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Beating the Tax Rush

Providing Critical Information Early Improves the IRS Customer Experience

INTRODUCTION

Filing taxes each year can seem as daunting to some people as completing a 1,000-piece jigsaw puzzle, so the Internal Revenue Service strives to offer assistance in multiple ways. In 2017, the IRS used an innovative approach to anticipate and address taxpayer questions and concerns, with the hope that fewer citizens would need to call or visit websites for assistance. To achieve that goal, the communication team worked with agency business lines early on to develop and coordinate campaigns to educate and inform citizens, and improve customer experience.

Agencies across government seek ways to improve customer experience and meet citizens' increasing expectations for fast, easy and consistent interactions. Yet long-standing agency silos often isolate lines of business from communication teams in federal agencies and departments.

In this issue brief, the Partnership for Public Service and Accenture Federal Services highlight the strategy the IRS used to improve customer experience across call centers, websites and other channels and increase voluntary compliance with tax filing, despite significant budget and staffing constraints. The IRS' approach offers a model for other agencies to replicate to get ahead of customer questions and improve customer understanding and experience.

The lessons the agency learned in 2017 as well as the most recent tax season will be especially critical for next year, when a major tax overhaul goes into effect.

OVERVIEW

The IRS continually seeks ways to make the tax-filing process easier for citizens by providing online information and assistance to help them file correctly and on time. Success in that arena helps the agency as well. Making it easier and faster for people to find the information they need and have their questions answered improves taxpayer compliance. And deflecting more calls to other channels frees customer service representatives to focus their time on more complex questions and needs, and to be more available for those taxpayers who still need to call.

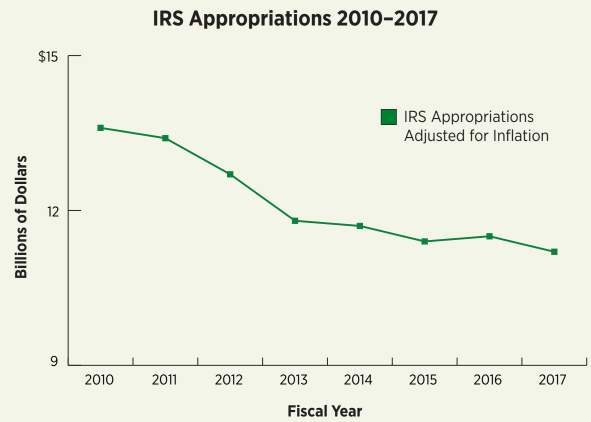
Yet the IRS has faced major challenges since 2010, enduring sharp budget and staff reductions. On average, the IRS annually processes more than 100 million tax returns, and issues about $300 billion in tax refunds.[1] However, between fiscal 2010 and fiscal 2017, the budget for taxpayer services dropped by over 100 million in inflation-adjusted dollars to $2.4 billion, and its overall budget decreased by nearly 20 percent.[2]

The millions of calls for assistance from taxpayers led to long wait times and reports of many people unable to get timely help.

1 Government Accountability Office, 2016 Filing Season: IRS Improved Telephone Service but Needs to Better Assist Identity Theft Victims and Prevent Release of Fraudulent Refunds, GAO-17-186 (Washington, D.C.: January 2017). Retrieved from: http://bit.ly/2CTpdDU

2 National Taxpayer Advocate, Objectives Report to Congress Fiscal Year 2018. Retrieved from: http://bit.ly/2HYjKiB

As the 2017 tax season rolled around, Jim Clifford, the IRS director of customer account services in wage and investment, feared the agency was in for a "perfect storm." On top of uncertain funding and increasing call demand over the years, the IRS also needed to implement new provisions from a 2015 tax law. The biggest impact was going to be on the nearly 40 million taxpayers who claimed either the Earned Income Tax Credit or the Additional Child Tax Credit in fiscal 2016, and who would not be getting their refunds until after Feb. 15, 2017. Helping these and other customers understand the new provisions was a high priority.



Source: Congressional budget justifications for IRS, fiscal years 2013 through 2018.

IRS STRATEGIES FOR KEEPING CITIZENS IN THE LOOP AND IMPROVING THE TAX FILING EXPERIENCE

The IRS pursued several avenues to make the 2017 tax season successful, starting months before tax season to prepare citizens. The agency turned to the tax community for help with amplifying the IRS message, and made sure that community disseminated consistent information. IRS employees also monitored social media sites, contact centers and field offices to identify and fix issues before they became major problems.

COMMUNICATING INFORMATION AHEAD OF TIME

The IRS anticipated it would receive many questions about issues such as refund delays and new procedures for logging into taxpayer accounts. The agency's communication team worked with the agency's business side earlier than in previous years to create and deploy targeted information campaigns to address those probable questions and help citizens prepare to file their taxes. Collaborating ahead of time in this way helped the IRS make sure taxpayers received consistent, accurate information from all sources, minimizing the confusion and questions that lead more taxpayers to call for assistance.

Two campaigns—called Get Ready and Avoid the Rush—ran at different times but had similar goals: to educate citizens on what they would need to file their taxes and enable them to get assistance and information without calling the IRS first.

The Get Ready campaign

The Get Ready campaign, which started on the Friday after Thanksgiving in 2016 and ran through January, alerted taxpayers about changes they would encounter when filing in 2017. It highlighted important filing details and informed citizens on where to find tax documents and other important details they might need. For example, taxpayers could no longer use an assigned electronic filing PIN as an online signature for their tax returns and needed, instead, to use their previous year's adjusted gross income or a five-digit PIN they had created the year before. The campaign directed taxpayers who did not know where they put their information to an online tool for accessing it.

The Avoid the Rush campaign

The agency deployed the Avoid the Rush campaign in January 2017 and ran it through President's Day in February to reduce the typical peak call demand in mid-February. The campaign directed taxpayers to information on IRS websites, hoping to prevent the long waits for telephone service. The sites gave details about issues such as Individual Tax Identification Numbers, how to get tax-return summaries online or by mail, and why taxpayers might have received a letter that a tax return in their name was suspicious and what to do about it.

These campaigns directed taxpayers to helpful tools such as the online Where's My Refund application; a mobile app called IRS2Go for users to make payments and find free tax preparation assistance; and a site called Interactive Tax Assistant that provides answers to tax questions by topic.

In 2017, the number of calls to the IRS dropped to 52 million from 64 million, a nearly 19 percent reduction from the previous year. Although many factors could have contributed to reduced call volume, the communication strategy played a large role by providing important information people needed before they picked up the phone or tried to search the web, according to agency leaders.

The agency also alerted citizens ahead of the 2017 tax season that due to tax-law changes going into effect, some refunds were going to be delayed until after Feb. 15, 2017. The information sent out in advance potentially diverted many citizens from going online to the Where's My Refund application prior to that date to search for their refund status.

The Where's My Refund application, which the IRS has offered since 2008, tracks three things: when the agency received a taxpayer's return, if the refund is approved and when the refund was sent out. From 2016 to 2017, visits to the application dropped 10 percent to 279 million. That was a marked change from 2015, when the percentage of people going online to learn their refund status had increased by 30 percent.

ASSESSING HOW CITIZENS SHARE THE AGENCY'S MESSAGE

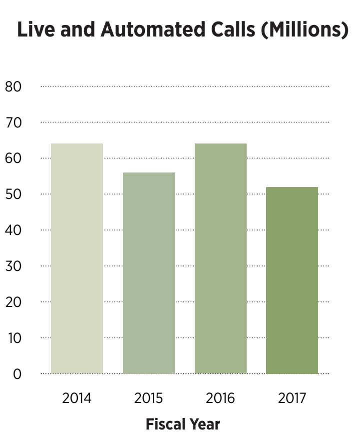
For communication campaigns and outreach to improve agencies' customer experience efforts, citizens must understand and absorb the messages intended to guide them through their interactions with government. One way the IRS evaluates whether its campaigns are successful is to look at whether citizens and other stakeholders are repeating the information on social media, thereby amplifying the messages.

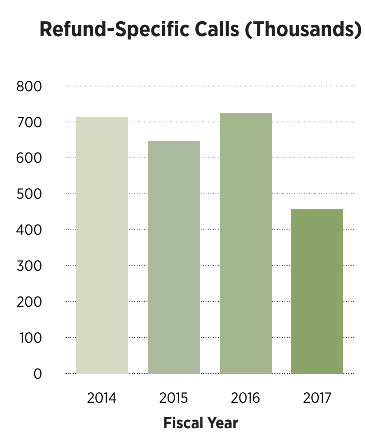
That voluntary sharing indicates messages are resonating, and that the campaign is doing a good job of disseminating information. "Our messaging was being echoed and repeated during filing season," Clifford said. "People were communicating peer to peer, and word was getting around through social media, so we knew people were getting the message."

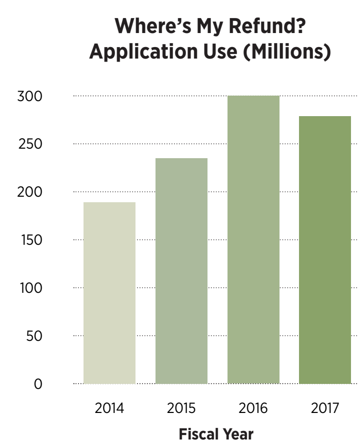
It is also important for the professional tax preparers, tax-software companies, local governments and nonprofits that help citizens do their taxes all deliver consistent, accurate information that is in line with information the IRS distributes. Otherwise, taxpayers confused by conflicting details from different organizations are more likely to turn to the IRS for answers.

The IRS has relationships with thousands of these organizations with the mutual interest of serving taxpayers. For example, the agency partners with nonprofits that provide services to help low-income individuals file their taxes, and with organizations that work with foreign-language and other hard-to-reach communities. The agency provides these and other organizations with training and materials that enable volunteers to prepare tax returns for free. In addition, the IRS developed informational materials in seven languages and provides them to the tax community. In 2017, those materials explained why Individual Taxpayer Identification Numbers were expiring and how taxpayers could renew them easily.

These groups have deep insights into their particular customers' needs, and they help the IRS expand its reach. Working with them to keep IRS messages consistent and present them in plain language is another way for the IRS to reduce inquiries to the agency so it has more staff time for assisting with the most difficult cases. "One question answered by a stakeholder is one less question in the form of a call to the IRS," Clifford said.







Source: Data provided by the IRS.

PAYING ATTENTION TO CUSTOMERS AND TAKING ACTION

For these campaigns to have impact on improving the IRS customer experience, communication with the public needs to reflect and address real time, emerging taxpayer questions along with those the agency anticipated. The IRS has a practical, proven process and team in place for quickly identifying, sharing and resolving issues and concerns as they come up.

It uses a Customer Early Warning System, which enables the agency to identify, track and flag problems customers are experiencing and resolve them quickly. A team of IRS employees monitors the multiple channels citizens use to interact with the agency or share feedback, enabling team members to quickly spot issues that pop up on social media, at contact centers, in field offices or on the agency's website.

For example, if a citizen calls a contact center and mentions that a mailed pamphlet has the wrong phone number, the representative can use the early warning system to describe the issue and alert team members who can quickly take care of the problem. The system enables team members to fix issues across all channels no matter how the IRS first hears about the matter.

Tracking citizen concerns is important, said Liz Evans, director of communications and liaison in wage and investment at the IRS. "Our efforts are successful because we've empowered a small team to take action when they see issues arise," she said. "The quicker we act on what we're hearing, the fewer taxpayers are exposed to that issue, so it's important that we internally alert each other about an issue before it spreads."

THE TRANSPORTATION SECURITY ADMINISTRATION'S COMMUNICATION PROGRAM FOR TRAVELER ASSISTANCE

Like the IRS, the Transportation Security Administration has a team that works to identify and address traveler concerns, according to David Johnston, social media strategist in the office of strategic communications and public affairs. The agency's AskTSA program was created as a way to communicate with citizens, educating them on what to expect when going through airport security and which items they are prohibited from bringing onto an airplane. Travelers can get answers—before they reach security checkpoints—by submitting questions through Facebook and Twitter.

By using the real-time data collected through the program, TSA is able to identify where travelers are facing difficulties and make changes when necessary, including supplying checkpoints with additional equipment. Since launching in 2015, AskTSA has enhanced the checkpoint screening process and improved the travel experience for passengers. "On top of making operational improvements, it's really a fascinating source of information and, looking down the road, will become more and more valuable for TSA," Johnston said.

The agency occasionally has fun with its social media presence. For example, it once highlighted a bizarre experience for TSA employees: someone rolling a life-size zombie movie prop in a wheelchair through airport security, according to Johnston.

CONCLUSION

By offering crucial information early in the tax-filing process, the IRS hopes it can reduce citizens' need to contact the agency for assistance each tax season. However, new issues and challenges often arise. The agency must continually find ways to address matters that trip up taxpayers, and educate them each year about what they need to know.

In the upcoming months, the IRS must tackle the strategy it plans to use for the 2019 tax season—when the largest tax overhaul since 1986 goes into effect. Despite the two seasons of communication campaigns now under the IRS' belt, the agency faces the challenge of shaping the message for a new set of complex requirements.

"Every tax-filing season has its own story," Clifford said. "Next year's story will be implementing the tax reform legislation."

It could be the biggest test yet of the IRS' communication approach. What the IRS learns from the most recent tax season—and leaders hope the agency's efforts were even more successful than in 2017—could be used to inform the upcoming communication campaigns. In the fall, the IRS will launch those campaigns for 2019 and run them through February, making sure to explain in practical, plain language the major changes in store for taxpayers.

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