

# Internal Revenue Service Inflation Reduction Act Strategic Operating Plan

**FY2023 - 2031**

Volume 4 of 5



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## **Continue to ensure data security**

**The IRS will continue to protect taxpayer data and IRS systems from cyber threats as we transform**

### **Where we are heading**

Taxpayer privacy and the cybersecurity of taxpayer data continue to be of utmost importance to the IRS. The agency must invest in cybersecurity enhancement to meet current and future needs, strengthen the IRS's security stance and preserve trust in the tax system.

As we become a digital-first agency, we will ensure strong cybersecurity protections of the technology ecosystem and guard against threats to taxpayer data. Enhanced authentication capabilities will allow us to deliver a user-friendly experience in which

taxpayers can easily and confidently verify their identity to access services while we guard against threats and vulnerabilities.

With these security enhancements, we will be better positioned to protect tax data, proactively combat identity theft and refund fraud, and quickly identify and mitigate attempts to compromise IRS data. We will also enhance systems availability and modernize our network to ensure that best-in-class IT services are reliable, available, and scalable. With this foundation in place, customers and employees will have secure access to digital services and data on demand, anytime from anywhere, as they have come to expect from industry-leading technologies.

## **What success would look like**

Success for this initiative would include ensuring the continued evolution of protections afforded to taxpayer data. The

IRS would remain one step ahead of increasingly sophisticated cyberattacks. Leading-edge technology would ensure that every action taken or system accessed is appropriate and authorized. All taxpayer data would be internally encrypted and segmented to limit exposure to threats and compliant with all federal standards and guidelines.

We will coordinate efforts with the Department of the Treasury in timely ways to maintain cybersecurity while also complying with federal mandates and guidelines.

## **Key projects**

- 1. Continue to implement best practices in cybersecurity.** Implement industry and federal best practices in cybersecurity—network security, identity and access management, vulnerability and threat management, and zero-trust architecture, for example—to protect IRS data from all cyber threats.

**2. Continue to ensure best practices in insider threat protections.** Continue to implement and strengthen controls that limit access to authorized personnel for authorized purposes. Expand on internal monitoring and audit logging of all activities regarding taxpayer information or other personally identifiable information.

**3. Enhance Digital Identity Management.** Continue to expand and ensure the Secure Access Digital Identity (SADI) platform's effectiveness with new system and processes. The IRS implemented the modern SADI platform in 2021; the identity-proofing and authentication solution for public-facing IRS applications will replace the legacy platform, Secure Access eAuthentication.

## Milestones



**FY 2023**

Malicious activity prevention enhanced to include connecting continuous-monitoring devices to the IRS network and detecting and responding to anomalous traffic and threat patterns



**FY2024**

Capabilities implemented for continuous identification of all assets and users on the IRS network



**FY 2024**

Multi-factor authentication implemented to improve access controls to IRS systems containing federal tax information



## **FY 2024**

Data-at-rest encryption implemented for the full portfolio of IRS critical systems to strengthen data protections and prevent unauthorized access



## **FY 2025**

Micro-segmentation used to improve control and visibility of network access for IRS high-value assets



## **FY 2025**

To ensure continued protection of taxpayer data, internal audit capabilities modernized to better prevent and detect the misuse of government equipment, violations of security policies, and unauthorized access or attempts to access sensitive data



## **FY 2026**

Digital-rights-management policies and protections implemented to safeguard digital content and data





## **FY 2026**

Fraud-monitoring and investigation capabilities enhanced to support new identity-proofing solutions for taxpayer-facing applications

### **Key dependencies**

**4.4 depends on projects in initiatives:**

4.3

**Initiatives dependent on projects in 4.4:**

1.2-1.6, 1.8, 1.10-1.12, 2.1, 2.3, 4.5

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## **Maximize data utility**

**The IRS will improve the storage and management of data to support improved taxpayer services and enforcement**

### **Where we are heading**

The IRS's data is not uniformly accessible in an organized, digital format. Data is stored across a range of legacy systems, and most taxpayer-facing staff have limited access to data sources. To bring data together that is now distributed across legacy systems, we will need to upgrade our foundational enterprise capabilities such as data standards, metadata standards and data stewardship. This unified approach to data management will not only facilitate quality control and data

organization but will also strengthen data security.

We will organize and improve the availability and completeness of high-quality and timely data to support access for appropriate purposes, including operational needs, analytics, business intelligence reporting, and research. To achieve this, we will identify which data are needed for business purposes, ingest the right data in timely ways, ensure that it is complete and accurate, and put mechanisms in place to allow appropriate access to data while protecting taxpayer privacy. We also need the infrastructure to allow the dissemination of data to support IRS operations across the enterprise while preserving data security and taxpayer privacy.

## **What success would look like**

Success for this initiative would include having high-quality, complete data for

strategic decision- making. Data would be available for analytics to help clarify taxpayer needs, better identify emerging compliance issues, increase operational effectiveness and innovation, and ensure fair and equitable treatment of taxpayers. IRS employees would be able to access appropriate data in a usable format to fulfill their responsibilities and serve taxpayers. Enterprise data platforms would expand taxpayers' access to their own data.

## **Key projects**

- 1. Make appropriate data available and accessible to users.** Make data from legacy and modernized systems—including mission and support data—digitally available and readily accessible to approved users as necessary and appropriate to deliver effective tax administration and a high-quality taxpayer experience.

- 2. Develop a process for proactively identifying gaps in data.** Continually evaluate the completeness and accuracy of the data the IRS collects and generates to identify any gaps affecting key use cases of the IRS mission.
- 3. Develop a process to regularly evaluate opportunities to leverage external data.** Develop a governance process for appropriately using external and commercial data sets to improve tax administration.
- 4. Establish comprehensive data platforms.** Create enterprise-wide platforms and supporting tools to efficiently bring together data, improve organization and streamline dissemination.
- 5. Reinforce enterprise-wide data governance.** Transform data governance at the enterprise level to facilitate effective application of data to

mission goals. Create enterprise data and meta-data standards. Create an enterprise- wide data catalog and taxonomy. Implement an enterprise-level data stewardship program. Develop policies to ensure that all data access complies with privacy and security standards.

## **Milestones**



**FY 2023**

Process created for establishing enterprise data and meta-data standards



**FY 2023**

Data stewardship pilot program launched



**FY 2023**

Initial enterprise data catalog published, to be updated annually



## **FY 2023**

Initial inventory of the IRS's data assets conducted to support planning and change management for migrating authoritative data stores and rebuilding essential functionality into the Enterprise Data Platform (EDP), to be updated as needed



## **FY 2024**

Completed evaluation of data gaps and readiness for operational use aligned to business needs



## **FY 2024**

External data procured to support better understanding of large business mergers, acquisitions, and terminations



## **FY 2025**

Near-real-time taxpayer service data made available to IRS data scientists and analysts via modern analytical tools





## **FY 2025**

Operational staff users given access to self-service data analysis and report-building tools

### **Key dependencies**

#### **4.5 depends on projects in initiatives:**

1.2, 4.1, 4.3, 4.4

#### **Initiatives dependent on projects in 4.5:**

1.1-1.6, 1.8-1.12, 2.1-2.4, 2.6, 2.7, 3.1-3.7, 4.6-4.8, 5.6

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## **Apply enhanced analytics capabilities to improve tax administration**

**IRS employees will use data and insights to enhance delivery of tax administration and improve the taxpayer experience**

### **Where we are heading**

IRS employees are frequently unable to use data and analytics tools to support operational processes and improve our mission's outcomes. Data systems are not interoperable today, and even available data is not always effectively linked or delivered to operational employees. Program management and front-line personnel do not have the standardized tools and processes they need to use data to inform and improve tax administration operations, such as customer service and compliance contacts.

We will maximize the value of our data by using it to improve delivery of the IRS's mission. To provide a better taxpayer experience, we will integrate data from multiple sources to assemble a holistic picture of a taxpayer's interactions with the IRS. Employees will then have the information they need to prevent and resolve taxpayer issues quickly. We will use new analytic models, such as compliance risk analytics, to reduce burdens on compliant taxpayers by improving case selection and tailoring taxpayer contacts. We will regularly evaluate and improve data, tools and governance processes to help ensure that models are working as intended and not subject to unobserved biases.

## **What success would look like**

Success for this initiative would include more tailored and effective interactions with taxpayers across IRS programs. Employees would be better equipped to understand

taxpayer problems and provide appropriate and comprehensive service. Compliant taxpayers would be less likely to be selected for compliance treatments, reducing their burdens. Taxpayers with compliance issues would benefit from more expedient resolution of their cases as employees would be better equipped with all information relevant to their case.

## **Key projects**

- 1. Incorporate real-time analysis.** Use available data to conduct real-time checks to help taxpayers meet their tax obligations and identify credits and deductions for which they are eligible.
- 2. Make individual taxpayer data fully available.** Deliver comprehensive taxpayer account data in near-real time by creating a 360-degree view of taxpayer data for employees and providing taxpayers access to their

relevant account data, as well as information to help them meet their tax obligations.

- 3. Use data to improve the taxpayer experience.** Use analytical approaches— including those that identify social, language and cultural barriers—to better understand and address the taxpayer experience.
- 4. Supply linked data to agents.** Deliver case- building insights to compliance and criminal investigation personnel by using data-driven tools that provide a holistic understanding of interconnected tax entities and financial transactions.
- 5. Enable real-time visibility into operations.** Provide managers with real-time visibility and insight into operational data to improve program management.

## Milestones



### **FY 2023-2025**

Data delivered to support a “Taxpayer 360°” holistic view based on business need and the prioritization established during the development of taxpayer service tools



### **FY 2024**

Methodology developed and tested for applying information-reporting to enable the expansion of at-filing checks



### **FY 2024**

Customer experience analytics improved to identify taxpayers’ pain points



### **FY 2025**

Comprehensive, coordinated case-selection methods researched and tested



## **FY 2026**

Risk-analytics capability developed and tested to direct cases to the most effective treatment options

### **Key dependencies**

#### **4.6 depends on projects in initiatives:**

4.1, 4.2, 4.3, 4.5

#### **Initiatives dependent on projects in 4.6:**

1.1, 1.3, 1.4, 1.6, 1.8-1.12, 2.1-2.3, 2.5-2.7, 3.1-3.7, 5.8





## **Strategically use data to improve tax administration**

**The IRS will use enhanced data and explore additional innovative analytic techniques to improve strategic planning, decision-making and compliance measurement**

### **Where we are heading**

The IRS has a centralized research function and pockets of data and analytics expertise throughout the organization. We are conducting numerous experiments with advanced analytics techniques to improve decision-making and the measurement of voluntary compliance and the taxpayer experience, to anticipate emerging issues, and to allocate resources. However, we need to allocate additional resources to these activities to ensure sufficient capacity, appropriate staff expertise, and the ability to

scale and transition innovative solutions into operational workflows—all while keeping up with the evolution of analytical methods and technologies.

We must keep pace in an ever-evolving landscape that includes changes in tax policy and taxpayer behavior, emerging tax compliance issues and an increasingly global business and financial world. Innovative, responsible uses of data and advanced analytics can help the IRS meet these challenges by better understanding taxpayer behavior, including voluntary compliance and uptake of credits and deductions, and by delivering meaningful insights to decision-makers.

We will enhance our strategic planning, decision-making and compliance measurement using innovative analytic approaches, assessing new uses of data, and exploring emerging technologies. We will encourage research and explore emerging

techniques, including advanced analytics. We will maintain guardrails so that data and analytics are used responsibly and transparently, respecting and protecting taxpayer privacy and civil liberties, and develop processes for operational innovation.

## **What success would look like**

Success for this initiative would include better informed, data-driven decision-making and planning, which would allow the IRS to deploy staff more effectively where they are most needed. Innovation in customer service would increase taxpayers' responsiveness. Data-driven resource allocation and strategic planning would enhance organizational effectiveness and performance.

## **Key projects**

- 1. Better understand the tax gap.** Use new data and enhanced analytics to improve our understanding of voluntary compliance by enhancing the timeliness,

granularity and comprehensiveness of tax-gap measurement.

- 2. Expand data-driven resource allocation.** Expand our use of data and analytics to allocate resources effectively to meet the needs of enforcement and customer service activities throughout the organization.
- 3. Deliver data and analytics for decision- making.** Enhance senior-level decision-making with a suite of tools, dashboards and software across a broad range of data analytics use cases.
- 4. Develop best-in-class advanced analytics.** Continuously experiment with advanced analytics techniques to identify and address complex and emerging tax administration challenges. This effort may include exploring deep learning to address complex tax structures; using natural language processing (NLP) methods to extract,

consolidate and categorize narrative text from tax forms, external reporting, and taxpayer interactions; and using techniques such as machine translation to improve taxpayer interactions in languages other than English.

**5. Pursue leading-edge tools and techniques.** Expand market research to identify leading- edge advanced analytics tools and techniques that are appropriate for tax administration enhancement.

**6. Establish trustworthy analytics practices and policies.** Establish and implement trustworthy analytics practices and policies— such as guiding principles, risk management frameworks and governance—to ensure that traditional statistical and advanced analytics methods yield transparent, explainable, fair outcomes.

**7. Improve our ability to receive and use data from foreign jurisdictions.**

Optimize use of data related to activities outside the United States to effectively pursue non-compliant persons subject to taxes in the U.S.

**8. Accelerate innovation in operations.**

Streamline the transition of innovations and accelerate experimentation to improve operational workflows.

## **Milestones**



**FY 2023**

Enhanced governance strategy for advanced analytics defined



**FY 2024**

New advanced analytics methods developed to better identify tax noncompliance among high-priority taxpayer segments, including high-income, high-wealth taxpayers and partnerships



### **FY 2024**

New analytics-enabled capabilities developed to support digital asset compliance



### **FY 2024**

Operating model created for enterprise data-analytics development and deployment spanning research, operations, and IT



### **FY 2024**

New methodologies formulated to enhance and expand the estimation of tax gaps



### **FY 2025**

Additional data-driven methods developed for enterprise-wide optimization of resource allocation for enforcement

## **Key dependencies**

### **4.7 depends on projects in initiatives:**

4.1, 4.2, 4.5

### **Initiatives dependent on projects in 4.7:**

1.1, 1.3, 1.5, 1.9, 1.11, 2.2, 2.7, 3.1-3.7,  
5.6, 5.8





## **Partner to expand insights**

**The IRS will engage with external partners to develop new insights that generate value for taxpayers and policymakers**

### **Where we are heading**

Throughout the government, data reflects the realities of Americans' lives: employment, family structures, benefits eligibility and uptake, and demographics. Safe, privacy-preserving statistical findings derived from tax data offer more insights into the well-being of our population and economy, which may help other government agencies design and evaluate policies and programs that assist the whole population, including those who are underserved or vulnerable. However, this can only be achieved in an environment that ensures the highest level of protection to

taxpayer information. We will leverage new technical and analytical methods to develop tools to meet this need.

We seek to increase and strengthen partnerships with government agencies and external researchers to improve the rigor of our research and support evidence-based policymaking and program implementation throughout the government. The IRS has long partnered with external academic partners in foundational research, using advanced analytics and statistical techniques to solve complex tax administration problems. That said, necessary restrictions on data-sharing can hinder our ability to generate insights from government agencies and data sources. However, new methods provide an opportunity to safely collaborate on issues that are important to taxpayers while preserving taxpayer privacy protections to generate insights and advance research priorities that benefit the American people.

## **What success would look like**

Success for this initiative would include the IRS and other government agencies benefiting from the ability to collaborate while providing state-of-the-art data protections. In so doing, they will be able to gain new insights that inform policy and program priorities to improve constituent services. The IRS will benefit from the development of innovative ways to address tax administration challenges, enhanced rigor in validating methods and findings, and continuous learning.

### **Key projects**

#### **1. Establish strategic plans and document research priorities.**

Enhance accountability and transparency in research planning by developing strategic plans and documenting research priorities for agencies and departments.

- 2. Strengthen and create research partnerships.** Foster research partnerships to inform research, advance analytical methods, build employee skills and ensure the validity of findings.
- 3. Develop new privacy-preserving analytic methods.** In partnership with privacy experts, develop new, rigorous privacy-preserving methods for sharing analytical insights while increasing the security of taxpayer information.
- 4. Support government-wide program evaluation and evidence-building.** Develop new capacity for using aggregated and anonymized information derived from tax data to inform policy and program decisions beyond the IRS.

## Milestones



**FY 2023**

To support research and evidence-building, new statistical data incorporating state-of-the-art privacy protections produced and publicly released



**FY 2023**

New Office of Management and Budget standard application process adopted to annually facilitate the engagement of non-IRS researchers in high-value tax administration-related projects



**FY 2023**

Statistical service established to safely support production of special tabulations and reports to aid the Department of the Treasury and other agencies in evidence-building and program evaluation, as permitted under law



## **FY 2024**

Methods researched for automating or streamlining the production of high-value, customized statistics

### **Key dependencies**

**4.8 depends on projects in initiatives:**

4.5

**Initiatives dependent on projects in 4.8:**

1.9



## Objective 5

# **Attract, retain, and empower a highly skilled, diverse workforce and develop a culture that is better equipped to deliver results for taxpayers**

To offer taxpayers world-class service, we will invest in attracting, developing and retaining exceptional talent. People are the heart of the IRS and our most valued asset. Despite momentous challenges including funding, technology and staffing constraints, our employees remain resilient and are vital to implementing the strategies and pursuing the priorities to meet all Plan objectives.

We will invest in and focus on people, equipping and empowering them with the technology, equipment, training and tools they need to be successful. We will assess and reshape the workforce to meet future requirements, foster a positive employee experience, and create a workplace that reflects the diversity of the taxpayers we serve and the unique talents of each person. We will modernize how we attract, retain, develop, and empower our people. Employees will have the modern tools and upgraded facilities they need to perform at their best, collaborate effectively and build meaningful connections within and across teams.

In the future, IRS employees will require a broader foundation of core competencies. We will need curious problem-solvers who are technology- and data-savvy to power new ways of operating. Through training, the workforce will transform from one where thousands of people process paper in



cumbersome, manual processes to a greater share of employees who provide high-quality services to taxpayers. To become a data-centric organization, we expect the number of data scientists to grow significantly, and IRS compliance functions will rely on specialized teams who respond to increasingly complex filings. In addition to technical skills, we will seek out, cultivate and value skills like problem-solving, communication and collaboration that are critical to excellent taxpayer and employee experiences. These changes will allow us to work in more agile, innovative and proactive ways. We will embrace the increasing diversity of our growing workforce and strive to be a more inclusive and accessible place where all employees can thrive.

## **Where we are heading**

- We will grow our workforce to meet the mission of the agency after years of shrinkage and declines in service to

taxpayers and to ensure adequate enforcement of the tax law.

- We will adopt strategies and technologies to keep pace and evolve with changes, enabling new ways of working while ensuring our people are engaged, agile and highly skilled, including in data and analytics, and have access to the information they need to work effectively. This will empower employees to deliver a better taxpayer experience.
- We will modernize our technologies, policies and processes to deliver an employee experience that helps employees focus on the mission.
- We will build recruiting capabilities to attract and retain a broader and more diverse workforce motivated by our mission and the opportunity for public service, with a focus on diverse and talented people in historically underreached and underrepresented

communities to reflect the diverse population that the IRS serves.

- We will create flexible development opportunities and a workplace experience that fosters inclusion and professional growth for current and future employees.

## **We will grow and develop our talent while operating more efficiently**

### **Who does the work**



#### **Types of skills**

Technologists, data scientists, technical tax experts and specialists, customer service, project management

#### **Types of workers**

Full-time and part-time employees, independent workers, temporary workers, workers on rotation, interns/fellows

# **When and where we work**



## **Schedules and locations**

Flexible policies to allow us to compete for the best talent, including flexible schedules and locations, while effectively meeting business needs

## **How we work**



### **Tools**

Automation, integrated systems, advanced analytics

### **Mindsets**

Data-driven, cross-functional collaboration, customer-first, problem-solving

## **Indicators of success**

- ✓ Increased proficiency across the workforce in critical skills, such as technology, data analytics, inclusive leadership, and knowledge of tax administration
- ✓ Increased employee retention, engagement and developmental opportunities
- ✓ Increased number of qualified applicants and quality of hires
- ✓ Increased headcount that reflects future mission staffing requirements
- ✓ Decreased time-to-hire
- ✓ Expanded opportunities for employee developmental opportunities, including increased training, internal and external rotational assignments, coaching and mentoring

- ✓ Workforce composition that more closely reflects the taxpayers we serve, including an increased demographic representation of historically underrepresented and underserved communities at each level and segment of the IRS
- ✓ Increased agility and flexibility, moving staff to align with business needs



**How a highly skilled and diverse workforce will further the energy security and clean energy provisions of the IRA consumers, small businesses, communities, and industries:**

- We will grow expertise in the skill sets necessary to adequately serve taxpayers and tax administration.

- Enhanced customer experience, IT and data analytics capabilities will support energy security and clean energy implementation, the customer experience, and service delivery.

## Strategic shifts

From	To
Ineffective and outdated policies, technologies and processes make it challenging to attract, onboard and retain the talent we need.	We will recruit, train and retain a workforce with the skills and capabilities we need—people who put customer service first and are able to use our new technologies to work effectively.
Employees are constrained by limited resources and growth opportunities.	We will improve the employee experience and empower the workforce to drive better taxpayer

	experiences, with clearer career pathways that will improve retention and support career growth and opportunity.
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## Initiatives included in this objective

**5.1 Redesign hiring and onboarding:** The IRS will implement fast, streamlined hiring processes that address challenges known today, use data to match candidates to the right jobs, and deliver more effective onboarding programs

**5.2 Attract a talented and diverse workforce:** The IRS will build new talent pipelines and attract a workforce that reflects the diversity of the people we serve





### **Improve the employee**

**experience:** The IRS will improve the employee experience by offering more flexibility, building a more collaborative team culture, and better equipping personnel



### **Help employees grow and**

**develop:** The IRS will deliver growth and learning opportunities by developing attractive career pathways for all employees, integrating training and skill-building, and better equipping managers to lead high-performing teams



### **Develop a data-savvy workforce:**

The IRS will create hiring and training programs to build a data-savvy workforce that uses the improved data environment to serve taxpayers and meet mission goals more effectively



### **Elevate workforce planning**

**strategy:** The IRS will leverage workforce planning best practices to forecast and meet hiring demand more effectively to avoid disruption and satisfy business needs



### **Improve organizational**

**structures and governance:** The IRS will implement new organizational structures and distributed and transparent decision processes to support more collaborative, effective and efficient tax administration



### **Build a culture of service and**

**continuous improvement:** The IRS will build a customer-centric culture by empowering employees and leaders to put the customer first and rewarding outstanding service

*The IRS is committed to a diverse and inclusive workplace culture that embraces diverse strategies that support tax administration with integrity and fairness for all. We are committed to a workplace where employees are respected, valued, trusted and appreciated because of their differences. Creating a workplace environment that taps into the unique talents and strengths of different employees improves employee satisfaction and productivity and our ability to serve the American public and achieve our mission. We will incorporate equity, diversity, inclusion and accessibility (EDIA) throughout the initiatives below.*

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## **Redesign hiring and onboarding**

**The IRS will implement fast, streamlined hiring processes that address challenges known today, use data to match candidates to the right jobs, and deliver more effective onboarding programs**

### **Where we are heading**

Today, hiring at the IRS is difficult, causing challenges throughout operations and hindering service to taxpayers. Unpredictable funding has resulted in operational inefficiencies and limited strategic and long-range planning, forecasting, and hiring. Confusing, multi-step application and qualification processes can cause qualified candidates to disqualify themselves accidentally, or to opt for other opportunities with organizations that have faster, simpler,

more transparent hiring. Furthermore, onboarding processes can be unwelcoming and slow; some new hires wait for months to receive the tools and training they need to become productive.

To meet demand-based hiring projections, improve accountability and compliance, and acquire the right talent, we will make our hiring processes more flexible and predictable, improve systems and automation to shorten hiring timelines, reduce unnecessary requirements for candidates, and prioritize the applicant experience. A modernized applicant experience will seamlessly and transparently move applicants from one point to the next to encourage them to stay in the process. We will automate portions of application processing to improve speed and reduce errors, paying careful attention to eliminating any bias in the process design. A forward-looking hiring plan will establish clear expectations regarding

time-to-hire, include best practices for expediting competitive hiring, and maximize the benefits of direct hiring authority. We will help streamline the applicant matching and review process by digitizing candidate assessments to screen for technical skills and more intrinsic predictors of success, which will alleviate strains on hiring capacity and help applicants smoothly find their best-fit roles. Throughout improvements to the hiring and onboarding processes, we will strengthen accountability, compliance with applicable laws and risk management.

## **What success would look like**

Success for this initiative would include improving the end-to-end hiring process and reducing the time-to-hire, regardless of the type of vacancy. All hiring actions would proceed more smoothly and quickly due to process improvements that maximize efficiency while retaining meritocratic principles. As we improve our ability to

identify candidates with the skills required to fulfil the duties of a position, newly hired employees would experience a measurable increase in satisfaction.

## **Key projects**

### **1. Create a renewed hiring process.**

Optimize our hiring process for speed, efficiency and candidate experience. Identify actions that can be accomplished by additional outsourcing—such as personnel security or specialized recruiters—and automation.

### **2. Increase flexibility in hiring**

**processes.** Make it easier to reach and hire qualified candidates by publishing rolling announcements of frequently hired roles and grouping job announcements by skills to consider applicants' suitability for multiple roles. Explore new and expanded hiring



authorities while ensuring that internal candidates are not disadvantaged under these authorities.

- 3. Consider geographic flexibility in our hiring models.** Hire the best candidates in more geographic locations as business processes allow. As we continue to evolve into a digital agency, we will expand our footprint into additional locations, underrepresented and underserved communities, and Tribal lands while still meeting IRS operational needs.
- 4. Engage in best-in-class candidate assessment.** Reduce barriers to entry, improve the application experience and reduce skills deficiencies by moving to digital-based skills assessments. These assessments will focus on skills that correlate with success in a particular role.

- 5. Simplify the hiring experience for candidates.** Simplify and streamline the application process by building an applicant-facing status tracker, creating a job-matching aptitude test to help applicants find the right roles more quickly, and developing a new, user-friendly, easily navigable application website that increases accessibility.
- 6. Streamline the onboarding process for new hires.** Ease barriers to smooth onboarding through a standardized, improved welcome experience for new employees, provide new employees with access and technology more quickly, and offer more flexible training.
- 7. Strategically automate and outsource operations to increase capacity when necessary.** Explore technology options and determine where contracting firms can be engaged for work surges to support rapid onboarding

or automated processing when necessary.

- 8. Review all position descriptions and job requirements.** Working with the Office of Personnel Management and the Department of the Treasury, review and update position descriptions and qualification requirements, such as education and years of experience; use analytics where possible, based on the latest best practices; and identify where we may be excluding potentially strong, suitable talent.

## Milestones



**FY 2023**

Hiring plan driven by business demand delivered



**FY 2023**

Additional geographic options for hiring pursued



### **FY 2024**

Position description (PD) review conducted, and most critical PDs updated to include plain language and commensurate compensation



### **FY 2024**

Asynchronous interviews and digital customer-service assessments for hiring integrated as standard for customer- service representatives



### **FY 2024**

Digital candidate assessments used as part of the candidate selection process for all roles



### **FY 2024**

Redesigned hiring processes to improve applicant experience and talent matching implemented



## **FY 2025**

Hiring status-tracker developed to increase transparency in recruiting

### **Key dependencies**

#### **5.1 depends on projects in initiatives:**

4.2, 4.3

#### **Initiatives dependent on projects in 5.1:**

1.9, 2.4, 2.7, 3.2-3.6, 5.2, 5.4

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## **Attract a talented and diverse workforce**

**The IRS will build new talent pipelines and attract a workforce that reflects the diversity of the people we serve**

### **Where we are heading**

To rebuild its workforce and diversify its talent pipeline amid increasing demands for labor, the IRS must find new sources of qualified talent. As 63% of the IRS workforce becomes eligible for retirement in the next six years, and a new generation enters a uniquely competitive labor market, the IRS must do more to seek out, cultivate and bring in talent from new sources that reflect the diversity of the American people.

We will extend the geographic reach of our recruiting and offer flexible work options to expand the pipeline of interested and

available talent and to allow us to compete with other federal agencies and private industry. We will use talent analytics tools to help identify high-potential candidates working elsewhere, in schools, and across communities nationwide. We will also create opportunities for historically underrepresented and underserved groups to help ensure that the IRS workforce reflects the taxpayers we serve. Combined with longer-term strategic workforce planning, better hiring processes and an upgraded value proposition to employees, recruiting efforts will strengthen the IRS's ability to attract the right diverse talent to serve American taxpayers.

## **What success would look like**

Success for this initiative would include an increased number of qualified, diverse applicants in response to external job searches in an expanded talent pipeline. We would convert a larger share of applicants to employees as we refine and improve our



recruiting efforts. Candidates and hires would better reflect the diversity of the United States as we reach out to historically underserved and underrepresented communities with compelling, accessible opportunities.

## **Key projects**

- 1. Articulate the value proposition of working at the IRS.** Articulate why the IRS is an appealing place to work and describe the types of people who thrive here. Revise agency branding and recruitment messaging to help applicants understand why they should join the IRS and which areas would best fit their qualifications and preferences.
- 2. Review compensation and explore alternative pay and performance-based personnel systems.** Review the compensation system to assess its competitiveness and offer pay that is

commensurate with the skills needed, including for management positions. Ensure that high-potential leaders have incentives to take on increasing responsibilities. Where we identify gaps, explore tailored compensation reform and pay and performance-based systems, including expanded pay bands and alternative personnel systems, to go beyond today's defined pay schedules.

- 3. Build new pipelines of talent.** Attract new, more diverse talent by developing student pipeline programs, graduate fellowships, pre-hire skills development "bootcamps" and private-sector talent rotations (e.g., secondments) coupled with outreach to applicants in new geographic areas and in underserved and underrepresented groups.

- 4. Evaluate and improve equity and diversity in recruiting and onboarding.** Support and advance diversity in recruitment, hiring and onboarding by emphasizing equitable processes in workforce planning and generating a more diverse selection of candidates to make sure the IRS reflects the diversity of the taxpayers we serve.
- 5. Cultivate interest among top recruits for critical roles.** Elevate the recruiting experience for critical roles with personalized touchpoints and contacts, such as specialized recruiters. These personal contacts will act as liaisons who guide candidates through the recruiting process.

## **Milestones**



**FY 2023**

Unified, enterprise-wide recruiting strategy developed



**FY 2023**

Revamped IRS career page goes live online



**FY 2023**

Pilot of “Lifting Communities Up” talent hub successfully launched



**FY 2023**

Recruiters engaged to guide recruits through the application process



**FY 2024**

Student pipeline programs launched at initial round of schools



**FY 2024**

Plan developed for assessing and monitoring representation, stratification and employment patterns related to diversity in the IRS workforce



**FY 2024**

First group of graduates from pre-hire bootcamp (or similar outreach program) onboarded as IRS employees



**FY 2024**

Pilot of private-sector talent rotations launched



**FY 2026**

“Lifting Communities Up” talent hubs established in additional underserved communities

## **Key dependencies**

### **5.2 depends on projects in initiatives:**

5.1, 5.3, 5.4, 5.6, 5.7

### **Initiatives dependent on projects in 5.2:**

5.8

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## **Improve the employee experience**

**The IRS will improve the employee experience by offering more flexibility, building a more collaborative team culture, and better equipping personnel**

### **Where we are heading**

Responses to the Federal Employee Viewpoint Survey (FEVS) and other employee feedback suggest that the IRS employee experience has fallen behind that of other government agencies and the private sector. Employees and candidates alike increasingly value flexibility, yet flexible options are comparatively limited. Inclusion and a sense of belonging vary across the agency, and a lack of modern supplies, tools, and facilities perpetuate feelings of scarcity and frustration by many employees.

We will improve the employee experience by making employees feel more supported, offering more flexibility when consistent with business needs, cultivating a more inclusive environment, and providing employees what they need to do their jobs effectively.

We will adopt a working model that values employees' participation and includes more opportunities to work in various times, places and manners that allow us to fulfill our mission. We will create an IRS-wide flexibility strategy to allow us to meet business needs and shift the workforce between high-demand filing season and normal operations. We will use similar strategies to meet the needs of employees and attract new talent who expect workplace flexibility.

As the IRS enables more digital tools and transitions away from processing paper, flexibility will become possible for more roles. In a nation where many people in the workforce identify as independent or "gig"



workers, a more flexible IRS working model could attract new sources of talent in the future when traditional staffing is not sufficient. We will take advantage of employee preferences for flexibility to attract and retain talented staff all over the country to meet taxpayer needs. We will ensure that all employees have the tools, supplies and facilities they need to do their jobs effectively.

## **What success would look like**

Success for this initiative would include higher employee satisfaction and retention rates. Employees' perception of workforce flexibilities, work-life balance, workplace inclusion and leadership culture would improve. All offices would have needed supplies, and facilities would meet standards to foster a professional atmosphere.

## Key projects

- 1. Develop an enterprise-wide strategy for increased employee flexibility.** To ensure we can attract the top talent and meet our missions, explore new ways teams and individual employees can benefit from more creative and flexible working models, such as flexible work hours and geographic flexibility.
- 2. Assess opportunities for new ways to serve at the IRS.** Review options for work arrangements that appeal to new types of workers and tap into additional talent pipelines when traditional hiring is challenged. This may include flexibilities such as part-time, seasonal, phased retirement, independent workers, surge or stand-by teams, and mission-focused telework or remote work when consistent with taxpayer and business needs.

**3. Enable workplace engagement and inclusion.** Foster a work environment that is grounded in respectful, equitable and inclusive conversations and actions—free of discrimination, harassment and reprisal—with opportunities to build relationships across the IRS and demonstrate appreciation for each other.

**4. Provide employees with the tools and other resources they need.** Provide employees with what they need to do their jobs comfortably and capably, complementing our culture and mentorship efforts in other initiatives. Workplace policies, systems and structures will be more equitable and accessible, and we will review them to make sure all employees can operate authentically in their roles.

**5. Improve IRS-wide recognition and individual incentive programs.**

Empower managers to meaningfully recognize employee actions that embody our desired culture through customer service and special contributions to specific projects. Invest in the operations necessary to confer monetary awards more quickly after recognized actions.

**6. Invest in the facilities and supplies employees need to succeed.**

Modernize office spaces, re-equip hoteling spaces and proactively restock tools and supplies to help employees work more effectively.

## **Milestones**



**FY 2023**

Flexible work options piloted across various roles



**FY 2023**

Most significant facility investments addressed



**FY 2023**

Plan designed for delivering new employee awards and educating managers about reward options and procedures



**FY 2024**

Plan implemented for awards tied to performance or process improvements

## **Key dependencies**

**5.3 depends on projects in initiatives:**

1.2, 1.3, 5.7, 5.8

**Initiatives dependent on projects in 5.3:**

5.2, 5.4

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## **Help employees grow and develop**

**The IRS will deliver growth and learning opportunities by developing attractive career pathways for all employees, integrating training and skill-building, and better equipping managers to lead high-performing teams**

### **Where we are heading**

This Plan envisions an IRS that prefers digital to manual processes and compliance efforts that focus on complex tax issues. Reaching these goals will require new skills in problem-solving, customer service and technology, along with specialized tax knowledge.

Employees want to learn and advance in their careers—one of the top five reasons people joined the IRS in each of the last five years, in line with a desire among government employees for more learning opportunities.<sup>8</sup>

Managers must accomplish more with limited resources and other constraints, creating ripple effects among employees, many of whom say they get too little on-the-job mentorship and have little interest in taking on management roles.

We will offer employees more ownership of their career development with best-in-class development and modern training, straightforward and more flexible career paths, and cross- functional rotational programs. We will adapt our training methodology, provide employees with dedicated training time, and upgrade the quality of technical and foundational skills training. We will broaden our career paths to include traditional upward growth, lateral transitions between functions, internal job rotations, external detail and internship programs, temporary assignments and post-retirement career tracks. We will emphasize developing managers' leadership skills and



cultural competency to ensure that fulfilling growth opportunities are available, and to equip managers to be the inspiring, skilled and positive leaders we rely upon.

These investments will improve our value proposition to new talent and the overall employee experience by making the IRS a great place to grow.

## **What success would look like**

Success for this initiative would include a marked increase in participation in and satisfaction with training, rotational, and learning programs. The number of offerings and how often we update them would likewise increase. As new career paths open, we would retain more people in high-priority, high-turnover populations. Improving managerial jobs would boost the number of applications for manager roles and increase satisfaction rates among managers. Employee proficiency in core knowledge and skills—including basic

data analysis, problem-solving, cultural competency, leadership, and the fundamentals of tax administration—would rise, allowing employees to take end-to-end ownership of issue resolution. Because mentorship is a significant part of the learning process, we would expect all employees in leadership roles to participate in a mentorship program, and mentorship scores should rise in FEVS and other employee surveys.

## **Key projects**

- 1. Create pathways for growth and development for every IRS employee.** Create straightforward career paths for all roles, establish formal rotation programs to encourage hands-on skill-building and career exploration, and reinstitute a Career Resource Center as a hub for professional development resources. Focus on creating career pathways for groups who are underrepresented in

leadership to create a diverse pipeline of current and future leaders.

**2. Support management with coaching and career and talent advice.** Launch management coaching and offer advice related to careers and talent via a consolidated, in-house program and/or a third party. Inform managers about development opportunities, build employee confidence in management and improve communication of career development priorities.

**3. Update the value proposition of managerial roles.** Redesign managerial roles to provide compelling growth opportunities for top performers. Deliver a better experience for supervisors at all levels by assessing compensation, training, coaching, resourcing, independence and flexibility. Identify managerial roles that have high turnover

or are hard to fill and develop plans to support them better.

**4. Scale the IRS University enterprise-wide as a standard-bearer for training excellence.** Build an accessible and multi-modal set of best- practice training programs that emphasize core competencies—such as analytical thinking, managing in hybrid and remote environments, and customer service—while preparing employees with the skills to succeed in the digital environment of the future.

**5. Build a culture of mentorship and apprenticeship that celebrates skills development and knowledge-sharing.** Update mentorship and apprenticeship programs—such as peer-to-peer coaching— and dedicate time for people to invest in these critical, people-oriented activities.

- 6. Give employees more inclusive opportunities to learn, grow, and thrive at the IRS.** Grant employees opportunities to reach their full potential through career planning, performance management and new learning opportunities. Expand opportunities for cross-functional development to make it easier to change roles throughout the IRS. Monitor workforce diversity at all levels of leadership to help build an IRS that looks like the communities we serve and to promote equitable treatment of all employees.
- 7. Establish a flexible, case-based training model.** Develop a case-based training model flexible enough to meet individual employees' needs that encourages a shift to ongoing, collaborative learning.

**8. Refresh and promote our framework for leadership competency.**

Establish a leadership model to evaluate employees and build a common understanding of what it means to be a leader at the IRS. Identify and develop the skills needed for inspiring, strategic team leadership.

**9. Reinstitute basic competency**

**training in foundational skills.** Deploy and refresh core-competency training for all employees, including research and writing skills, basic analysis and logic capabilities, critical thinking and problem-solving abilities, customer service, cultural competency and leadership skills. Implement competency assessments for these foundational skills to evaluate and continually refresh this foundational training.

## Milestones

- 1 FY 2023**  
IRS-wide leadership, mentorship, and coaching programs established
- 2 FY 2024**  
Capabilities of the centralized learning platform enhanced
- 3 FY 2024**  
IRS University launched enterprise-wide
- 4 FY 2024**  
Core competency models and career paths for all employees developed
- 5 FY 2024**  
Leadership competency framework launched and implemented across the IRS

## **Key dependencies**

**5.4 depends on projects in initiatives:**

4.3, 5.1, 5.3, 5.5

**Initiatives dependent on projects in 5.4:**

2.4, 3.2-3.7, 5.2, 5.5





## **Develop a data-savvy workforce**

**The IRS will create hiring and training programs to build a data-savvy workforce that uses the improved data environment to serve taxpayers and meet mission goals more effectively**

### **Where we are heading**

To achieve its organizational goals, the IRS needs a workforce that seeks insights in data and values data-driven decisions, but the agency does not have enough statisticians, economists or researchers to meet all its needs for data and analytics expertise. We need to increase hiring for these highly skilled positions and to retain those employees once they have been hired. In addition to these specialized positions, a wide range of leaders and operational staff regularly interact with data as they help taxpayers, enforce the tax

code and help operations function smoothly. These employees need to understand the value of data and how to use it to make data-driven decisions. To this end, the IRS has initiated efforts to enhance data literacy, but expanded data literacy training is needed for employees at all levels.

We will expand focused training and education to build a data-savvy workforce who can use data to support mission-based outcomes. Strengthening employees' data capabilities enterprise-wide will require hiring and retaining high-quality data talent and supporting employees with training and skills development.

## **What success would look like**

Success for this initiative would include a more data-driven, data-minded IRS, where employees at all levels have opportunities to grow their data literacy and apply their data knowledge. A data-savvy workforce would

make better decisions, whether they are front-line staff resolving taxpayer issues or leaders confronting operational challenges. Data and analytics capabilities would support efforts to enhance the taxpayer experience, reduce taxpayer burdens and improve mission outcomes.

## **Key projects**

- 1. Recruit and retain specialized data employees.** Develop ways to augment and retain a data-savvy workforce, including expanding the designation of mission-critical jobs that fall under direct-hire authority, cultivating internal talent, partnering with external organizations to attract early-career data scientists and developing data-centric career tracks.
- 2. Promote a data-driven culture via organizational planning.** Develop and implement an organizational plan for

integrating data specialists, subject-matter experts and operational staff across the enterprise.

**3. Enable data-literacy learning.**

Develop and provide access to resources that enhance data literacy and promote a data-driven mindset for leadership and operational staff enterprise-wide.

**4. Broadcast data resources.** Create a communications plan to raise awareness of existing data resources.

## Milestones



**FY 2023**

Recruitment and hiring plan developed



**FY 2024**

Assessment of education and training needs conducted



**FY 2024**

Training plans and resources developed for building analytic skills among current and new employees

## **Key dependencies**

**5.5 depends on projects in initiatives:**

5.4

**Initiatives dependent on projects in 5.5:**

1.1, 1.3, 1.4, 1.12, 2.2, 2.7, 3.1-3.7, 5.4,  
5.6-5.8

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## **Elevate workforce planning strategy**

**The IRS will leverage workforce planning best practices to forecast and meet hiring demand more effectively to avoid disruption and satisfy business needs**

### **Where we are heading**

Given historical budget and staffing constraints, the IRS has not had enough staff to meet taxpayers' service needs or its enforcement goals. As the IRS grows its workforce to realize the vision the IRA makes possible, increasing and aligning talent to needs will be critical in fulfilling the business strategy. Developing a strategic workforce planning approach that brings aboard the talent needed will be an important step in how we meet the future talent needs of the IRS while improving the taxpayer experience. We will meet the challenges of growing our

workforce with a comprehensive, data-driven approach to planning that aligns and evolves with business needs. We will forge partnerships between the human capital function and the internal customers it serves, including finance and program functions, using increasingly holistic analytics capabilities to forecast trends and workforce needs. These trends and needs will include hiring demand, attrition, new skills, office location strategy, workforce culture, program efficacy, predictors of employee success, external labor trends, and more. Translating these insights into action is a critical enabler of the IRA's goals and can improve business decisions and human capital planning.

## **What success would look like**

Success for this initiative would include the use of talent analytics to improve human capital operations and outcomes at all stages of the employee lifecycle. Robust forecasting will facilitate more predictable and prioritized



hiring, predictable attrition rates, and a prioritized, demand-based annual hiring plan. Putting analytics to use beyond forecasting will yield a range of human capital enhancements, including attrition reduction and higher performance among new hires.

## **Key projects**

- 1. Upgrade the strategic workforce-planning function.** Increase the purview, stature and scale of the workforce-planning function with new tools and capabilities.
- 2. Collect and analyze full data on hiring demand.** Collect unlimited demand data, rather than capacity-limited requests, in partnership with stakeholders and use it to inform strategic workforce planning and identify creative staffing models.
- 3. Use workforce planning to prioritize bringing on the talent needed to**

**deliver the IRA transformation.**

Collaboratively identify the key roles that will have the largest impact and return on investment for delivering the IRA transformation and the IRS's mission. Prioritize the placement and training of top talent in these roles.

- 4. Continuously assess our geographic footprint.** Reevaluate where our people should be located to best serve taxpayer needs and reach a more diverse set of talent pipelines on an ongoing basis.
- 5. Unify legacy personnel systems into a single modular platform.** Combine over 100 legacy systems into one platform to streamline the management of employee data. Enable and use more advanced workforce analytics and provide a more consistent employee experience through technology.
- 6. Strengthen strategic partnership between the Human Capital Office**

**(HCO), business units (BUs) and the Office of EDI.** Create business-partner roles to link BUs and HCO and EDI leadership to better position HCO and EDI to align, integrate and inform business strategy.

## **Milestones**



### **FY 2023**

Human capital business partners integrated into process for informing human capital strategy



### **FY 2025**

Legacy systems for strategic workforce planning joined into one technology platform for streamlined management of employee data and use of advanced workforce analytics

## **Key dependencies**

**5.6 depends on projects in initiatives:**

1.12, 4.3, 4.5, 4.7, 5.5

**Initiatives dependent on projects in 5.6:**

1.1, 1.9, 2.2, 2.4, 3.2-3.7, 5.2



## **Improve organizational structures and governance**

**The IRS will implement new organizational structures and distributed and transparent decision processes to support more collaborative, effective, and efficient tax administration**

### **Where we are heading**

Processes, organizational structures and incentives are essential in reforming a culture. Now, with the resourcing and mandate of the IRA, the IRS can shift to an organizational structure and governance model that supports a culture of accountability, people-first mentality, innovation, and collaboration. We will rely on performance and culture diagnostics to identify where new governance, structures or ways of working are necessary, and enable

these tenets with leadership support and systems.

Benefitting from new structures will require significant shifts in mindsets. Everyone at the IRS will need to put the mission and taxpayer needs first, which can happen only if resources are available to support these priorities and performance metrics are adjusted accordingly.

The benefits of such a restructuring are clear. Excess hierarchies in an organization hinder cross-functional knowledge-sharing, slow decisions and reduce flexibility. A transformation of the magnitude we envision will be possible only if we all work toward the same goals in a one-agency approach.

## **What success would look like**

Success for this initiative would include a more unified, simpler structure that enables employees to serve taxpayers and tax professionals better and to provide them with

an improved experience. Taxpayers will benefit from improvements in IRS internal operations, especially when they need to address complicated issues that require coordination across IRS teams.

## **Key projects**

- 1. Assess the existing organizational structure and develop a plan for optimization.** Create a baseline of today's organizational challenges and identify opportunities to improve. Develop recommendations to share with IRS leadership and create a transformation plan as appropriate. The new organizational structure will reflect an inclusive culture of accountability, collaboration, flexibility and performance.

- 2. Assess existing governance and develop a plan for optimization.** Set a baseline for today's governance challenges and identify opportunities for improvement. Develop recommendations to share with IRS leadership, as well as a transformation plan as applicable.
- 3. Clarify and redistribute decision rights to empower employees; streamline governance.** Develop a decision-making model for setting priorities and allocating resources. This model will enable transparent, confident decision-making at the appropriate organizational level, encourage continuous learning and allow employees to seize opportunities for efficiency.



- 4. Embed equity, diversity, inclusion, and accessibility into the organization through an ecosystem of partners.** Taking this step will help the IRS create a workplace that better reflects the communities we serve throughout the country.

## **Milestones**



### **FY 2023**

Initial formal process and roles and responsibilities for decision-making established and implemented IRS-wide



### **FY 2024**

Enterprise reorganization plan created, articulating a path to instilling modern management practices throughout the IRS and a structure designed to best serve taxpayers and tax professionals



## **FY 2025-2027**

Priority redesigned organizational structures established

### **Key dependencies**

**5.7 depends on projects in initiatives:**

1.3, 5.5, 5.8

**Initiatives dependent on projects in 5.7:**

1.1, 1.3, 1.5, 1.9, 2.1, 2.2, 2.4, 3.1-3.7, 5.2, 5.3