



Highlights of [GAO-07-890T](#), a testimony before the Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Every year the Internal Revenue Service (IRS) does not collect tens of billions of dollars in delinquent taxes. In 2004, Congress authorized IRS to use private collection agencies (PCA) to help collect some of these debts. To ensure that taxpayers are treated properly and that the program achieves the desired results, IRS contracted with a consulting company to perform a survey of right party contacts—those individuals who confirmed their identity and tax debt to PCAs over the telephone. The consulting company reported overall taxpayer satisfaction ratings from 94 to 96 percent for contacts made from November 2006 through February 2007.

At the request of the Chairman, House Committee on Ways and Means, GAO attempted to obtain, for the period September 2006 through February 2007, the number of tax debt cases IRS referred to PCAs, right party contacts who were offered the taxpayer survey, and right party contacts who took the survey. GAO was also asked to report any other key observations related to the PCA program and taxpayer survey.

To perform this work, GAO collected information and interviewed officials from IRS, the consulting group that administered the survey, and the PCAs.

www.gao.gov/cgi-bin/getrpt?GAO-07-890T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gregory D. Kutz at (202) 512-7455 or kutzg@gao.gov.

TAX DEBT COLLECTION

Measuring Taxpayer Opinions Regarding Private Collection Agencies

What GAO Found

According to the PCAs, 37,030 tax debt cases were referred to them by IRS from September 2006 through February 2007. PCAs reported making contact with, and authenticating the identity of, 13,630 right party contacts. Of these, 6,793 were eligible to take the taxpayer survey which did not start until the end of November 2006. According to the consulting company, the validity of the survey was based on the key underlying assumption that all right party contacts would be offered a chance to take the survey. However, GAO could not determine the number of right party contacts offered the survey because not all PCAs kept records on who was offered it. Further, as summarized in the following table, the three PCAs used different methods to determine which right party contacts were offered the survey.

PCA Approaches to Survey Methodology, December 2006 through February 2007

PCA	Number of individuals offered survey	Survey methodology	Offered survey to all right party contacts	Records kept
One	999	Primarily offered survey to all first and third contacts during specified times of day	No	Yes
Two	1,283	Offered to all right party contacts	Yes	No
Three	Unknown	Offered to all right party contacts with some exceptions	No	No

Sources: GAO and the PCAs.

Note: Right party contacts offered the survey between 11/27/06 and 11/30/06 are not included in the figures above.

The consulting company that administered the survey told GAO that between November 27, 2006, and February 28, 2007, 1,572 of the individuals offered the survey, agreed to take the survey, and 1,011 of these individuals completed the survey. A consulting company representative told GAO that the company was not aware, until several months after the survey was first offered, that the PCAs used differing methodologies for offering the survey and that not all right party contacts were offered an opportunity to complete the survey. According to IRS, beginning in April 2007, PCAs began offering the survey to all right party contacts.

Among other key observations, IRS advised GAO that they did not provide the PCAs with taxpayer telephone contact information for referred cases. As a result, in attempting to contact taxpayers by telephone, PCA representatives tried to determine the taxpayers' phone numbers through electronic searches. PCA representatives told GAO that they made a total of 252,173 outbound connected telephone calls from September 2006 through February 2007 in an attempt to make contact with the 37,030 tax debt cases IRS referred. PCAs did not offer the survey to incorrect contacts, such as individuals who provided personal information but were not authenticated as right party contacts.