

**Office of Management and Budget
Clearance Package**

Customer Focus Groups:
Tax-Exempt and Government Entities
EP Determination 5307 Filers and Non-Filers

Internal Revenue Service
Tax Exempt and Government Entities Division

October 7, 2010

Background

As mandated by RRA 98, the IRS implemented a Service-wide effort to establish a system of balanced organizational performance measures. The IRS Balanced Measurement System rates the IRS, its managers and employees, on customer satisfaction, employee satisfaction, and business results. This balanced measurement system draws on direct customer feedback, including independent surveys of customers and an annual census survey of employees. The customer satisfaction portion of these performance standards necessitates the identification of TE/GE's customers and mechanism(s) for gauging the level of satisfaction with interactions and services of the Internal Revenue Service. Further, Executive Order 12862 requires all government agencies to survey their customers and incorporate customer preferences in their process improvement efforts.

TE/GE currently surveys Exempt Organizations and Employee Plans Determination customers to gauge their satisfaction with the Determination process. TE/GE seeks to supplement this information and gain additional perspective into the pre-approved plan program of the EP Determination process.

One component of the EP Determination process is the pre-approved plan program. Under this program, IRS closely reviews lead plan language developed by practitioners, which is then adopted by numerous employers. Although adopters of these plans have reliance under the favorable opinion letter on the lead plan, they may choose to file their own determination request using Form 5307. April 2010 was the first deadline for Form 5307 filers under the staggered filing approach implemented in 2005. Employee Plans expected to receive from 90,000 to 130,000 Form 5307 applications this year. Instead, IRS received between 50,000 and 60,000. The purpose of this study is to improve our understanding of these customers' behavior, including factors that contributed to their decision to adopt a pre-approved plan and their decision to file or not to file.

Research Methodology

Focus groups use interview and discussion techniques, in a small group setting, to capture qualitative information. While these discussions are not representative of any particular population, they are useful in identifying areas of concern and in gaining a better understanding of quantitative survey data. TE/GE taxpayers will be recruited by private recruiting facilities from a list provided by the TE/GE Form 5307 project team. The focus groups will take place between November 2010 and January 2011.

Data Collection Timeframe

Recruiting will occur in November 2010 and the focus groups will be held in December 2010 or January 2011.

Standard Honoraria

TE/GE plans to conduct six telephone focus groups with TE/GE customers, two groups of participants who did not file Form 5307 and four groups of participants who did file Form 5307.

Traditional honorariums provided by the IRS are \$50-75. For this project, TE/GE will provide \$75 honorarium to make it possible to recruit the desired number of people with a broad range of perspectives.

Estimated Burden Hours

Participant Screening

Participant screening for the six focus groups is expected to take 45 hours. This estimate is based on the recruiting firm confirming 9 participants to ensure that at least six participants attend each group. This assumes that 10 contacts will need to be made to secure one confirmation for each type of group. Each contact should average five minutes.

$$(9 \text{ participants} \times 10 \text{ contacts} \times 5 \text{ minutes} \times 6 \text{ groups}) / 60 = 45 \text{ hours}$$

Focus Groups

36 participants are expected to show up between the 6 one-hour telephone focus groups.

$$(36 \text{ participants} \times 1 \text{ hour group}) = 36 \text{ hours}$$

Grand Total

45 hours—participant screening
36 hours—focus group participation
81 hours total burden

Estimated Study Cost

The cost to this study will run approximately \$26,072 for the vendor to conduct telephone look-ups, recruit participants, design the screener and the moderator guide, facilitate the group, and prepare the final report.

Privacy, Security, and Disclosure

All participants will be subject to the provisions of the Taxpayer Bill of Rights II during this study and the contractor will ensure that all participants are treated fairly and appropriately.

The security of the data used in this project and the privacy of taxpayers will be carefully safeguarded at all times. Security requirements are based on the Computer Security Act of 1987 and Office of Management and Budget Circular A-130, Appendices A & B. Physical security measures include a locked, secure office. Notes are stored in locked cabinets or shredded. Data security at the C-2 level is accomplished via the Windows NT operating system. Systems are password protected, users profiled for authorized use, and individual audit trails generated and reviewed periodically.

The IRS will apply and meet fair information and record-keeping practices to ensure privacy protection of all taxpayers. This includes criteria for disclosure—laid out in the Privacy Act of 1974, the Freedom of Information Act, and Section 6103 of the Internal Revenue Code—all of which provide for the protection of taxpayer information as well as its release to authorized recipients.

The focus group materials will not contain tax return or taxpayer information. Focus group participants will not be identified in any of the documents or files used for this project. We will limit and control the amount of information we collect to those items that are necessary to accomplish the research questions. We will carefully safeguard the security of data utilized as well as the privacy of the respondents. We will apply the fair information and record-keeping practices to ensure protection of all 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.

Contact

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