# Improving Customer Experience with Federal Services

## High Impact Service Provider Annual CX Action Plan

## Internal Revenue Service

*June 2019*

## HISP Annual Maturity Self-Assessment Summary

In 200 words or less total, tell us about your efforts around each core CX function by responding to the following prompts that apply.

### Measurement: 4 / 6

**Please give a 2-3 sentence summary of your efforts:**

The IRS uses a range of customer experience and operational performance measures that guide improvement, accountability, and traceability to the organization's goals and objectives. The IRS evaluates and reports its budget-level performance measures each year, providing transparency to internal and external stakeholders on IRS performance.

**What are you most proud of?**

The IRS collects meaningful metrics and customer feedback on nearly all major programs, including multiple surveys and channel-specific operational data. Our strategic plan level "Enterprise Self-Assistance Participation Rate (ESAPR)" metric demonstrates progress towards providing more self and assisted services for the individual taxpayer.

**What nascent / ongoing activities do you hope to grow?**

Development of customer experience and outcome-oriented goals and performance measures aligned with the IRS Integrated Modernization Business Plan. Continued integration of qualitative and quantitative data across channels, and incorporation of A-11 questions within existing surveys.

**What's blocking you from initiating / making / fully implementing changes?**

Success of ongoing transformation efforts are contingent upon funding and prioritization among other legislative and organizational efforts.

**What else would you like to share?**

Through fiscal year (FY) 2018 4th quarter, ESAPR was at 82.0% vs. 79.0% for the same period in FY 2017; total services provided increased by 16.8% while self-assistance services provided increased by 21.2%.

### Governance: 4 / 6

**Please give a 2-3 sentence summary of your efforts:**

Customer experience is a priority in IRS's Taxpayer Bill of Rights, the FY 2018-2022 Strategic Plan, and most recently in the IRS Integrated Modernization Business Plan. IRS leadership and governance boards solicit and consider internal business and external stakeholder input when carrying out customer experience related priorities.

**What are you most proud of?**

The IRS has program leadership dedicated to specific segments of the customer experience strategy (e.g. taxpayer services, online services, and compliance). Our customer experience strategy is aligned with the IRS Strategic plan. The IRS collaborates with other agencies and industry where customer experience journeys overlap (e.g. Social Security Administration, Security Summit).

**What nascent / ongoing activities do you hope to grow?**

Continued coordination with industry, 3rd parties, and other agencies on end-to-end journeys. Coordinate and ensure alignment of the internal and external customer experience programs and strategy of the IRS in line with the 21st Century IDEA Act, and proposed Taxpayer First Act. The IRS is evaluating establishment of a customer experience executive.

**What's blocking you from initiating / making / fully implementing changes?**

Success of ongoing transformation efforts are contingent upon funding and organizational efforts. New and proposed legislation may impact governance structure and customer experience priorities.

**What else would you like to share?**

We recognize that many of our functions and employees have customer experience best-practices worth sharing, and are exploring opportunities to expand sharing across organizations and business units.

**PRESIDENT'S MANAGEMENT AGENDA**

## Organization & Culture: 5 / 6

Please give a 2-3 sentence summary of your efforts:

The future of the IRS depends on a workplace culture that empowers employees to improve the taxpayer experience and uphold the tax code fairly. Enhanced skills development, succession planning, knowledge transfer, and training and tools are critical to passing on the leadership skills and institutional knowledge necessary for continued effective tax administration.

What are you most proud of?

Training, roles, performance, and recognition for IRS's front line and customer facing functions are heavily focused on taxpayer experience. We have made significant progress in developing agile practices with dedicated cross-functional teams across our operations. IRS employee best practices are shared through several avenues (e.g. intranet sites and service-wide communications).

What nascent / ongoing activities do you hope to grow?

To address our changing workforce, we are using our succession planning tools, implementing knowledge transfer processes, and expanding our understanding and appreciation of diversity and inclusion to ensure our workforce feels valued and is equipped and ready to deliver our mission.

What's blocking you from initiating / making / fully implementing changes?

Over the past several years, the IRS has operated with reduced funding and a declining workforce as workloads and responsibilities have increased. The IRS has lost approximately 23,000 full time positions between FY 2010 and FY 2018. The President's FY 2020 Budget request proposes reinstating Streamlined Critical Pay authority through FY 2023. Without this authority, the IRS continues to face challenges recruiting and retaining top-level talent, especially IT professionals who can help modernize our IT systems and protect taxpayer data from cyberattacks.

What else would you like to share?

The IRS Web Applications development process is transforming software delivery via Agile methodologies, new innovation tools, and collaboration practices, significantly reducing the time to develop software. Over 400 IRS staff and contractors have been trained in Agile practices.

## Customer Research: 4 / 6

Please give a 2-3 sentence summary of your efforts:

Using analytics, the IRS strives to continuously improve all facets of its operations — taxpayer service, enforcement efforts, and a range of internal operations — maximizing learning from tests, data, interviews, and studies. The IRS is committed to using this research to guide organizational priorities.

What are you most proud of?

Based on significant user research, analytics, and stakeholder feedback, the IRS continued to make IRS.gov easier to navigate and more responsive on mobile devices. In FY 2018, taxpayers visited IRS.gov about 609 million times with 48 percent of visitors coming from a mobile device and viewed 3.2 billion pages. The IRS created a highly effective process that leverages social media, live call monitoring, and assistor feedback to improve the customer experience in real time. The IRS also created and uses a search engine, containing a catalog of up-to-date process/policy information, that customer facing employees use to assist taxpayers.

What nascent / ongoing activities do you hope to grow?

Piloting modification of transactional customer surveys to align with OMB A-11 standards. The lessons learned during this process will inform development of a strategy for modifying all transactional taxpayer surveys. For recent and new web applications, IRS has generated insight from in depth ethnographic research, journey mapping, and service design. Our goal is to expand these practices across the organization and across major services.

What's blocking you from initiating / making / fully implementing changes?

IRS operations, technology, and the tax code are complex, which extends timeframes, socialization, resource requirements for research, segmentation, service design, and implementation.

What else would you like to share?

As outlined in the IRS Strategic plan, the IRS plans several research projects over the next few years and will use insights from our taxpayer preference research, findings from behavioral science, and input from partners in the tax community to engage taxpayers where, when, and how they prefer.

## Service Design: 4 / 6

Please give a 2-3 sentence summary of your efforts:

The IRS is building upon a strong partnership model, including ideation, prototyping, and early feedback on program changes with our advisory committees, national partners, and industry groups. We continue to incorporate human centered design practices and iterative design practices across the IRS.

What are you most proud of?

Development of the Customer Experience/Service Delivery vision and strategy for delivering top quality service to all of America's taxpayers, which will allow customers to obtain service promptly and seamlessly in a digital environment. The IRS has a number of recent customer experience successes that used service design principles, including Online Account, the Taxpayer Assistance Center appointment process, and the Field Assistance Scheduling Tool.

What nascent / ongoing activities do you hope to grow?

Continue to apply human centered design and iterative principles in our development of new and enhanced capabilities for digital and public facing taxpayer interactions, including the Taxpayer Experience and Core Taxpayer Services and Enforcement capabilities defined in the IRS Integrated Modernization Business Plan.

What's blocking you from initiating / making / fully implementing changes?

IRS operations, technology, and the tax code are complex, which extends timeframes, socialization, resource requirements for research, segmentation, service design, and implementation.

What else would you like to share?

**Online Account** continues to play a large role in the taxpayer experience. The IRS continues to add and integrate features, which now enable taxpayers to view balance due, make a payment, view payment history, view and download tax records, and view their account snapshot.

**Field Assistance Scheduling Tool Team**, Gears of Government Award Recipients – In a five-month timeframe, the team built, refined, tested and trained more than 4,000 users and deployed a new tool that decreased telephone assistor average handling by more than one minute per call for calendar year 2018. More assistor time directly translated into less congestion at Taxpayer Assistance Centers.

## Areas of Focus

Reflecting upon our 2019 CX Maturity Self-Assessment, our HISP has decided to focus on raising our maturity in the following areas in FY19/FY20:

**Measurement**

X **Governance**

**Organization & Culture**

X **Customer Research**

**Service Design**

## FY 2019 / 2020 CX Improvement Actions

Describe a use case where a typical customer of your program faced challenge(s) during a service experience. This case should relate to one of your organization's Focus Areas for the remainder of FY19 and through FY20.

### Example HISP Customer Profile

The primary interaction with the IRS for most individual taxpayers is once a year through the filling process. During Filing Season 2018, the IRS received about 137 million individual returns and issued more than 95 million refunds.

### Customer Needs + Frustrations

*What makes the difference for this customer when they're interacting with your service (ex. clear guidance upfront, knowledgeable employee to help them pull together an application, a fast processing time)? What common blockers might they face when interacting with your service?*

Refund fraud caused by identity theft (IDT) is one of the biggest challenges facing the IRS today, and the harm it inflicts on innocent taxpayers is a problem we take very seriously. The IRS has taken several actions to stop identity theft tax returns up front. This means fewer fraudulent returns enter the processing system, which translates into fewer taxpayers reporting themselves as victims of identity theft and fewer fraudulent refunds being issued. Our efforts on the front end have significantly lessened the burden on taxpayers that arises from identity theft.

### HISP Implementation Challenge(s)

*What can make it difficult for your HISP to meet this need? Is it an internal IT system, process, or unclear guidance?*

The growing sophistication of IDT perpetrators makes it challenging to identify IDT returns vs. those from the actual taxpayer.

### Stats

*What data do you have that documents this experience/service? Could be something like "Less than 1/3 of our customers are connected to internet or smartphones," or "Employee engagement scores on FEVS dropped two points last year"*

The number of taxpayers who reported they were victims of identity theft fell 71 percent. In 2018, the IRS received 199,000 identity theft affidavits from taxpayers compared to 677,000 in 2015. This was the third consecutive year this number declined.

## Action 1

### Focus Area: Governance

**Goal to be accomplished by September 30th, 2021:** Reduce the amount of unprotected identity theft tax refunds paid by 2% by December 31, 2019; and then one percent annually through calendar year 2024. Note: Goal statement is tied to a current agency priority goal that will be evaluated for FY 2020.

**Critical Activities and Milestones:**
The IRS created and leverages the Security Summit to share best practices and tools governmentwide.

The Security Summit is a public-private partnership that consists of the IRS, representatives from the software industry, tax preparation firms, payroll and tax financial product processors, and state tax administrators working together to combat identity theft refund fraud.

The IRS will continue collaborating with the Security Summit Work Group, sharing information and identifying opportunities to enhance taxpayer identity authentication techniques. These activities support the proposed Taxpayer First Act.

Milestones:

- By third quarter, 2019 assess identity theft filter performance on a weekly basis to maximize detection of potential IDT and reduce taxpayer burden.

- By first quarter, 2020, prepare identity theft filters for calendar year 2020.

**Other Notes:**
As outlined in the IRS Integrated Modernization Business Plan, the IRS deployed the ID Verify website, which enables some taxpayers who receive a letter indicating their identity may have been compromised to use online identification services, improving customer experience by reducing the need for them to call or visit a Taxpayer Assistance Center.

## FY 2019 / 2020 CX Improvement Actions

Describe a use case where a typical customer of your program faced challenge(s) during a service experience. This case should relate to one of your organization's Focus Areas for the remainder of FY19 and through FY20.

**Example HISP Customer Profile**
*Who is one of the primary customer served by your HISP? What goal(s) is this customer trying to accomplish by interacting with your service?*
The primary interaction with the IRS for most individual taxpayers is once a year through the filing process. During Filing Season 2018, the IRS received about 137 million individual returns. For taxpayers who need to make a payment, clear options are needed for them to take action upon their account.

**Customer Needs + Frustrations**
*What makes the difference for this customer when they're interacting with your service (ex. clear guidance upfront, knowledgeable employee to help them pull together an application, a fast processing time)? What common blockers might they face when interacting with your service?*
While IRS offers many options for paying, including making a full payment by bank account, credit or debit card, or other electronic option; paying with a return, or setting up a payment plan, owing the IRS money can be a challenging situation for the taxpayer. The complexity of the taxpayer's personal situation (e.g., income, divorce, custody, etc.), can add to their frustrations.

**HISP Implementation Challenge(s)**
*What can make it difficult for your HISP to meet this need? Is it an internal IT system, process, or unclear guidance?*
Taxpayers often want real-time status of their account, the information required to provide a near real-time picture of a taxpayer account is often in disparate systems (e.g., notice systems, payment systems, mainframe systems, etc.). This information takes time to update and involves complex calculations, sometimes requiring manual effort.

**Stats**
*What data do you have that documents this experience/service? Could be something like "Less than 1/3 of our customers are connected to internet or smartphones," or "Employee engagement scores on FEVS dropped two points last year"*
In FY 2018, there were approximately 6.4 million visits by about two million unique taxpayers to the IRS' Online Account Application (OLA). Approximately 581,000 payments were made through their OLA.

**Action 2**
**Focus Area: Customer Research**

**Goal to be accomplished by September 30th, 2021:**
Work with the Bureau of Fiscal Service to build additional payment functionality within online account using Application Programming Interfaces (API). As envisioned, this functionality will allow taxpayers to schedule same day payments, apply various payment types, and view in-process payments or payments scheduled for future dates. In the future, taxpayers will be able to schedule payments up to a year in advance, modify or cancel scheduled payments, and receive reminder emails before payments are processed. This API functionality will provide reusable services that could be used by other applications (beyond online account) in the future. Further, IRS will better integrate payment plan functionality within online account, making payment options and current status more seamless and understandable.

**Critical Activities and Milestones:**
Taxpayer Payment API and Modernization of Online Installment Agreements are outlined in the IRS Integrated Modernization Business Plan for phase 1 delivery (by 2021). Delivery of IRS Integrated Modernization Business Plan capabilities are contingent upon funding.

**Other Notes:**
The IRS conducted surveys and interviews to complete a journey map and nomenclature study for taxpayers' payment experience with the IRS. The journey map included the different paths taxpayers take to interact with the IRS with respect to payments, including pain points, triggers for action, and opportunities for user experience improvements. The nomenclature study sought to identify terminology that resonated with taxpayers, as well as the steps they go through when determining whether to make payment.

The IRS conducted user experience design and user testing to understand taxpayers' mental model when evaluating their payment options and either making a payment or setting up a payment plan. This included testing early user flows for the process of making a payment or setting up a payment plan within online account, as well as different options for helping users evaluate their different payment options.