

**OMB SUPPORTING STATEMENT
STUDY TO MEASURE CUSTOMER SATISFACTION
IRS SB/SE ESTATE and GIFT TAX CUSTOMERS
December 2008**

A. Introduction

Background/Overview

IRS has replaced the traditional measures of accomplishment with a balanced measurement system consisting of business results, customer satisfaction, and employee satisfaction. As an important customer interface for the Small Business/Self-Employed (SB/SE) Division, Estate and Gift will need feedback from customers to continuously improve its operations. This initiative is part of the service-wide effort to establish a system of balanced organizational performance measures mandated by the IRS Restructuring and Reform Act of 1998. This is also a result of Executive Order 12862, which requires all government agencies to survey their customers and incorporate customer preferences in their process improvement efforts.

Objectives of Data Collection

The primary goals of the focus groups are 1) to revise the survey of Estate and Gift external customers to better track customer satisfaction progress over time nationwide, and 2) identify operational improvements with SB/SE.

B. Methodology

Sample Design

Macro will conduct formative research that will include focus groups with customers who have recently undergone an Estate or Gift Tax examination. The focus groups will guide the revision of the Estate and Gift customer satisfaction survey.

All participants must be fluent in English. The maximum number of participants per focus group is 10. A screener guide has been prepared to use to recruit participants for each of the focus groups (see Attachment A).

Data to be Collected

The data gathered from the focus groups will be used to analyze Power of Attorney's and taxpayers' reactions and opinions of the examination process and improve the survey instrument.

How Data is Collected and Used

Macro will conduct 2 telephone focus groups, each consisting of 6-8 customers who have recently undergone an Estate and Gift Tax examination within the last 6 months. Macro will conduct one focus group with powers of attorneys and one group

with self-represented taxpayers due to varying experiences and opinions of the examination process.

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.

An experienced moderator from Macro will conduct the focus groups using the moderator guide developed (see Attachment B).

Each group will last approximately 60-90 minutes. The groups will be audio recorded and a copy of the audio will be provided to SB/SE in electronic media. Audiotapes and scribes' notes will be used to assist with feedback documentation during the focus groups.

Dates Collection Begin and End

The focus groups will be conducted in January 2009 or early February 2009. Macro will conduct the focus groups.

Stipend

The purpose of the stipend is to encourage participation, and to thank participants for sharing their time and contributions to the discussion. The stipend will be \$50 per participant for a 60-90 minute phone focus group session. The stipend is a reflection of the length of time required for participation in this study.

Recruitment Efforts

Using the screener guide, Macro will recruit participants (see Attachment A). SB/SE will provide contact information, including name, address, and phone number and Macro's cleared staff in our Burlington, VT facility will recruit participants, send confirmation letters, and place a reminder telephone call 24-hour prior to the focus group.

Cost of Study

Macro contract for focus groups: \$15,189

Location-Region/City and Facility

- Focus groups: Conducted via telephone nationwide
Moderator: Macro International Headquarters, Calverton, MD
- Qualitative Analysis: Macro International Headquarters, Calverton, MD

Research Design

After some general introductory questions, participants will be asked questions regarding their experience with the Estate and Gift examination process. Some areas of discussion will center on their expectations throughout the examination process and the criteria used to evaluate the IRS during this process.

Efforts Not to Duplicate Research

Direct interaction with taxpayers through focus groups has been a research design used by the IRS for a number of years. The IRS has not tested the redesign of this questionnaire or customer reaction to the Estate and Gift examination process and therefore there is no duplication of research.

Sample Plan for Focus Groups

Each focus group will have 6-8 participants. Research has demonstrated that this number of participants helps create the best group dynamics for telephone focus groups: 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 are not representative of the population.

Participants Criteria

The focus group participants will be individuals who have undergone an Estate and Gift examination in the last 6 months.

Focus Group Arrangements

Macro will manage every aspect of recruitment. Macro will use cleared staff to recruit participants for the telephone focus groups. Using the screener guide, Macro will recruit 10 participants for each focus group with a goal of having 8 participants for each group. Macro will ensure that:

- Each participant signs an informed consent before participating in the focus group (see Attachment C)
- All materials are ready for use in the focus group session
- Audio equipment is operating properly.
- Honoraria are mailed to participants after the focus group is completed.
- Last names or other identifying information is NOT available to IRS personnel.

Focus Groups 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 focus group session lasting 1.5 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 500 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 2 people in each focus group will be no-shows.

Total number of potential participants screened	500
Estimated time to complete screening	5 Minutes
Reminder phone calls	20 Minutes (20 participants x 1 minute reminder calls)
Estimated Screening Burden	42 Hours (500 participants x 5 minutes + 20 minutes)
Number of Participants	16
Time to Conduct Study	1.5 Hours

Estimated Study Burden	24 Hours (16 participants x 1.5)
Estimated Total Project Burden Hours	66 Hours

C. Privacy, Disclosure, and Security Issues

All participants will be subject to the provisions of the Taxpayer Bill of Rights II during this study and the vendor 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 and 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 survey will not contain tax return or taxpayer information. Survey 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 survey respondents. We will apply the 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.

The focus group data returned to IRS will have no identifying information relating specific records to individual taxpayers. Nonetheless, the IRS 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.

Special Tallies and Other Information

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

- 1) Findings
- 2) Actions taken or lessons learned
- 3) Number of requests or attempts for taxpayer participation
- 4) Number of focus group participants
- 5) Date the data collection began
- 6) Date the data collection ended
- 7) Actual burden hours
- 8) Cost
- 9) Audiotapes

D. Attachments

Appendix A: Screener Guide, Confirmation Letter, Reminder Phone Script
Appendix B: Moderator Guide
Appendix C: Informed Consent

Confirmation Letter

<Insert date>

Dear <insert name>,

Thank you for agreeing to participate in a focus group discussion on <insert date> at <insert time>. As a thank you for participating in the focus group, you will be given \$50 at the end of the discussion.

If you have any questions, please call Camie Bollino at 301-572-0506..

Thank you for your time and participation.

[Insert facility manager's name]
Macro International Inc.

Reminder Phone Script

To be used no more than 24 hours prior to the scheduled focus group. If participant is not available, leave voice mail message and try back later.

Hello, may I speak to <insert name>? Hi, my name is <insert recruiter's name> and I work for Macro International. I'm calling to remind you about the focus group you agreed to participate in tomorrow at <insert time>. Are you still able to participate? Great!

If you need to cancel for any reason, I would appreciate if you would call me at [insert phone number].

We look forward to seeing you tomorrow

IRS FOCUS GROUPS - ESTATE AND GIFT EXAMINATION PROCESS

I. Introduction Moderator's Guide [5 minutes]

Welcome and thank you very much for agreeing to participate in this focus group. My name is _____ and I work for Macro International, an independent research and consulting firm in the Washington, DC area. The Internal Revenue Service—the IRS—has contracted with Macro to guide a discussion that will help them better understand your experiences when going through the examination process. Ultimately, your feedback will help the IRS make improvements to the examination process.

My role today is to guide the discussion by asking you a series of questions. Since I do not work for the IRS myself, I will not be in a position to answer questions related to your examination or specific tax case, however please feel free to ask me for clarifications about anything I've said. There are no right or wrong answers to the questions I'm going to ask, we are simply asking for your candid feedback and your participation in the discussion.

I want you to know that there are observers today. Some of these observers work with me at Macro and are taking notes to ensure we get all the information you provide us. There are a few observers from the Estate and Gift office; they are only observing to hear feedback you have firsthand. They have all signed an agreement not to disclose your names in any way. They will only use the information you provide today in aggregate form, which is the same way Macro will use your information.

Warm-up

To get us started, let's simply introduce ourselves and say where you're calling from.

2. Purpose [3 minutes]

Again, Macro has been contracted by the IRS to help improve the examinations process. At this stage in our research, we are conducting focus groups among individuals who have recently undergone the examination process. In our discussion today, we will talk about some of your views and perceptions of the process.

3. GROUND RULES: [2 minutes]

Moderator to Participants: To make our discussion more comfortable and run smoothly for everyone, there are a number of ground rules I would like to mention. [Read the ground rules, ask if any other ground rules are needed for everyone to feel comfortable; seek consensus.]

- A. You have been asked here to offer your views and opinions; participation from everyone is important.
- B. No vested interest in receiving any particular point of view
- C. No right or wrong answers, however I want you to be honest and forthright in your responses.
- D. It is OK to be critical. If you dislike something or disagree with something that is said, I want to hear about it.
- E. The group does not need to reach consensus. Differing opinions are OK.
- F. Speak one at a time.

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- G. Privacy. Please know that any identifiable information used to bring this group together or that you share during the focus group will be removed and destroyed before the information is summarized for future use. In addition, all your comments and information will be completely privacy and your name will not be associated with the focus group or research in any way. So please feel free to be candid in your responses.
- H. Audio taping and non-disclosure agreements.
- I. Finally, for the IRS to speak with the public, we are required to have approval from the Office of Management and Budget. Their approval number for this project is 1545-1349. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to the: IRS Tax Products Coordinating Committee, 1111 Constitution Avenue, NW, IR-6526, Washington, DC 20224.

4. Understanding of "Examination" [10 minutes]

According to our records, everyone on the phone completed an Estate or Gift examination the IRS within the past six months. {Moderator: Ask for confirmation. If someone says no, ask when they completed an examination}

When I say an "examination by the IRS" what does that mean to you?

- Probe – does it mean the entire process or only when the agent is physically there conducting the onsite portion of the examination?
- What is the IRS' purpose for conducting the examination?
- In general, how was it working with the IRS through this process?

5. Expectations [10 minutes]

When you first learned that you are being examined by the IRS, what went through your mind?

- What were your expectations?
- How did they communicate to you what the examination entails?
- How accurate were the expectations set by the IRS?

6. Cycles of Service [20 minutes]

I'd like to understand the examination process as a whole from your perspective. When you think of the examination process, I want you to think about the process from when you first found out you were being examined by the IRS to when you understood that the examination was closed and complete.

Describe for me the steps in the examination process from when you first found out you were being examined until your case was closed.

- Allow one participant to describe the process.
- Allow others to describe their experience or indicate how their process was different.

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Did you understand what was happening with regard to your case throughout the examination?

- How were you kept informed?
- Was the information adequate? What additional information would have been useful or helpful for you?

What part of the examination was the most difficult for you?

- Why was this step so difficult?
- How did the IRS try to make this process easier for you?

7. The Customer Experience [15 minutes]

Let's discuss for a few minutes the timeliness of working with the IRS through an examination. What were your expectations as to how long this process should take?

- Were you informed of how long the examination process would take when you first learned you were being examined? How were you informed?
 - How did this compare to your experience?
- Were you updated on the timeline throughout the process?

Tell me about what it was like working with the agent?

- Probe for - Knowledgeable? Informative?
- How would you describe the communication that took place between you and the IRS agent?
- How could the IRS, or the actual agent, improve the examination process?

8. Customer Satisfaction Survey [15 minutes]

Think back on the examination process, specifically the customer service that the IRS provided to you. If the IRS wanted to follow-up with you regarding how well you were served throughout the examination, what are the types of questions they should be asking?

- Probe for additional criteria.
- Probe for clarity as needed.

9. False Close [5 minutes]

Any other topics that should be explored with this particular group?
Any areas that need further clarification?

10. Close

Thanks for your time.

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Participant Screener for Estate and Gift Examination December 2008

Recruiting Goals

- Two groups to be conducted over the phone.
 - Power of Attorney
 - Self-Represented Taxpayers

In each location the criteria are the following:

- All participants must be able to read, understand, and speak English.
- Recruit for ninety minutes.
- Participants will receive a stipend for their time (\$50).

Table 1: Focus Group Specifications

Location	Date	Time	# of Recruits	Participants	Closed Status
Phone	xxx	X	6-8	Estate and Gift Examination	Within the last six months

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OMB Number 1545-1349

Participant Screener for Estate and Gift Focus Groups

Hello my name is _____. I'm calling from Macro International on behalf of the Internal Revenue Service. Can I please speak to _____?

According to IRS records, you recently participated in an {Estate Tax examination} a {Gift Tax examination} (Note to Screener: A variable will flag depending on if they are Estate or Gift. Please read the correct one that corresponds with the individual) within the last six months. When I refer to an examination, I am talking about a review by the IRS of an individual's estate inheritance or large gift.

I'm not calling to conduct an audit or an examination. Instead, as you have recently gone through the examination process, we would like to obtain feedback from you about how your experience was and any other feedback that would help the IRS make improvements to the examination process.

Screening Questions

Q1. Are you the person who worked directly with the IRS during your Estate or Gift examination? [If needed for clarification: we are looking for the person who would have worked with the IRS during the recent examination regarding the process of Estate Tax or Gift Tax inheritance.

[If person contacted does not know if they are the correct person, describe the Estate and Gift Tax examination process in more detail (how individuals are 'examined' by the IRS to ensure they are continuing to comply with tax laws and regulations that govern any large inheritance or gift.)

- Yes -> continue
- No -> terminate [Thank the person for his/her time]

Q.2 Have you completed the examination within the last 6 months?

- Yes -> continue
- No -> terminate [Thank the person for his/her time]

In conjunction with the IRS, we are recruiting for an upcoming focus group with individuals who recently have experienced the examination process. The telephone discussion will last approximately 90 minutes. The focus group will be held on XXX. While this is voluntary, we are offering \$50 cash as appreciation for your participation. Again, I want to reiterate that the group

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is being conducted on behalf of the IRS, not by a commercial business. We will seek your perspective on what it was like to work with the IRS during the examination process.

Q3. Do you think that you will be able to participate?

- Yes -> continue
- No -> terminate [Thank the person for his/her time]

I'm glad that you will be able to join us!

I would like to send you a confirmation letter and directions for calling into the group. In order to do so, could you please tell me your mailing address (or fax number) and a phone number where you can be reached:

Name: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
Email: _____
Date of focus group: _____ Time: _____

We are only inviting a few people, so it is very important that you notify us as soon as possible if for some reason you are unable to attend. Please call Camie Bollino at 301-572-0506 if this should happen. We look forward to speaking to you on [date] at [time].

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1349. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to the, Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.