

OMB Package
Earned Income Credit Research Studies:
Focus Groups with Third-Party, Paid Tax Preparers
TIRNO-05-Z00003, Task Order 6

I. Introduction

Background/overview. Many Earned Income Tax Credit (EITC) recipients rely heavily on third-party, paid preparers to assist them with completing their tax returns. The purpose of Task Order 6 is to plan, conduct, analyze, and report on focus groups with third-party tax preparers for the IRS. Results from the focus groups are expected to provide a qualitative assessment of the types and quality of communication that these preparers have with their clients and with the IRS, and their affect on compliance with EITC regulations. Barriers to communication and ideas expressed by participants about how to improve communications will also be addressed. The goal of these discussions is to supply the IRS with information that can be used to develop strategies to enhance policies, procedures, and systems affecting communication among IRS, third-party tax preparers and taxpayers.

A total of eight discussion groups will be conducted with third-party, paid tax preparers in eight different cities across the Continental U.S (one group per city). A sample of third-party, paid tax preparers from each selected city will be invited to participate in a focus group. The names of potential participants will be provided to Westat by the IRS. The same set of discussion items will be used for each of the eight groups.

Objectives of data collection. The most important objective of these focus groups is to gather the overall experiences that third-party tax preparers have had when communicating with the IRS about the EITC process. Focus groups present an opportunity for the IRS to solicit qualitative feedback from these third-party preparers about issues such as:

- information preparers need from the IRS to process EITC returns;
- types of communication preparers have had with the IRS with regard to EITC;
- problems or barriers to communication encountered by these preparers;
- recommendations for ways to improve communication among the IRS, third-party tax preparers and taxpayers

II. Methodology

Sample design. We will conduct eight focus groups; one group in eight different cities across the Continental U.S., with no more than 10 respondents in each group. The cities that are planned for this data collection effort include: Seattle, WA; Miami, FL; Chicago, IL; Houston, TX; Las Vegas, NV; Baltimore, MD; Memphis, TN; and Milwaukee, WI. Participants will represent third-party, paid tax preparers who have filed EITC returns and schedules for their clients in the selected cities. In recruiting participants, we will strive to include individuals who:

- represent taxpayers from urban, suburban, and rural areas;
- represent small businesses (e.g. “Mom and Pop” firms);
- have had low levels of communication with the IRS;
- have not received a “due diligence” compliance audit from the IRS; and
- have filed paper and/or electronic EITC returns and schedules for their clients.

Data to be collected. Qualitative data will be collected that helps identify communication issues among tax preparers, tax payers and the IRS that affect overall compliance. Each discussion will be audio taped with participants’ consent. Based upon the transcripts from the groups, the results will be analyzed to identify themes that arise in the groups about the major topics under discussion (e.g., types of communication preparers have had with the IRS regarding EITC; problems or barriers encountered; impact of communication issues on meeting compliance standards; recommendations for improvements).

How data will be used. Results from the focus groups will be used to provide insight about how communication among preparers, taxpayers and the IRS affect preparers’ compliance with EITC policies and regulations. While these qualitative results are not generalizable to the “third-party tax preparer population”, they do provide valuable input about some third-party preparers’ experiences and recommendations for improvements to the process.

How data will be analyzed. Using control analysis strategies, we will systematically review and analyze the transcripts from each of the eight focus groups to identify themes that emerge. This procedure begins with analyzing each line of the transcript and generating substantive “open” coding categories. We may also use NVivo 2.0, a software package that enables the coding, linking, shaping, searching, and modeling of qualitative data.

Dates of data collection. A total of eight focus groups will be conducted – one group in eight different cities across the Continental U.S – beginning in August 2007. Data collection is expected to be complete by September 2007.

Who is conducting the research. The research is being conducted by Westat. Westat will not be using any subcontractors. Westat is located at 1650 Research Blvd., Rockville, MD 20850.

Cost of study. The total estimated cost of this research effort is \$129,829, which will be broken down across 6 tasks.

Stipend. A \$100 stipend will be provided to each focus group participant. The purpose of the stipend is to encourage participation, and to thank respondents for sharing their time and contributions to the discussion. A stipend of this amount is typical when conducting focus groups with professionals who may need to take time from work to attend the discussion.

Recruitment efforts. Westat will solicit participation of third parties from a list provided by the IRS. We will track participation rates and provide reasons third parties provide for choosing not to participate. We will also track the number of individuals who were invited to participate and the number who actually ended up participating.

Location-region/city and facilities. The cities that are planned for this data collection effort include: Seattle, WA; Miami, FL; Chicago, IL; Houston, TX; Las Vegas, NV; Baltimore, MD;

Memphis, TN; and Milwaukee, WI. Westat will seek space within professional focus group facilities in these locations to conduct the groups. If a professional facility is not available in a targeted location, we will secure a facility in which the group discussion can be conducted so as to ensure participants' privacy and confidentiality.

Methods to maximize response rates. Since this is a qualitative effort, the calculation of response rate is not relevant. The results from these focus groups will not be representative of the population being studied. Nonetheless, we will still attempt to encourage participation during our recruiting phone calls. In addition, all participants will: (1) be sent a letter reminding them of the focus group, (2) receive a reminder telephone call one business day before the discussion group, and (3) be provided a stipend when they show up for the group.

Efforts Not to Duplicate Research. This is the first national, qualitative data collection effort that the IRS has conducted with third-party tax preparers to learn about their communication experiences with taxpayers and the IRS with regard to EITC.

III. Participants Criteria

Participants will be selected from a sample of individuals who the IRS has identified as third-party paid tax preparers who have processed EITC returns for their clients. A sample of potential participants will be drawn from each of the eight cities of interest to the IRS. The locations were selected to provide representation across geographic areas in the US. We will conduct one discussion group in each city in the late afternoon or evening to help accommodate preparers' work schedules. We are planning to use professional focus groups facilities in each city to conduct the groups.

IV. Privacy, Security, Disclosure, Confidentiality

Westat personnel are trained in the importance of protecting data confidentiality. All project staff have signed the Assurance of Confidentiality Pledge, a general assurance of confidentiality. Data collected about respondents (e.g., name, address) will be kept in locked cabinets or areas when not in use. Once the recruiting task is completed, all respondent names and addresses contained in the screener will be shredded.

During the focus groups, only the first name of participants will be used. In addition, to protect the privacy of the respondents, no names will appear in any report documentation. Audiotapes will be destroyed once the transcripts are completed. No identifying information will be contained in the transcripts.

V. Estimated Burden Hours

The estimated time to complete the participant screening is three minutes and the estimated time for each focus group attendee is two and one half hours including travel time (30 minutes each way). We will assume a 50% percent success rate in soliciting participation.

Screening Burden		
Total number of potential participants screened: (160 participants screened for eight focus groups)	160	People
Estimated time to complete screening	3	Minutes
Estimated participant screening burden (160 X 3 minutes = 480 minutes / 60 = 8 hours)	8	Hours
Focus Group Participation Burden		
Estimated number of participants: 80 participants (n=10 for each focus group). There will be 8 focus groups. We will conduct one focus group per city in the late afternoon or early evening	80	People
Time to conduct the focus group (1.5 hours) plus half hour commuting time each way (1 hour)	2.5	Hours
Estimated focus group participant burden (80 X 2.5 =)	200	Hours
Total burden (screening and focus group participation)	208	Hours

VI. Special Tallies and Other Information

The following information will be provided to the EITC Office at IRS within 60 days after the close of the focus group data collection operations:

1. SOI Control Number
2. Title of study
3. Purpose of study
4. Findings: a brief summary of significant (important) findings that were evidenced in the results.
5. Actions taken or lessons learned: a brief summary of actions taken or lessons learned as a result of the screening and/or focus groups.
6. Number of participants screened.
7. Number of participants who were invited to the focus group.
8. Number of participants who actually participated in the focus group.
9. Date and times of the focus groups.
10. Date the data collection ended.
11. Actual burden hours
12. Estimated costs associated with the data collection.

Attachments

Attachment 1 – Telephone Screener

Attachment 2 – Moderator’s Guide
Attachment 3 – Consent Form