the caller's first call resolves the issue, but the IRS does not currently track this metric.

In terms of alternate forms of service, the IRS is lagging technologically as it has yet to implement live chat functionality, which many other entities are using. However, the IRS is working to implement this technology when expanding its web services, which could decrease incoming call volumes and allow it to answer more taxpayer inquiries.

Significant conclusions from our study include:

- IRS incoming call volumes significantly exceed the volumes of other entities studied, even considering large national agencies like the Social Security Administration (SSA) or the Department of Veterans Affairs (VA).
- The IRS answers a smaller percentage of calls than the 80 percent standard of most public entities, and it generally answers a smaller percentage of calls than most of the state agencies we reviewed.
- Wait times for IRS callers are higher than the goal of other incoming call operations in the private sector, although wait times are similar during the filing season; wait times for IRS callers are less than those of most of the state agencies we reviewed.
- A common call center metric for many public and private entities is the first contact resolution (FCR) rate. A few state agencies use this metric, but the IRS does not.
- The IRS and most call center operations we reviewed use surveys to measure user satisfaction; however, the IRS should increase the feedback it gathers whether it involves increasing the sample size for its surveys or allowing callers to take the survey at a point in time after their call.

As a result of comparing the IRS to other entities, TAS recommends that the agency strive to implement these changes to improve their telephone service and metrics:

1. Revise the LOS formula so it is a function of total call attempts and include calls answered through automation in the calculation.<sup>4</sup>
2. Implement a procedure for measuring FCR.
3. Offer all callers a customer satisfaction survey.
4. Deploy live chat functionality.

<sup>3</sup> IRS, JOC, Snapshot Reports: Enterprise Snapshot, Enterprise Total (Planning Period 2024 data for week ending Apr. 20, 2024).

<sup>4</sup> The IRS currently measures but does not publicize a metric called Level of Service for Automation, which tracks the total number of calls answered by automation out of all the calls that enter a calling queue.

## INTRODUCTION

The National Taxpayer Advocate has frequently expressed concern over the IRS increasingly relying on online channels to communicate with taxpayers while failing to adequately maintain its telephone service. On average, the IRS receives about 100 million telephone calls each year on its toll-free lines. Over the past several decades, the IRS has evaluated its telephone performance using the CSR LOS on its AM lines during the filing season, which is the relative success rate of taxpayers who call for live assistance on the IRS's toll-free telephone lines. The National Taxpayer Advocate acknowledges significant improvement in the IRS's LOS since COVID-19 pandemic era lows but questions the measure's lack of accuracy in gauging the ability to reach a live assistor and whether it is adequately evaluating taxpayers' actual experiences on telephone calls with the IRS.

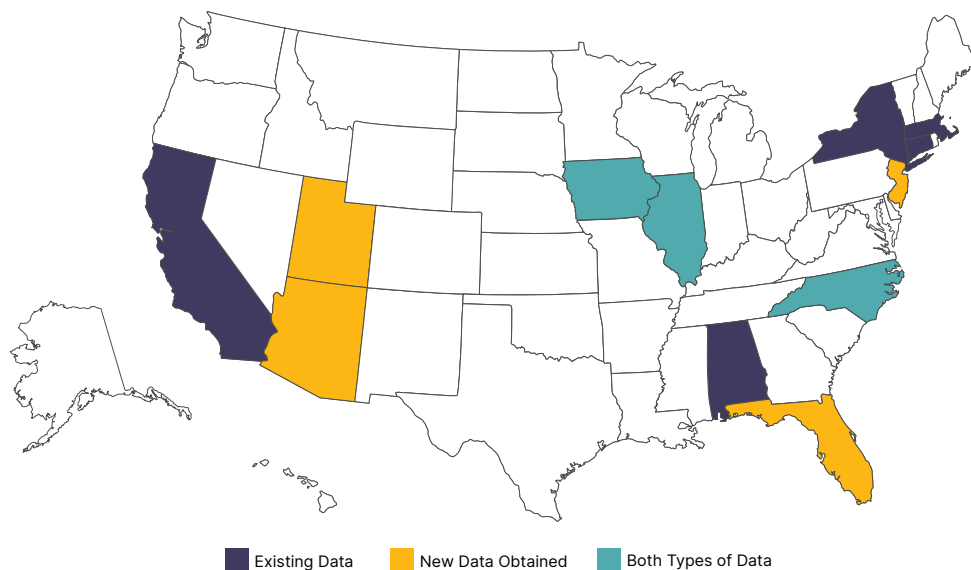
To provide telephone service that meets the needs of taxpayers in the 21st century, the IRS should learn from and follow the approaches taken by other organizations in private industry and the government that treat telephone service as an essential part of their service. TAS's research shows that quality metrics designed to assess timely service and satisfaction should drive the way the IRS evaluates its own telephone service.

This report analyzes measures commonly used in the public and private sector to evaluate and improve call center performance, reviews IRS measures, compares and contrasts those measures with other entities, and makes recommendations for improvement.

TAS used data from several state taxation agencies to make comparisons with the IRS telephone processes and metrics. Figure 5.2.1 shows states for which the IRS used existing data, for which it obtained new data, and for which it had existing data and received additional data.

**FIGURE 5.2.1**

### State Taxation Agencies Compared With the IRS



## BACKGROUND

Taxpayers primarily contact the IRS for assistance by calling its telephone lines. Each fiscal year, the IRS receives about 100 million calls, with a significant number – though not a majority – during the filing season. In FY 2024, the IRS spent 5,038 full-time equivalent hours on its enterprise of phone lines.<sup>5</sup> Figure 5.2.2 shows the breakdown of total call volume from FYs 2020 to 2024 and the number of calls answered by a live assistor, automation, or a general information message. The COVID-19 pandemic and related issues such as site closures and delayed return and refund processing affected the number of calls received and answered for FYs 2021-2022. Aside from the two anomalous years, the IRS is trending slightly higher each year in the percentage of calls it answers. However, even including calls answered by automation, the IRS still answers less than half of the calls it receives.

**FIGURE 5.2.2, Calls Received by Fiscal Year<sup>6</sup>**

Fiscal Year	Total Calls Received	Total Calls Answered	Percent of Calls Answered
FY 2020	100,514,299	47,504,009	47%
FY 2021	281,708,009	72,236,417	26%
FY 2022	173,265,572	51,755,136	30%
FY 2023	92,875,396	44,268,385	48%
FY 2024	98,927,201	48,764,587	49%

The IRS has broken down its phone structure for specific purposes to serve taxpayers and their diverse needs, with a total of 99 phone lines catering to different business purposes. A subset of 35 phone lines relates to AM functions. The IRS evaluates its phone lines using LOS, which is a function of total calls answered by a live assistor or through informational messaging divided by the total calls answered or disconnected after the caller joins a queue. The IRS does not consider callers who hung up during the calling tree to have joined a calling queue and does not factor them into the LOS calculation. Originally, the IRS used its publicly reported LOS to anticipate what percentage of calls it could answer under various budget and workforce priorities.<sup>7</sup> However, over the past 20 years, the LOS for only AM phone lines during the filing season has become the primary measure of success or failure. But this measure may be an inaccurate representation because it evaluates only a limited number of phone lines over just a few months of the year.

## OBJECTIVES

As an institution that receives nearly 100 million calls each year, it is imperative that the IRS work to improve its operations so it can provide quality service while answering the queries of taxpayers. To evaluate the IRS's telephone service, TAS will compare IRS operations to other entities who also receive large call volumes or perform similar services. This report will review the operations, metrics, and results of other incoming call telephone service providers through both direct and indirect means to develop benchmarks and recommend metrics and goals for IRS consideration. We section the report into four objectives:

<sup>5</sup> IRS response to TAS information request (Oct. 21, 2024).

<sup>6</sup> IRS, JOC, Snapshot Reports: Enterprise Snapshot, Enterprise Total (FY data for weeks ending Sept. 30, 2020; Sept. 30, 2021; Sept. 30, 2022; Sept. 30, 2023; Sept. 30, 2024). Total Calls Answered = Net Attempts; Total Calls Answered = Assistor Calls Answered + Integrated Customer Communications Environment (ICCE)-Phones + Interactive Voice Response (IVR) Open Hours + Info Msg; Percent of Calls Answered = Total Calls Received/Total Calls Answered. Percent of Calls Answered is made up of Percent Calls Answered by a Live Assistor and Percent Calls Answered With Automated Assistance. The Percent of Calls Answered by Live Assistor from FYs 2020 to 2024 was 24 percent in FY 2020, 11 percent in FY 2021, 13 percent in FY 2022, 29 percent in FY 2023, and 31 percent in FY 2024. The percent of Calls Answered With Automated Assistance was 23 percent in FY 2020, 14 percent in FY 2021, 17 percent in FY 2022, 18 percent in FY 2023, and 18 percent in FY 2024. All numbers in the figure are rounded.

<sup>7</sup> National Taxpayer Advocate 2001 Annual Report to Congress 9 (Most Serious Problem: *Access to Customer Service Toll-Free Telephone Service*), <https://www.taxpayeradvocate.irs.gov/reports/2001-annual-report-to-congress/full-report/>.

1. Review public information available for several large incoming call services, particularly focusing on their operations, metrics, and results.
2. Contact entities with large incoming call telephone services to obtain unpublished details of their operations, metrics, and results.
3. Review IRS operations, metrics, and results of their toll-free telephone service.
4. Compare and contrast the operations, metrics, and results of IRS toll-free telephone operations to those of other large entities with large incoming call services.

## METHODOLOGY

### **Objective 1: Review public information available for several large incoming call services, particularly focusing on their operations, metrics, and results.**

TAS Research conducted a thorough review of online sources to gather any information for public and private entities on their telephone service. Sources included government entities, including several taxation entities, private companies, and organizations dedicated to telephone service. TAS Research also reached out to contacts at the IRS for any relevant published reports or studies, ensuring a comprehensive understanding of the current landscape.

### **Objective 2: Contact entities with large incoming call telephone services to obtain unpublished details of their operations, metrics, and results.**

On behalf of TAS Research, the Privacy, Governmental Liaison, and Disclosure (PGLD) team reached out to several state taxation agencies. Several agencies provided insights into their telephone processes and data. TAS Research also reached out to contacts at several private entities in the airline, banking, and pharmaceutical industries. However, only one entity was willing to provide more context on its operations via a phone interview. We were able to find and describe industry standards for incoming call center operations.

### **Objective 3: Review IRS operations, metrics, and results of their toll-free telephone service.**

TAS Research reviewed call volumes and other metrics using data available from the IRS Joint Operations Center and conducted a site visit in Atlanta, Georgia, to gather more details on telephone service processes. We also held discussions with staff from both the Treasury Inspector General for Tax Administration and the Government Accounting Office to gain their perspective on IRS telephone operations. Finally, TAS reviewed the customer transactional surveys that IRS Taxpayer Services conducted.

### **Objective 4: Compare and contrast the operations, metrics, and results of IRS toll-free telephone operations to those of other large entities with large incoming call services.**

TAS Research analyzed all the information collected in the first three objectives. We discuss metrics used by other call centers and goals for certain metrics that the IRS should adopt to provide better service to telephone callers. We also explore differences between the IRS LOS measure and the LOS metrics used by other call centers, both private and public.

## FINDINGS

### **Objective 1: Review public information available for several large incoming call services, particularly focusing on their operations, metrics, and results.**

#### *Public Entities*

Two of the publicly available resources that TAS Research accessed were the resources of the SSA and VA. Both report information about their telephone operations and their call volumes on their respective websites.

The SSA is a federal agency that manages Social Security benefits and programs for the American population. The agency receives large call volumes, and in FY 2023, it received 51,933,760 calls.<sup>8</sup> Unlike the IRS, the SSA receives about the same number of calls each month, whereas the IRS receives many of its calls during the filing season or in the months soon thereafter. The SSA evaluates itself by the CSR Busy Rate, which is the number of calls offered to CSRs who received a busy message divided by the total number of calls offered to CSRs.<sup>9</sup> The SSA tries to minimize this rate; for FY 2023, it was eight percent.<sup>10</sup>

The VA is a federal agency that provides benefits to veterans and their families. In 2020, the VA offered live agent support 24 hours a day throughout the year. In FY 2022, the VA fielded over 50 million calls and received a 72.7 percent satisfaction score from its customers.<sup>11</sup> To make telephone access easier, the agency established a hotline that allowed customers to simply dial 988 and then press 1 to reach an assistor. In FY 2022, the VA received 717,000 calls through this hotline.<sup>12</sup> Additionally, the VA allows customers to reach them through SMS texting, the AskVA website, and a chatbot service on the VA website.

### Private Entities

We also reviewed suggested metrics in the public domain, provided by companies specializing in call center operations, technology, and metrics. There is a consensus among private industry, and many entities agree that the following list reflects the most common key performance indicators:<sup>13</sup>

1. FCR Rate: A metric that measures a call center's performance for resolving customer interactions on the first call or contact, eliminating the need for follow-up contacts.
2. Customer Satisfaction Score: This is based on a post-call phone or email survey conducted within one business day of an interaction. Score scales vary, but most common is a five-point scale.
3. Net Promoter Score: A one-question survey, typically on a zero to ten scale, to gauge customer loyalty and satisfaction.
4. Average Handle Time: The average time for an agent to resolve a customer issue or problem. Average Handle Time (*i.e.*, agent talk time + hold time + after-call task time) starts when an agent answers the customer's call and ends after they wrap up the call.
5. Service Level and Response: A call center's ability to answer a certain number of calls in a predetermined amount of time. The call center industry standard for service level is to answer 80 percent of calls in 20 seconds.
6. Average Speed of Answer: This assesses call center responsiveness by measuring the average time for a CSR to answer a call. It is typically calculated by taking the total wait time of answered calls and dividing by the total number of answered calls.
7. Occupancy Rate: The percentage of time that agents spend handling (*e.g.*, talk, hold, and wrap-up time) customer inquiries and problems. Occupancy rate is a common measurement of how busy agents are dealing with customers.

8 SSA, Open Government Initiative, <https://www.ssa.gov/open/data/800-number-call-volume-and-agent-busy-rate.html> (last visited Nov. 26, 2024). Dataset updated on August 27, 2024; provides monthly call volumes and statistics dating back to FY 2010. Data cited is in cell C196.

9 SSA, Open Government Initiative, <https://www.ssa.gov/open/data/800-number-call-volume-and-agent-busy-rate.html> (last visited Nov. 26, 2024).

10 *Id.* Dataset updated on August 27, 2024; provides monthly call volumes and statistics dating back to FY 2010. Data cited is in cell E196.

11 VA, VA Contact Centers Modernize to Improve Veteran Experience (June 5, 2023), <https://news.va.gov/120581/va-contact-centers-improve-experience/>.

12 *Id.*

13 What Are the Industry Standards for the Top Call Center KPIs?, SQM GRP. (Jan. 19, 2023), <https://www.sqmgroupp.com/resources/library/blog/industry-standards-top-call-center-kpis>; Jayadeep Subhashis, Top 17 Contact Center Metrics to Monitor in 2024, SPRINKLR (Apr. 1, 2024), <https://www.sprinklr.com/blog/contact-center-metrics/>; Alex Doan, 12 Key Call Center Metrics and KPIs to Drive Better Performance, NEXTIVA (Feb. 12, 2024), <https://www.nextiva.com/blog/call-center-metrics.html>.



8. Abandon Rate: The percentage of calls dropped by customers before they can reach an agent. The call center industry standard for call abandon rate is six percent.
9. Callers Put on Hold: The average on-hold time is 55 seconds. The call center industry standard for callers put on hold when talking to an agent is 46 percent.
10. Caller's Call Transferred: The call center industry standard for the percentage of caller's calls transferred to another agent or supervisor is 19 percent.
11. Complaint Calls: Most call centers underreport the percentage of calls that callers would describe as complaint calls. The call center industry standard for callers who describe their call as a complaint is 13 percent.

## Objective 2: Contact entities with large incoming call telephone services to obtain unpublished details of their operations, metrics, and results.

### Public Entities

TAS Research contacted several state government agencies and requested new or additional information on their telephone service. We received responses from the Departments of Revenue (DORs) for Arizona, Florida, Iowa, Illinois, and North Carolina; the New Jersey Division of Taxation; and the Utah State Tax Commission. Figure 5.2.3 compiles a summary of the responses. Unless explicitly noted, the data provided by each agency was from the most recent full fiscal year or calendar year.

**FIGURE 5.2.3, Unpublished Telephone Data From State Tax Agencies<sup>14</sup>**

Agency	Total Calls Received	Percent of Calls Answered	First Contact Resolution	Call Wait Time	Call Handle Time
Arizona DOR (July 2023-June 2024)	920,715	25%	77%	25.5 min	13 min
Florida DOR	461,803	52%	n/a	Not Reported	12 min
Florida DOR: Child Support Enforcement	887,803	80%	n/a	13 min	11 min
Iowa DOR	132,726	83%	Not Reported	6.5 min	7 min
Illinois DOR	895,876	89%	Not Reported	7.5 min	Not Reported
New Jersey Division of Taxation (July 2023-June 2024)	774,438	76%	n/a	9.5 min	12 min
North Carolina DOR	779,268	71%	80%	13 min	9 min
Utah State Tax Commission: Taxpayer Resources (Main Tax Call Center)	150,495	86%	Not Reported	6 min	6 min
Utah State Tax Commission: Collections Call Center	116,923	95%	92%	0.5 min	5 min

Arizona reported an LOS of 18 percent; however, its definition of the metric is different from the IRS. Arizona defines LOS as the ratio of calls that enter the queue and assistants answer within 15 minutes. Iowa defines LOS similarly as the ratio of calls answered within five minutes and reported an LOS of 67 percent. Florida DOR reports a service level of 32 percent, which is the ratio of calls answered within 20 seconds.

Utah and New Jersey did not report an LOS, but they reported answering approximately 90 percent and 76 percent, respectively, of all the calls they received. Three entities reported using an FCR measure with Arizona reporting 77 percent, North Carolina reporting 80 percent, and Utah Collections Contact Center reporting 92 percent.

<sup>14</sup> Responses to PGLD for telephone service metrics from state agencies (Nov. 8, 2024; Nov. 13, 2024).

In Arizona, calls disconnected while waiting in queue was 32 percent, while calls disconnected pre-queue was 63 percent. In Iowa, the definition of a “received call” is when a call enters a queue and is on hold for at least five seconds without disconnecting. Iowa’s abandonment rate was approximately 17 percent. Utah only tracks secondary abandons, which are calls that enter a queue, and excludes calls abandoned within 30 seconds. The abandonment rates for both Utah’s Taxpayer Resources (Main Tax Call Center) and the Collections Contact Center were four percent each. Florida DOR reports 16 percent as the calls abandoned in the queue before the caller connected to an agent. Florida DOR: Child Support Enforcement reported an abandonment rate of 20 percent. Illinois and New Jersey reported abandonment rates of 11 percent and 21 percent, respectively, though they did not provide specific definitions.

The Arizona DOR measures customer satisfaction by asking three questions it scores on a five-point scale. In 2024, 58,187 responses produced these average scores:

1. Was your wait time reasonable? Score=3.4
2. Do you feel your questions and concerns have been resolved during today’s call? Score=3.9
3. Were you satisfied by the quality of service provided by the customer service representative you just spoke with? Score=4.5

Utah measures satisfaction on a four-point scale. Details about the questions were not provided, but its Taxpayer Resources (Main Tax Call Center) received an average score of 3.58. Utah’s Collection Contact Center also measures satisfaction on a four-point scale but reports it differently with a score of 92.3 percent.

The Illinois DOR reported that 78 percent of callers express 100 percent satisfaction with the service they received.

### ***Private Entities***

Unpublished data was difficult to obtain for private entities as they preferred not to disclose any data they had not already made publicly available. There are still outstanding requests to companies in the airline, telecommunications, and banking industries, so it is possible that we may receive data from them in the future.

We did, however, receive some relevant telephone data from a pharmaceutical company subsidiary. The company, which requested to remain anonymous, provides support for a well-known drug. The calls they receive typically deal with product questions, financial assistance, and replacements for damaged products. The company does not currently use any automation, and live assistants in the United States answer all calls. The company has 79 full-time employees with 15 Spanish-speaking employees. The hours of operation are 8:30 a.m. to 6 p.m. Eastern Time.

The company received about 250,000 calls in 2022 and 2023. One measure that the company uses to evaluate its service is Answer Rate, which is the percentage of incoming calls answered by a live assistant; its Answer Rate was about 50 percent. Its average hold time was five minutes and ten seconds, and it answered 53 percent of calls within 30 seconds. Additionally, about 73 percent of callers received a resolution during their first call about their particular issue.

With call volumes expected to increase each year, this company does plan to implement some sort of artificial intelligence to automate some call functions. Also, the company wants to use translation services to accommodate callers who do not speak English.

### **Objective 3: Review IRS operations, metrics, and results of its toll-free telephone service.**

The IRS splits up its telephone service among 99 different lines with IRS employees dedicated to specific taxpayer activities for each phone line. By doing this, the IRS can avoid having to cross-train all employees on all taxpayer functions. However, this does lead to challenges where many calls to certain phone lines overwhelm IRS employees while employees for other phone lines sit idle. While the IRS measures the LOS for



each individual line, it has a consolidated LOS figure for all AM lines, which is publicly reported. Because of this, the IRS makes an effort to prioritize resources for AM phone lines. In Figure 5.2.4, we compare FY 2024 figures for the IRS's consolidated AM phone lines against the top five non-AM phone lines by call volume.

**FIGURE 5.2.4, AM Comparison to Non-AM Phone Lines, FY 2024<sup>15</sup>**

Phone Lines	Calls Received	Percent of Total Calls	Total Calls Answered	Percent of Calls Answered	Level of Service
All AM Phone Lines	68,796,374	70%	35,211,028	51%	65%
Non-AM: Installment Agreement/Balance Due	10,996,409	11%	5,270,308	48%	48%
Non-AM: Taxpayer Protection Program	6,193,982	6%	1,159,050	19%	20%
Non-AM: Automated Collection System (ACS)	5,972,831	6%	3,984,941	67%	51%
Non-AM: Automated Underreporter	1,295,755	1%	626,514	48%	58%
Non-AM: Refundable Integrity Compliance Services Automated Questionable Credit Hotline	864,560	1%	162,626	19%	22%

Figure 5.2.4 shows us that the 35 combined AM phone lines accounted for 70 percent of all the calls the IRS received in FY 2024. The numbers of calls answered by either a live assistor, automation, or general information message was about 51 percent. Out of the non-AM phone lines, only the ACS line was higher, though that is likely attributable to automation answering more than half of ACS calls,<sup>16</sup> which is not typical for other phone lines. Though the Taxpayer Protection Program line received over six percent of all phone calls, it is possible the IRS allocated fewer live assistors to the line because it is not under the AM umbrella of lines. This resulted in the IRS answering less than one out of every five incoming calls for that phone line.

The LOS for AM was 65 percent, which was far higher than the five non-AM phone lines. While it may seem that ACS performed better, its LOS was only 51 percent and is attributable to the IRS not factoring automated call answering into its formula. The IRS has created a separate LOS for automation referred to as Level of Service (Automation), but this makes it difficult to compare phone lines that answer using both live assistors and automation with phone lines that do not answer by automation.

The IRS also conducts transactional surveys on a sample of taxpayers for multiple phone lines. It uses one dedicated survey for all 35 AM toll-free phone lines. If the taxpayer consents, the IRS immediately prompts them with a seven-question survey following the completion of their call with the IRS. The IRS asks taxpayers the following questions on a five-point scale (1-Strongly Disagree; 2-Disagree; 3-Neither Disagree nor Agree; 4-Agree; 5-Strongly Agree). The IRS considers 4-Agree and 5-Strongly Agree to be positive outcomes. Figure 5.2.5 shows the results of a positive outcome in FY 2024.

15 IRS, JOC, Snapshot Reports: Product Line Detail (Enterprise Performance) (week ending Sept. 30, 2024); Snapshot Reports: Enterprise Snapshot, Enterprise Total (week ending Sept. 30, 2024). Percent of Total Calls = Calls Received/(Net Attempts in FY 2024, which is 98,927,201); LOS = Numerator Divided by Denominator. Numerator = Assistor Calls Answered + Info Messages. Denominator = Assistor Calls Answered + Info Messages + Emergency Closed + Secondary Abandons + (Add either Calculated Busy Signals OR Network Incompletes)\* + (Add either Calculated Network Disconnects OR Total Disconnects). \*Note: If the sum of Variable Call Routing (VCR) Answered + Informational Messages + ICCE-Phones is greater than or equal to one, use Calculated Busy Signals and Calculated Network Disconnects to determine CSR LOS. Otherwise, use Total Busy Signals (Network Incompletes) and Total Disconnects.

16 The ACS phone line has an automated function that allows taxpayers to enter into an installment agreement for their tax balance due. Taxpayers who call the ACS line are typically calling for this function.

**FIGURE 5.2.5, Results for AM Toll-Free Transactional Survey, FY 2024<sup>17</sup>**

Question	Respondents Who Chose “4-Agree” or “5-Strongly Agree”
Satisfied With Service Received	87%
Interaction Increased Trust in the IRS	77%
Addressed Need	86%
Easy to Complete	77%
Reasonable Amount of Time	72%
Treated Fairly	93%
Employees Were Helpful	94%

While it is encouraging to see taxpayers reporting a positive experience of over 70 percent for all seven questions, this reflects the opinions of only 4,721 respondents, which equates to about a 1.9 percent response rate for the survey.<sup>18</sup>

**Objective 4: Compare and contrast the operations, metrics, and results of IRS toll-free telephone operations to those of other large entities with large incoming call services.**

In 2023, the IRS Performance Measure Tiger Team (PMTT) conducted a study that benchmarked customer service metrics across different organizations. The IRS examined several taxation authorities and how they provide customer service. The entities from the United States that were evaluated included the California Department of Tax and Fee Administration (CDTFA), California’s Employment Development Department, California’s Franchise Tax Board, New York Taxation, and the DORs for Illinois, Iowa, Massachusetts, North Carolina, Alabama, and Connecticut. International entities included the Danish Tax Authority, Swedish Tax Agency, New Zealand Inland Revenue, Ireland Revenue Authority, Inland Revenue Authority of Singapore, and Canadian Revenue Agency. The study asked each entity if they offer customer service via telephone, live online chat, chatbot, email, social media, and a physical presence. It also evaluated if they used a customer callback service. The data in this section differs from the data in Objective 2 because it is sourced from an existing report. The data in Objective 2 is new data collected to support this report.

These agencies offered phone support; however, their call volumes were much lower than the IRS. The study reported that the CDTFA receives about 700,000 calls each year, the North Carolina DOR receives about 800,000 calls each year, and the Alabama DOR receives about 300,000 calls each year.<sup>19</sup> Internationally, the Danish Tax Authority receives 3.6 million calls annually, the New Zealand Inland Revenue receives 2.2 million calls annually, and the Canadian Revenue Agency receives about 23 million calls each year.<sup>20</sup> All the entities, except for the North Carolina DOR and the Alabama DOR, use a callback service. The IRS uses a callback service but only for a limited number of phone lines. In FY 2024, for the Taxpayer Protection Program line, 771,000 taxpayers opted to use this service; their average callback time was two hours. Overall, in FY 2024, 11,331,367 taxpayers opted to use this service, and their average callback time was 28 minutes. The IRS uses callback service on a variety of its toll-free lines, representing the potential for a call back offering to 95 percent of the live agent call demand.<sup>21</sup>

About half of the entities, both domestic and international, reported using a live chat service and chatbots. The IRS does not currently utilize live chat but it plans to deploy it in FY 2025.

17 FY 2024 Accounts Management Toll-Free Survey Annual Report, Page 2, Figure 1 (Nov. 2024).

18 FY 2024 Accounts Management Toll-Free Survey Annual Report, Page 1, Background (Nov. 2024).

19 Benchmarking Customer Service Metrics Across Different Organizations, Slide 3, PMTT (2023).

20 *Id.* at Slide 4.

21 IRS response to TAS fact check (Nov. 21, 2024).

All the agencies reported using social media for outreach. The IRS uses Facebook, YouTube, X, Instagram, and LinkedIn.<sup>22</sup> All agencies reported having physical offices, except the Canadian Revenue Agency. Canada only deploys a few offices in its northern provinces during the tax season.

The PMTT also compiled a list of several common measures and what each domestic taxation entity uses. Specifically, they are:

- FCR;
- Level of Access/LOS;
- Abandon Rate;
- Call Handle Time;
- Customer Satisfaction;
- Call Wait Time; and
- Average Speed of Answer.

Figure 5.2.6 shows the list of domestic entities and the statistics they reported. A checkmark indicates that the entity uses that measure but did not report it.

**FIGURE 5.2.6, Operational Customer Service Metrics by Domestic Taxation Entities<sup>23</sup>**

Agency	First Contact Resolution	Level of Access/Level of Service	Abandon Rate	Call Handle Time	Customer Satisfaction	Call Wait Time/Average Speed of Answer	Number of Taxpayers/Users
California Department of Tax and Fee Administration	-	✓	✓	✓	✓	✓	18.1 mil
California Employment Development Department	✓	✓	✓	✓	✓	✓	n/a
California Franchise Tax Board	✓	✓	✓	✓	✓	✓	n/a
Illinois DOR	-	-	-	-	✓	-	5.9 mil
Iowa DOR	✓	✓	<5%	<6.5 min	>90% satisfaction	<5 min	1.5 mil
Massachusetts DOR	✓	✓	2%	✓	✓	2 min average (16 max)	3.5 mil
North Carolina DOR	85-88%	-	11%	-	-	-	4.8 mil
Alabama DOR	✓	✓	✓	3-5 min 5.5 average call time	-	✓	2.1 mil
Connecticut DOR	-	-	-	3-4 min	-	-	1.8 mil
New York Taxation	✓	✓	✓	✓	✓	✓	9.6 mil
<b>IRS</b>	-	✓	✓	✓	✓	✓	<b>137.7 mil</b>

22 IRS, IRS Social Media, <https://www.irs.gov/newsroom/irs-social-media> (last updated Aug. 29, 2024).

23 Benchmarking Customer Service Metrics Across Different Organizations, Slide 5, PMTT (2023).

Regarding FCR, only some states use such a measure. The IRS does not collect or report it, though some satisfaction surveys do ask taxpayers and practitioners if the IRS addressed their needs and if they needed to call again for the same problem. A 2017 survey conducted by TAS on IRS service found that 38 percent of the taxpayers surveyed reported being unable to resolve their issue during their first call with the IRS.<sup>24</sup>

Most, but not all of the agencies reviewed, have a Level of Access/LOS measure. Such measures vary significantly in what they measure and how. The IRS has a very specific LOS measure that it publicly reports, but it uses a calculation for only a subset of phone lines over the filing season, which is limited to a few months.

Abandon Rate is a common measure, with some setting goals below five percent. The IRS does track both primary abandoned calls (calls where taxpayers hang up before entering a calling queue) and secondary abandoned calls (calls where a taxpayer hangs up once in a calling queue), though it factors in only the secondary abandoned calls into its LOS measure. Overall, in FY 2024, taxpayers abandoned 38 percent of their calls to the IRS.<sup>25</sup>

Call Handle Time is also common, with several states seeking calls lasting about five minutes or less. Such a measure may be difficult for the IRS to standardize given the number of diverse lines and possibly complicated issues to resolve; however, it does track the Average Call Handle Time for phone calls, which for AM calls was 16.5 minutes in FY 2024.<sup>26</sup>

Several of the states reviewed use Customer Satisfaction data, with Illinois using it as the only listed measure and New York considering it highly important. While the IRS does not publicize it, it does survey callers for several satisfaction measures.

Call Wait Time of five minutes or fewer is often an IRS filing season goal, similar to other entities, but the reality for many lines, even during the filing season, is that calls can last many more minutes than the goal.<sup>27</sup>

Next, we examine how the IRS compares to the tax authorities of other countries. Figure 5.2.7 shows the list of international entities and what statistics they reported. A checkmark indicates that the entity uses that measure but did not report it.

24 See National Taxpayer Advocate 2017 Annual Report to Congress vol. 2 (Research Study: *A Further Exploration of Taxpayers' Varying Abilities and Attitudes Toward IRS Options for Fulfilling Common Taxpayer Service Needs*), <https://www.taxpayeradvocate.irs.gov/reports/2017-annual-report-to-congress/research-and-related-studies/>.

25 IRS, JOC, Snapshot Reports: Enterprise Snapshot, Enterprise Total (week ending Sept. 30, 2024). Percent of Calls Abandoned = (Primary Abandoned + Secondary Abandoned)/Net Attempts. There were 25,052,745 primary abandoned calls and 13,014,268 secondary abandoned calls.

26 IRS, JOC, AM CSR LOS Dashboard, Data tab (Oct. 3, 2023-Oct. 1, 2024).

27 See IRS Fact Sheet, FS-2023-25, IRS Achieves Key Paperless Processing Initiative Goal, Outlines Improvements for Filing Season 2024 (Nov. 2023), <https://www.irs.gov/newsroom/irs-achieves-key-paperless-processing-initiative-goal-outlines-improvements-for-filing-season-2024>.

**FIGURE 5.2.7, Operational Customer Service Metrics by International Taxation Entities<sup>28</sup>**

Agency	First Contact Resolution	Level of Access/Level of Service	Abandon Rate	Call Handle Time	Customer Satisfaction	Call Wait Time/Average Speed of Answer	Total Population
Danish Tax Authority	✓	✓	✓	✓	✓	9.4 min	5.8 mil
Swedish Tax Agency	✓	✓	✓	✓	✓	✓	10.4 mil
New Zealand Inland Revenue	✓	-	✓	✓	✓	4.5 min	5 mil
Ireland Revenue Authority	✓	✓	✓	✓	✓	✓	5 mil
Inland Revenue Authority of Singapore	✓	✓	✓	✓	✓	80% in 2 min	6 mil
Canadian Revenue Agency	✓	60% of calls answered in 15 min	✓	✓	✓	✓	40 mil
<b>IRS</b>	-	✓	✓	✓	✓	✓	<b>334.7 mil</b>

In this comparison of countries, the IRS stands out as it serves by far the largest population of over 300 million people. Canada is second on the list, serving about 40 million people, and reports that it answers about 60 percent of its calls within 15 minutes. Singapore is also notable for its 80 percent of calls answered within two minutes, though it only serves about six million people. All six of the other countries reportedly use a FCR measure. It is possible that the larger scale of operation makes FCR more difficult for the IRS to track. However, it may be worth considering implementing as the IRS was the only country that did not use this measure. Resolving a taxpayer's issue during the first call prevents subsequent calls on the same issue, reducing the number of calls received. While all the countries indicated they measure Abandon Rate, none reported the actual rate they experience. In addition to the Abandon Rate, it might be helpful to measure how long callers were on the telephone before disconnecting the call. For the IRS, these additional data points may help explain why over 25 million callers abandoned their call to the IRS.<sup>29</sup>

## CONCLUSION AND RECOMMENDATIONS

The IRS has a tall order of providing service for nearly 100 million calls each year. To better evaluate its taxpayer service, it needs to develop a more representative calculation of how many calls it answers and if taxpayers are getting their issues resolved. Additional taxpayer survey data would also be helpful to understand this. The IRS needs to keep up with other entities and provide different methods of accessing service. Specific conclusions include:

1. IRS incoming call volume significantly exceeds the volumes of other entities studied, even considering large national agencies like the SSA or the VA.
2. The IRS answers a smaller percentage of calls than the 80 percent standard of most public entities, and it generally answers a smaller percentage of calls than most of the state agencies we reviewed.

<sup>28</sup> Benchmarking Customer Service Metrics Across Different Organizations, Slide 6, PMTT (2023).

<sup>29</sup> IRS, JOC, Snapshot Reports: Enterprise Snapshot, Enterprise Total (FY data for week ending Sept. 30, 2024). Primary Abandoned Calls.

3. Wait times for IRS callers is higher than the goal of other incoming call operations in the private sector, although wait times are similar during the filing season, and wait times for IRS callers are less than for most of the state agencies we reviewed.
4. A common call center metric for many public entities is the FCR. A few states also use this metric, but the IRS does not.
5. The IRS and most call center operations we reviewed use surveys to measure customer satisfaction; however, the IRS should gather more feedback by increasing the sample size for its surveys or by giving callers the opportunity to take the survey at a point in time after their call with the IRS.
6. The average Call Handle Time for the IRS was about three times higher than that of state agencies that reported the measure.
7. None of the entities studied reported an official measure for only a subset of the calls they received, unlike the IRS and its LOS measure.
8. The IRS should further investigate abandoned calls by collecting data on how long taxpayers are on the telephone before abandoning a call. It does not currently collect this data, which could give insight on the interaction of taxpayers within the IRS calling tree.

### **Administrative Recommendations to the IRS**

The National Taxpayer Advocate recommends that the IRS:

1. Revise the LOS formula so it is a function of total call attempts and includes calls answered through automation in the calculation. This formula will not only be more representative of the taxpayer experience, but it will allow for a better comparison between phone lines that only use a live assistor and phone lines that use both a live assistor and automation.
2. Implement a procedure for measuring FCR.
3. Offer all callers a survey in a separate call if the taxpayer consents. Because there is a risk of disconnection when the IRS transfers the caller to a survey after the call is complete, a separate call may lead to a higher response rate. By offering the survey to all callers, the IRS could capture more feedback that may be more representative of the population.
4. Deploy live chat functionality, which could redirect calls and provide faster taxpayer service.

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