

FY2008 IRS Budget Level Performance Measures

**Performance Measures for Strategic Foundations: Invest for High Performance**

| Performance Measure   | Desired Change | Status | FY06 | FY07 | FY08  | FY08 Plan | FY09 Plan | Why is this important to taxpayers?   |
|---|----------------|--------|------|------|-------|-----------|-----------|---|
| <b>Strategic Foundations: Invest for High Performance</b>   |                |        |      |      |       |           |           |   |
| <b>Earned Value Measures:</b> Evaluate the actual cost and schedule results compared to planned cost and schedule targets during project development. |                |        |      |      |       |           |           |   |
| Percent of Business Systems Modernization (BSM) projects within +/- 10% schedule variance   | ↓              | TBD    | **   | **   | 92.0% | Baseline  | 90.0%     | Business Systems Modernization (BSM) projects provide IRS employees with modernized business support to perform their jobs more efficiently. Significant project delays result in decreased productivity.         |
| Percent of BSM projects within +/- 10% cost variance  | ↓              | TBD    | **   | **   | 92.0% | Baseline  | 90.0%     | Business Systems Modernization (BSM) projects provide IRS employees with modernized business support to perform their jobs more efficiently. Significant cost overruns can indicate wasteful government spending. |

Status key: Green: Meets or exceeds plan Yellow: Results are within 10% of plan Red: Results fail to meet plan by a difference of more than 10%

\* The methodology for estimating the eligibility rate is being revised. The Earned Income Office continues to work with the U.S. Census to deliver an EITC participation rate estimate for FY2008.

\*\* Cost and schedule variance is based on +/- 10% and is reported on several project releases/subreleases.  
TBD: To be determined.

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**Strategic Foundations: Invest for High Performance**

| Performance Measure   | Desired Change | Status | FY06   | FY07  | FY08   | FY08 Plan | FY09 Plan | Why is this important to the IRS?   |
|---|----------------|--------|--------|-------|--------|-----------|-----------|---|
| <b>Strategic Foundations: Invest for High Performance</b>   |                |        |        |       |        |           |           |   |
| <b>Customer Satisfaction Outcome Measures:</b> Customer satisfaction measures evaluate the value of the services provided to IRS customers.   |                |        |        |       |        |           |           |   |
| Internal customer satisfaction (MITS)   | ↑              | ▲      | 86.1%  | 87.3% | 87.5%  | 90.0%     | 90.0%     | When IRS employees are satisfied with their information technology tools they are better equipped to perform their mission. |
| <b>Behavioral Outcome Measures:</b> Behavioral measures evaluate outcomes associated with internal interactions.  |                |        |        |       |        |           |           |   |
| Percentage of mission critical positions hires achieved (HCO)   | ↑              | ●      | 99%    | 100%  | 102%   | 99%       | 100%      | Ability to staff mission critical functions directly relates to the IRS' ability to fulfill its mission.                    |
| % managers receiving leadership training timely <sup>3</sup> (HCO)  | ↑              | ●      | 69.5%  | N/A   | 70%    | Baseline  | 72%       | Timely leadership training is directly related to quality of supervision.   |
| <b>Quality Measures:</b> Quality measures evaluate the value of a program's implementation or of taxpayer products and services resulting from program activities. They include aspects such as completeness, timeliness, consistency, and accuracy. Issues of access and communication are also important when considering the quality of products or services. Quality improvements can decrease the burden associated with erroneous information, and increase the public's trust and confidence in the IRS. |                |        |        |       |        |           |           |   |
| Percent of compliant systems - FISMA  | ↑              | ●      | 96%    | 98%   | 100%   | 100%      | 100%      | FISMA qualified systems are compliant with government security regulations and protect taxpayer data.                       |
| <b>Timeliness Measures:</b> Timeliness measures evaluate how quickly a product or service can be delivered for internal customers.  |                |        |        |       |        |           |           |   |
| Timeliness of completed service calls (MITS)  | ↑              | ▲      | 85.0%  | 80.5% | 80.0%  | 88.0%     | 88.0%     | Computer outages that last longer than standard affect the quality of service and enforcement functions.                    |
| <b>Cost Effectiveness:</b> Cost effectiveness measures evaluate the resources expressed in dollars necessary to achieve an outcome. Higher cost effectiveness is beneficial for both taxpayers and the IRS.   |                |        |        |       |        |           |           |   |
| Real estate portfolio cost (AWSS) <sup>4</sup>  | ↓              | ●      | -2.15% | 1.99% | -1.28% | 2.4%      | 2.4%      | Lower IRS real estate costs save taxpayers' money.  |

Status key: Green: Meets or exceeds plan Yellow: Results are within 10% of plan Red: Results fail to meet plan by a difference of more than 10% TBD: To be determined.

\* Beginning in FY2008, Notice Error rate and Letter Error rate were combined to create this measure.

<sup>1</sup> During FY2007, changed the methodology from a sampling approach to reviewing 100% of cases.

<sup>2</sup> Changing from mail survey to telephone survey; re-baselined in FY2008.

<sup>3</sup> Establishing database to track measure - results not available - measure will be redefined for FY2009.

<sup>4</sup> The target is to limit the increases in rent expense to the rate of non-pay inflation in the President's Budget. The FY2008 and FY2009 targets are the rate of non-pay inflation, currently set at 2.4% and 2.0%, respectively.

## Definitions

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| Accounts Management Customer Satisfaction (adjustments)  | Total percentage of 4 or 5 ratings (top boxes) given by taxpayers on the Adjustment Customer Satisfaction Survey question rating overall satisfaction.   |
| Automated Collection System (ACS) Accuracy   | The percent of taxpayers who receive the correct answer to their ACS question.   |
| Automated Underreporter (AUR) Customer Satisfaction – Small Business/Self-Employed (SB/SE)                   | Total percentage of 4 or 5 ratings (top boxes) given by taxpayers on the Adjustment Customer Satisfaction Survey question rating overall satisfaction.   |
| Automated Underreporter (AUR) Customer Satisfaction – Wage & Investment (W&I)                                | Total percentage of 4 or 5 ratings (top boxes) given by taxpayers on the Adjustment Customer Satisfaction Survey question rating overall satisfaction.   |
| Automated Underreporter (AUR) Efficiency   | The total number of W&I and SB/SE contact closures (a closure resulting from a case where IRS made contact) divided by the total full-time equivalents (FTEs), including overtime.   |
| Automated Underreporter (AUR) Coverage   | A percentage representing the total number of Wage & Investment (W&I) and Small Business/Self-Employed (SB/SE) contact closures (a closure resulting from a case where SB/SE and W&I made contact) divided by the total return filings for the prior year. |
| Automated Underreporter (AUR) Telephone Level of Service   | The percentage of AUR phone calls answered by a tax examiner as a percentage of the total calls attempted.   |
| Collection Coverage - Units  | The volume of collection work disposed compared to the volume of collection work available.  |
| Collection Efficiency - Units  | The sum of all modules disposed by Automated Collection System (ACS) (SB/SE & W&I) and by SB/SE field collection divided by the total collection FTEs.   |
| Compliance Services Collection Operation (CSCO) Customer Satisfaction – Small Business/Self-Employed (SB/SE) | Total percentage of 4 or 5 ratings (top boxes) given by CSCO Customer Satisfaction Survey question rating overall satisfaction.  |
| Compliance Services Collection Operation (CSCO) Customer Satisfaction – Wage & Investment (W&I)              | Total percentage of 4 or 5 ratings (top boxes) given by CSCO Customer Satisfaction Survey question rating overall satisfaction.  |
| Compliance Services Collection Operation (CSCO) days to close – Business                                     | This measure is used to determine average time to close a case in CSCO, based on its receipt date.   |
| Compliance Services Collection Operation (CSCO) days to close – Individual                                   | This measure is used to determine average time to close a case in CSCO, based on its receipt date.   |
| Conviction Efficiency Rate (\$)  | The cost of Criminal Investigation's program divided by the number of convictions.   |
| Conviction Rate  | The percent of adjudicated criminal cases that result in convictions.  |

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| Correspondence Error Rate with Systemic Errors (New measure for FY08)                        | Rate of performance that measures the percentage of incorrect Submission Processing Masterfile notices and letters issued to taxpayers by the IRS.  |
| Correspondence Exam Customer Satisfaction – Small Business/Self-Employed (SB/SE)             | Total percentage of 4 or 5 ratings (top boxes) given by Correspondence Exam Customer Satisfaction Survey question rating overall satisfaction.  |
| Correspondence Exam Customer Satisfaction – Wage & Investment (W&I)                          | Total percentage of 4 or 5 ratings (top boxes) given by Correspondence Exam Customer Satisfaction Survey question rating overall satisfaction.  |
| Cost per Taxpayer Service (\$)(Health Care Tax Credit)                                       | The costs associated with serving the taxpayers including program kit correspondence, registration and program participation  |
| Criminal Investigations Completed  | The total number of subject criminal investigations completed during the fiscal year, including those that resulted in prosecution recommendations to the Department of Justice as well as those discontinued due to a lack of prosecution potential. |
| Customer Accuracy – Customer Accounts (phones)   | The percentage of correct answers given by a live assistor on toll-free account inquiries.  |
| Customer Accuracy – Tax Law Phones   | The percentage of correct answers given by a live assistor on toll-free tax law inquiries.  |
| Customer Contacts Resolved per Staff Year  | The number of customer contacts resolved in relation to staff years expended.   |
| Customer Service Representative (CSR) Level of Service                                       | The number of toll-free callers that either speak to a Customer Service Representative or receive informational messages divided by the total number of attempted calls.  |
| Deposit Error Rate – Combined  | The percentage of errors made at the Submission Processing sites during remittance processing. These errors result in the inaccurate processing of data and may have a negative impact on the taxpayer.   |
| Employee Plan Determination Letters Timeliness (days)  | Average number of days to process an application requesting qualified status from the earlier of the postmark date or the received date to the date a determination letter is issued to the requesting plan.  |
| Exam Timeliness – Coordinated Industry Cases (CIC) and Industry Cases (IC) combined (months) | The average number of months from file date to completion of the examination process for all IC and CIC returns closed during the prior twelve months.  |

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| Examination Coverage – Business (Corps.>\$10 M)   | The number of Large- and Mid-Sized Business (LMSB) “customer base” returns (C and S Corporations with assets over \$10 million and all partnerships) examined and closed by LMSB during the current fiscal year divided by the number of filings for the preceding calendar year. |
| Examination Coverage – Individual (1040)  | The sum of all individual 1040 returns closed by Small Business/Self Employed (SB/SE), Wage & Investment (W&I), and Large and Mid-Sized Business (LMSB) (Field Exam and Correspondence Exam programs) divided by the total individual return filing for the prior calendar year.  |
| Examination Efficiency – Individual (1040)  | The sum of all individual 1040 returns closed by SB/SE, W&I, and LMSB (Field Exam and Correspondence Exam programs) divided by the total full-time equivalent (FTE) expended in relation to those individuals returns.  |
| Examination Quality – Coordinated Industry  | Average of the scores of coordinated industry cases reviewed. Case scores are based on the percentage of elements passed within each auditing standard.   |
| Examination Quality – Industry  | Average of the scores of industry cases reviewed. Case scores are based on the percentage of elements passed within each auditing standard.   |
| Exempt Organization (EO) Determination Customer Satisfaction                            | The percentage of EO determination customers expressing a 6 or 7 on a transactional survey where respondents rate IRS performance on a scale from 1 for “Very Dissatisfied” to 7 “Very Satisfied.”  |
| Exempt Organization Determination Letters Timeliness (days)                             | Average number of days to process an application requesting tax-exempt status from the earlier of the postmark date or the received date to the date a determination letter is issued to the requesting organization.   |
| Field Collection Customer Satisfaction  | Customers’ overall satisfaction with their Field Collection experience rated as a percentage satisfied.   |
| Field Collection National Quality Review System (NQRS)                                  | The score awarded to a reviewed collection cases by a quality reviewer using the NQRS quality attributes.   |
| Field Exams Customer Satisfaction   | Customers’ overall satisfaction with their Field Exams experience rated as a percentage satisfied.  |
| Field Exam National Quality Review System   | The score awarded to a reviewed field examination case by a Quality Reviewer using the National Quality Review System (NQRS) quality attributes.  |
| Internal Customer Satisfaction - Modernization & Information Technology Services (MITS) | Overall customer satisfaction percentage for MITS.  |
| Number of Convictions   | The number of criminal convictions  |

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| Office Exam National Quality Review System (NQRS)   | The score awarded to a reviewed office examination case by a Quality Reviewer using the NQRS quality attributes.   |
| Percent Business Returns Processed Electronically   | The percentage of electronically-filed business tax returns divided by the total business returns filed.   |
| Percent of Business Systems Modernization (BSM) Projects within +/- 10% Cost Variance     | Percent variance by release/sub-release of a BSM funded project's initial, approved cost estimate versus current, approved cost estimate.                    |
| Percent of Business Systems Modernization (BSM) Projects within +/- 10% Schedule Variance | Percent variance by release/sub-release of a BSM funded project's initial, approved schedule estimate versus current, approved schedule estimate.            |
| Percent of Compliant Systems – Federal Information Security Management Act (FISMA)        | A system is considered compliant when it has successfully completed security and accreditation.  |
| Percent of Eligible Taxpayers Who File for Earned Income Tax Credit (EITC)                | The number of taxpayers who claim the EITC compared to the number of taxpayers who appear to be eligible for the EITC.                                       |
| Percent Individual Returns Processed Electronically                                       | The percentage of electronically-filed individual tax returns divided by the total individual returns filed.   |
| Percentage of Managers Receiving Leadership Training Timely (HCO)                         | Frontline managers within nine months of effective date and Department and Senior managers within one year of effective date.                                |
| Percentage of Mission Critical Positions Hires Achieved (HCO)                             | Frontline managers within nine months of effective date and Department and Senior managers within one year of effective date.                                |
| Percentage of Offers in Compromise (OIC) Field closed in less than nine months            | The percentage of cases that were disposed in nine months or less than were worked compared to the number of OICs that were received.                        |
| Practitioner Toll-Free Customer Satisfaction  | Total percentage of 4 or 5 ratings (top boxes) given by taxpayers on the toll-free or PPS Customer Satisfaction Survey question rating overall satisfaction. |
| Primary Abandoned Call Rate   | Rate of performance that measures the percentage of callers who abandon the AT&T network before reaching an IRS system.                                      |
| Real Estate Portfolio Cost – Agency-wide Shared Services (AWSS)                           | Real estate portfolio cost is the percentage increase of total rent cost over the prior year.  |
| Refund Timeliness – Individual (Paper)  | The percentage of refunds resulting from processing individual Master File paper returns issued within 40 days or less.                                      |
| Secondary Abandoned Call Rate   | Rate of performance that measures the percentage of callers who abandon in the assistor queue.   |

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| Sign-up Time (days) – Customer Engagement (HCTC)  | The length of time between the first Program Kit mailing and first payment received.   |
| Small Business/Self-Employed (SB/SE) Correspondence Exam Cycle Time Earned Income Tax Credit (EITC)(days) | Average number of calendar days from the start of an SB/SE EITC examination (status 10 or higher) to closure. Bankruptcy cases, disaster area cases, and non-AIMS closures (i.e.: audit reconsiderations) are excluded from this calculation.                                |
| Small Business/Self-Employed (SB/SE) Correspondence Exam Cycle Time (non-EITC)(days)                      | Average number of cycle days from the start of a discretionary examination to closure of non-EITC cases.   |
| Tax Exempt/Government Entities (TE/GE) Determination Case Closures  | The number of cases closed in the Employee Plans or Exempt Organizations Determination programs, regardless of type of case or type of closing.  |
| Taxpayer Self Assistance Rate   | The percentage of taxpayer assistance requests resolved using self-assisted automated services.  |
| Timeliness of Completed Service Calls – Modernization & Information Technology Services (MITS)            | Amount of time spent to resolve issue raised by service call to MITS.  |
| Timeliness of Critical Filing Season Tax Products to the Public   | The percentage of critical filing season tax products (tax forms, schedules, instructions, publications, tax packages, and certain notices required by a large number of filers to prepare a complete and accurate tax returns) available to the public in a timely fashion. |
| Timeliness of Critical Tax Exempt/Government Entities (TE/GE) & Business Tax Products to the Public       | Percentage of critical other tax products, paper and electronic, available to the public in a timely manner.   |
| Wage & Investment (W&I) Average Wait Time on Hold (in seconds)  | A measure of the average number of seconds customers waited in an assistor queue before receiving service.   |
| Wage & Investment (W&I) Service Center Correspondence Exam Timeliness (discretionary)(days)               | Average calendar days from the initiation of an examination or correction contact to closure.  |
| Wage & Investment (W&I) Service Center Correspondence Exam Timeliness (EITC)(days)                        | Average calendar days from the initiation of an examination or correction contact to closure.  |