

# **OMB Clearance Package**

## **Focus Group Testing of IRS Form 8863**

### **Introduction**

The Tax Forms and Publications (TF&P) Office of the Internal Revenue Service (IRS), Wage and Investment division, creates tax forms, instructions, and related publications to enable taxpayers to understand and fulfill their filing and reporting obligations under the tax laws of the United States. Many of the provisions of the tax laws are complex. The forms, instructions, and publications developed by TF&P necessarily reflect this complexity and may be lengthy, complex, and difficult for taxpayers to understand.

### **Background**

TF&P has used focus groups, laboratory testing, and other methods in the past to determine the usability by taxpayers of various forms, instructions, and publications. These focus groups have resulted in the adoption of various specific suggestions for improvement to specific products. TF&P requires the continued use of such tools to improve the materials it produces.

### **Objectives of Research**

The objective of these focus groups is to gather input from taxpayers about the two versions of Form 9963, Education Credits (Hope and Lifetime Learning Credits) to determine how taxpayers react to the revised form. The specific business questions to be explored by this project are to determine—

- Participants' overall perception of Form 8863, Education Credits (Hope and Lifetime Learning Credits), and its accompanying instructions
- Common errors participants make when completing Form 8863
- Parts of the instructions and form that participants find most helpful
- Specific suggestions participants have for improving Form 8863 and its instructions

This information will assist the division in developing clear tax products that assist non-resident alien taxpayers in voluntarily meeting their tax obligations. To achieve these objectives, the division plans to conduct a total of 8 focus groups, (2 per city) in 4 separate cities. Each focus group will consist of at least 8 participants, with 10 being the ideal number of participants. Upon arrival, participants will be re-screened to confirm their eligibility.

TF&P also expects to gain knowledge of participants' reactions to the revised form and instructions and discover what parts of the documents lead to error or misunderstanding. Upon completion of this project, W&I Research will submit a

report of findings to TF&P to determine improvements that could be made to Form 8863.

## **Methodology**

### Sample design

The population for this study consists of taxpayers who file Form 1040 or Form 1040A and have filed F 8863, Education Credits (Hope and Lifetime Learning Credits) with their return.

All participants must be fluent in reading, writing, and speaking English. The maximum number of participants per focus group will be 10. A screener guide has been prepared for professional recruiters to use to recruit participants for each of the focus groups (see Attachment 1).

The focus groups will be held in geographically dispersed cities in the country, with two groups in each city. The focus groups will be conducted in the following cities; Austin, TX, Boston, MA, Minneapolis, MN and Seattle, WA.

### Data collection date

Data will be collected in June and July 2009.

### Data to be collected

Data gathered will be taxpayers' reactions to the Form 8863 and its instructions. Data will be gathered on the following:

- Ease of use
- Readability
- Overall content
- Usefulness
- Clarity of language
- Layout and organization
- Type size and font
- Order of presentation
- Ease of locating information.

### How the data will be used

The goal of a focus group is to solicit general opinions about a topic. An important aspect of focus groups is that they give rise to insights and solutions that may not be derived from other methods. Focus group interviews are qualitative research, meaning no statistical difference between groups can be

determined. Specifically, they are a directed discussion with small groups of 8 to 12 people on a specific topic.

Experienced moderators from W&I Research will conduct the focus groups using a moderator guide that has been developed (see Attachment 2).

Audiotapes and scribes' notes will be used to assist with feedback documentation during the focus groups.

#### Who is conducting the research?

W&I Research will conduct the research for TF&P.

#### Location—region/city and facilities

W&I Research will conduct 8 focus groups (two per city) in the following cities:

- Austin, TX
- Boston, MA
- Minneapolis, MN
- Seattle, WA

Facilities to conduct the focus groups will be provided by the vendor.

#### Stipend

The purpose of the stipend is to encourage participation, and to thank participants for sharing their time and contributions to the discussion. The amount of the stipend varies by location of the focus group and target audience(s). Participants will each receive \$75 for a 2-hour session.

#### Recruitment efforts

Using the screener guide, a vendor in each city will recruit participants for the focus groups (see Attachment 1).

#### Efforts to not duplicate research

Direct interaction with taxpayers through focus groups has been a research design used by the IRS for a number of years. Form 8863 has been revised and has not been previously tested and therefore there is no duplication of research.

#### Test structure/design

After some general introductory questions, participants will look at the revised Form 8863 and its instructions. Participants will be asked questions specific to content, layout, and appearance. Following this portion of the session, participants will be presented with a scenario and asked to fill out the form using the information contained in the scenario. Participants will be asked a series of questions how useful the revised Form was in completing the scenario.

### **Sampling Plan**

Each focus group will have 8 to 10 participants. Research has demonstrated that this number of participants helps create the best group dynamics; the groups are sufficiently large to stimulate relatively spontaneous interaction, but small enough to give everyone sufficient opportunity to speak.

The screener guide will be used to qualify and select focus group participants. Macro will gather qualitative data only, which will not be, nor presented to be, representative of the population.

### **Participants Criteria**

To participate in the study, participants must have the following characteristics:

- Taxpayer who in Tax Year 2008, filed Form 1040 or 1040A
  - o Taxpayers must have self-prepared
  - o Mix of filing status, except Married Filing Separately
- Taxpayer filed a F 8863 in Tax Tear 2008
- At least 18 years old
- Diverse in terms of age, gender, race/ethnicity, and education.

### **Privacy, Security, and Disclosure**

The data returned to IRS TF&P will have no identifying information relating specific records to individual taxpayers. Nonetheless, TF&P will ensure that privacy and security of the aggregated results will receive the 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.

Audiotapes used to record testing sessions will be 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.

### **Estimated 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. We estimate that 10 percent of the taxpayers contacted for the study will qualify and be willing to participate. Using this percentage, a total of 800 individuals will need to be screened to recruit the needed 8 participants (8 study participants and 2 back-up participants) for each focus group. We estimate that 16 people will be sent home because we will only need 64 to stay for the focus groups. Of those being sent home, we estimate 30 minutes of travel time.

Total number of potential participants screened	800
Estimated time to complete screening	5 minutes
Reminder phone calls (80 x 1 minute/call)	80 minutes
<b>Estimated participant screening burden (800 x 5 + 80 minutes)</b>	<b>68 hours</b>
Number of participants <b>(64)</b>	64
Time to conduct study (including 30 minutes for travel)	2.5 hours
Travel Time (16 x.5 hours)	8 hours
<b>Estimated study burden (64 x 2.5 + 8)</b>	<b>168 hours</b>
<b>Estimated total project burden hours</b>	<b>236 hours</b>

### **Focus Group Arrangements**

Macro will manage every aspect of recruitment. They will use professional recruitment firms in Austin, TX, Boston, MA, Minneapolis, MN and Seattle, WA. Focus groups will be held in the respective facilities in each city. Using the screener guide, each firm will recruit 10 participants for each focus group with a goal of having 8 participants for each group.

Macro will ensure that:

- Each participant receives directions to the focus group room.

- Each participant is re-screened upon arrival at the facility to confirm eligibility.
- All materials are ready for use in the focus group session, including tables and chairs, newsprint, colored markers, note pads, calculators, pencils, and audiotapes.
- Complimentary refreshments appropriate to the time of day are available for the focus group participants.
- Audio equipment is operating properly.
- Honoraria to participants are distributed upon the completion of the session.
- Last names or other identifying information are NOT available to IRS personnel.

## **Estimated Costs**

The total estimated cost associated with this study is \$55,000.

## **Special Tallies and Other Information**

Within 60 days after the completion of the focus groups, IFC Macro will provide the following information:

- Actions taken or lessons learned
- Number of requests or attempts for taxpayer participation
- Number of focus group participants
- Cost
- Transcripts and audiotapes.

## **Attachments**

Attachment 1 Screener Guide, Confirmation Letter, and Reminder Phone Script

Attachment 2 Moderator's Guide