

OMB Survey Clearance Package
Opinion Survey of Taxpayer Resources and Services
(Benchmark Survey)

I. Introduction

Background/overview

The Wage and Investment Division of the IRS controls an array of 14 customer satisfaction surveys. These surveys, in addition to a periodic Market Segment survey, are the primary tools employed to determine taxpayer needs and preferences for service and information delivery. Though valuable for suggesting possible management needs within particular service channels, the value of the customer satisfaction surveys is limited by the structure they serve. These tools consider the preferences and needs of taxpayers within the domain of one channel of interaction.

For example, the Automatic Under Reporter survey does not explore what service channels a taxpayer used, if any, before filing. As a consequence, the relationship between taxpayers and the variety of service channels remains mysterious. Likewise, the relative merits of different service offerings across the IRS's varied delivery mechanisms remain largely unexplored. Though the Market Segment Survey offers some promise to help understand taxpayer selection and movement between service channels, it is limited in that it does not connect taxpayer preference to other sources of consumer information.

Objectives of data collection

The 2006 *Opinion Survey of Taxpayer Resources and Services* (Benchmark Survey), of 40,000 taxpayers was designed to assess awareness, use, needs, and preferences for using IRS and non-IRS resources and services. A total of 10,460 respondents completed the 2006 survey. The 2009 version of the Benchmark Survey seeks to expand the WIRA knowledge base on taxpayer's awareness and use of IRS and non-IRS services. The 2009 survey will also evaluate changes in channel awareness and use since the 2006 version.

The survey was built with the intent of exploring the relationship between tax behavior and more general customer behavior, with the goal of remedying the above deficiencies. The idea is to conduct a single, larger survey aimed at revealing any weaknesses in our existing battery of customer satisfaction test instruments, and, most importantly, calibrating our existing surveys to external sources of information.

To accomplish this in a robust and comprehensive manner, a sample of 40,000 taxpayers will receive a brief questionnaire by mail. This large sample is necessary

to provide enough depth and breadth of response to produce robust results across selected IRS service delivery channels.

II. Methodology

Sample design

The population for this survey consists of taxpayers, over the age of 18, who filed a Federal income tax return with the form 1040 series (1040ez, 1040A, or 1040) for the year ending December 31, 2007. The population count is approximately 138 million individual returns. Sample units for this project are individuals who filed a Form 1040 series Federal tax return for tax year 2006.

Data collection date

The project timeline for this survey is as follows:

Mailing of pre-letter announcing the survey:	June 1, 2009
Data collection begins:	Date + 5 days
Mailing of initial survey packet to all participants:	Date + 5 days
Mailing of follow-up reminder card:	Date + 15 days
Mailing of second survey packet to all non-response participants:	Date + 25 days
Data collection ends:	Date + 60 days

Data to be collected

The data collected from the survey instrument can be organized across three categories.

- Category 1: Participant Demographics
Data: Educational level, employment, and internet usage

- Category 2: Tax Behavior
Data: Responses about individual for pre-filing, filing, and post-filing activities

- Category 3: Financial Behavior
Data: Responses about individual channel usage and preference for non-tax financial activities

How will the data be used

The data will be used to link this research to external research on the service preferences of taxpayers. This will add extensive value to all our existing surveys by creating a meaningful bridge to information gathered by external market and

behavioral research. Additionally, this research effort might suggest ways that our existing array of surveys can be improved or integrated to greater effect.

The uses of project results could include: W&I, W&I Research, Strategy and Finance, CAS, CARE, and Compliance.

How will the data be analyzed

Analysis of all data will be coordinated by researchers within IRS Wage and Investment Research Division, Strategic Planning and Analysis Research Group.

Data analysis will consist of un-weighted and weighted frequencies, cross tabulations, tests of significance, and modeling for demographic groups and subgroups of interest. All analysis will be conducted using the statistical software packages, SAS 9.1 for Windows (SAS Institute Inc., Cary, NC), SPSS 8.0 for Windows (SPSS Inc., Chicago, IL), and Microsoft Excel 2003 (Microsoft Corporation, Redmond, WA).

Who is conducting the research

Wage and Investment, Strategic Planning and Analysis Research Group, will be conducting the research.

Location - region/city and facilities

Due to the random sampling of taxpayers, the actual completion of this survey by participants could take place within any of the 50 states, Puerto Rico, or the U.S. Virgin Islands.

All survey coordination will take place within the Atlanta, Georgia offices of Wage and Investment Research.

Physical location:

Peachtree Summit Building
401 W. Peachtree St. NW, Stop 16-WI
Atlanta, GA 30308

Methods to maximize response rate

The researchers will utilize the following strategies to maximize response rate:

1. A pre-letter discussing the purpose and goals of the coming survey will be sent to all participants.
2. Five to seven days after the pre-letter, the survey packet will be sent to all participants which contains:

- a. A cover letter reiterating the purpose and goals of the survey, instructions for accessing the survey on the Internet, along with thanks for their participation.
 - b. A self-addressed, stamped, return envelope to mail the survey back to Wage and Investment Research.
3. A reminder card will be mailed to all participants ten days after the survey packet. The reminder card will contain a phone number where participants can receive a duplicate survey, in case they have misplaced or lost the original, as well as reiterate the instructions for accessing the survey online if they choose to complete it that way.
 4. Ten days after the reminder card, a second survey packet, identical in contents to the first, will be mailed to all participants who have not responded.

Expected response rate

Based on experience with previous Wage and Investment Research surveys and utilizing the methods to maximize response rate listed above, a response rate of 35 percent could be expected.

With regard to the low response rate, the IRS may determine that all data collected from this survey is **qualitative in nature**, and therefore no critical decisions will be made by this office solely from the analysis of data from this survey. The results from this survey are simply one piece of a larger set of information needed to assess the needs related to services provided by the IRS.

Using the above response rate, along with additional research findings from W&I Research Group 1, we could expect the following total number of respondents:

Total survey population	40,000
Undeliverable mail subtraction (5%)*	(2,000)
Change of address subtraction (5%)*	<u>(2,000)</u>
Net survey population	36,000
Expected number of respondents (35%)	12,600

*W&I Research Group 3

Test structure/design

The data collection instrument for this project is a survey consisting of 23 individual items. Participants will have the option of completing the paper form of the survey being mailed to them, or completing the survey on-line. Based upon the categories defined under, *Data to be collected* above, the question breakdown is as follows:

<u>Category</u>	<u>Total Number of Questions</u>
Participant demographics	6
Tax behavior	15
Financial behavior	<u>2</u>
Total survey questions	23

Efforts to not duplicate research

Though a number of surveys already exist within Wage and Investment division, because of their size, they cannot capture the propensity for differing segments of taxpayers who use IRS and intermediary facilitated services across a variety of service tasks. For example, reaching statistically significant numbers of disabled taxpayers with knowledge of a variety of taxpayer service channels has not been attempted before. This survey will provide a wealth of such specific knowledge across many dimensions of analysis while helping W&I calibrate some of its existing survey tools to the task of understanding taxpayer needs and preferences.

III. Participants Criteria

To be included in the sampling plan for this survey, participants must have the following characteristics:

1. Be over the age of 18
2. Filed their 2006 taxes in 2007
3. Filed their tax return with the form 1040 series

IV. Privacy, Security, Disclosure

Strategy, Planning and Analysis will ensure that the utmost scrutiny is given to privacy, security, and disclosure when describing the taxpayers that respond to this survey. Every precaution will be taken to assure the proper protection of the taxpayer's survey responses. The survey will be associated with only the amount of taxpayer data that is necessary to accomplish the objectives. We will limit and control the amount of information that we collect to those items that are necessary to accomplish the research objectives.

We will carefully safeguard the security of data utilized, as well as, the privacy of the taxpayers. Physical security measures include a locked, secure office. In addition, we will store printouts of sensitive data in locked cabinets, and shred them when no longer needed. We will accomplish data security at the C-2 level through the Windows NT operating system. Systems are password protected, users are profiled for authorized use, and individual audit trails will be generated and reviewed. We will apply fair information and record-keeping practices to ensure protection of all taxpayer information.

We will protect the privacy of the taxpayers that participate in the survey by not using names or any other personal identifiers in our report. We will control official access to the information and will not allow public access to the information. The survey and taxpayer data will be destroyed when we have completed the project 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 taxpayer burden will be 2833.3 hours. This total is based upon the following estimates:

Time to read pre-letter:	1 minute
Time to read and review survey packet materials:	2 minutes
Time to complete and submit survey:	13 minutes
Time to read reminder notice:	<u>1 minute</u>
Total individual time:	17 minutes
Total estimated number of participants:	12,600
Total estimated taxpayer burden (Total individual time multiplied by total participants):	3570 hours

The estimated time to complete and submit the survey (either by mail or online) is 13 minutes, but some variation in completion time can be expected.

Cost: \$135,000

VI. Attachments

1. Benchmark survey
2. Introductory pre-letter
3. Survey introduction letter
4. Reminder card