# Treasury FY 2023 Annual Evaluation Plan

## Background.

The *Foundations for Evidence-Based Policymaking Act of 2018* ("Evidence Act") requires agencies to develop a multi-year learning agenda that is used to identify agency priority questions. It further requires agencies to develop an Annual Evaluation Plan that provides a more detailed description of **significant program evaluations** that the agency plans to conduct in the following fiscal year. Agencies can define "significant" for this purpose.[1]

## Approach.

This document outlines the significant evaluation activities that Treasury plans to conduct in FY 2023. The five evaluations are projects to evaluate critical programs; the evidence generated by these projects will address priority questions in the Treasury Learning Agenda.  Treasury's Interim Evaluation Policy outlines the guiding principles and quality standards for all evaluation activities conducted within the Department. Further, Treasury is working to develop a broader evidence policy that will establish ways for the Evaluation Officer to better track planned significant evaluations, methodologies, and dissemination of findings. The four types of evidence-building activities are defined as follows (subject to refinement as policies are further developed):

| | |
|---|---|
| Evaluation | Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures |
| Statistics | Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups |
| Research | Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge |
| Analysis | Routine and frequent use of data that produces insights for decision making and program management |

## Dissemination of results for Treasury Evaluation Plan Projects

The agency evaluation policy, when published, will address Treasury's standards for the dissemination of evaluation results and findings. Over the coming year, with input from the bureaus and offices that regularly conduct evaluations, the Evaluation Officer, Chief Data Officer, and Statistical Official will determine the appropriate mechanism for dissemination of findings internally and externally. Future evaluation plans will include more specific dissemination plans for each evaluation.

# Contents

---

[1] Treasury defines "significant evaluations" as *evaluations that are undertaken to evaluate critical programs, as defined in the Treasury implementation plan for the Program Management Improvement Accountability Act (PMIAA), and for which the evidence generated by the evaluation is relevant to a priority research question in the Treasury Learning Agenda.* Evaluations required by law are also considered significant. The Treasury PMIAA implementation plan defines critical programs as *programs that are essential to Treasury's successful execution of its mission and for which failure, interruption, or compromise of these programs could: 1) Undermine Treasury's capability to achieve its objectives; or, 2) Severely impact government operations; or, 3) Result in significant loss of trust in the Department by key stakeholders/the public.*

## Overview of Planned FY 23 Evaluation Projects

Treasury plans to conduct three significant evaluation projects aligned to three learning agenda priority research questions. Some of these activities began in previous years and some will start in FY 2023. All projects will be led by the IRS and align to Strategic Objective 1.1, Tax Administration and Policy.

*How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience?*
1. *Customer Experience Analytics*
2. *Customer Callback Expansion*
3. *Customer Experience, Expectations, and Needs Survey*

Additionally, Treasury is exploring significant evaluation projects for three other learning agenda questions. Treasury has not yet identified specific evaluation questions or planned activities, but the Treasury FY 2022-2026 Learning Agenda includes additional background, data, and potential methods or approaches to answering these questions. Activities may start by the end of FY 2023, dependent on resources.

| Strategic Objective | Priority Question | Lead organization |
|---|---|---|
| 1.3 Economically Resilient Communities | To what extent are American Rescue Plan (ARP) programs being implemented equitably? | Departmental Offices |
| | What are the impacts and/or outcomes of the Emergency Capital Investment Program, Rapid Response Program, and Minority Lending Programs on Community Financial Development Institutions (CDFIs) or minority depository institutions (MDIs)? | Departmental Offices |
| 1.4 Resilient Housing Market | What strategies deployed in the recovery from COVID-19 best prevented evictions and foreclosures? How can we track evictions nationwide? | Departmental Offices |

## Details associated with Planned Evaluation Projects

Title I of the Evidence Act requires that agencies share specific information for selected significant evaluation projects to help anticipate the completion of and plan for the appropriate dissemination of the findings for use in agency decision-making. The following tables (one for each project) provide the required information: the project title, lead research organization, supporting organization(s), specific evaluation questions for each project, data(sets) required for the project, the tools and software required for the project, the analytic approaches to be employed for the project, and anticipated/existing challenges to completing the project.

| How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience? | | | |
| --- | --- | --- | --- |
| **Customer Experience (CX) Analytics** <br> Lead Organization: IRS Research, Applied Analytics, and Statistic Division / Data Management Division <br> Supporting Organization(s): IRS W&I Division | | | |
| **Evaluation Questions** | **Data Sources** | **Analytic Tools** | **Analytic Approaches** |
| **Question 1:** How can Natural Language Processing techniques improve the taxpayer experience? <br><br> **Question 2:** How can machine learning be used to identify opportunities for process improvements? <br><br> **Question 3:** How can we be sure implemented recommendations have the desired effect on the taxpayer experience? | <ul><li>Account Management Services (AMS)</li><li>Individual Master File (IMF)</li><li>Notice Delivery System (NDS)</li><li>Individual Returns Transaction File (IRTF)</li><li>Online Services (OLS)</li><li>Customer Call Transcripts</li><li>A-11 Survey Data</li><li>Google Analytics, Forsee Survey</li></ul> | <ul><li>The entire range of data and tools available on CDW, specifically SAP HANA database, Sybase IQ, R statistical software package and Python.</li><li>A visualization tool we created (CX Solution) that leverages a variety of data sources and organizes events and interactions over time to present the unique journeys of the taxpayer.</li></ul> | <ul><li>Text Mining Capabilities – Natural Language Processing (NLP) models and tools developed to analyze, quantify, and categorize unstructured, textural data.</li><li>Tokenization of AMS and National Quality Review System (NQRS) narratives</li><li>Topic Modeling using LDA (Latent Dirichlet Allocation)</li><li>Issue Classification using Support Vector Machine (SVM) models</li><li>Sentiment Analysis</li><li>Predictive Models – Analytical models developed to predict the likelihood of a customer entering a specific end state and prediction of next journey steps within a tax module. Models include Logitsistic Regression, Decision Trees, Random Forests, and Neural Networks</li></ul> |
| **Challenges associated with project:** <ul><li>Implementation of recommendations for process improvements requires buy-in from multiple stakeholders and often requires changes to established processes, procedures and training</li><li>Each machine learning technique has pros and cons; need to have them compete against each other using common objectives and criteria</li><li>Aligning data at the TIN level is not always possible</li><li>Processing large data volumes in realtime</li></ul> | | | |

| How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience? |
| --- |

**Customer Callback Expansion**
Lead Organization: IRS Wage & Investment (W&I) Division, Customer Account Services Office
Supporting Organization(s): IRS W&I Division, Compliance Office and Operations & Support Office; IRS Tax Exempt & Government Entities Division

| Evaluation Questions | Data Sources | Analytic Tools | Analytic Approaches |
| --- | --- | --- | --- |
| **Question 1:** How can IRS maximize the expanded use of Customer Callback to improve the taxpayer experience? | Evaluative Data:<br>• CCB Applications Currently Configured<br>• All CCB viable applications<br>• CCB Offer Rate<br>• CCB Take Rate<br>• CCB Successfully Registered<br>• CCB Reacquisition Rate<br>• CCB Cancellation Rate<br>• CCB Busy/No Answer Rate, Transfer Errors<br>• CCB Virtual Port Utilization | • Management Information System reports include the following platforms with varying report intervals and stakeholder recipients.<br>• Intelligent Contact Management (ICM)<br>• Contact Analytics<br>• Enterprise Telephone Data (ETD)<br>• 3rd Party Tools EyeQueue ® Callback Dashboard & Portal | • Measuring progress of Customer Callback applications deployed against IRS Mod Plan reportable measures.<br>• Industry benchmarks for KPIs<br>• Monitoring performance trends |
| **Question 2:** How can the IRS evaluate the effect of Customer Callback Service to taxpayers? | • Average Speed of Answer<br>• Avg Reconnect Time (to agent)<br>• Hold Time Saved | • Management Information System reports include the following platforms with varying report intervals and stakeholder recipients.<br>• Intelligent Contact Management (ICM)<br>• Contact Analytics<br>• Enterprise Telephone Data<br>• 3rd Party Tools EyeQueue ® Callback Dashboard & Portal | • Industry benchmarks for KPIs<br>• Monitoring performance trends |
| **Question 3:** How can the IRS effectively gather feedback from taxpayers on the Customer Callback designs to best meet the needs and preferences of callers? | • Customer Feedback via call recordings<br>• Customer Feedback via focus groups<br>• Customer Feedback via surveys | • Contact Analytics<br>• Verint Contact Recording<br>• 3rd party contracted focus group reports<br>• 3rd party or in-house IVR survey reports | • Evaluating customer feedback through sampling of calls identified within CCB services. |
| **Challenges associated with project:**<br>• IT Service Provider has limited implemention bandwidth against competing priorities<br>• CCB design applications are evolving with, and in parallel to, infrastructure upgrades<br>• Customer callback offerings are limited by both system and human resources (agents)<br>• Customer callback acceptance varies based on individual customer behavior | | | |

| How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience? | | | |
|---|---|---|---|
| **Customer Experience, Expectations, and Needs Survey**<br>Lead Organization: IRS Small Business/Self-Employed Division<br>Supporting Organization(s): none | | | |
| **Evaluation Questions** | **Data Sources** | **Analytic Tools** | **Analytic Approaches** |
| **Question 1:**<br>How can the IRS effectively measure the needs and expectations of SB/SE Taxpayers?<br><br>**Question 2:**<br>How can the IRS effectively measure the needs and expectations of Tax professionals?<br><br>**Question 3:**<br>How can the IRS ensure that future actions are priorities supported by taxpayers and tax professionals? | Survey data from two surveys:<br>• The 2022 Customer Expectations, Experience and Needs (CEEN) survey will engage small business and self-employed taxpayers to measure expectations for interactions with the IRS, needs for compliant tax administration, and awareness and use of IRS products and services.<br>• The 2023 Tax Professional Engagement Survey will be developed in partnership with other IRS functions to better understand the tax professional community and identify recommendations to improve overall tax compliance by leveraging the relationship between tax professionals and their clients | • SAS, SPSS, R (statistical software)<br>• Microsoft Excel | • Data collection through surveys<br>• Focus groups<br>• Quantitative data analytics (statistical analysis)<br>• Behavioral Insights |
| **Challenges associated with project:**<br>• Gathering data from a representative sample of SB/SE taxpayers and practitioners<br>• Data gathered may need to be treated as directional and qualitative, rather than quantitative | | | |