

Free File Migration Survey

OMB Clearance Package

Introduction

Free File usage data show that a large number of Users of Free File use the product one year but then do not return to use it the following year. For example: in 2007, there were 1,348,906 such Taxpayers – called “Migrators”. The vast majority of these (89%) used another e-file method (66% On-Line and 23% Practitioner e-file) instead of reverting to/moving to Paper filing (only 11% were Paper Filers).

Objectives Of Research

The objectives of the proposed Free File Migrators Research are to determine why Migrators move to non-Free File methods as well as their future intentions toward resuming usage of Free File, along with their barriers to resumed usage.

Methodology

This survey will be conducted by telephone, with Free File “Migrators” screened from lists provided by IRS (with these lists expected to include generalized, non-tax/finance specific, profiling information on respondents which can be incorporated into the analysis of results).

A total of 1,663 interviews will be conducted among Taxpayers among Taxpayers who used Free File to file in 2006 but who did not return in 2007 and yet were still eligible to use Free File.

Sample Design

A total Random Sample of 1,000 interviews will be conducted among eligible Taxpayers. Based upon ad hoc counts provided by IRS, the Random Sample of 1,000 would yield 110 Interviews with Migrators who filed in '07 via Paper Filing, 227 Interviews with Migrators who filed in '07 via Practitioner e-file, and 663 Interviews with Migrators who filed in '07 via (Non-Free File) On-Line Filing. With the '07 filing method appended to all IRS lists provided for the study, the Paper Filers and Practitioner e-file Users will be augmented to a readable 500 level each – which will require 390 Paper Filer and 273 Practitioner e-file User augments, bringing the total number of interviews to 1,663.

Data Collection Date

If approved by OMB, the 1,663 total interviews will be conducted in the period of January 3 through February 6, 2008.

Data To Be Collected

Data to be collected are detailed in the attached survey instrument/questionnaire.

How Data Will Be Used

Results will be used to meet the objectives set forth under “Objectives Of The Research”.

How Data Will Be Analyzed

Analysis of the survey data will be conducted by Russell Research in total, and by each of the main alternative methods used by Free File Migrators (i.e., those who moved to Paper Filing, those who moved to Practitioner e-file, and those who moved to other (Non-Free File) On-Line methods).

Following are the confidence intervals (i.e., margin of error) for figures from the different analytical samples/sub-samples. We show rounded confidence intervals at the (least sensitive) 50% level as well as at the (more sensitive) 10% and 90% levels – all at the 95% confidence level (2-tailed testing):

- For the Total Random Sample of 1,000, +/- 3.1% at the 50% level and +/- 1.9% at the 10%/90% levels.
- For the 663 (Non-Free File) On-Line sub-sample, +/- 3.8% at the 50% level and +/- 2.3% at the 10%/90% levels.
- And for the 500 sub-samples of Paper Filers and Practitioner e-file Users, +/- 4.4% at the 50% level and +/- 2.6% at the 10%/90% levels.

Who Is Conducting Research

The research is being conducted by Russell Research, Inc.

Location

The research will be conducted from the national telephone interviewing facilities of Russell Research in Wayne, New Jersey.

Stipend

The survey consists of 12 minutes of interviewing. Therefore, no stipend is needed.

Expected Response Rate

The response rate for this study is expected to be approximately 55-65%.

Burden Hours

The survey will take approximately 12 minutes to complete across 1,663 total respondents (1,000 Random, 390 Migrated to Paper Filing Augments and 273 Migrated to Practitioner eFile Augments).

Based on the in-going goal being $n=1,663$ ending sample size and a response rate as high as 55%, a total of 3,023 potential respondents will have to be called in order to reach the 1,663 ending sample. 3,023 minus 1,663 leaves 1,360 non-participants.

- The contact time to determine non-participation could be up to 1 minute, with the resulting burden for **non-participants** being $1,360 \times 1 = 1,360$ minutes / 60 minutes = **22.67 burden hours**.
- Then, for those who do participate, the length of the survey is 12 minutes, with the time burden for that group being $1,663 \times 12$ minutes = 19,956 total minutes / 60 minutes = **332.60 burden hours**.
- **Thus, the total burden hours for the study would be $(22.67 + 332.60 =) 355.27$ hours.**

Efforts To Not Duplicate Research

The IRS has no other surveys among Free File Migrators, therefore, there is no duplication with other research.

Privacy, Security, Disclosure, Confidentiality

The information in the IRS lists will be protected from disclosure by Russell's strict non-disclosure safeguards (see below). Note: These lists **will not contain tax return or taxpayer information**. In addition, survey participants will not be identified in any of the documents or files used for this project. Nonetheless, as with all IRS studies, Russell will limit and control the amount of information collected to those items that are necessary to accomplish the research questions. Russell will carefully safeguard the security of data utilized as well as the privacy of the survey respondents (as detailed below). Russell will also apply 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.

Russell's Non-Disclosure Safeguards

Having undergone a formal security audit in the past associated with IRS research, Russell has a government-approved system in place for safeguarding IRS lists. This system assures that, in performance of this contract, Russell will comply with the following requirements:

- A. All work shall be performed under the supervision of Russell's responsible employees.
- B. Any taxpayer or return information made available shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. We understand that inspection by or disclosure to anyone other than an officer or employee of Russell require prior written approval of the Internal Revenue Service – this would not be issue for us, as no others would have access the data.
- C. We understand that should a person (contractor or subcontractor) or one of our employees make any unauthorized inspection(s) or disclosure(s) of confidential tax information, the terms of the Default clause (FAR 52.2499), incorporated herein by reference, may be invoked, and the person (contractor or subcontractor) will be considered to be in breach of this contract.
 - C1. Taxpayer and return preparer names and addresses will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output shall be given the same level of protection as required for the source material. We agree to abide by the Statement of Work's requirements:
 1. The following safeguards will be provided by Russell for protecting the lists:
 - a) Names and addresses will be provided in and worked from hard copy only.
 - b) Since the files may have to be printed and divided into sub-samples for use by different researchers in our national telephone facility, Russell would also impose strict hard copy controls (with responsible senior supervisors in control of the data at all times and dispensing data to interviewers on a sign-in, sign-out basis.
 2. With scheduling issues, it is not possible to name (this far in advance of the interviewing) the interviewers who will be working on the project. The Supervisors names will also be provided from the national telephone center.
 3. The manager will have control of one or more hard copy pieces of the sample.
 4. The manager will personally supervise each interviewer's use of the sample throughout the screening process, will not allow samples to leave the interviewing room, and will keep the samples locked in her personal files when not in use (for other security reasons).

5. The manager's personal office in the telephone facility will be locked when not in use (for other security reasons).

Safeguards (Cont'd.)

6. The facility itself is always locked at the end of each interviewing day/evening.
 7. Russell employs cameras throughout its interviewing facility to monitor the movements of interviewers, lists, etc.
 8. After completion of all interviews and validation, the hard copy samples would be shredded by Russell (within approximately 8 weeks of the conclusion of the survey).
 9. Russell will provide the names of the people that will have access to the hard copy data including the interviewers under the direct control and supervision of the manager at the telephone facility.
 10. Russell certifies that the data processed during the performance of this contract shall be completely purged from all data storage components of our facility and that no output will be retained by Russell at the time the IRS work is completed. In the case that immediate purging of all data storage is not possible, Russell certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
- D. Any spoilage or any intermediate hard copy printout, which may result during the processing of IRS data, shall be given to the IRS Contracting Officer or his/her designee. When this is not possible, Russell will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the IRS Contracting Officer or his/her designee with a statement containing the date of destruction, description of material destroyed, and the method used.
- E. As it has in the past, the Internal Revenue Service shall have the right to send its officers and employees into the offices and plants of Russell for inspection of the facilities and operations provided for the performance of any work under this contract. On the basis of such inspection, the Contracting Officer may require specific measures in any cases where Russell is found to be non-compliant with contract safeguards.

Attachment 1

Questionnaire for the survey – a single questionnaire covering all target audiences.