

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Opportunities Exist to Improve Taxpayer Service to Underserved, Underrepresented, and Rural Communities

June 25, 2024

Report Number: 2024-IE-R014

HIGHLIGHTS: Opportunities Exist to Improve Taxpayer Service to Underserved, Underrepresented, and Rural Communities

Final Evaluation Report issued on June 25, 2024

Report Number 2024-IE-R014

Why TIGTA Did This Evaluation

In April 2023, the IRS issued the Inflation Reduction Act (IRA) Strategic Operating Plan (SOP) outlining how it will use IRA funding to better serve taxpayers, tax professionals, and the broader tax system. Objective 1 of the SOP focuses on improving services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible.

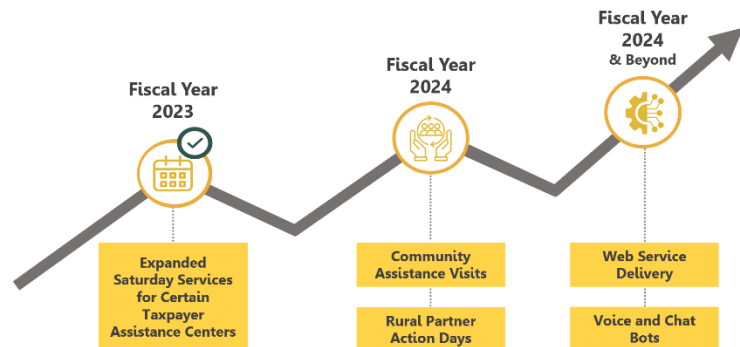
This evaluation was initiated to assess what the IRS has done to improve the accessibility and availability of customer service to meet the SOP objectives. Also, to geographically depict current customer service options provided to underserved, underrepresented, and rural communities and determine if there is opportunity for expansion.

Impact on Tax Administration

The IRA provided the IRS with an opportunity to transform the administration of the tax system and the services provided to taxpayers. The SOP notes that the IRS plans to make interactions easier and more convenient for taxpayers and indicates that a key factor of success is increased taxpayer service options and increased access to, and accessibility of, those options.

What TIGTA Found

The IRS has initiated several programs to improve outreach efforts in underserved, underrepresented, and rural communities. These programs were established to meet the goals of its SOP under Initiative 1.1.



The IRS has made improvements to increase the accessibility and availability of customer service in underserved, underrepresented, and rural communities; however, additional efforts are needed to improve the geographic outreach efforts in these communities. The IRS uses various models to identify the underserved, underrepresented, and rural population, but there is no clear definition for these populations. Without a clear definition of what constitutes these populations, the IRS is unable to measure its progress in increasing accessibility and availability to these segments of taxpayers.

There are several programs in place to provide face-to-face services in the underserved, underrepresented, and rural communities, such as the Taxpayer Assistance Centers co-locating with the Social Security Administration, Low-Income Taxpayer Clinics, Volunteer Income Tax Assistance, and Taxpayer Counseling for the Elderly. We completed an analysis to geographically depict these locations based on zip codes and determined that there are some areas within the United States that do not offer these services.

What TIGTA Recommended

TIGTA made five recommendations, including that the IRS define the demographic characteristics of underserved, underrepresented, and rural communities; ensure that current data sets are used when identifying these taxpayers; develop a comprehensive communication strategy; evaluate the Geographic Coverage Model to identify locations for expansion of services; and review existing Social Security Administration agreements and determine if it would be beneficial to increase shared space.

The IRS agreed with all of the recommendations in this report.



TREASURY INSPECTOR GENERAL

for Tax Administration

DATE: June 25, 2024

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Russell P. Martin 
Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Evaluation Report – Opportunities Exist to Improve Taxpayer Service to Underserved, Underrepresented, and Rural Communities (Evaluation No.: IE-23-009-I)

This report presents the results of our review to geographically depict the accessibility and availability of the Internal Revenue Service's (IRS) customer service in underserved, underrepresented, and rural communities to identify opportunities for improvement to meet the Strategic Operating Plan goals. This review is part of our Fiscal Year 2024 Annual Program Plan and addresses the major management and performance challenges of *Managing IRA [Inflation Reduction Act of 2022] Transformation Efforts* and *Taxpayer Service*.

Management's complete response to the draft report is included as Appendix II. If you have any questions, please contact me or Debra Kisler, Director, Inspections and Evaluations.

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Background

In July 2019, Congress enacted the Taxpayer First Act (TFA) to improve the way the Internal Revenue Service (IRS) serves taxpayers, enforces the tax laws, and trains its employees.¹ One of the provisions included in the TFA requires the IRS to develop a comprehensive customer service strategy. A key focus point of this strategy was for the IRS to better engage with taxpayers in underserved communities, *i.e.*, underserved taxpayers.² The IRS has long recognized that improving customer service to underserved taxpayers is a key component of a voluntary tax system.

On August 16, 2022, the Inflation Reduction Act of 2022 (IRA)³ was signed into law, providing the IRS with nearly \$80 billion in supplemental funding through September 30, 2031.⁴ These funds were provided to transform tax administration by improving taxpayer services, modernizing information technology systems, and increasing compliance and enforcement actions against high-income noncompliant taxpayers and large corporations. In April 2023, the IRS issued its Strategic Operating Plan (SOP),⁵ which outlined how the IRS plans to use its supplemental IRA funding to better serve taxpayers, tax professionals, and the broader tax system. The SOP includes five main objectives that the IRS plans to achieve through the completion of a set of initiatives.

Objective 1 of the SOP focuses on improving services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible. For example, the following two initiatives under Objective 1 emphasize the need to expand customer service options to underserved taxpayers:

- *Initiative 1.1* - improve the accessibility and availability of customer service with a goal to expand taxpayer service offerings across multiple channels to meet the needs of taxpayers and tax professionals. This includes adjusting the policies, services offered, and locations to provide in-person, telephone, and digital service for all taxpayers and tax professionals, including underserved taxpayers.
- *Initiative 1.9* - help taxpayers understand and claim appropriate credits and deductions, which includes expanding the availability and services offered and raise awareness of existing forums, including refundable credit forums, IRS education and outreach, Volunteer Income Tax Assistance (VITA), Tax Counseling for the Elderly (TCE), Low Income Taxpayer Clinics (LITC), and webinars. Additionally, the IRS plans to expand partnerships with public and private institutions, such as tax preparation service

¹ H.R. 3151-116th Congress (2019-2020).

² For the purposes of this report, “underserved taxpayers” include persons with disabilities, the elderly, limited English proficiency, living in rural communities, *etc.*

³ Pub. L. No. 117-169, 136 Stat. 1818.

⁴ In June 2023, enactment of the Fiscal Responsibility Act of 2023 resulted in the rescission of \$1.4 billion of IRA funding provided to the IRS. Additionally, in March 2024, the Further Continued Appropriations Act, 2024, resulted in the rescission of \$20.2 billion of IRA funds provided to the IRS.

⁵ Publication 3744, *Internal Revenue Service Inflation Reduction Act Strategic Operating Plan* (Rev. 4-2023).

providers, software companies, VITA, LITCs, faith-based organizations, nonprofits, and libraries, to distribute educational materials on available credits and deductions.

Recent Treasury Inspector General for Tax Administration (TIGTA) reviews assessed the IRS's efforts to deliver quality customer service to underserved taxpayers

In May 2023, TIGTA reported that some of the IRS's ongoing efforts were focused on the assistance to underserved taxpayers, while other efforts were more broadly focused on the larger segments of the taxpayer population, which can include underserved taxpayers.⁶ Although the IRS is taking actions to assist underserved taxpayers, it has not developed a comprehensive agencywide strategy to enhance initiatives, products, and services. In addition, the IRS has not defined or identified underserved taxpayers and their populations. TIGTA recommended that the Chief Taxpayer Experience Officer work with other IRS functions to define and identify the populations of each underserved community, and to develop and implement a comprehensive agencywide strategy to improve programs, products, and services for underserved communities. The IRS partially agreed with this recommendation.

In addition, TIGTA reported that the IRS's strategy in response to the TFA identified several initiatives to expand services and assistance to taxpayers in underserved populations. One of those initiatives is the Lifting Communities Up (LCU) initiative. The LCU initiative is an effort to attract, retain, and empower a skilled and diverse workforce and develop a culture that is better equipped to deliver results for taxpayers. The goal of the LCU initiative is to rebuild underserved communities by creating IRS jobs and careers for people in these communities. In May 2024, we reported that the SOP established a goal to create IRS offices in additional underserved communities by Fiscal Year (FY) 2026.⁷

Although the IRS details its goal to expand and establish offices in underserved communities, key steps to ensure the success of the LCU initiative have not been taken. For example, the IRS has not finalized the LCU governing and operational policies and procedures or developed key performance measurements to assess the success of this initiative. TIGTA recommended that the IRS establish a LCU Program Office whose responsibilities include evaluating the success of this initiative of attracting, retaining, and empowering a highly skilled, diverse workforce and developing a culture that is better equipped to deliver results for taxpayers.

Results of Review

The IRS offers several options to provide face-to-face customer service to underserved taxpayers. These include:

- **Taxpayer Assistance Center (TAC)** – Taxpayers can receive in-person assistance at their local TAC whereby TAC employees aim to provide quality service to taxpayers requiring face-to-face service and to educate taxpayers on services available to them through all channels, including self-service. In addition to IRS TAC location sites, the IRS currently

⁶ TIGTA, Report No. 2023-15-027, *Services to Underserved Communities Have Been Ongoing; However, an Agencywide Strategy Has Not Been Developed* (May 2023).

⁷ TIGTA, Report No. 2024-IE-R012, *Actions Need to Be Taken to Ensure the Success of the Lifting Communities Up Initiative in Expanding Services and Assistance to Taxpayers in Underserved Populations* (May 2024).

has an agreement with the Social Security Administration (SSA) that provides the IRS with shared use of space for taxpayer services in six SSA locations nationwide where there is not an IRS office.⁸ This agreement is effective from October 2023 through September 2024. Four of the six shared locations are currently open; the other two locations remain closed due to lack of staffing.

- **VITA/TCE** – The VITA program helps taxpayers who generally make \$60,000 or less a year, have a disability, or limited English proficiency in preparing their tax returns. Whereas the TCE program offers free tax preparation for those who are 60 years of age or older and specializes in questions about pensions and retirement-related issues.
- **LITC** – The LITC program assists individuals whose income is below a certain threshold and who need to resolve tax problems with the IRS. In addition, the LITC program provides education and outreach to individuals who speak English as a second language and can assist taxpayers with responding to notices and correcting account issues.

The SOP also includes the following two projects that focus on increasing customer service to the underserved, underrepresented, and rural communities:

- *Expanding service offerings across multiple service channels to meet the needs of taxpayers and tax professionals.* The IRS is adjusting the policies, services offered, and locations to provide in-person, telephone, and digital services for all taxpayers and tax professionals, including those in rural and underserved areas.
- *Enabling equal access through equitable practices.* This includes providing equitable access to IRS services and opportunities for taxpayers, meeting the needs of rural populations, people with disabilities, those with limited English proficiency, other underserved communities, and small businesses. This also includes exploring creative opportunities for expanding the reach of live assistance.

The goal of the previously mentioned programs is to provide services to underserved communities. However, as we reported in May 2023, our discussions with IRS management continue to identify that the IRS has not defined an underserved taxpayer. For example, during this evaluation when we asked the IRS for the criteria used to identify these populations, the response we received varied by business unit. Figure 1 shows the inconsistency in the various definitions of what business units define as an underserved taxpayer.

⁸ The six locations are: Norwich (New London), Connecticut; Mt. Vernon, Illinois; Presque Isle, Maine; North Platte, Nebraska; Mansfield, Ohio; and Danville, Virginia.

Figure 1: IRS Business Unit's Definition of Underserved Taxpayers

IRS Business Unit	Definition
Customer Assistance, Relationships and Education, Stakeholder Partnerships, Education, and Communication	<i>"These communities have not yet been defined."</i>
Customer Assistance, Relationships and Education (CARE), Field Assistance	<i>"There are various factors that are considered when determining whether a community is underserved or underrepresented. Some of this criterion includes factors such as: taxpayers with limited English proficiency, low- income, American Indian/Alaskan Native populations, and elderly populations."</i>
Transformation and Strategy Office	<i>"Immediate assistance needed or tax related impacts to national disasters, and legislative changes can also have an impact on which communities are considered underserved or underrepresented."</i>

Source: Response from IRS business units.

Without a clear definition of what constitutes an underserved taxpayer, the IRS is unable to measure its progress in increasing accessibility and availability to these segments of taxpayers. This includes the IRS's inability to identify additional locations where there are segments of underserved taxpayers for which the IRS currently does not provide adequate face-to-face customer service. Finally, our evaluation also identified that there is no comprehensive communication strategy to inform underserved taxpayers of the availability of these options.

The Lack of a Clear Definition of an Underserved Taxpayer Will Continue to Impede the IRS's Ability to Measure Its Success in Expanding the Accessibility and Availability of Customer Service Options

In our May 2023 report, TIGTA recommended that the IRS work with its various business units to define and identify populations of underserved taxpayers. In response to that recommendation, IRS management noted that they would work with various business units to implement its SOP. The IRS further noted that implementing its SOP would dramatically improve services for all taxpayers, including underserved taxpayers, and that its SOP includes several strategic initiatives to improve services to underserved taxpayers. However, the IRS did not provide the steps it would take to **define** who an underserved taxpayer is and how it would identify this population.

IRS management stated that they use various models to define an underserved taxpayer for this evaluation. However, we question the usefulness of these models without a clear definition of who an underserved taxpayer is. As previously noted, there is a wide disparity of what the various IRS business units define as an underserved taxpayer. The continued lack of a clear definition for underserved and underrepresented populations presents the risk that the IRS will not meet the objectives of the SOP and as such, will not provide additional service where it is needed and to whom needs it.

Finally, in our discussions with management officials regarding their efforts to identify populations of underserved taxpayers, we found that the IRS is using outdated data. For example, the IRS is using demographic data from 2016 to identify the availability of TACs for underserved and underrepresented communities and to identify populations in rural communities. According to the U.S. Census Bureau, approximately 8.2 million people moved to different States in 2022. Considering the IRS is using data over six years old, the information is

most likely outdated and therefore, the IRS may be incorrectly identifying where underserved and underrepresented populations are located.

The Chief Taxpayer Experience Officer should:

Recommendation 1: Define the demographic characteristics of an underserved, underrepresented, and rural taxpayer for Service-wide use. Once identified, this information should be shared with all IRS business units involved in delivering the IRS's goal of increasing access to and availability of various customer service options.

Management's Response: The IRS agreed with this recommendation and stated that it will create a document that broadly defines the demographic characteristics of an underserved and/or underrepresented taxpayer and share it with all IRS business units involved in delivering the IRS's goal of increasing access to and availability of various customer service options.

Recommendation 2: Ensure that current data sets are used when identifying the population of underserved, underrepresented, and rural taxpayers, once the demographic characteristics have been defined for these individuals.

Management's Response: The IRS agreed with this recommendation and stated that it will identify current data sets to use when identifying the population of underserved, underrepresented, and rural taxpayers, once the demographic characteristics have been defined for these individuals and create a report that lists them for reference. The report will be shared with the business operating divisions and outreach functions.

A Comprehensive Communication Strategy Is Needed to Inform Underserved Taxpayers of Actions the IRS Is Taking to Expand the Accessibility and Availability of Customer Service

The IRS is continuing its efforts to expand the accessibility and availability of services offered to underserved taxpayers. However, we identified that additional efforts are needed to market these efforts to increase taxpayer education and awareness as to these eligible services. For example, IRS management stated that some events in rural communities had low attendance. When we asked what efforts were taken to market these events, we were informed that the IRS relies on the local contact personnel within each community to help spread the word about these types of events. Intentional planning and focused marketing strategies could increase taxpayer participation.

In response to Initiative 1.1 (*Improve the accessibility and availability of customer service*) in its SOP, the IRS plans to expand its services to underserved taxpayers. These expanded services include:

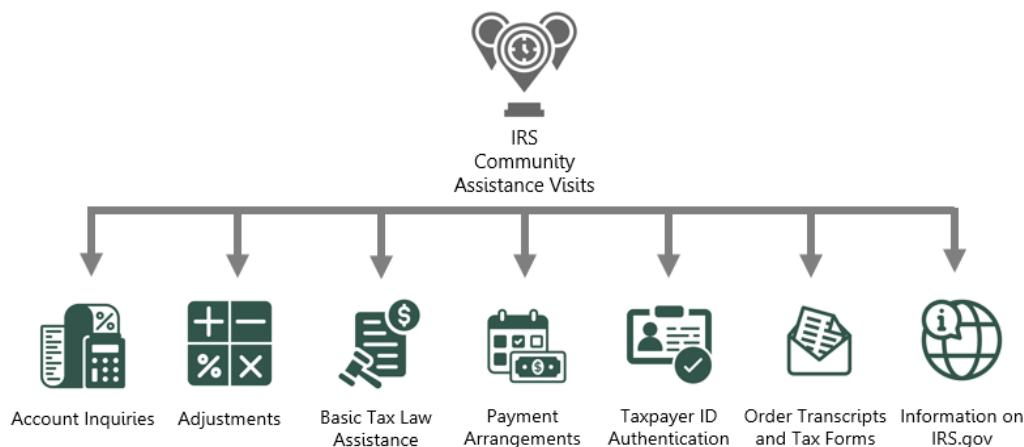
- **Expanded Saturday Services at Select TACs.** During the 2023 Filing Season, the IRS provided taxpayer services at selected TACs one Saturday a month from February through May 2023. The Saturday services were to assist taxpayers who could not visit a TAC location during normal business hours. These services were provided at approximately 93 TACs throughout the United States and Puerto Rico, giving taxpayers

an opportunity to walk in and receive all services routinely offered at a TAC. The IRS once again offered Saturday services at select TACs during the 2024 Filing Season.⁹

- **Community Assistance Visit (CAV).** In June 2023, the IRS began offering CAVs to aid underserved taxpayers in need of in-person assistance. A model was developed to identify locations within the United States and Puerto Rico where taxpayers could not easily get to an existing TAC. Once a site was identified, the IRS partnered with local media outlets to advertise the locations, dates, and the types of services to be offered. During Calendar Year 2023, the IRS opened CAV centers in nine locations.¹⁰ IRS management indicated that they provided face-to-face customer service to approximately 112 taxpayers at each of these sites.

In November 2023, the Secretary of the Treasury announced that the IRS will continue to expand CAVs during the 2024 Filing Season to further assist taxpayers in areas that have difficulty in accessing in-person customer service. In November 2023, IRS management reported they had over 50 potential locations where these sites could benefit taxpayers. The IRS plans to hold 11 CAV events between May through October 2024. Figure 2 shows the various services that were offered during CAVs.

Figure 2: Services Offered at IRS CAVs



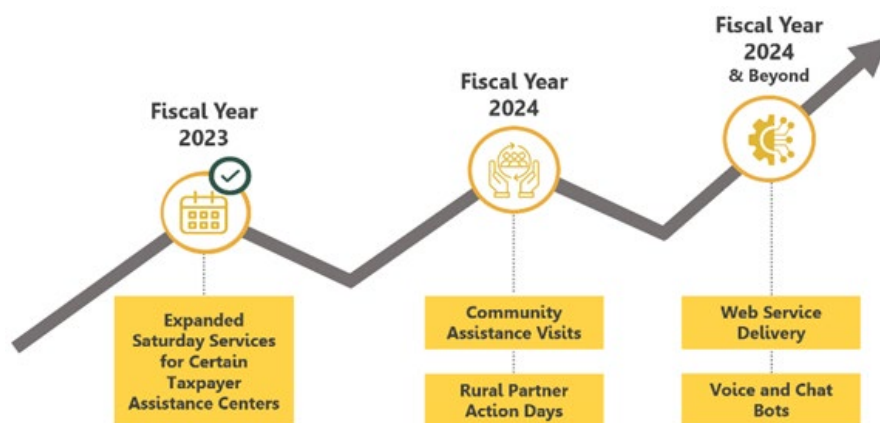
Source: IRS.gov website depiction of services offered during IRS CAVs.

Additionally, in FY 2024, the IRS plans to use data and analytics to predict staffing needs for customer service and increase service availability and services at the TACs. Figure 3 shows the milestones associated with Initiative 1.1 that the IRS indicates will be completed in FY 2024 and beyond.

⁹ Filing season is the period from January 1 through mid-April when most individual income tax returns are filed.

¹⁰ The locations that held CAVs in FY 2023 were: Juneau, Alaska; Lihue, Hawaii; Twin Falls, Idaho; Alpena, Michigan; Hastings, Nebraska; Gallup, New Mexico; Baker City, Oregon; Paris, Texas; and Ciales, Puerto Rico.

Figure 3: IRS SOP Milestones for Initiative 1.1



Source: TIGTA analysis of SOP milestones for Initiative 1.1 and information provided by the IRS.

As Figure 3 depicts, the IRS is continuing to expand its Saturday Services and CAVs, and IRS management noted it also plans to offer the following additional services to underserved taxpayers:

- **Rural Partner Action Days (RPAD):** The IRS's Stakeholder Partnerships Education and Communication organization is conducting outreach events in underserved and rural communities to provide direct tax assistance to taxpayers who do not have convenient access to IRS services. According to IRS management, services being offered at RPAD events include tax preparation, tax education (outreach), and financial education.
- **Web Service Delivery (WebSD):** The WebSD program provides taxpayers with the option to interact virtually with an IRS assistor through their choice of electronic media, *i.e.*, smart phone, tablet, computer, from their location. These live IRS assistors help taxpayers with the same topics that can be addressed over the telephone and provide taxpayers being assisted with the use of the document upload tool if necessary to assist or resolve a tax issue.¹¹ IRS management stated that taxpayers can schedule these virtual appointments by calling the IRS toll-free telephone number (1-800-TAX-1040). A TAC employee can also schedule appointments for taxpayers who walk into a TAC and the TAC is unable to assist the taxpayer. IRS management indicated that there has been tremendous success with this program. Since the beginning of the WebSD program in 2022, there has been a total of 46 employees who participated in assisting approximately 22,722 taxpayers with appointments.¹²
- **Voice and Chat Bots:** According to IRS management, the IRS is continuing to develop Voice and Chat Bots, which use artificial intelligence¹³ and natural language processing

¹¹ The IRS document upload tool is a secure, easy, and fast way to send information to the IRS. Taxpayers can use the tool to upload scans, photos, or digital copies of documents and get confirmation that documents were received.

¹² Due to attrition and promotions, the number of employees working in the WebSD program has fluctuated since the pilot started.

¹³ Artificial intelligence is the capability of computer systems or algorithms imitating intelligent human behavior.

technology¹⁴ to provide automated services to taxpayers without the need to wait for live assistance. These bots are available to inform and assist taxpayers with how to make one-time payments, answer frequently asked questions, provide clarification about collection notices, *etc.*

Our evaluation found that although the IRS offers RPAD and WebSD services, the offering of these services is not widely communicated to potential taxpayers seeking this assistance. Specifically, our search of the IRS's website identified no information regarding these two programs. As such, taxpayers who could benefit from these programs may be unaware of their existence and how they could help.

Finally, in our discussions with IRS management, they indicated that the IRS is also offering educational resources through its *Get Ready Campaign*. According to IRS management, this campaign starts in November each year and continues through January. This outreach program focuses on helping taxpayers understand important tax law changes that may affect the processing of their tax returns and the timing of refunds for some filers. The *Get Ready Campaign* is not specific to any target audience, and information on this campaign is available on the IRS website.

Recommendation 3: The Chief Taxpayer Experience Officer should develop a comprehensive communication strategy plan which includes partnering with local resources to inform taxpayers of the various customer service assistance options available and how they can access these services.

Management's Response: The IRS agreed with this recommendation and stated that it will develop a communication strategy plan which includes partnering with local resources to inform taxpayers of the various customer service assistance options available and how they can access these services. The plan will be shared with the business operating divisions and outreach functions.

A Previously Used Geographic Coverage Model Methodology Could Assist the IRS in Identifying Locations to Expand the Accessibility and Availability of Face-to-Face Customer Service to Underserved Taxpayers

Once the IRS defines the demographic characteristics of underserved taxpayers, the IRS can then conduct focused analysis to identify where the population of these taxpayers reside. This would provide the IRS with the opportunity to strategically expand accessibility and availability in the most optimal locations to better serve this population of taxpayers. In a report TIGTA issued in May 2019, we noted that the IRS developed a Geographic Coverage Model (GCM) to identify optimal locations to provide face-to-face customer service to the greatest number of taxpayers.¹⁵ Specifically, the purpose of the GCM was to identify opportunities to better align taxpayer needs with resource allocations using demographic information to determine the best places for the TACs. Data sources used in the GCM to identify the optimal locations included tax

¹⁴ Natural language processing technology is primarily concerned with giving computers the ability to support and manipulate the human language.

¹⁵ TIGTA, Report No. 2019-40-029, *The Internal Revenue Service Did Not Follow Congressional Directives Before Closing Taxpayer Assistance Centers; a Data Driven Model Should Be Used to Optimize Locations* (May 2019).

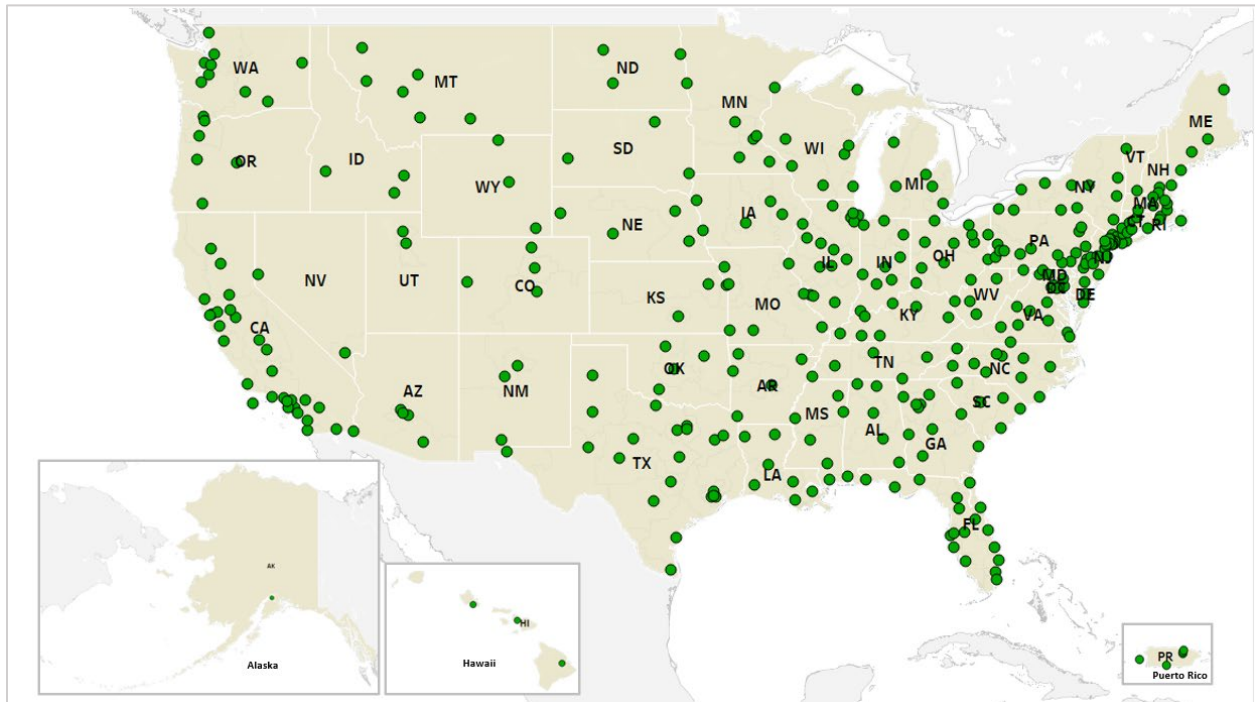
return and United States census data with the focus to identify optimal locations for the IRS to assist the highest number of taxpayers who live within a 30-, 40-, or 50-minute drive of a location. In addition, the GCM had the ability to segment taxpayer populations by characteristics, such as income levels, limited English proficiency, and disabilities.

However, although the IRS developed the GCM to identify optimal locations for new TACs, our evaluation determined that the IRS was not using the GCM. When we asked IRS management why they had not used the GCM to expand face-to-face customer service to new locations, they stated that ***budget limitations*** prevented them from expanding face-to-face customer service. IRS management further stated that the GCM is not the main driver, nor should it be, for expanding face-to-face service to new locations. For example, management stated that they consider other factors, such as public accessibility to the location, transportation, existence of government buildings, and taxpayers' preferences. While we agree that the IRS should consider these factors, the GCM can be used to identify locations that would serve the most taxpayers who are likely to seek face-to-face customer service.

As we noted previously, the IRS currently offers face-to-face services via its TAC, VITA, TCE, and LITC locations. The IRS has made improvements to increase the accessibility and availability of customer service in underserved and underrepresented communities; however, additional efforts are needed to improve geographic outreach efforts in these communities. The accessibility and availability of the current locations of these face-to-face sites is not based on where underserved taxpayers reside, but rather where the sites offering the services are geographically located. Using a model like the GCM, the IRS could geographically identify where populations of underserved taxpayers reside allowing the IRS to then take steps to improve the accessibility and availability of face-to-face customer service for these underserved taxpayers that aligns with SOP Initiative 1.1, which focuses on improving the accessibility and availability of customer service.

TACs provide face-to-face services to taxpayers who cannot resolve their issues through other convenient and efficient methods or prefer face-to-face customer service. As of January 2023, the IRS has 363 TAC locations throughout the United States and Puerto Rico. Figure 4 depicts the TAC locations in the United States and Puerto Rico.

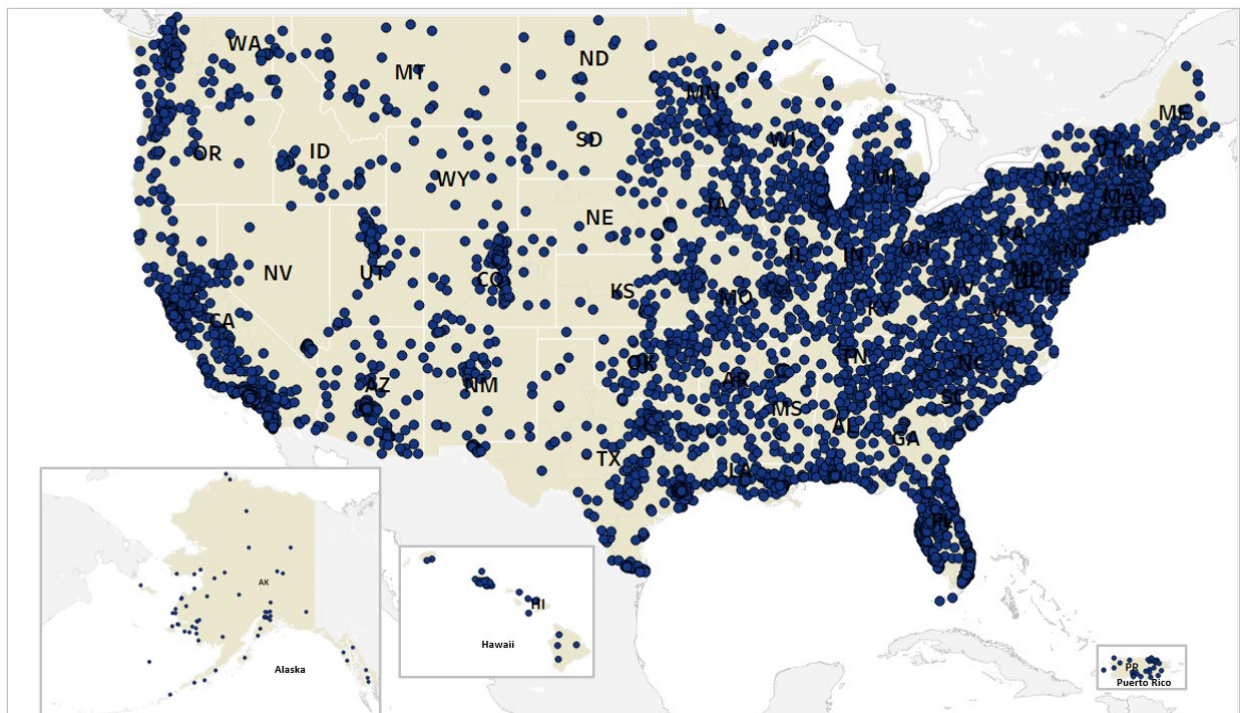
Figure 4: TAC Locations



Source: TIGTA analysis of IRS TAC locations by zip code.

VITA and TCE sites provide free tax return preparation to qualified individuals including people who make generally less than \$60,000 a year, persons with disabilities, limited English-speaking taxpayers, and the elderly. As of July 2023, the IRS has 8,822 VITA and TCE sites. Figure 5 depicts the VITA and TCE locations in the United States and Puerto Rico.

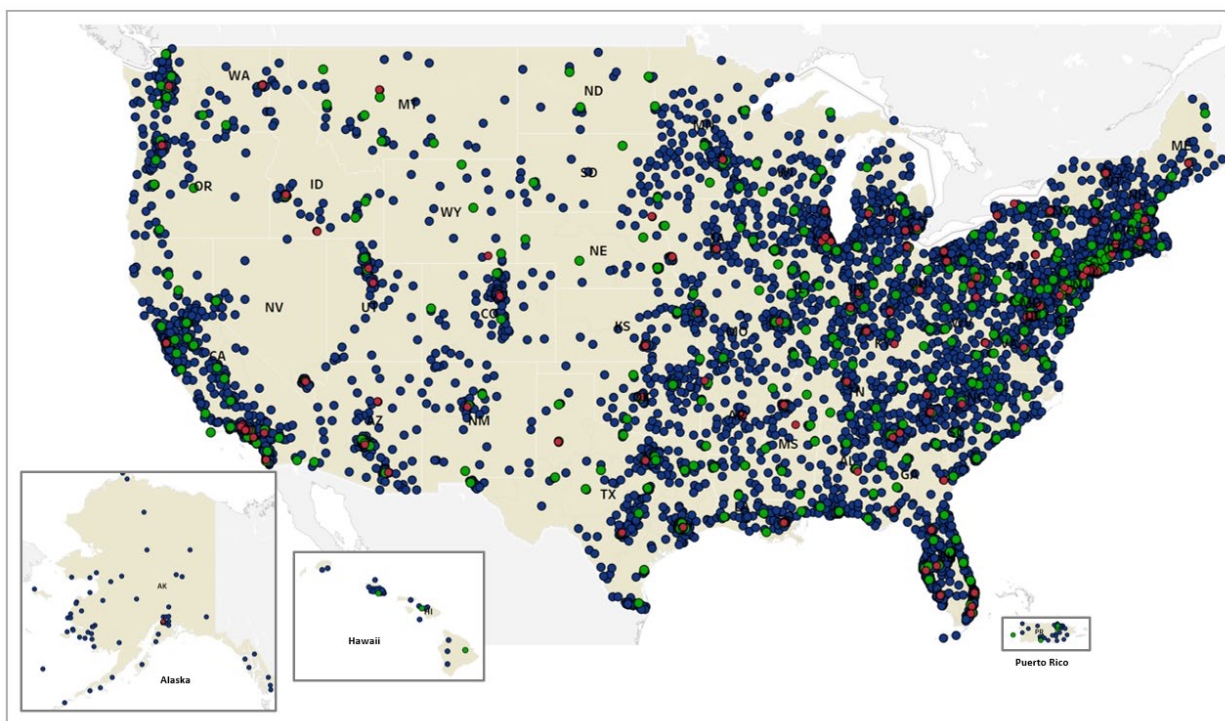
Figure 5: VITA/TCE Locations



Source: TIGTA analysis of IRS VITA and TCE locations by zip code.

Figure 7 shows all the current locations that offer face-to-face services to taxpayers.

Figure 7: Face-to-Face Taxpayer Assistance Locations

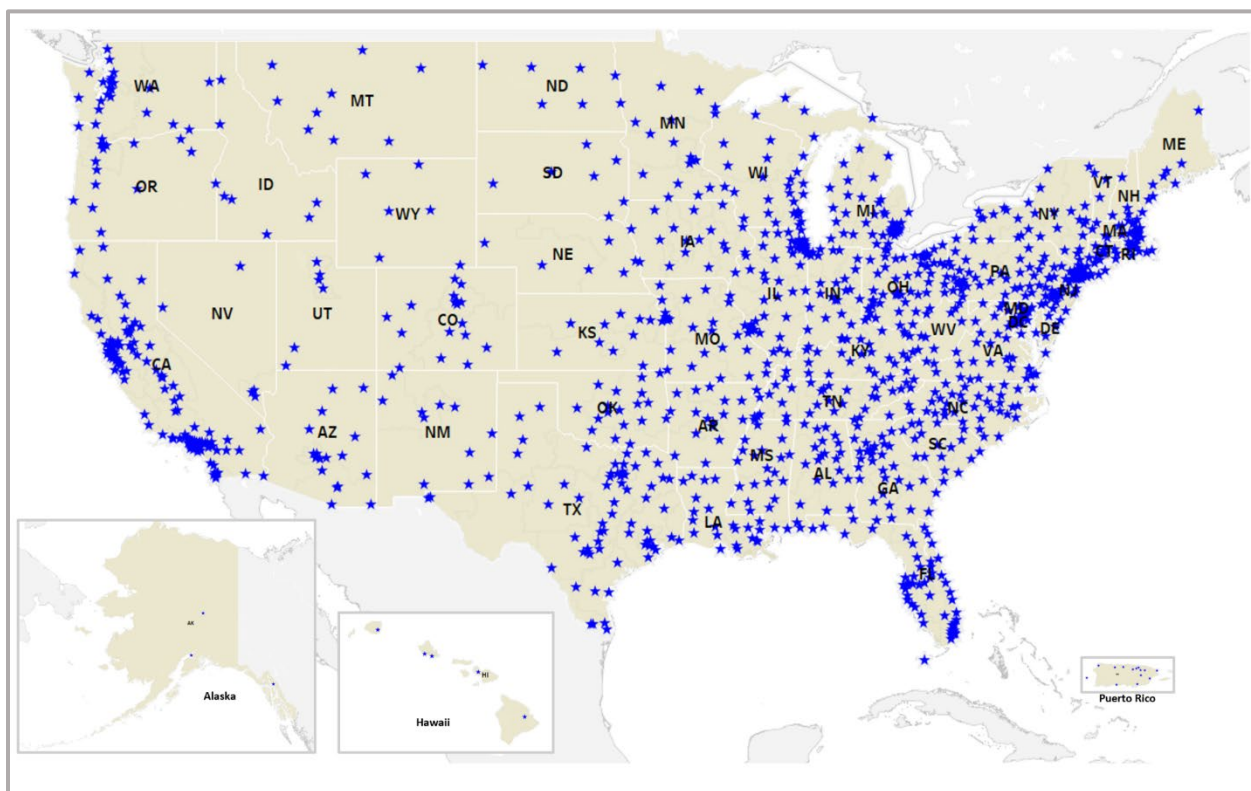


Source: TIGTA analysis of IRS TAC, VITA, TCE, and LITC locations and SSA shared office space by zip code.

Renewed partnership with the SSA may provide the most widespread and economical option for the IRS to expand services to underserved taxpayers

Prior to the Coronavirus Disease 2019 Pandemic, the IRS partnered with the SSA to rent office space in SSA locations to provide face-to-face services to taxpayers. For example, the IRS had an agreement with the SSA to provide this service in six SSA locations. As we reported in May 2019, further expansion of SSA co-located sites provided the most economical option for the IRS. For example, it cost the IRS only \$26,984 to rent space at the six SSA co-located sites in FY 2018. During the Pandemic, the IRS closed and was not offering face-to-face services at these co-located locations, and the original agreement with the SSA expired. As previously mentioned, the IRS established a new agreement, effective October 2023 through September 2024, with the SSA that provides the IRS with shared use of space for taxpayer services in six SSA locations nationwide where there is not an IRS office. As of November 2023, the SSA has offices in 1,230 locations in the United States and Puerto Rico. Figure 8 shows the location of SSA offices where the IRS could expand its face-to-face services.

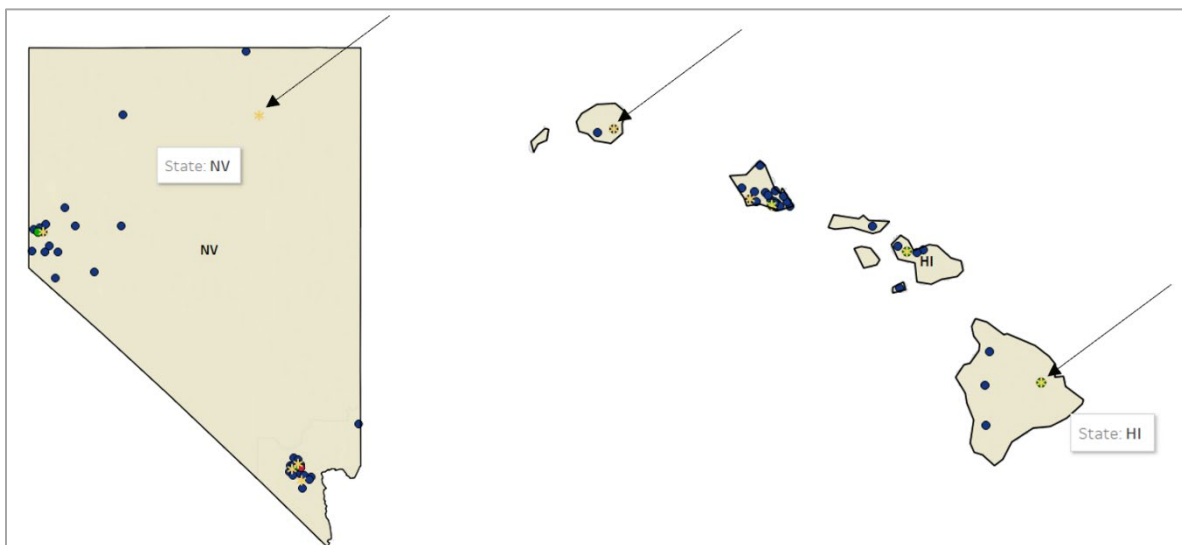
Figure 8: SSA Office Locations



Source: TIGTA analysis of public-facing SSA office space by zip code.

To further depict the potential opportunities of the IRS expanding face-to-face services by co-locating with the SSA, we highlighted with stars two States – Nevada and Hawaii – where the IRS lacks office locations that offer face-to-face services to taxpayers. Figure 9 shows that there are SSA offices that the IRS could co-locate with to expand the availability of face-to-face services in these States.

Figure 9: Comparison of Face-to-Face IRS Taxpayer Assistance Services and Public-Facing SSA Offices in Hawaii and Nevada



Source: TIGTA analysis of IRS TAC, VITA, TCE, and LITC locations and public-facing SSA office space in Hawaii and Nevada by zip code.

In addition to expanding co-located sites with the SSA, there may be other Federal or State agencies in underserved, rural communities that could provide opportunities for the IRS to partner with. According to a December 2018 U.S. Postal Service Office of the Inspector General report, the Postal Service owns over 8,400 properties and leases an additional 23,100 properties. In this report, the Inspector General recommended that the Postal Service identify opportunities to co-locate with other Federal agencies to reduce excess space. Because the Postal Service has office space throughout the country, it would be beneficial for the IRS to determine the feasibility of using the Postal Service's space to provide face-to-face services to taxpayers in areas where there is no TAC or other IRS office nearby. The Postal Service already has partnerships with other Federal agencies, such as the State Department. For example, an individual wanting to obtain a passport can go to a local post office to apply. Additionally, in the summer of 2022, the Postal Service partnered with the General Services Administration (GSA) to provide Personal Identity Verification card services to Federal employees and contractors.

The Federal Government is moving towards using its office space more efficiently. In a memorandum dated March 25, 2015, the Office of Management and Budget outlined how Federal agencies shall move more aggressively to dispose of surplus properties held by the Federal Government and make more efficient use of the Government's real property assets.¹⁹ Additionally, on September 27, 2023, the Senate Environment and Public Works Committee held a hearing to examine the GSA's efforts to right size and modernize the Federal real estate portfolio. During this hearing, the Commissioner, Public Buildings Service, GSA, discussed consolidation and sharing space should all be considered to help reduce Federal real estate costs. Sharing office spaces could benefit both taxpayers and the Federal Government in underserved, rural areas where there are no current services. Taxpayers would not have to travel

¹⁹ Management Procedures Memorandum No. 2015-01, *Implementation of OMB Memorandum M-12-12, Section 3: Reduce the Footprint*.

so far to obtain face-to-face service, and the Federal Government could save money on office space that is not being used efficiently.

The Chief Taxpayer Experience Officer should:

Recommendation 4: Evaluate the use and adaptability of the GCM to identify locations that would benefit from the expansion of services to underserved taxpayers.

Management's Response: The IRS agreed with this recommendation. The Taxpayer Experience Office will work with Research, Applied Analytics, and Statistics and Facility Management and Security Services to use geospatial data to identify up to 50 potential locations that would benefit from the expansion of services to underserved taxpayers and share the results with the Customer Assistance, Relationships, and Education.

Recommendation 5: Conduct an analysis to determine if it would be beneficial to increase opportunities of shared space with the SSA or other Federal or State agencies, *i.e.*, U.S. Post Office, State Department of Motor Vehicle, specifically in locations where face-to-face taxpayer services are not currently being offered and the nearest location is over 100 miles away.

Management's Response: The IRS agreed with this recommendation and stated that it will conduct an analysis to determine what its next steps will be.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this evaluation was to geographically depict the accessibility and availability of the IRS's customer service in underserved, underrepresented, and rural communities to identify opportunities for improvement to meet the SOP goals. To accomplish our objective, we:

- Interviewed IRS management to determine:
 - The criterion used to define underserved, underrepresented, and rural communities.
 - The information that identifies characteristics of taxpayers commonly using the services at TAC, VITA, TCE, and LITC sites.
 - The actions taken and/or planned to be taken to address the SOP goal of expanding the accessibility and availability of face-to-face customer service to underserved, underrepresented, and rural communities.
- Geographically depicted locations where the IRS currently provides face-to-face customer service to identify opportunities for expansion of TAC, SSA, VITA, TCE, and LITC sites to underserved, underrepresented, and rural communities.
 - Verified the current locations for all TAC, SSA, VITA, TCE, and LITC sites and geographically depicted them using computer software to assess whether there are visible gaps in providing this type of service to underserved, underrepresented, and rural communities.

Performance of This Review

This review was performed with information obtained from the Wage and Investment Division, located in Atlanta, Georgia. We conducted this evaluation in accordance with the Council of the Inspectors General for Integrity and Efficiency Quality Standards for Inspection and Evaluation during the period May 2023 through March 2024.

Major contributors to the report were Debra Kisler, Director; Eleina Monroe, Supervisory Evaluator; and Nicole Foy, Evaluator.

Appendix II

Management's Response to the Draft Report

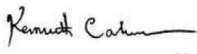


DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

CHIEF
TAXPAYER EXPERIENCE OFFICE

May 23, 2024

MEMORANDUM FOR RUSSELL P. MARTIN
DEPUTY INSPECTOR GENERAL FOR INSPECTIONS AND
EVALUATIONS

FROM: Kenneth C. Corbin  Digitally signed by Kenneth C. Corbin
Date: 2024.05.23 12:50:11 -04'00'

SUBJECT: Draft Evaluation Report – Opportunities Exist to Improve
Taxpayer Service to Underserved, Underrepresented, and Rural
Communities (Evaluation No.: IE-23-009-I)

Thank you for the opportunity to review and provide comments on the subject draft report. We are pleased that the report recognizes the steps we have taken to increase the accessibility and availability of customer service in underserved, underrepresented and rural communities. We have made great strides through various initiatives to enhance taxpayer services and make it easier for taxpayers to get the help that they need. There are several options to provide face-to-face services in the underserved, underrepresented and rural communities, such as the Taxpayer Assistance Centers (TAC), TAC sites co-located with the Social Security Administration (SSA), Low-Income Taxpayer Clinics, Volunteer Income Tax Assistance, and Taxpayer Counseling for the Elderly.

The Strategic Operating Plan (SOP) provided the IRS with an opportunity to transform the administration of the tax system and the services provided to taxpayers. The IRS plans to make interactions easier and more convenient for taxpayers and a key factor of success is increased taxpayer service options and increased access to, and accessibility of, those options.

In keeping with our efforts to improve accessibility, we recommenced Taxpayer Experience Days (TXDs). We ensured widespread awareness of the TXDs by leveraging IRS.gov, various media outlets, and social media platforms. These special events, held on a Saturday in February through May, cater to individuals, with schedules that conflict with standard TAC operating hours, on a first-come, first-served basis. After conducting four events, we assisted over 15,000 taxpayers in almost 100 TACs. Another initiative included extending office hours in nearly 250 Taxpayer

Assistance Centers (TACs) during the 2024 filing season which provided additional time for taxpayers to seek assistance. This extension comprised of extra operating hours on Tuesdays and Thursdays through April 16 to accommodate taxpayers beyond regular weekday hours. During the extended hours, TAC employees collectively worked almost 13,000 hours and assisted more than 22,000 taxpayers.

In addition, we prioritize outreach to underserved communities, especially underrepresented, lower-income, and Limited English Proficiency (LEP) individuals through our Community Assistance Visits (CAVs), a pop-up TAC model. We employ the CAVs to extend in-person assistance to rural areas that are not near physical TACs. We continue to collaborate with local partners and employ data-driven decision-making to ensure effective deployment of our resources.

Stakeholders, Partnership, Education, and Communication (SPEC) shares information with all of our organizations and partners including the rural community partners where the information can benefit the taxpayers. SPEC coordinates Rural Partner Action Days (RPAD) to bring awareness and assistance to taxpayers in rural communities where access to IRS services is limited due to transportation, unreliable internet, and phone service.

We are also embracing technological advancements by transitioning to virtual face-to-face contacts with taxpayers who use our Virtual Service Delivery (VSD) program. The VSD allows taxpayers to meet with TAC assistants from various community partner locations and provide extended coverage for rural taxpayers and for areas with high demand for services. This fiscal year to April 6, 2024, we have assisted 53% more taxpayers than the same period last fiscal year. In addition, we continue to offer our Web Service Delivery (WebSD) option which allows taxpayers to receive assistance with tax administration issues from their preferred locations and devices. By using virtual conferencing technology and partnering with community organizations, we are able to reach taxpayers beyond traditional means.

Prior to the COVID-19 Pandemic, IRS partnered with the SSA to rent office space in six SSA locations to provide face-to-face services to taxpayers. This initiative was created with the aim of consolidating one-person TACs, leveraging excess SSA space to accommodate our personnel, potentially closing related IRS offices based on pilot results, with plans to expand to more sites. Co-locating with other agencies, both federal and local, presents several challenges, including technological differences, negotiating Memorandums of Understanding (MOUs), and security protocols. Nonetheless, we have successfully restored services in four of our six SSA co-located sites, thus demonstrating our commitment to accessibility.

To enhance our service capabilities, we plan to increase our one- or two-person Taxpayer Assistance Centers to at least four employees. We note that recruiting for TACs in rural areas has historically been challenging, which has led to less-than-ideally

**Opportunities Exist to Improve Taxpayer Service to
Underserved, Underrepresented, and Rural Communities**

3

staffed TAC sites. We continue to explore opportunities that would allow us to provide service while appropriately managing our resources.

We continue striving for excellence and remain dedicated to improving availability and accessibility of our services. Through ongoing recruitment efforts and innovative approaches, we aim to meet and exceed taxpayer needs to ensure a seamless experience for all.

Our responses to your specific recommendations are enclosed. If you have any questions, please contact me, or a member of your staff may contact Kenneth C. Corbin, Chief, Taxpayer Experience Office, at 470-639-3500.

Attachment

Attachment

Recommendations

The Chief, Taxpayer Experience Office, should:

RECOMMENDATION 1

Define the demographic characteristics of an underserved, underrepresented and rural taxpayer for service-wide use. Once identified, this information should be shared with all IRS business units involved in delivering the IRS's goal of increasing access to and availability of various customer service options.

CORRECTIVE ACTION

We agree. We will create a document that broadly defines the demographic characteristics of an underserved and/or underrepresented taxpayer and share it with all IRS business units involved in delivering the IRS's goal of increasing access to and availability of various customer service options.

IMPLEMENTATION DATE

June 15, 2025

RESPONSIBLE OFFICIAL

Deputy Chief, Taxpayer Experience Office

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 2

Ensure that current data sets are used when identifying the population of underserved, underrepresented, and rural taxpayers, once the demographic characteristics have been defined for these individuals.

CORRECTIVE ACTION

We agree with this recommendation. We will identify current data sets to use when identifying the population of underserved, underrepresented, and rural taxpayers, once the demographic characteristics have been defined for these individuals and create a report that lists them for reference. The report will be shared with the BODs and Outreach Functions.

IMPLEMENTATION DATE

December 15, 2025

RESPONSIBLE OFFICIAL

Deputy Chief, Taxpayer Experience Office

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

Recommendation

RECOMMENDATION 3

The Chief Taxpayer Experience Officer should develop a comprehensive communication strategy plan which includes partnering with local resources to inform taxpayers of the various customer service assistance options available and how they can access these services.

CORRECTIVE ACTION

We agree. We will develop a communication strategy plan which includes partnering with local resources to inform taxpayers of the various customer service assistance options available and how they can access these services. The plan will be shared with the BODs and outreach functions.

IMPLEMENTATION DATE

December 15, 2025

RESPONSIBLE OFFICIAL

Deputy Chief, Taxpayer Experience Office

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

Recommendations

The Chief, Taxpayer Experience Office, should:

RECOMMENDATION 4

Evaluate the use and adaptability of the GCM to identify locations that would benefit from the expansion of services to underserved taxpayers.

CORRECTIVE ACTION

We agree. TXO will work with RAAS and FMSS to use geospatial data to identify up to 50 potential locations that would benefit from the expansion of services to underserved taxpayers and share the results with CARE.

IMPLEMENTATION DATE

June 15, 2025

RESPONSIBLE OFFICIAL

Deputy Chief, Taxpayer Experience Office

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 5

Conduct an analysis to determine if it would be beneficial to increase opportunities of shared space with the SSA or other Federal or State agencies (i.e., U.S. Post Office, State Department of Motor Vehicle), specifically in locations where face-to-face taxpayer services are not currently being offered and the nearest location is over 100 miles away.

CORRECTIVE ACTION

We agree. We will conduct an analysis to determine what our next steps will be.

IMPLEMENTATION DATE

October 15, 2024

RESPONSIBLE OFFICIAL

Deputy Chief, Taxpayer Experience Office

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

Appendix III

Abbreviations

CAVs	Community Assistance Visits
FY	Fiscal Year
GCM	Geographic Coverage Model
GSA	General Services Administration
IRA	Inflation Reduction Act of 2022
IRS	Internal Revenue Service
LCU	Lifting Communities Up
LITC	Low Income Taxpayer Clinic
RPAD	Rural Partner Action Days
SOP	Standard Operating Plan
SSA	Social Security Administration
TAC	Taxpayer Assistance Center
TCE	Taxpayer Counseling for the Elderly
TFA	Taxpayer First Act
TIGTA	Treasury Inspector General for Tax Administration
VITA	Volunteer Income Tax Assistance
WebSD	Web Service Delivery



**To report fraud, waste, or abuse,
contact our hotline on the web at www.tigta.gov or via e-mail at
oi.govreports@tigta.treas.gov.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.