Treasury FY 2025 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.

Approach.

This document outlines the significant[1] evaluation activities that Treasury plans to conduct in FY 2025, including projects that evaluate critical programs and those that are directly related to answering all or part of certain Learning Agenda questions. The evidence generated by these projects will address 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 improve its broader evidence policy that will establish ways for the Evaluation Officer to better track planned significant evaluations, ensure scientific rigor in methodologies and study design, and support better transparency in the dissemination of findings. The four types of evidence-building activities are defined as follows:

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 updated agency evaluation policy will address Treasury's standards for the dissemination of evaluation results and findings. As this policy is iterated, with input from the bureaus and offices that regularly conduct evaluations and in consultation with the Data Governance Board (including the Chief Data Officer and Statistical Official), the Evaluation Officer will determine the appropriate mechanism for dissemination of findings internally and externally. Future evaluation plans will include more specific dissemination plans for each evaluation.

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[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), those that are directly related to answering all or in part of certain learning agenda questions and those evaluations required by law. 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. These programs are identified in the Treasury FY 2022 – 2026 Strategic Plan.*

Contents

Overview of Planned FY 2025 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. Due to budget constraints and environments outside of the Department's control, Treasury has limited ability to anticipate and develop detailed plans for evaluations more than one year in advance.

In FY 2024, Treasury is planning or exploring opportunities to conduct **ten** significant evaluation projects aligned to **six** learning agenda questions. This includes projects which began in FY 2024 and will continue into FY 2025 (marked with an asterisk). Five of these projects are still in the planning phase and evaluation plans have not been finalized (marked in italics). Treasury's ability to execute the projects described is dependent upon resources, such as passing of the FY 2024 budget; this document reflects Treasury's plans at the time of publication, but these projects are subject to change based on shifting priorities and funding levels.

Strategic Objective	Learning Agenda Question(s)	Project(s)
1.1 Tax Administration and Policy	How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience?	• Assess outreach and alert process for self-employed taxpayers • Develop and pilot new collection treatments based on data, analytics, and behavioral insights
	How can the IRS simplify interactions for taxpayers such as providing more self-service options, improving processes for filing, responding to audit notices or examinations, correcting returns, and remitting payments?	• Evaluate, simplify, and analyze account data for taxpayers • *Direct File study (in the planning phase)*
	How can the IRS use information reporting, artificial intelligence, data, and advanced analytic techniques to narrow the tax gap, improve compliance and diminish repeat noncompliance?	• Evaluate processes for recruiting, hiring, on-boarding, and training accounting professionals to examine High Income High Wealth cases
1.3 Economically Resilient Communities	What is the impact and/or outcomes of ARP programs on households, business, and governments?	• *Evaluations of State and Local Fiscal Recovery Funds (SLFRF) and State Small Business Credit Initiative (SSBCI) (3 projects in the planning phase)*

	What are the impacts and/or outcomes of the Emergency Capital Investment Program, Rapid Response Program, and Community Development Financial Institutions (CDFI) Fund's Equitable Recovery Program on CDFIs and minority depository institutions (MDIs)?	• *Emergency Capital Investment Program and Community Development Financial Institution Fund Program Evaluation (in the planning phase)*
5.2 Future Work Routines	How does the work environment impact or influence organizational health, including performance, resiliency, and capacity?	• Treasury Work Environment Study*

Treasury Strategic Objective 1.1 Tax Administration and Policy

Treasury plans to conduct four evaluations related to three learning agenda questions aligned to Strategic Objective 1.1: Tax Administration and Policy. These evaluations will be led by the Internal Revenue Service (IRS) and results will be disseminated as appropriate within the agency.

- How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience?
- How can the IRS simplify interactions for taxpayers such as providing more self-service options, improving processes for filing, responding to audit notices or examinations, correcting returns, and remitting payments?
- How can the IRS use information reporting, artificial intelligence, data, and advanced analytic techniques to narrow the tax gap, improve compliance and diminish repeat noncompliance?

In addition to the four projects outlined below, Treasury and the IRS intend to study the Direct File pilot in FY 2024 and FY 2025. The Direct File pilot supports the IRS Strategic Operating Plan's goal to give taxpayer choices in how they interact with the IRS. The Inflation Reduction Act of 2022 directed the IRS to study the possibility of a free, direct e-file program. The IRS submitted the results in a report to Congress on May 16, 2023. Following this report, the IRS developed a pilot for the 2024 filing season, paying special attention to issues identified in the report related to customer support and state taxes. This limited-scale pilot will allow the IRS to evaluate the costs, benefits and operational challenges associated with providing a free, voluntary Direct File option to taxpayers.

Treasury Learning Agenda Question:
How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience?
Project: Assess outreach and alert process for self-employed taxpayers
Lead Organization: IRS Small Business/Self-Employed (SB/SE) Division
Support Organization: IRS Research, Applied Analytics, and Statistics (RAAS) Division
Related IRS Learning Agenda question: How can the IRS identify potential issues as they occur and engage taxpayers in the resolution process in as near real-time as possible?

Evaluation Questions:	Data Sources	Analytic Tools	Analytic Approaches

1. How can the IRS identify taxpayers at risk of not making estimated tax payments?
 	
2. What message and/or type of outreach is most effective for helping taxpayers at risk of not making estimated tax payments?
 	
3. How can the IRS prioritize taxpayers for proactive outreach that reminds them of their estimated tax payment obligations?
	• CDW data
	• QR code data from OLS
	• Mail delivery information
		• Tools provided through CDW, including:
		  o GIT repository
		  o R Statistical Modeling Package
		  o R-Shiny presentation package
		  o Sybase SQL
		  o SAS
			• Descriptive statistics (for understanding population of interest)
			• Regression (for analyzing results)
			• Machine learning approaches (for analyzing results)
			• Uplift modeling (for analyzing results)

Challenges associated with project:
- Potential printing concerns based on available resources with National Distribution Center and/or Correspondence Production Services site
- Potential challenges with delivering outreach to the taxpayer (e.g. undelivered mail)
- Data concerns with the CDW computing environment potentially causing delays in retrieving data needed to analyze response to treatment
- Potential delays working with the Office of Taxpayer Correspondence in reviewing and updating outreach material

Treasury Learning Agenda Question:
How can the IRS address taxpayer needs and preferences to deliver a better taxpayer experience?

Project: Develop and pilot new collection treatments based on data, analytics, and behavioral insights
Lead Organizations: IRS Research, Applied Analytics, and Statistics (RAAS) and Small Business/Self-Employed (SB/SE) Divisions
Related IRS Learning Agenda question: How can the IRS identify potential issues as they occur and engage taxpayers in the resolution process in as near real-time as possible?

Evaluation Questions:	Data Sources	Analytic Tools	Analytic Approaches
1. How can the IRS apply data driven insights to inform treatment design to optimize taxpayer interactions and accelerate issue resolution? **2.** How can the IRS employ machine learning methods to inform right touch - right time strategies for treatment assignment? **3.** How can expanding access to notice performance data lead to measurable improvements in taxpayer experience and compliance outcomes?	• CDW data • OLS information (inclusive of OLA access and interaction, web traffic, QR scans) • Query Management Facility (QMF) • Automated Time Tracking System • Online Payment Agreement Reports • Voice Balance Due Report • ACCS Closure Files (Accounts Management System (AMS) report outputs)	• ARL Servers: RAAS research servers located in Martinsburg, WV • SQL Server 2008: dedicated databases for NCIU research • Sybase IQ (Interactive SQL): Used for running test queries against CDW and verifying data formats • CDW Query Manager: Custom developed application to perform large queries against CDW	• Develop, prepare, and conduct pilot tests using an established treatment design and pilot test methodology • Collect taxpayer data, select predictive features, train machine learning models, and select cases according to relevant metrics • Develop predictive models and optimize by iteratively engineering features and developing models with higher predictive power • Expand notice reporting capabilities through new modules following the design and deployment of the Notice Performance Analysis Tool (NPAT) • Expand the data sources and capabilities of NPAT to enable informed, data-driven decisions

Challenges associated with project:
- Ability to track and test nudges to increase digital engagement depends on gaining access to pre-processed web traffic and QR Code data
- Uncertainity around end-of-life legacy systems. Strategies for developing and testing certain solutions may be delayed if timelines and/or replacement plans are unknown.
- Opportunities to test new treatment designs and selection methods may be impacted by business decisions related to the ongoing Collection notice pause

Treasury Learning Agenda Question:
How can the IRS simplify interactions for taxpayers such as providing more self-service options, improving processes for filing, responding to audit notices or examinations, correcting returns, and remitting payments?

Project: Evaluate, simplify, and investigate account data for taxpayers

Lead Organization: IRS Wage & Investments Division

Evaluation Questions:	Data Sources	Analytic Tools	Analytic Approaches
1. How can the IRS simplify data, so it is easily usable by the taxpayer? **2.** How can the IRS provide information from various data sources to one platform to increase the taxpayer experience? **3.** How can the IRS provide more detailed return information for taxpayers?	• Information return data from Social Security Administration (SSA) • Taxpayer and preparer feedback • Customer Accounts Service / Accounts Management call data • Individual Taxpayer Identification Number (ITIN) matching and processes data • IRMF corporate data • IMF/ Customer Account Data Engine (CADE2) and BMF data • Direct File, Free File, and other tax software industry data	• Mechanism needed to aggregate data and provide it behind an authenticated session • Data analysis in Microsoft Excel • IRWorks – to produce roadmaps	• Conduct meetings and focus groups with appropriate stakeholders • Discussions with state groups such as Federation of Tax Administators • Request legislation, if needed, to shorten information returns filing deadine

Challenges associated with project:
- Most significant barrier is getting information returns in a timely manner. While most W-2s are filed electronically, there are still many by paper, and IRS must rely on SSA to transcribe them.
- IT may have issues with matching information returns based on timing of ITIN data.

Treasury Learning Agenda Question:
How can the IRS use information reporting, artificial intelligence, data, and advanced analytic techniques to narrow the tax gap, improve compliance and diminish repeat noncompliance?

Project: Evaluate processes for recruiting, hiring, on-boarding, and training accounting professionals to examine High Income High Wealth cases

Lead Organization: IRS Large Business and International (LB&I) Division

Evaluation Questions:	Data Sources	Analytic Tools	Analytic Approaches
1. How can the IRS attract accounting professionals with specialized experience to examine High Income High Wealth (HIHW) cases? **2.** What processes or procedures can be improved to hire and onboard accounting professionals? **3.** How can the IRS train newly hired and existing staff to examine HIHW cases?	• Internal LB&I reports regarding recruiting events, online engagement rates, and Human Capital Office (HCO) reports • HCO information systems for hires and onboards • Business unit data, as needed • Virtual training platform data and related course survey data	Quantitative: • R; SAS; Python; SPSS Qualitative: • Tools for extracting themes from written responses (e.g., Dedoose, NVivo), as needed • Best practices documents / guidelines for manual approaches	Quantitative: • Descriptive statistics such as the number of recruitment events and participants, online engagement metrics, and Human Capital Office processing times • Results from scaled items in training course surveys Qualitative: • Extracting themes from new hire focus groups and/or interviews. • Extracting themes from open-ended items in training course surveys • Potential focus groups with new hires

Challenges associated with project:
• Ability to gather necessary data from new sources where data has not historically existed
• Securing necessary approvals to conduct focus groups / interviews with new hires

Treasury Strategic Objective 1.3 Economically Resilient Communities

Treasury plans to conduct two evaluations related to two learning agenda questions aligned to Strategic Objective 1.3 Economically Resilient Communities. These evaluations will be led by Departmental Offices (DO) and results will be disseminated as appropriate in FY 2025 or future years, depending on the evaluation timeline.

- What are the impacts and/or outcomes of ARP programs on households, business, and governments?
- What are the impacts and/or outcomes of the Emergency Capital Investment Program, Rapid Response Program (RRP), and Equitable Recovery Program (ERP) on Community Development Financial Institutions (CDFIs) and minority depository institutions (MDIs)?

Treasury Learning Agenda Question:

What are the impacts and/or outcomes of ARP programs on households, business, and governments?

Project: Evaluations of State and Local Fiscal Recovery Funds (SLFRF) and State Small Business Credit Initiative (SSBCI)

Lead Organization: Departmental Offices – Office of Capital Access (formerly Office of Recovery Programs) and the General Services Administration (GSA) Offices of Evaluation Sciences

Related Economic Recovery Learning Agenda questions:

- What is the short-term and long-term impact on households, organizations, communities, and governments from specific SLFRF projects in priority policy areas such as affordable housing, workforce, and public safety?

- How does SSBCI technical assistance impact the ability of underserved businesses to access funds?

Treasury has partnered with the Office of Evaluation Sciences (OES) since 2021 to study equity in American Rescue Plan programs. Through review of project expenditure reports and outreach to state and local governments that expressed interest in program evaluations, OES identified two potential impact evaluations of SLFRF-funded projects. The first, which is in the project design review phase, would study the impact of an alternative emergency response initiative on public safety in Ramsey County, Minnesota. The second is still being assessed for feasibility and would study reducing homelessness and instability through cash transfers in San Diego County, California. If the projects are deemed feasible, analysis plans will be published on OES's website in FY 2024 and evaluation results are expected in FY 2025.

Treasury is also partnering with OES to explore potential evaluations that focus on Tribal governments' experiences applying for and accessing SSBCI funds, including the role of technical assistance in enabling Tribal government's access to funding. If OES determines an evaluation is feasible, an analysis plan will be published on OES's website, and evaluation results will be available in FY 2025.

Treasury Learning Agenda Question:

What are the impacts and/or outcomes of the Emergency Capital Investment Program (ECIP), Rapid Response Program (RRP), and Equitable Recovery Program (ERP) on CDFIs and minority depository institutions (MDIs)?

Project: Emergency Capital Investment Program (ECIP) and Community Development Financial Institutions (CDFI) Fund program evaluation

Lead Organization: Departmental Offices – Domestic Finance and an external evaluator

Related Economic Recovery Learning Agenda question: Over the longer term, how have the Emergency Capital Investment Program, Rapid Response Program, and Equitable Recovery Program changed the capacity of the participating institutions and what broader implications might that have for sector and field level approaches to serving low- and moderate-income communities and populations?

Treasury is currently working to select a contractor to design and conduct a multi-year evaluation of ECIP, RRP, and ERP that will help the Department understand the outcomes and impacts of these programs on:

(1) award recipients/participants;

(2) borrowers; and other individuals or institutions that utilize financial products and services and/or development services offered by the Award Recipients/Participants;

(3) beneficiaries of the projects and businesses financed by Award Recipients/Participants, as employees of businesses, residents of housing or users of community-real estate;

(4) geographic communities where Award Recipients/Participants focus their products and services; and

(5) the overall field of mission-driven financial institutions that includes CDFIs and MDIs.

Treasury issued a Request for Proposals in Q1 of FY 2024 and intends to select a contractor by Q3 of FY 2024. The evaluation will span multiple years and is expected to include a quasi-experimental evaluation design. The evaluation may involve a variety of analytical and program evaluation techniques to assess award recipients/participants' loans and investments, organizational performance, and social impacts and returns. Data sources will include the Uses of Award Report (UOA), Performance Progress Reports (PPR), Transaction Level Report (TLR), Program Application, Initial Supplementary Report (ISR), and Quarterly Supplemental Report (QSR). Additional details on the evaluation design and timeline will be available in late FY 2024 or FY 2025.

Treasury Strategic Objective 5.2 Future Work Routines

Treasury plans to conduct a research project related to multiple learning agenda questions aligned to Strategic Objective 5.2 Future Work Routines. The project will be led by Departmental Offices (DO) and results will be disseminated as appropriate to inform decision-making around Treasury's work environment and organizational health. In addition to the enterprise-wide project described below, pilot projects (in development, including the evaluation of such projects) and other studies are being conducted at the bureau level to understand the impact of remote work and telework on factors including recruitment, retention, and organizational performance.

Treasury has identified three learning agenda questions related to this strategic objective. This research would primarily help the Department build evidence in support of the first and second question but will also allow the Department to do initial exploration of the third.
- How does the work environment impact or influence organizational health, including performance, resiliency, and capacity?
- How are our customers' needs changing, how are employee needs changing, and how do you foster innovation and collaboration in a hybrid organization?
- Are our methods for assessing employee and work unit productivity complete, accurate, timely, and readily available for use?

Treasury Learning Agenda Question:
How does the work environment impact or influence organizational health, including performance, resiliency, and capacity?
Project: Treasury Work Environment Study Lead Organization: Departmental Offices – Office of Strategy, Planning, and Performance Improvement
Treasury is scoping a project that would be part of a multi-year Treasury learning effort to understand the effects of work environments on Treasury's organizational health, including performance and mission delivery. The evidence generated from this FY 2024 study and data-driven models will be available to Treasury policy and decision makers to iterate on the Department's and its Bureaus' work environment policies and plans with intentions to improve policies that foster an equitable future-of-work environment, support the diverse needs of the Department's workforce, and ensure the continual delivery of mission-critical services and products. Through this research, Treasury aims to: • Understand how the availability and amount of available telework influences outcomes such as career pathing, work-life balance, performance, retention for the Treasury workforce, including for certain demographics (e.g., gender, age, race). • Understand drivers of successful hybrid work environments. • Explore definitions and perceptions of what constitutes "meaningful in-person work" (including types of work and frequency). Treasury intends to begin this work in FY 2024, with interim results available in FY 2024 and FY 2025. The evaluation is still in the planning phase, but is expected explore the use of cluster analysis, regression analysis, survival analysis, National Language Processing, and development of an Agent-Based Model for policymakers to use in decision-making. Evaluation questions are expected to include: • What do Treasury employees (staff, managers, leaders) perceive as meaningful in-person work? • What are the drivers of successful work environments?

- How does the availability and amount of available telework influence outcomes such as career pathing, work-life balance, performance, retention, and other outcomes for the Treasury workforce, including different workforce demographics (e.g., gender, age, race, position type , years of service, etc.)?
- What are the thresholds or elements of a work environment policy that would yield optimal results for Treasury and its workforce to achieve a successful work environment?