

**OMB Clearance Package  
Combined Testing of Social Security Worksheet and CP 11,  
Wage and Investment Notice Improvement Office**

**I. Introduction**

Background/overview

The Notice Improvement Office of the Internal Revenue Service produces notices sent to taxpayers regarding their tax accounts. The notices are an essential tool the Service uses to communicate effectively with taxpayers. The Internal Revenue Code, U.S.C. 26, contains extremely complex provisions. One of the critical missions of the Notice Improvement Office is to explain in as simple a manner as possible those provisions as they affect an individual's account.

As resources permit, the Notice Improvement Office seeks reaction and suggestions for improvement from taxpayers, such as those who may have to complete the Social Security Benefits Worksheet and subsequently receive notice CP 11. One of the best ways to do this is through protocol testing. A protocol test is a one-on-one test between a moderator and a taxpayer. It is one of the most useful ways to determine the comprehension and process a taxpayer uses to complete a worksheet and respond to a notice.

This type of test allows the Service to gain information regarding taxpayers' ability to understand forms and notices, and to be sure they know the next steps they should take to avoid adverse consequences. Sessions with taxpayers will examine which portions of the worksheet and notice may lead to misunderstanding, and determine which sections are most useful or need improvement. The Notice Improvement Office expects that taxpayers will provide specific suggestions to improve these products.

For the current task, the Notice Improvement Office intends to test both the Social Security Benefits Worksheet and the CP 11 within the same testing session. Testing the form and the notice this way will help the Notice Improvement Office better understand how taxpayers interact with both products and how well taxpayers understand their relationship.

Objectives of data collection

The objectives of this project are twofold. The first task was designed to assess taxpayers' ability to understand and accurately calculate taxable social security using the Social Security Benefits Worksheet in the Form 1040 instructions booklet.

The overall objective of the second task is to quantitatively test taxpayer's ability to understand the following communication goals of the CP11:

- Does the notice achieve the goal of informing the taxpayer of an error on their tax return that resulted in a balance due?
- Can taxpayers identify the specific changes made to their tax return?
- Do taxpayers comprehend what actions they need to take once they receive the notice?
- Do taxpayers understand the various payment options?

## **II. Methodology**

### Sample Design

The population for this study consists of taxpayers, between the ages of 62 and 75, who are collecting social security, are Form 1040 filers, and are familiar with their own tax return. In addition, at least 50% of participants must have completed their own tax return last year. Although taxpayers that are paper filers are most desirable, the 50% self-prepared recruitment requirement can be met with a mixture of both paper and software self-preparers.

### Data Collection Date

Data will be collected during the week of April 28, 2008.

### Data to be collected

Several different categories of data will be collected.

1. Demographic Information
  - a. Education level, age, income range
2. Behavioral Data
  - a. Completion of Social Security Benefits Worksheet
  - b. Observations of participant during form completion
  - c. Comprehension questions regarding the goals of the notice
  - d. Performance on questions about CP 11
    - i. Response
    - ii. Correctness of response
    - iii. Time
3. Debrief Data - Qualitative Responses
  - a. Processing questions regarding taxable social security calculation
    - i. Process used to complete taxable social security
    - ii. Use and understanding of information contained in the Form 1040 instruction booklet

- iii. Additional information needed to compute taxable social security
- iv. Improvement recommendations for worksheet and instructions
- v. Ratings of difficulty
- b. Debrief questions from CP 11 review
  - i. General reaction to notice
  - ii. Sections of the notice which were reread or skipped
  - iii. Ratings of tone
  - iv. Ratings of understandability
  - v. Improvement recommendations

#### How data will be used

The data collected during the completion of the Social Security Benefits Worksheet will be used to determine overall participant accuracy and to identify line-specific errors made by all participants. In addition, data will be used to assess the process participants used to complete the worksheet.

The data collected during the evaluation of the CP11 will be used to evaluate how well the notice meets its communication goals. The notice will be evaluated across the following themes: comprehension, task completion, format and design issues, and navigation.

#### How data will be analyzed

Analysis of the data will be conducted by researchers within IRS Wage and Investment (W&I), Research and Analysis Division Research Groups 2 and 3. Analysis of data from the comprehension questions will include basic and advanced statistical techniques.

As the data resulting from the debrief questions will be qualitative in nature, the analysis will consist of a report of the feedback and behaviors recorded. The demographic data will be tabulated and frequencies will be reported.

#### Who is conducting the research?

W&I Notice Improvement Office in conjunction with W&I Research and Analysis Division Research Groups 2 and 3 will be conducting the research, with additional support being provided by Media and Publications Division.

#### Location- Region/city and facilities

Research will be conducted at the Cambridge Building of the Koger Center, located at 2965 Flowers Road South, Chamblee, Georgia 30341.

### Stipend

The stipend will be \$75 per participant for a 90 minute session. The stipend is a reflection of the length of time required for participation in this study.

### Recruitment efforts

Using a screening guide, a vendor will recruit participants for this study. \_

### Efforts to not duplicate research

Direct interaction with taxpayers through individual testing and focus groups has been a research design used by the IRS for a number of years. While the themes to be tested and discussed in the present study are similar to those previously conducted, testing of a worksheet and communication notice sent to taxpayers as a result of errors on the worksheet has not been undertaken.

### Test structure / design

The proposed study will utilize an experimental design in which participants will complete two tasks. First, participants will complete lines 1 through 31 of the Form 1040, which encompasses social security benefits, using information contained in a scenario and supporting documents provided to them. Participants will be asked questions specific to the computation of taxable social security and their completion of the Social Security Benefits Worksheet. These include: the process used to complete these tasks, sections of the instruction booklet used, and information they felt could have helped.

For the second task, participants will individually read a CP 11 notice using a scenario and supporting documents provided to them. They will then be asked a series of questions about their understanding and comprehension of the notice. Following this portion of the testing session, participants will be asked a series of open-ended questions about their reaction to and recommendations for changes to the worksheet and notice.

## **III. Participants Criteria**

In order to participate in the study, participants must have the following characteristics:

1. Be between the ages of 62 and 75
2. Receive social security benefits that may be taxable
3. Native English Speakers
4. Form 1040 filer and familiar with their own tax return

In addition, at least 50% of participants must have completed their own tax return last year. Although taxpayers that are paper filers are most desirable, the 50% self-prepared

recruitment requirement can be met with a mixture of both paper and software self-preparers.

#### **IV. Privacy, Security, Disclosure, Confidentiality**

The data returned to IRS W&I Research will not have any form of identifying information relating specific records to individual taxpayers. Nonetheless, Research Personnel will ensure that privacy, security, and confidentiality of the aggregated results will receive utmost attention. Public and official access to the information will be tightly controlled. The computer files containing this tabulated information will remain password protected at all times. Data security approaching level C-2 will be accomplished using the Windows XP operating system.

DVDs used to record testing sessions will be either erased or destroyed when the project is completed and there is no further need for the data.

We will apply fair information and record-keeping practices to ensure protection of all taxpayers. 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 taxpayer information as well as its release to authorized recipients.

#### **V. Burden Hours**

The estimated time to complete the participant screening is 5 minutes. The estimated time for each reminder call is 1 minute, with each testing session lasting 1 ½ hours. It is estimated the 5 percent of taxpayers contacted for the study will qualify and be willing to participate. Using this percentage, a total of 400 individuals will need to be screened to recruit the needed 20 participants (16 study participants and 4 floater participants).

Total number of potential participants screened	400
Estimated time to complete screening	5 minutes
Reminder phone calls (16 participants x 1minute) minute/call)	16 minutes (16 x 1
<b>Estimated participant screening burden (400 x 5) + 16/60)</b>	<b>33.6 hours</b>
Number of participants	16
Time to conduct study	1.5 hours
<b>Estimated study burden</b>	<b>24 hours (16 x 1.5)</b>
<b>Estimated Total project burden hours</b>	<b>57.6 hours</b>

## **VI. Estimated Costs**

The total estimated cost associated with this study is \$9,000.

## **VII. Attachments**

- A. Screener's Guide
- B. Reminder call script
- C. Testing Protocol