

## **2009 Free File Migration Survey**

### **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. It 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 the funding was spent wisely and achieved the expected results. Various internal and external marketing research activities are performed each year that provide the BODs with taxpayer profiling data in the form of demographics, attitudinal or psychographic information and customer satisfaction.

##### **Objectives of data collection**

The Free File program is a free Federal tax preparation and electronic filing program for eligible Taxpayers, developed through a partnership between the Internal Revenue Service (IRS) and the Free File Alliance LLC, a group of private sector tax software companies. Free File allows Taxpayers with a pre-set Adjusted Gross Income to e-file their Federal tax returns for free – which effectively allows usage by about 70% of all Taxpayers. Usage data show a large number of Taxpayers using Free File one year, but not returning the next year. Most of these “Migrators” used another e-file method, though about one-fifth used Paper. The purpose of this study would be to determine why Free File Migrators move to non-Free File methods as well as their future intentions toward resuming usage of Free File, along with their barriers to resumed usage.

#### **II. Methodology**

##### **Sample design**

The study will replicate in all respects the methodology and sample size of the past-year study of the same audience. The total sample size for this task will be approximately 1,600 Free File Migrators, with 1,000 surveyed as a part of the study's Random Sample, and then with approximately 600 augments of two sub-groups of interest to bring their base sizes up to a readable level of 500 each: these groups are Migrators to Practitioner e-file and Migrators to Paper (note: the Random Sample is expected to naturally yield a readable, 500+ sample of the third sub-group of interest – Migrators to Other OLF Methods).

##### **Data collection date**

The 1,600 interviews will be conducted in mid-September through end of October, 2009, or after OMB authorization.

##### **Data to be collected**

Data to be collected are detailed in the attached survey instrument/questionnaire.

##### **How data will be used**

Results from the Total Random Sample of 1,000 will be used to analyze the total Free File Migrator audience and the naturally readable sub-group of Migrators to Other OLF Methods (which would include Migrators to Free File Fillable Forms, though this sub-group will not in itself be readable), while the augment surveys combined with random fallout surveys will be

used to analyze the two remaining key groups: Migrators to Practitioner e-file and Migrators to Paper.

### **Who is conducting research?**

The research is being conducted by the same vendor as before – Russell Research, Inc.

### **Location – region/city and facilities**

The research will be conducted from the national telephone interviewing facilities of Russell Research in East Rutherford (the Meadowlands), New Jersey.

### **Stipend**

The survey consists of approximately 15 minutes of interviewing. Therefore, no stipend is needed.

### **Recruitment efforts**

All respondents will be recruited from lists to be provided by IRS – lists for the Random Sample as well as for each augmented sub-group (i.e., IRS and Russell will draw nth samples from the total database, then use these sub-samples as the basis for the surveys). Russell will provide lookup of telephone numbers for Taxpayers on the lists provided by IRS.

All interviews will be conducted by telephone from the Russell-Meadowlands 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 55% (or similar to the 57% level of the 2008 Free Migration Survey).

### **Test structure/design**

A total of approximately 1,600 interviews will be conducted, yielding readable, 500+, sample sizes for the 3 key sub-groups.

The confidence intervals for the total sample and sub-samples in the study are as follows:

- For the Total Random Sample of 1,000, the confidence interval will be +/- 3.1% at the 50% level and +/-1.9% at the 10% and 90% levels, using a 95% confidence level.
- The confidence interval for each 500 sub-sample would be +/- 4.4% at the 50% level and +/- 2.6% at the 10% and 90% levels, using a 95% confidence level.

### **Efforts to not duplicate research**

No other Migration surveys are currently being conducted for the Free File product, thus there is no duplication with other research.

### III. Participants Criteria

To qualify for this survey, respondents would need only to be Taxpayers on the list of Free File Migrators drawn by the IRS and Russell.

### IV. Privacy, Security, and 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. In addition, survey participants will not be identified in any of the documents or files used for this project. Nonetheless, 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 return information made available 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 issue, 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 return preparer 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 the Statement of Work's requirements:
  - 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 New Jersey 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 Supervisors 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 of 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**

While it is anticipated that all of the Taxpayers contacted for this study will qualify, the response rate will likely be similar to that of the past – or about 55%. Assuming it is about the same, a total of 2,909 Taxpayers will have to be called in order to reach the 1,600 who agree to participate in the study, leaving 1,309 not participating.

- The contact time to determine non-participation could be up to 1 minute, with the resulting burden for **non-participants** being  $1,309 \times 1 = 1,309$  minutes / 60 minutes = **21.82 burden hours**.
- Then, those **Taxpayers who do participate**, the length of the survey is 15 minutes, with the time burden for that group being  $1,600 \times 15$  minutes = 24,000 total minutes / 60 minutes = **400.0 burden hours**.
- Thus, the **total burden hours for the study** would be  $(21.82 + 400 =) 421.82$  hours.

The total cost of the survey is \$132,303.

## VI. **Attachments**

**Questionnaire** – Attached

**Moderator's guide**

Not applicable here

**Cover letter/correspondence**

Not applicable here

**Telephone screeners**

Incorporated into the Questionnaire that's attached.

**Scenarios**

**Follow-up Postcards**

Not applicable here