

2009 ETA Marketing Focus Groups Among Tax Preparers

OMB Clearance Package

I. Introduction

Background/Overview

Research is an integral part of the IRS e-file marketing cycle and monitoring e-product development. Research is performed at the beginning of the cycle for the purpose of identifying the customers and their likes and dislikes prior to developing a product. In addition, it is performed once the product is offered in order to determine its acceptance and how to improve it. Results from the research provide ETA and the other Business Operating Divisions (BODS) with usage volume, penetration rates, and taxpayer profiles as to who does and does not use each product. Research also provides BODS with detailed information to guide the next season's marketing campaign and/or how to direct outreach and marketing efforts. Finally, it provides the feedback necessary to determine if funding was spent wisely and achieved expected results. Following is an OMB Statement for qualitative market research around ***a new e-file marketing campaign directed at Tax Preparers who use e-file but still file 50% or more of their returns on paper – i.e., those who file between 1% and 49.9% of their returns using e-file.***

Objectives of data collection

The ***new e-file marketing campaign*** will seek to increase the use of e-file by encouraging and helping the light users described above to e-file more of their returns. This marketing campaign will potentially include new communications messages, an IRS letter, a Web page, a Web banner ad, a brochure, and a video clip. **The IRS needs to test and refine these messages and materials prior to the launch of the campaign in early August, 2009.**

II. Methodology

Sample design

This research will be conducted via focus groups, specifically a series of 8 focus groups conducted among Tax Preparers, with approximately 10 target participants per group. These 8 groups will be held (2 each) in 4 states (New York, North Carolina, Illinois, and Texas) – with specific cities in each state to be determined after a review of high-target-concentration data from the IRS ETA Preparer database. Participants in these groups will be screened and recruited via telephone, after having been drawn on an “nth” selection basis from lists (extracts) provided by the IRS in consultation with Russell, and with Russell providing telephone number lookups. (Note: all IRS lists would be handled only by Russell staff and not by any external firms, with the Safeguards detailed in Russell's BPA RFQ fully enforced.) In terms of List Size, IRS would ideally provide a list of 1,000 pre-qualified Preparers per city (with the list this large primarily to allow for further screening for two specific and non-database-targetable segments and to avoid any delays from going back into the database should additional list be needed).

Data collection date

The 8 focus groups will be conducted after OMB authorization, ideally the week of July 27, 2009 (**or even sooner, OMB authorization permitting**) – so that IRS can as quickly as possible reach decisions about the content and approach of the 2009 Preparer marketing program, and be ready to launch the program, as planned, in mid-August, 2009.

Data to be collected

Data to be collected are detailed in the attached pre-recruit screener and moderator guides.

How data will be used

Results will be analyzed by Total and by State/FG City.

Who is conducting research

The research is being conducted by Russell Research, Inc.

Location – region/city and facilities

The phone pre-recruiting phase of the study will be conducted from the national telephone interviewing facilities of Russell Research in East Rutherford, New Jersey. Russell's partner focus group facilities in each city would host the groups, with room for one-way mirror viewing by IRS personnel and with both stationary videotaping and audiotaping of the groups.

Stipend

Each group would last an hour and a half and participants would be incentivized at \$125 per Tax Professional. These stipend levels are what are currently being recommended by focus facilities across the country.

Recruitment efforts

All respondents will be recruited from lists to be provided by IRS. Russell will provide lookup of telephone numbers of potential respondents on the lists provided by IRS. All pre-recruit interviews will be conducted by telephone from the Russell field center in New Jersey, using the above lists – with respondents selected for interviewing on an every “nth” basis from each list. Telephone interviewing will be manually conducted in order to avoid having any electronic trail of interviewing records, with all paper versions of the completed surveys destroyed after completion of the survey – this to comply with the Safeguards agreement between Russell and the Government.

Methods to maximize response rate

The survey will employ the following methods to maximize response: 1) at least 3 and up to 5 interviewing attempts on each respondent; and 2) assigning refusals on initial attempts to senior interviewing personnel trained in refusal conversion.

Expected Response Rate

The response rate for this study is expected to be approximately 60% (or similar to the level found for other focus group surveys conducted by Russell Research on behalf of the IRS).

Test structure/design

A total of 8 focus groups (all with Tax Professionals), with approximately 10 target participants per group for a total of 80 participants. In order to assure that 10 targeted participants actually come to each focus group, 13 qualifying participants will be pre-recruited for each group – totaling 104 total pre-recruits (13 x 8).

Efforts to not duplicate research

No other marketing program development focus groups are currently being conducted for ETA or IRS Marketing, thus there is no duplication with other research.

Cost of Study: \$72,752,000

III. Participants Criteria

To qualify for this survey, respondents would need to be included on IRS lists being drawn by the IRS in consultation with Russell, be willing to participate in the focus groups, and fit into one of four segments of interest. Two of these four segments (in the attached Screener, these are the “Enrolled Agents” and “CPAs”) are identifiable in the IRS ETA Preparer database. However, the other two segments of interest will require further screening beyond list identification. (In the attached Screener, these two segments are identified as “NATP Members” and “Non-Professionally Affiliated Tax Preparers”.)

IV. Privacy, Security, Disclosure

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**. 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 and aware of the penalties that apply to disclosure, Russell has a government-approved system in place for safeguarding IRS lists and assuring non-disclosure of any information from any IRS study. This system assures that 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 Tax Professional information made available in IRS lists 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. Russell understands that inspection by or disclosure to anyone other than an officer or employee of Russell requires prior written approval of the Internal Revenue Service – this would not be issued, as no others would have access the data.
- C. Russell understands that should a person (contractor or subcontractor) or any employee 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 Tax Professional 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. Russell agrees to abide by its contract requirements that:
 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, the contractors 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 Supervisor's names will also be provided from Russell's national telephone center.

Russell's Non-Disclosure Safeguards (Cont'd.)

3. The manager of the Russell facility 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 his/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).
6. The facility itself is always locked at the end of each interviewing day/evening.
7. Russell's facility 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 after 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 the contractors 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.

V. Burden Hours

With the need to screen for two particular segments which are not identifiable in the IRS Preparer database, the expected NET incidence of qualification of all respondents using the list from the IRS ETA Preparer database is 70%. The response rate across the total sample will likely be similar to that of past focus group studies for IRS – about 60%. Using the 70% incidence and 60% response rate figures, a total of 248 Tax Professionals will have to be called in order to reach the 104 (8 x 13) who qualify for one of the four segments AND agree to participate in the study, leaving 144 not participating. Of the 104 who agree to participate, it is expected that approximately 80 (8 x 10) will appear at the groups and participate.

- The contact time to determine non-participation could be up to 2 minutes, with the resulting burden for **non-participants** being $144 \times 2 = 288$ minutes / 60 minutes = **4.8 burden hours**.
- The contact time to pre-recruit those who are qualified and stated as willing to participate but do not ultimately show up at the focus groups could be up to 6 minutes, with the resulting burden for **qualified but non-participating Tax Professionals** being $24 \times 6 = 144$ minutes / 60 minutes = **2.4 burden hours**.
- Then, for those **Tax Professionals who qualify and do participate in the focus groups**, the length of the groups is expected to be 90 minutes, with the time burden for this being 80×90 minutes = 7,200 total minutes / 60 minutes = **120.0 burden hours**.

- The roundtrip travel time for the **Tax Professionals who qualify and do participate in the focus groups** is expected to be approximately 30 minutes, with the time burden for this being $80 \times 30 \text{ minutes} = 2,400 \text{ total minutes} / 60 \text{ minutes} = \mathbf{40.0 \text{ burden hours}}$.
- Thus, the **total burden hours for the study** would be $(4.8 + 2.4 + 120 + 40 =) \mathbf{167.2 \text{ hours}}$.

VI. Attachments

Pre-recruit Screener/Questionnaire – Attached

Moderator’s guides – Attached

Cover letter/correspondence

Not applicable here

Telephone screeners – Attached

Scenarios

Follow-up Postcards

Not applicable here