



Executive summary

2018

Improving Delivery of Taxpayer Assistance

January 12, 2018

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The budget report for SB 5535 (2017), the primary budget bill for the Department of Revenue, included the following budget note and instruction:

The Department of Revenue is to identify deficiencies in the current delivery of effective taxpayer assistance and develop a plan for addressing deficiencies and increasing agency performance under Key Performance Measure #5 – Effective Taxpayer Assistance. The Department of Revenue is to report its findings to the Joint Committee on Ways and Means during the Legislative session in 2018.

The Department of Revenue’s mission is to make revenue systems work to fund the public services that preserve and enhance the quality of life for all citizens. We rely on voluntary compliance to make the system work, and voluntary compliance is dependent upon taxpayers understanding their obligations and being able to easily fulfill them. Our goal is to create a customer service model that encourages voluntary compliance, clearly communicates complicated tax information, and meets the expectations of today’s customer.

Providing assistance

The department’s customers fall into a few general categories based on the type of account they have with us: individual taxpayers, business taxpayers, Other Agency Accounts (OAA) customers, and property tax customers. We provide these customer groups with a variety of options for direct assistance. We’ve established multiple call centers (individual taxpayers, business taxpayers, and Other Agency Accounts), each with a specific focus that better assists specific customer groups. The agency’s implementation of 2017 legislation (House Bills 2156 and 2157) will add phone lines in 2018 for tax practitioners and businesses to call directly for assistance tailored to their particular needs. There are also more than 15 tax-program-specific email addresses where taxpayers can send their questions. If a taxpayer is concerned about sending their private information by email, Revenue Online has a secure messaging function they can use to communicate directly with our staff.

If customers prefer self-service to direct assistance, we provide them with ways to accomplish account tasks and find general tax information, day or night. In 2015, we completely redesigned our external website to help taxpayers find the information they need quickly and easily. Many of the site improvements were the result of taxpayer feedback from focus groups and usability studies. We’re also continually adding to and improving the electronic self-service options available through Revenue Online based on taxpayer feedback.

Deficiencies/challenges

There are several aspects of our day-to-day processes that effect taxpayer satisfaction. Through analysis of customer feedback, we’ve identified the following areas of deficiency:

- **Time to issue refunds:** Refunds are often taking longer to issue than in prior years—in large part—because of increased efforts to identify fraud and identity theft.
- **Revenue Online:** Some taxpayers are not finding Revenue Online easy to navigate, or to make payments.

- **Wait times:** Our new integrated tax system allows us to contact more taxpayers than before with corrections to their returns or requests for more information.
- **Clarity of notices:** As we've taken steps to standardize our notices using our new system, the purpose of some of our notices, the actions we have taken, or the actions taxpayers need to take aren't always clear as it relates to that taxpayer's specific situation, leading to more phone calls.

Measuring taxpayer assistance

KPM #5, *Delivery of effective taxpayer assistance*, was designed to measure the taxpayer assistance we provide; specifically, our effectiveness in implementing a two-part strategy: increasing self-help options and providing quality one-on-one assistance. This is a composite measurement comprised of three operational measures: successful "Where's My Refund" queries, call wait times of less than five minutes, and the overall customer service rating from KPM #4 (our customer service KPM).

Our scores have been rising the last couple of years, which coincides with the addition of online self-help options. In 2017, our target was 56 and our actual score was 63.

Efforts to improve taxpayer assistance

We're working on planning or implementing a number of different initiatives focused on improving the service and assistance that we provide taxpayers. However, there are some high-impact efforts we're working on specifically for the 2018 processing season:

- Adjusting business rules to reduce the amount of time it takes to issue refunds, but without compromising our identity fraud detection efforts.
- Improving the clarity of the notices we send out most frequently.
- Reducing call wait times by using seasonal staff in our Tax Services Unit, which houses the agency's main call center.
- Updating the Where's My Refund status language to better explain the "manual review" process to better inform taxpayers about what's happening with their return.
- Adding more ways for taxpayers to pay their taxes without having to sign up for or log into a Revenue Online account.



Budget note report

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Introduction

The budget report for SB 5535 (2017), the primary budget bill for the Department of Revenue, included the following budget note and instruction:

The Department of Revenue is to identify deficiencies in the current delivery of effective taxpayer assistance and develop a plan for addressing deficiencies and increasing agency performance under Key Performance Measure #5 – Effective Taxpayer Assistance. The Department of Revenue is to report its findings to the Joint Committee on Ways and Means during the Legislative session in 2018.

The Department of Revenue’s mission is to make revenue systems work to fund the public services that preserve and enhance the quality of life for all citizens. We rely on voluntary compliance to make the system work, and voluntary compliance is dependent upon taxpayers understanding their obligations and being able to easily fulfill them. As a regulatory agency, taxpayers don’t have the choice to take their business elsewhere. We want to do our part to create the opportunity for positive customer experiences, even if the catalyst for the interaction might be perceived as negative—for example, an adjusted tax return. We’re working to create a customer service model that encourages voluntary compliance, clearly communicates complicated tax information, and meets the expectations of today’s customer.

In this report, we will provide information about:

- How we connect with taxpayers to provide assistance.
- Deficiencies in our delivery of effective taxpayer assistance.
- Key Performance Measure (KPM) #5 and how we know if our assistance delivery is improving.
- Our recent and upcoming efforts to measure and improve customers’ experiences with us.

Providing assistance

The department's customers fall into a few general categories based on the type of account they have with us: individual taxpayers, business taxpayers, Other Agency Accounts (OAA) customers, and property tax customers.

The Personal Tax and Compliance Division (PTAC) primarily provides assistance to individual taxpayers on an array of topics including filing returns, making payments, audits, and collections for personal income taxes. The Business Division assists businesses in the areas of withholding and payroll taxes, corporate income and excise taxes, marijuana taxes, cigarette taxes, and a number of other smaller tax programs. The Property Tax Division's (PTD) customers include property owners, counties, timber taxpayers, and senior deferral customers. OAA customers include both the client agencies we collect for and the people we're collecting from on the client agencies' behalf. Within those general categories are more distinct groups of customers.

By phone

Even as we move into the electronic world, the telephone remains a primary way that customers interact with the department, so we've established multiple call centers—each with a specific focus that better assists these customer groups.

The Tax Services Unit (TSU)—part of PTAC—is the agency's main call center and staff answer general questions relating to every tax program we administer. This can include assistance with payments, where to get information, how to reset their Revenue Online account and a variety of general questions for many of the tax programs. TSU is generally the first place callers reach when contacting the department. When taxpayers call the TSU line, they immediately have the option to be routed to one of the more specific call centers within the PTAC or Business divisions. More than 640,000 calls are routed through TSU's interactive voice response system annually.

The Business Division's Withholding and Payroll Tax Section's call center staff address taxpayers' questions and service needs regarding business taxes. This includes topics such as business registrations, return filing and processing, collection activities, and general account resolution issues. Their customers are the taxpayers for the withholding and payroll tax, transit tax, corporate excise and income tax, recreational marijuana tax, and various other special tax programs.

The Other Agency Accounts (OAA) call center is specifically for handling calls related to the debt we collect on behalf of approximately 280 state agencies, boards, commissions, circuit and district courts, and a wide variety of educational and regulatory agencies.

PTAC has two other call centers that focus on providing assistance for different components of the personal income tax program. The Appeals Discovery and Processing (ADP) Unit addresses questions and concerns about personal income tax return processing, written objections and appeals, and audit and filing enforcement activity. The collections group is staffed with revenue agents who assist callers with collections-related tasks such as understanding their debt, setting up payment plans, and making settlement offers.

These two call centers contribute to the agency’s overall ability to assist taxpayers in two key ways. First, having these issue-specific call centers give taxpayers with particular needs, questions, or concerns a direct line to subject matter experts who can appropriately assist them. Letters to taxpayers about their returns or debt direct them to contact the specific call center so they can get assistance specific to their situation. These taxpayers don’t have to wait in the general questions queue only to be transferred elsewhere. Second, the reduction in the number of taxpayers calling in to our main call center—because they’re able to get help elsewhere in the agency—contributes to shorter wait times and better overall service for those calling TSU with more general questions and needs.

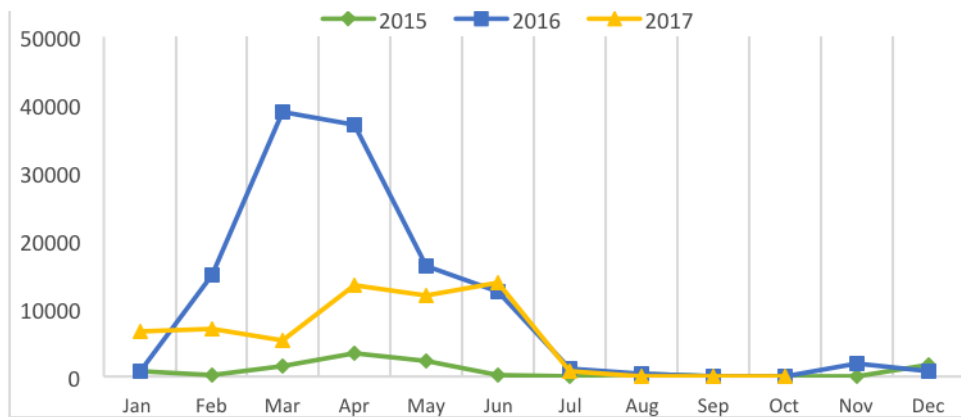
At a glance: Calls handled annually

Business area	Calls handled annually (approximate)
Withholding and payroll	160,000
Other Agency Accounts (OAA)	180,000
Tax Services Unit	146,000
Appeals, Discovery, and Processing Unit (ADP)	New as of October 2017. No annual call data available yet.
Collections (personal income taxes)	151,000

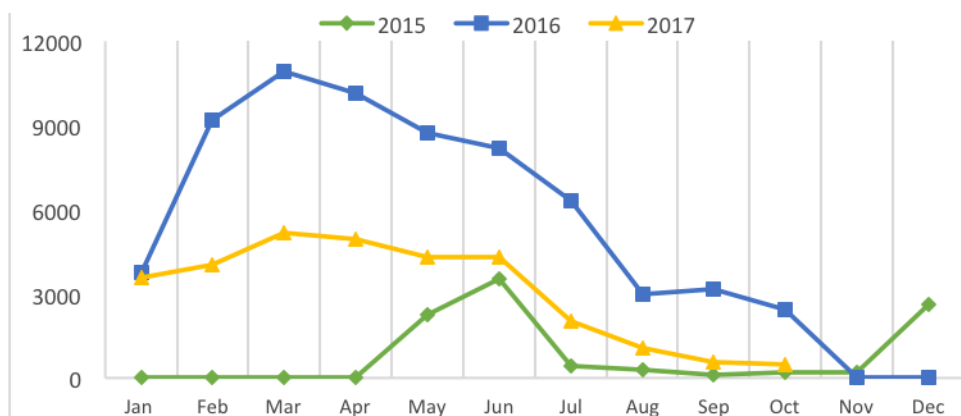
As illustrated above, call volumes vary between call centers. There are also some seasonal patterns that show up in our call volumes. For example, TSU’s call volume increases significantly from March through May because of personal income tax filing season. Call volumes for collections tend to spike periodically between April and August, which corresponds with our mailing of collections-related notices associated with the completion of return processing. There are three collections notices—assessment, demand for payment, and distraint warrant—each are issued 45 days apart. The spikes generally start a few days after each notice is sent. The call volume fluctuations in the Withholding and Payroll Tax Section are more volatile due to the quarterly Combined Payroll Tax Report and the annual reconciliation return due dates. The Oregon Employment Department processes the Combined Payroll Tax Report. Their processing and notification timelines contribute to call volume fluctuations, as the issuance of failure-to-file notices for the Combined Payroll Tax Report drive the largest call volumes.

As one would expect, our ability to quickly get to each call diminishes in peak times. Not only do wait times increase, but so do the number of callers receiving busy signals and calls abandoned by taxpayers (see Tax Services data charts below). “Busy” means that the taxpayer chose to speak to a representative and was disconnected due to the limitations of the new phone system because it can only queue up to 50 calls at any given time. “Abandoned” means that the taxpayer was queued to speak to a representative but decided to hang up instead of waiting on hold. For example, during April 2017, our Tax Services Unit was able to answer 17,983 calls, but 4,950 callers decided not to wait and 13,452 received a busy signal when they tried to reach a representative.

Busy signals received



Calls abandoned



Note: The months showing -0- in the graph are because we had no data available, either due to phone system issues in 2015 or our transition to the new IBM/Unify phone system in late 2016, at which time reports for this data weren't yet built.

The spike in busy signals/disconnected calls and calls abandoned in 2016 was attributable to a few different factors including:

- The personal income tax program rollout of GenTax in November 2015.
- Installation of the Fraud Module in GenTax. During our first season using the new fraud detection tools, we were still figuring out how to develop business rules to detect the most fraud without inadvertently selecting legitimate returns. This meant more returns and refunds were delayed for fraud review than before and—due to the volume—for a longer period of time.
- The Processing Center Lifecycle project not being completed, which left us with no way to process paper returns, resulting in significant delays in processing returns and issuing refunds.

New telephone lines

The agency's implementation of House Bill (HB) 2156 and HB 2157 (2017) will add phone lines and other direct communication options for tax practitioners and corporations to receive assistance tailored to their particular needs. Below is an update on the implementation of those bills, which must be complete by January 1, 2018.

S and C corporation assistance phone line (HB 2156 – Effective January 1, 2018)

- The Corporation Section had an automated call distributor (ACD) created to assist S and C corporation business representatives in response to HB 2156
- The number for the new Corp ACD line has replaced the general assistance number on notices that go out to S and C corporations.
- Calls are answered by support staff in the Corporation Section, who address the account-related questions. Questions that are more technical in nature are referred appropriately.
- Program supervisors are using specific reports in the new ACD phone system to track the volume of incoming calls, number of calls transferred and to where, number of calls transferred to the line from other areas of the agency, the amount of time spent answering calls, and the reason(s) for the call.
- Program staff created an online survey for callers, with the goal of learning what issues they have with our current customer service offerings and what improvements or additions they would like to see in the future.

Tax practitioner assistance phone line (HB 2157– Effective January 1, 2018)

- TSU hired a Public Service Representative 4 (PSR4) to handle calls to the line dedicated to tax practitioners.
- The tax professional line is staffed by our Tax Professional Specialist (PSR4) who serves as a first point of contact for tax professionals and provides customer service, answers questions, and resolves issues. When more specific program related expertise is needed, they create follow ups and/or transfer calls for resolution.
- The number won't be on notices because the notices go directly to taxpayers, but the number was shared with practitioners during recent new law updates and was sent out to subscribers to our tax practitioner email list.
- The PSR4 is also monitoring the existing practitioner email address to respond to tax practitioners who want to connect via email instead of by phone.
- TSU supervisors are using specific reports in the ACD phone system to track the volume of incoming calls, number of calls transferred and to where, number of calls transferred to the line from other areas of the agency, the amount of time spent answering calls, and the reason(s) for the call.
- We created an online customer service survey for tax practitioners to provide feedback on their experience.

Electronic communications

Website

In 2018, many customers have the expectation that they can get answers to general questions or perform basic tasks online, day or night. In 2015, we completely redesigned our external website to help taxpayers find the information they need whenever they need it. Ease-of-use, accessibility, and intuitive functionality were the focus of the redesign efforts. Many of the site improvements were the result of feedback from taxpayer focus groups and usability studies.

Some specific improvements included:

- Reducing overall number of pages and volume of content for ease of navigation.
- Rewriting remaining content with a focus on plain language and readability to better explain complex tax topics and administrative processes to taxpayers.
- Redesigning the site’s infrastructure to provide easy to follow pathways based on taxpayer types and specific tasks.
- Updating the design and presentation of each page and its content to ensure compliance with the Americans with Disabilities Act regarding accessibility of information.
- Setting size limits for files provided on the website to ensure that the majority of users—even those without access to a high-speed internet connection—would be able to successfully view the file without their browser timing out.

We continuously review customer feedback and implement changes to our external website to improve its usability and accessibility and make it as easy as possible for taxpayers to find the information they need. For example, taxpayers were having trouble finding the personal income tax return in the website’s forms database due to limitations in the search function on that webpage. We added a “popular forms” section at the top of the page that contains the most-searched-for forms for the same time period in the previous year. This allows taxpayers to quickly and easily get the forms they’re looking for without having to search through the more than 300 forms and publications in the database.

Another key change was providing multiple pathways to Revenue Online, the self-service site connected to our new core system, GenTax. Each rollout of our new system has added new tax programs and expanded the self-service options available to taxpayers.

Revenue Online

Taxpayers can use Revenue Online for various self-service options.

Revenue Online use highlights

Task	As of November 1, 2017* (rounded)
Where’s My Refund lookups	2.1 million
Active account logins	190,900
Returns filed	22,000
Payments received	312,000
Amount of payments	\$842,415,283
Secure web messages sent to us	29,900

**Revenue Online was originally launched in November 2014 as part of the first rollout of GenTax. New tax programs were added each year through 2017. Not all taxpayers had accounts available in Revenue Online in 2014. The personal income tax program, which has the most taxpayers, went live in Revenue Online in November 2015.*

Centralized email

Our centralized email box (DOR Questions) receives more than 34,000 emails each year. In addition, more than 6,300 secure message notifications from Revenue Online are automatically forwarded to this email for response. Tax Services maintains this email box, which includes responding to general questions and passing along more complex questions to the appropriate program areas for response. Tax Services staff are expected to respond to emails within two business days of receipt. Typically, there's a minimum of one full-time representative maintaining the email box, but during the personal income tax return filing season, Tax Services adds another representative to those duties full time and three to four other phone staff part time to keep up with the two-day turnaround.

There are also 15 program-specific emails, and one dedicated to tax professionals. These mailboxes also adhere to the two-business-day turnaround standard.

Outreach events

Voluntary compliance is the backbone of the tax system and produces the majority of revenue the department collects for the state. For that reason, we support voluntary compliance by providing ways for people to easily file and pay their taxes, like electronically filing returns (e-file) and making online payments. We also provide education and assistance to taxpayers and tax practitioners. These efforts are focused on increasing the number of taxpayers who voluntarily file and pay their taxes timely.

The overwhelming majority of income taxes are reported and paid voluntarily. Dollars received due to enforcement actions are small in comparison; however, enforcement serves an important role. Without enforcement, taxpayers may fall into noncompliant behaviors if there are no consequences, or taxpayers believe there's no oversight.

Withholding program staff provide education and assistance to new employers and over 160,000 existing employers to help them understand and comply with Oregon's tax laws. In the personal income and corporate tax programs, staff focus education efforts on making people aware of recent law changes. This is accomplished through educational outreach events and participation in business-centric conferences held throughout the state. These events are conducted in partnership with business associations and organizations, Small Business Development Centers, other state agencies, and the Governor's office. The content is tailored to the varied audiences, which may include prospective and active businesses, certified public accountants, licensed tax practitioners, and the Oregon State Bar. Each event reaches multiple employers, taxpayers, and tax practitioners.

Enforcement staff also provide education and assistance directly to taxpayers and tax practitioners. They do this by providing information in a helpful, pleasant, and professional manner, whether taxpayers contact them for assistance or in response to an enforcement action, such as collections or an audit. The primary day-to-day activities for most agency employees are enforcement-related; however, enforcement work is directly tied to the overall goal of increasing voluntary compliance. Providing useful information and quality customer service to all taxpayers at every transaction helps us move closer to that goal.

Concerns and complaints

It's important for our more than 2 million customers to know that they have a voice in all dealings with us. If we don't meet a customer's expectations, they have every right to share their concerns or complaints. There are various ways for taxpayers to share concerns or complaints about their experience with us. We primarily receive concerns and complaints via:

- Letters and emails sent or calls made directly to staff and management.
- Letters and emails sent or calls made to the Governor, director, Secretary of State's Small Business Advocate Office, or public officials.
- Comments provided in response to our customer service survey.

Program areas handle letters sent or calls made to them directly. Letters, emails, or calls received by the Governor's Office or a public official's office are routed to our Director's Office. Information about the subject of these calls and letters is recorded in a log in the Director's Office. Letters, emails, and calls to our director are also included in the log. The table below provides a yearly count of logged letters, calls, and emails.

Letters, calls, and emails received by the Director's Office

Year	Number received
2015	250*
2016	678
2017	399 (as of 11/22/ 2017)

**While records regarding letters from taxpayers sent to the Governor or our director were retained, phone calls and emails weren't logged until 2016. This number reflects the number of: letters sent to our director or to the Governor's Office and forwarded to us and letters, emails, or calls forwarded to us from a public official's office.*

After being logged, the letter, email, or call is assigned to a senior policy analyst in the appropriate program area for response. In most situations, the analyst will try to reach the customer by phone so they can engage in a dialogue with them to solve the problem. If the customer requests a response in writing, the letter is routed through the agency's Communications Section. The response is checked against the content of the complaint to ensure all of the customer's questions were answered and concerns addressed. The disposition of the response is tracked in the log. If the writer contacts us again because they don't feel like their concern or complaint was addressed, we have an employee who acts as the "Arm of the Director" and will independently review the complaint and facilitate resolution.

Taxpayers can also leave text comments if they take the online version of our customer service survey. The phone version doesn't have comment functionality. Currently, the customer service survey project manager logs into the online database each week and reviews every comment left by taxpayers. This ensures that taxpayers requesting a callback or follow-up on specific issues receive a timely response. The project manager forwards the taxpayer's information on to the appropriate area's manager, and follows up on it within three business days to ensure that the taxpayer has been contacted.

Of the 619 comments received through the end of September 2017, 39 percent were complaints,

50 percent were compliments, and the remainder was either a combination of the two or unrelated to our agency or the service they received. Each quarter, a customer experience review team—consisting of managers from across the agency—analyzes the previous quarter’s text comments. They look for trends in the complaints or suggestions and develop recommendations for addressing those trends. Common complaint topics include: refunds taking too long, Revenue Online functionality, and long wait times for calls. Once approved by the Revenue Leadership Team, the recommended customer service improvements are prioritized and implementation is coordinated based on availability of resources and, if applicable, funding.

Key performance measures

Measuring customer service is not an exact science, but we do have two key performance measures (KPMs) designed to provide a general picture of customers’ experiences with us.

KPM #5: Delivery of effective taxpayer assistance

The Department of Revenue’s Key Performance Measure (KPM) #13 was developed and approved in 2011. It was first reported in 2012 and renumbered to KPM #5 in 2015. This KPM was designed as an attempt to measure effective taxpayer assistance; specifically, our effectiveness in implementing a two-part strategy: increasing self-help options and providing quality one-on-one assistance.

The idea behind this strategy is to balance customer expectations with our offerings. Increasing available self-service options—both online and over the phone—means taxpayers can get answers quickly or easily complete common tasks, such as checking on their refund status. This leads to fewer calls and reduced waits for those who prefer to interact with us by phone or whose issues can’t be resolved via the self-service options.

The KPM is a composite measure that combines results from three different areas. Individually, these are operational measures. In aggregate, they provide an indication as to the degree to which we are providing efficient, effective taxpayer assistance. The measures included are:

- Percent of successful “Where’s My Refund” queries (includes any response other than “not found” through both the online and phone systems): 50 percent of composite.
- Percent of calls where the wait time was less than five minutes: 40 percent of composite.
- Overall customer service rating (percent of “good” and “excellent” responses from KPM #4): 10 percent of composite.

Though the data forms are somewhat different, targets and actuals are normalized into a common expression: a scale of 1-100. A higher aggregate score is better. As we’ve added additional self-help options online, we’ve seen an increase in the aggregate score.

KPM #5, 2012–2017

Year	Target	Actual
2017	56	62.2
2016	56	60.7
2015	56	56
2014	56	59
2013	56	61
2012	56	51

In 2017, we were on target and up from the prior year. The score rose because of a much higher rate of success for those using the “Where’s My Refund” feature and a significant increase in the customer service ratings in KPM #4.

Most recent result details

Wait time: 34 percent of the calls had less than a five-minute wait time (down from 51 percent in 2016). Contributing factors identified were:

- More notices sent from the new system means an increase in phone calls from taxpayers with questions about their tax accounts.
- The learning curve for the new system means it took staff a little longer to find the information they needed to assist the taxpayer.
- Newness of Revenue Online means it took more time to walk customers through using the self-service site.
- Vacancy and turnover rates in call centers continued to impact service levels.

Where’s My Refund: 84 percent were successful (up from 77 percent in 2016). The jump was likely attributable to a new, more efficient tax administration computer system.

Customer service ratings: 65 percent (up from 18 percent in 2016). This number comes from KPM #4, which is the other measure of our customer service. It measures the percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent” based on six survey questions related to: overall experience, timeliness, accuracy, helpfulness, expertise, and availability of information.

KPM #4: Customer Service

Our customer service ratings, as measured by KPM #4, were up in 2017. Our average score for the six categories was 70.2 percent, with our score for the “overall” question at 65 percent. For 2016, our average score was 18 percent and our score for the “overall” question was 13 percent.

The large jump can be mostly attributed to changes to how we gather data regarding customer experiences. We worked with a customer service consulting firm and created the customer service survey project to increase taxpayers’ awareness of and access to our survey and improve our data collection and analysis. Since December 2016, we’ve had more than 10,000 taxpayers take our survey in the past year versus 1,500 in 2016.

The project also produced the customer experience review team. The customer experience review team meets quarterly to review the survey data and create recommendations to the Revenue Leadership Team (RLT) regarding customer service and experience. The team is comprised of section and unit managers from all areas of the agency, which gives the team a well-rounded view of what’s already being done to improve customer service and what’s feasible given current resources and capacities.

We’ve also discovered a need for a permanent process owner (customer experience manager) to lead and coordinate the agency’s customer service improvement efforts. This position is not within the current budget, however there is a need for someone to continue to drive the processes, facilitate the review team meetings, follow up on taxpayer complaints, and monitor

the survey data after the formal project and the current customer experience manager's job rotation end in June 2018.

How we compare

The IRS

Oregon is not unique when it comes to administering tax laws and programs and attempting to improve the delivery of customer service. According to the Treasury Inspector General for Tax Administration's (TIGTA) most recent report to Congress, the IRS also "...continues its trend towards increasing dependence on technology based services..." They offer self-assistance through a mobile application and provide information and answer general questions on social media. The report notes that this approach enables the IRS to focus their limited resources on those customers whose issues can best be resolved with a person-to-person interaction.

Our strategy is much the same: Provide taxpayers with the ability to do as much as possible on their own, while still providing quality one-on-one assistance to those who prefer more personal service. Our goal, much like the one set out by the Taxpayer Advocate Service for the IRS, is to base our service strategies on customer needs and demands instead of focusing solely on gaining efficiencies.

Call wait times

For fiscal year 16–17, the average call wait time for TSU was 12.98 minutes and 62 percent of calls were answered. Comparatively, the average wait time for calls to the IRS' toll-free line was 17.8 minutes and 53.4 percent of calls were answered, according to the Taxpayer Advocate Service's Report to Congress for 2016.

Best practices

Over the past few years, the Taxpayer Advocate Service—an independent organization within the IRS representing the needs of taxpayers—has made a number of customer service improvement recommendations to the IRS, many of which mirror efforts we've been undertaking at the Oregon Department of Revenue. This includes:

- Continuing to improve "traditional" ways of interacting with customers, such as in-person or over the phone.
 - This point is important because only 87 percent of Oregonians use the internet.¹ For some it's a choice, but others have technical limitations due to their geographic location. There are also many taxpayers who prefer to conduct business of this nature in a more personal way.
 - For the large volumes of written, mailed correspondence that tax administration agencies continue to receive: TIGTA considers correspondence received by the IRS more than 45 calendar days ago to be "over-aged." For Oregon, our benchmark for processing refund returns is within 45 days, after which time interest must be paid. We're also looking at establishing a benchmark timeframe for responding to request for information correspondence received from taxpayers starting in the 2019 processing season. We're also looking at ways

1. *2014 Oregon Broadband Adoption Report*. Prepared for the Oregon Broadband Advisory Council. <http://www.oregon.gov/Broadband/Documents/2014%20Oregon%20Broadband%20Adoption%20Survey%20Report%20Final.pdf>

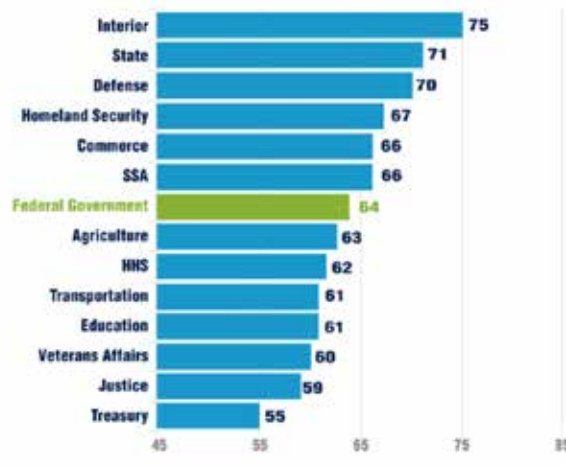
to make the written correspondence that taxpayers receive from us easier to understand, as detailed in the next section of this budget note.

- For phone calls: We continue to look for ways to improve how we handle the calls we receive to reduce wait times and improve the quality of callers' experiences. More details on how we're working to improve call wait times are provided in the next section of this budget note.
- Provide estimators and calculators to assist taxpayers in determining credit or tax-due amounts.
 - We provide a tax-due calculator for personal income taxes and a credit calculator to help taxpayers determine the amount of credit they can claim under the Working Family Household and Dependent Care Credit.
- Using plain language to explain tax-related concepts, problems, and notices.
 - We strive to clearly and concisely explain complex tax laws and rules to the general public through our web content, news releases, and correspondence. We're currently reviewing our most frequently issued notices with the goal of making them easier to read and understand.
- Soliciting feedback on operations, rules, future state, online service functionality, and other issues that directly impact taxpayers and tax practitioners.
 - We solicit and accept public input on all of our permanent administrative rules. We have quarterly meetings with tax practitioners to share new information and get their feedback on possible upcoming changes to agency rules or operations. The new version of our customer service survey allows for text comments, which gives us additional, contextual insight into the needs of our customers. We're always on the lookout for effective and efficient ways to gather feedback from taxpayers and tax practitioners to improve their interactions with us.

Customer satisfaction scores

According to the 2015 American Customer Satisfaction Index (ACSI) Federal Government Report, federal and local agencies averaged a customer satisfaction score of 64 percent. The U.S. Department of Treasury—which includes the IRS—scored the lowest at 55 percent.

2015 ACSI scores by federal department (Source: ACSI)



The Oregon Department of Revenue's customer rating is 70.2 percent for fiscal year 2017. While a positive indicator (and much improved over previous years), we must inject some perspective – the 70 percent score comes from over 7,800 respondents– about .40 percent of the personal income tax filers for that year.

Also, we list the IRS numbers to get a sense of how they are viewed by their customers, but it's not an 'apples to apples' comparison. First, the ASCI study is over two years old and environmental factors may not be the same. Second, the ASCI appear to be a much more in-depth survey model and likely not measuring the exact same concepts.

The McKinsey benchmarking study

In 2009, global consulting firm McKinsey and Company published "The Road to Improved Compliance," a benchmarking study of tax administrations from all over the world². The study covers international best practices in collections, compliance, and taxpayer service.

We already use some of the taxpayer service best practices discussed in the report. We plan on studying the feasibility of implementing some of the others, which would include analyzing how the changes would impact our business and the resource investment required to implement the practice properly.

Self-service options

The top recommended self-service practices discussed in the report include:

Analyzing how users navigate the website including the search terms they use, and then adapting the website to the taxpayers needs throughout the year based on a constant analysis of the data provided.

This best practice is already incorporated into our web strategy. Web analytics are reviewed monthly and changes are made to make the most-searched items as easily accessible as possible, if necessary.

Continually revise online content based on taxpayer feedback.

This best practice is already incorporated into our web strategy. The customer service review team has a member from Communications. Following the review team's quarterly meetings, changes are made in response to taxpayer feedback, if necessary.

Bolster phone self-service options.

This recommendation would take a significant investment to upgrade our current phone self-service IVR, however the tax administration that came up with this best practice saw a huge jump in self-service utilization rates and now 41 percent of all inquiries are now resolved using their phone self-service option, and never had to be routed to an agent.

Effective issue resolution

According to the study, top performers resolve between 89 to 93 percent of issues at the first point of contact in the phone service channel. The top recommendation is something that we are just starting to build in several different program areas by adding contact centers that

2. Dohrmann, Thomas and Gary Pinshaw. *The Road to Improved Compliance*. McKinsey and Company, 2009.

are more tax-type-specific. This includes our Appeals Discovery and Processing Unit contact center and our dedicated tax professional or corporate taxpayer phone lines. As the study recommends, we do triage issues and then ensure the caller is connected with someone who can effectively resolve their issue.

Cost and service-level management comparisons

The McKinsey study also includes a cost and service-level management comparison with several different metrics for all of the tax administrations that were surveyed. The measurements below are specific to the Tax Services Unit because it's the only call center where all staff provide customer service full-time. In our other call centers, staff have additional duties aside from interacting with taxpayers, such as researching accounts, reviewing returns, or actively collecting on debts.

Taxpayer contacts by phone per call-center FTE

This metric measures the calls handled per FTE annually. According to the study, the median performance was approximately 11,000 contacts per FTE. TSU staff averaged approximately 9,000 contacts per FTE in 2017.

Average call handling time

This metric measures the average length of a call; from the time a representative answers the call to the end of the call. The study shows a median of 415 seconds. TSU's average call handling time is 378 seconds. Please note, the study didn't indicate whether the call length reported was an average across all of an agency's calls or call centers. Issue-specific calls tend to take longer to handle, which would increase the agency's average call handling time. The number we're reporting only includes TSU calls, which are primarily calls regarding general tax information and should take significantly less time to complete than more complex account, audit, or collection calls.

Call-center wait time

This metric measures the average time it takes from the moment the taxpayer selects to speak to a representative until the time their call is answered. The study shows a median wait time of 134 seconds. TSU averages approximately 778 seconds.

Identified deficiencies and agency actions

There are several aspects of our day-to-day processes that have a direct impact on taxpayer satisfaction. Below are the key deficiencies we've identified in these processes and the steps we've taken or are planning to take to improve upon our services.

Time to issue refunds

Deficiency

Refunds are taking longer—in large part—because of increased efforts to identify fraud and identity theft. Our goal had been to issue refunds more quickly each year, but fraudsters and identity thieves continually find new ways to attempt to obtain refunds, which forces us to scrutinize refund requests more closely.

Additionally, there's a disconnect between when we receive and start processing a return and when it actually shows up in response to an inquiry through Where's My Refund (WMR). Part of the disconnect is in how the system operates—at what point during processing does the return actually show in the system. The second piece is expectations of the taxpayer (checking on their refund the day after they filed).

For taxpayers who did receive information when using WMR, some found the language in the query results for WMR confusing. Specifically, there was no explanation of "manual review," and taxpayers were concerned that they were being audited or that there was a confirmed problem with their return. Also, some processing timeframes hadn't been updated or communicated to reflect the increased average processing times since the shift to GenTax has provided us with tools and functionality we haven't had before. For instance, we added the fraud module that uses business rules that we define to identify potentially fraudulent returns. The module also has identity verification functionality. Running all returns through the fraud module adds two days to refund processing in general, significantly more if we need the taxpayer to send us documentation to verify their identity or take the online identity verification quiz. We're still learning how the fraud module operates and making tweaks to increase our efficiency wherever we can.

Improvements

For many taxpayers, filing their return and paying their taxes or receiving their refund is the only interaction they have with us all year. To make these annual interactions as quick and easy as possible for taxpayers, we're on track to implement all of the following changes and improvements below for the 2018 tax season:

- Making return processing quicker and more efficient by:
 - Adjusting the lower-risk business rules that cause returns to be selected for manual review so fewer returns are unnecessarily delayed.
 - Cross-training staff and shifting resources to allow for quick resolution of processing bottlenecks.
 - Adjusting fraud module configuration to ensure we still catch the fraud we're looking for but stopping fewer legitimate returns in the process.

- Updating the WMR status language to better explain the “manual review” process. Also, the processing times provided in the statuses have been updated to more accurately reflect current expected processing times, which will enable taxpayers to more appropriately set their expectations for when they’ll receive their refunds.

Revenue Online

Deficiency

Some taxpayers find Revenue Online difficult to use. Generally, their complaints are related to navigation and making payments. Taxpayers have also requested easier registration and payment processes and a mobile-friendly version of the site. Mobile devices account for one in every three visitors to Oregon state government websites and the 2017 E-Government Survey of Oregonians found that 75 percent of respondents agreed that it’s important for state government sites to be optimized for use on tablets and smartphones.³ Also, approximately 32 percent of internet-using Oregonians identify their smartphone or tablet as the primary device they use to access the internet, with 5 percent only accessing the internet via smartphone.⁴ This means we need to pay careful attention to the usability of our site on mobile devices. In general, we need to look at options for further research and analysis into ways to better tailor Revenue Online’s operations and offerings to the needs of taxpayers who choose to do their business with us online.

Improvements

- Adding a payment link on every screen so taxpayers can make a payment quickly and easily without having to look beyond their current location.
- Adding a mobile-optimized version of Revenue Online for taxpayers on the go or those that may not have access to a laptop or desktop computer.
- Adding more ways for taxpayers to pay their taxes without having to sign up for or log into a Revenue Online account.
- Consolidating several collections-related functions—such as setting up payment plans, making payments, or submitting financial statements—in one area to make it easier for taxpayers to find out how to resolve their debt.
- Making improvements to the functionality of tax practitioner accounts, including how they can manage and access client accounts, based on feedback received from the tax practitioner community.

Wait times

Deficiency

In 2016, we starting using the new features available to us in GenTax to automate several work functions, which had two benefits: We could focus on other, more manual work and increase productivity in return processing. This also means that we’re contacting more taxpayers than ever before, and much more quickly. Because more taxpayers are receiving and responding

3. Oregon Electronic Government Portal Advisory Board. *Annual Report–2017*. <http://www.oregon.gov/epab/docs/2017-EPAB-Annual-Report.pdf>

4. *2014 Oregon Broadband Adoption Report*. Prepared for the Oregon Broadband Advisory Council. <http://www.oregon.gov/Broadband/Documents/2014%20Oregon%20Broadband%20Adoption%20Survey%20Report%20Final.pdf>

to notices of return adjustments and requests for additional information, Tax Services is seeing higher call volumes. As shown in the graphs on page 6, there's a marked increase in abandoned calls and busy signals received in 2016 and 2017 as compared to 2015.

Additionally, an increase in online self-service options and better organization of the information available on our website have likely eliminated many of the easy-to-resolve calls, increasing the average call length.

Improvements

- Adding seasonal staff in Tax Services to help reduce call wait times.
 - In 2017, we hired five temporary, seasonal employees for our main call center to handle high call volumes. It was the first time the agency had used seasonal staff for this purpose. By putting the more basic questions into a separate queue for the seasonal staff to handle, training time for those staff was reduced from four to six months to only 30 days. This allowed us to reduce overall wait times and move closer to the target of five minutes or less in KPM #5. We will be using seasonal staff for this function again in 2018.
- Auditing the phone menus for our main call center to identify ways to make it more task-oriented, which would make it easier for taxpayers to understand which option they should choose.
- Reviewing the feasibility of routing calls to available resources in other areas of the agency to help Tax Services when they're overloaded with calls.
- Reviewing the feasibility of adding a "live chat" feature to give callers another option to engage with us directly. The Washington Department of Revenue reported that their implementation of live chat resulted in a one-for-one reduction in calls.

Clarity of notices

Deficiency

The purpose for some of our notices and the actions taxpayers need to take in response aren't always clear, leading to more phone calls. Comments left from taxpayers and business representatives on our customer service survey provide more detail into this, including stating that some of our notices are confusing and unclear, or they are receiving too many notices at the same time to figure out what they need to do. Taxpayers need clearer notices so they can understand how to comply with their obligations.

Improvements

We're working on rewriting our notices, starting with the most-used pieces of correspondence in our system. The goal is to increase the use of plain language to make the information easier to understand. We'll also be looking to make sure information is presented in an easy-to-follow format that's consistent across all notices or letters. We expect to complete this project by the end of 2018, depending on availability of the necessary resources. We'll also be adding content to our website that further explains the meaning of our most frequently issued notices and outlines the steps taxpayers need to take in response to each notice.

Potential future efforts to increase taxpayer assistance

There are several efforts we're considering to increase taxpayer assistance and further establish a customer-focused culture at the Department of Revenue during the 2019–21 biennium.

- Add a call center branch that would add several Public Service Representative 3s and a manager to our Tax Services Unit.
- Establish a position for a dedicated customer experience manager to oversee and guide the agency's efforts to improve customer service and experience.
- Request permanent funding for seasonal positions in our Tax Services Unit. This would help alleviate long wait times due to the large spike of phone calls that we receive during the return processing season. We would balance this request with the remote call center request.
- Upgrading our systems to take advantage of the latest technology (live chat, screen pops, IVR upgrade, etc.).

Conclusion

Revenue is making efforts to improve the customer experience by making it easier for taxpayers to access assistance through both electronic and traditional methods. Any changes and improvements should be made with the intent of providing taxpayers with the services they need and demand, regardless of method of delivery. We're working to create a sustainable customer service model that encourages voluntary compliance, clearly communicates complicated tax information, and meets the expectations of today's customers.