OMB SUPPORTING STATEMENT
STUDY TO MEASURE CUSTOMER SATISFACTION
IRS SB/SE FIELD EXAMINATION TAX CUSTOMERS
December 29, 2007

A. Introduction

Background/Overview

IRS has replaced the traditional measures of accomplishment with a balanced measurement system consisting of business results, customer satisfaction, and employee satisfaction. As an important customer interface for the Small Business/Self-Employed Division, Field Examination will need feedback from customers to continuously improve its operations. This initiative is part of the service-wide effort to establish a system of balanced organizational performance measures mandated by the IRS Restructuring and Reform Act of 1998. This is also a result of Executive Order 12862, which requires all government agencies to survey their customers and incorporate customer preferences in their process improvement efforts.

Objectives of Data Collection

The primary goals of the survey are to survey Field Examination external customers on an ongoing basis regarding their expectations, track customer satisfaction progress over time nationwide, and identify operational improvements.

B. Methodology

Sample Design

The Field Examination Program will draw a census of closed case records each month and provide a dataset to the sampling/analysis vendor, ORC Macro (Calverton, MD). The sampling will be a simple random sample, stratified by the 7 sites. ORC Macro will design the sample size each month that will provide an 95% confidence level with +/-4.1% precision for annual results at the Area level and 95% confidence level with +/-3.1% precision for quarterly results at the National level.

ORC Macro will replace the taxpayer identification number with an artificial tracking code and then will provide a file with the names and addresses to the administration vendor, NPC, Inc., for fielding to customers by mail. NPC, Inc. will scan/enter the survey responses and will provide a quarterly file to ORC Macro for analysis and reporting.

Data to be Collected

The Field Examination Program will draw a sample from approximately 371,000 closed cases (not including exclusions) over the course of the year, broken down by 7 Area sites (approximately 40,000 audits closed per year at each of the 7 Areas). ORC Macro will select a monthly sample of 78 per month (234 per quarter) from each site. This will result in a total of 1,638 surveys mailed each quarter and 6,552 surveys each year.

We estimate a 60% response rate based on previous data collection using the same instrument.

SITE	POPULATION*		SURVEYS SENT		NUMBER OF COMPLETES		SAMPLING ERROR**	
	Annual	Quarter	Annual	Quarter	Annual	Quarter	Annual	Quarter
Site 1	40,000	10,000	940	234	560	140	4.1%	N/A
Site 2	40,000	10,000	940	234	560	140	4.1%	N/A
Site 3	40,000	10.000	940	234	560	140	4.1%	N/A
Site 4	40,000	10,000	940	234	560	140	4.1%	N/A
Site 5	40,000	10,000	940	234	560	140	4.1%	N/A
Site 6	40,000	10,000	940	234	560	140	4.1%	N/A
Site 7	40,000	10,000	940	234	560	140	4.1%	N/A
TOTAL	371,000	70,000	6,552	1,638	3,920	980	1.6%	3.1%

* Approximate population totals based on recent data.
**Error margins are based on a 95% confidence interval (sampling error will be lower—2.7%—if 80% confidence is used at the site level). This is the maximum error based on a 50% rating and does not include minor design effects based on the stratification.

<u>How Data is Collected and Used</u>
NPC will administer the survey by mail on a monthly basis. ORC Macro will, on a quarterly basis, summarize the quantitative ratings and produce a national report showing customer satisfaction scores on all Field Examination survey items. The Fourth quarter report will include area-specific results and will serve as the FY 2007 "year-end" report. The vendor will include any relevant database variables in the analysis and will weight the survey responses as necessary to accurately reflect the entire customer base.

For the quarterly reports, the vendor will use basic and advanced statistical techniques including:

- Survey counts and overall response rates
- The overall level of customer satisfaction with services provided
- The frequencies and mean for all survey items
- The difference in satisfaction ratings and attitudes across customer segments
- Analysis of the relationship between survey responses
- Analysis of the one open-ended question for improvement suggestions

ORC Macro will hold the identities of respondents confidential; therefore ORC Macro will not provide the IRS with data or status updates that are linked to individual respondents. Upon completion of fielding, ORC Macro will provide anonymous survey data to the IRS, without any individually identifying information such as name, address, or taxpayer identification number.

Dates Collection Begin and End

The survey will be administered to a sample of the population of Field Examination closed cases in FY 2007 and the first quarter of FY 2008. Data collection will begin in February 2007 using extracts of the January 2007 closed cases. December 2007 will be the last month of closed cases for this study.

Who is Conducting the Research and Where

ORC Macro will be responsible for pulling the sample and conducting data analysis. A separate vendor, NPC, Inc., will be responsible for printing and administering the survey via mail, and then providing the dataset to ORC Macro.

Cost of Study

ORC Macro contract: $112,561.

There will be no stipends paid to participants.

Recruitment Efforts

Sample will be provided by the IRS

Location-Region/City and Facility

Data extract: IRS AIMS Database, New Carrollton, MD
Sampling and analysis: ORC Macro Headquarters, Calverton, MD
Data collection: NPC, Claysburg, PA

Expected Response Rate

The expected response rate is 60%.

Methods to Maximize Response Rate

Standard procedures will be used in order to obtain the highest response rate possible for the mail survey. These will include:

1) Pre-notification letter on IRS letterhead about the survey
2) [First package] Cover letter, questionnaire, and return postage paid envelope (RPPE)
3) Postcard reminder
4) [Second package] Cover letter, a copy of questionnaire, and RPPE to non-respondents.

Testing and Survey Structure/Design

The Field Examination customer satisfaction survey is attached and has been tested previously. The survey asks respondents to evaluate various aspects of their experience and to provide an overall summary evaluation. The results should facilitate more effective management of SB/SE Field Examination by providing insight from the customer's perspective about possible improvements and providing useful input for program evaluation.

The survey includes several rating questions evaluating service delivery during the examination process as well as one demographic question. In addition, ample space will be provided for suggestions for improvement. Survey scoring for this contract will be based on the Customer Satisfaction Survey Score response average to the key question—"How would you rate your overall satisfaction with the way your case was handled?" Questions will utilize a 5-point rating scale, with 1 being very dissatisfied and 5 being very satisfied.

Efforts Not to Duplicate Research
This is the only study conducted by the IRS on this specific population. The vendor will ensure that customers only receive one questionnaire within a 12-month period.

Participants Criteria
The population frame consists of all individuals with closed cases each month using files provided by the IRS. All listed participants will be eligible except:

- Individuals who did not respond to the IRS audit appointment letter and subsequent correspondence
- Cases identified as having a bad address
- Cases with international addresses
- Taxpayers who have been surveyed in the previous 12 months

C. Privacy, Disclosure, Confidentiality, Security Issues

All participants will be subject to the provisions of the Taxpayer Bill of Rights II during this study and the vendor will ensure that all participants are treated fairly and appropriately.

The security of the data used in this project and the privacy of taxpayers will be carefully safeguarded at all times. Security requirements are based on the Computer Security Act of 1987 and Office of Management and Budget Circular A-130, Appendices A & B. Physical security measures include a locked, secure office. Notes are stored in locked cabinets or shredded. Data security at the C-2 level is accomplished via the Windows NT operating system. Systems are password protected, users profiled for authorized use, and individual audit trails generated and reviewed periodically.

The IRS will apply and meet fair information and record-keeping practices to ensure privacy protection of all taxpayers. This includes criteria for disclosure—laid out in the Privacy Act of 1974, the Freedom of Information Act, and Section 6103 of the Internal Revenue Code—all of which provide for the protection of taxpayer information as well as its release to authorized recipients.

The survey will not contain tax return or taxpayer information. Survey participants will not be identified in any of the documents or files used for this project. We will limit and control the amount of information we collect to those items that are necessary to accomplish the research questions. We will carefully safeguard the security of data utilized as well as the privacy of the survey respondents. We will apply the fair information and record-keeping practices to ensure protection of all survey respondents. The criterion for disclosure laid out in the Privacy Act, the Freedom of Information Act, and section 6103 of the Internal Revenue Code provides for the protection of information as well as its releases to authorized recipients.

PRA Statement and OMB Control Number
For the Field Examination Survey, the OMB Control Number and required information will be provided on the survey itself.

D. Burden Hours

The Field Examination Survey has been designed to minimize burden on the taxpayer. The time that a respondent takes to complete the survey has been carefully considered and only the most important areas are being surveyed. The average time of survey completion is expected to be 3 minutes, plus 2 minutes to read the pre-notification letter. This is based on the questionnaire consisting of 18 satisfaction questions and one demographic question, plus one open-ended question on suggestions for improvement. The questions are generally one sentence in structure and on an elementary concept level.

Using the response rate of 60%, then the total burden in hours is estimated to be:

Respondents
3,920 pre-notification letters x 2 minutes = 130.7 hours
3,920 completed surveys x 3 minutes = 196.0 hours
Subtotal = 326.7 hours

Non-respondents
2,632 pre-notification letters x 2 minutes = 87.7 hours
Subtotal = 87.7 hours

TOTAL BURDEN = 414.4 hours

E. Statistical Contact

For questions regarding the study or questionnaire design or statistical methodology, contact:

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F. Attachments

Statement of Work (SOW)
English Survey Materials
- Field Examination Survey Pre-Notification Letter
- Field Examination Survey- Cover Letter and Survey [first package]
- Field Examination Reminder Postcard
- Field Examination Survey- Cover Letter and Survey [second package]

Spanish Survey Materials
- Field Examination Survey Pre-Notification Letter
- Field Examination Survey- Cover Letter and Survey [first package]
- Field Examination Reminder Postcard
- Field Examination Survey- Cover Letter and Survey [second package]