OMB Clearance Package
Practitioner First Contact Resolution Study,
Electronic Tax Administration and Refundable Credits

I. Introduction

Background/overview

The Electronic Tax Administration and Refundable Credits (ETARC) and Electronic Products & Services Support (EPSS) are heavily invested in the development and maintenance of a portfolio of electronic applications (e-Services) for tax professionals and commercial preparers. However, recent studies suggest a relatively modest overall usage rate, despite a high level of awareness of e-Services products. In the 2009 IRS Portal Strategy, McKinsey & Company recommended using a structured approach to evaluate new applications for e-Services. To identify and evaluate potential applications for e-Services, ETARC and EPSS must understand:

- whether tax professionals will use an electronic application,
- the cost of building and maintaining the application, and
- the incentives and disincentives for using the electronic channel in relation to other channels and outside services available for the same task.

To fully gauge whether a practitioner will use an electronic application, ETARC and EPPS must understand the incentives and disincentives of an application created by practitioner work processes and performance measures across channels. In the 2008 W&I Tax Professionals Survey, Wage and Investment Research and Analysis (WIRA) concluded that "certain products and services may be more important to tax professionals in performing their jobs … it may not be effective for the IRS to direct resources to promote the usage of certain products and services simply because survey results may indicate low usage." As a result, WIRA recommended additional research to determine the IRS resources that are most important to tax professionals when assisting taxpayers.

In this project, WIRA will study the work processes of tax professionals to gain a better understanding of how their work processes affect channel selection and the importance of specific services and products. Using this knowledge as a base, WIRA will examine the incentives and disincentives for the phone and electronic channels and create a structured process for ETARC to identify and evaluate the value of potential e-Services applications. WIRA will assist ETARC in using the process to identify and evaluate new potential applications for e-Services that will address unmet needs of tax practitioners and increase practitioner first contact resolution by offering them the best channels to complete necessary tasks.

Objectives of data collection

The main objective of this project is to develop a better understanding of practitioner work processes, including:

- how practitioners organize their work into tasks and complete these tasks
- how practitioners order and group these tasks
- what channels practitioners prefer to use to complete tasks
- whether and how practitioners get the information they need to complete tasks

- how practitioners use their staff (for those who have staff)
- how practitioners believe the IRS could improve its service channels to better meet practitioners' needs when contacting the IRS for taxpayers

WIRA will use the results from this study to develop a better understanding of the incentives and disincentives for the phone and electronic channels, based on practitioner work processes, current performance measures and other internal documents. Then, WIRA will develop a structured process for ETARC and EPSS to identify and evaluate potential new electronic services for practitioners.

II. Methodology

<u>Sample Design</u>

The population for this study consists of tax professionals who filed 10 or more tax returns for tax year 2008.

<u>Data Collection Date</u>

Data will be collected between May 26, 2009 and June 19, 2009.

<u>Data to be collected</u>

Several different categories of data will be collected.
1. Demographic Information
   a. Type of Tax Professional
   b. Electronic Return Originator (ERO) status
   c. Number of Years Prepared Tax Returns
   d. Employer Type
   e. Work Status
   f. Age
   g. Filing Volumes
   h. Return Characteristics
   i. Corporate Vs. Self-Support
   j. Client Services
   k. Taxpayer/Client Characteristics

2. Behavioral Data
   a. Completion of identifying and organizing tasks based on:
      i. Order of completion
      ii. Method of completion
      iii. Who would perform the tasks
   b. Observations of participant while identifying and organizing tasks

3. Debrief Data - Qualitative Responses
   a. Processing questions regarding organizing tasks
      i. General process used to organize tasks

  ii. How organized and grouped tasks for order of completion
  iii. How chose method for completing the task
  iv. Assigning tasks to individuals
  v. How process used in activity differs from past experience and why
 b. Qualitative questions about past and future experiences
   i. Experience with task completion for similar tasks, including length of time, cost, etc.
   ii. Preferences for how to complete similar tasks in the future
   iii. Improvement recommendations for IRS service channels
   iv. Performance expectations for IRS service channels

How data will be used

The data collected will be used to develop a better understanding of tax professionals' work processes, channel selection, and performance expectations. This knowledge will serve as a base for completing the following tasks:

- Identify IRS performance measures and business processes for the phone and electronic channels that should be changed to direct tax professionals to the most appropriate channel for service delivery.
- Develop a structured process for ETARC and EPSS to identify and evaluate the value of potential electronic applications in relation to tax professionals' needs and potential IRS cost and savings.
- Segment tax professionals by business model to improve marketing and communication efforts.

How data will be analyzed

Analysis of the data will be conducted by researchers within WIRA Research Group 2. Analysis of data will include identifying patterns in tax professionals' task organization.

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?

WIRA Research Group 2 will be conducting the research.

Location- Region/city and facilities

Research will be conducted at non-IRS facilities in the following cities: Atlanta, GA; St. Louis, MO; Boston, MA; Austin, TX; and Portland, OR.

Stipend

The stipend will be $150 per participant for a 2 hour session. The stipend is a reflection of the length of time required for participation in this study for a specialized population (tax professionals).

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. Previous research about tax professionals has focused on their preference and reported use of channels and applications. This is the first project to address the value of IRS online and phone services relative to tax professionals' work processes.

Test structure / design

WIRA will use a quasi-experimental design using a variation of the in basket technique used for selection in the Industrial and Organizational Psychology field. WIRA will run 80 testing sessions with tax professionals. Participants will be given an in basket with several communications from or about fictitious clients. Participants would be asked to 1) go through their in basket, 2) identify the tasks they need to complete, and 3) organize those tasks into the method they would use for completion and order of completion. Then, WIRA would have a qualitative interview debrief to ask the practitioners questions related to why they organized the tasks the way they did and how they would like to complete those tasks in the future.

III. Participants Criteria

In order to participate in the study, participants must have the following characteristics:
1. Be a tax professional who prepares taxes returns
2. Filed 10 or more tax returns for tax year 2008

In addition, tax professionals will be segmented into four business models with approximately 25% of participants in each of the following categories: Tax Professional who works at a Large National Firm; Tax Professional who does not work at a Large National Firm (open Year Round); Tax Professional who does not work at a Large National Firm (open Seasonally); and Tax Professional who works at an Accounting or Law Firm.

IV. Privacy, Security, Disclosure
The data returned to IRS WIRA will not have any form of identifying information relating specific records to individual taxpayers. Nonetheless, Research Personnel will ensure that privacy, security, and privacy 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.

Audio recordings of 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 2 hours. Since the contractor will recruit from a list of tax professionals in the area, it is estimated that 10 percent of tax professionals contacted for the study will qualify and be willing to participate. Using this percentage, a total of 1,200 individuals will need to be screened to recruit the needed 120 participants (80 study participants and 40 alternative participants).

Total number of potential participants screened	1,200
Estimated time to complete screening	5 minutes
Reminder phone calls (study participants only)	120 minutes (120 x 1 minute/call)
Estimated participant screening burden	**102 hours (1200 x 5 + 120/60)**
Number of participants	80
Time to conduct study	2 hours
Time for alternative participants	20 hrs (40 x .5 hours)
Estimated study burden	**180 hours (80 x 2 + 20)**
Estimated Total project burden hours	**282 hours**

VI. Estimated Costs

The total estimated cost associated with this study is $244,903.

VII. Attachments

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