

# Office of Management and Budget Clearance Package

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Customer Satisfaction Surveys:

Exempt Organizations, Employee Plans, and Federal, State,  
and Local Government Entities

Determination and Examination Customers

Internal Revenue Service  
Tax Exempt and Government Entities Division

October 20, 2009

## **Background**

IRS has replaced the traditional measures of accomplishment with a balanced measurement system, consisting of business results, customer satisfaction, and employee satisfaction, to assess how well it is achieving its mission and objectives. The IRS Tax Exempt and Government Entities division (TE/GE) has administered four ongoing monthly mail surveys since 2001. TE/GE collects feedback from four customer segments: Employee Plan (EP) Determination, Exempt Organization (EO) Determination, EP Examination, and EO Examination. Beginning in 2007, TE/GE began collecting feedback from another customer segment: Federal, State, and Local Government (FSLG) Examination. EP and EO Determination customers are those that have submitted an application to TE/GE to be determined tax exempt. EP, EO, and FLSG Examination customers are Plans, Organizations, and Government Entities that have been examined (audited) by TE/GE. TE/GE collects feedback from these five customer segments to identify what TE/GE can do to improve service, to track progress in improving customer satisfaction over time, and to identify improvement opportunities.

TE/GE's five mail questionnaires have been recently redesigned to more accurately reflect the process that the five customer segments experience and to obtain more actionable results. TE/GE's current statement of work covers four quarters of survey administration, October 2009 through September 2010. TE/GE will begin administering the five questionnaires beginning with October's closed cases on December 7, 2009. This clearance package will cover the same period of administration.

## **Research Methodology**

TE/GE will contact customers multiple times to maximize response rates. Given past experience with the ongoing mail surveys, TE/GE should achieve response rates near 50% for each of the five surveys. An independent research firm will administer the survey, collect the data, analyze the data, and report on the results only in the aggregate.

The contractor will send the questionnaires to a census of all EP, EO, and FSLG Examination customers based on the extract of monthly closed cases received from the IRS. The EP, EO, and FSLG Examination extract is derived from the Audit Information Management System (AIMS) database consisting of organizations whose employee benefit plan(s), exempt organization, or government entity has been examined and their cases closed. Cases closed by the Appeals division, cases closed with either of two disposal codes (claims allowed in full and referrals to other Operating Divisions), and cases with international address are excluded from the sample.

For EP and EO Determination customers, a monthly sample of 400 each is

selected from the extract of monthly closed cases sent from the IRS. The contractor will stratify the sample by cases closed on merit and cases closed that required contact to produce survey estimates with at least 90% confidence interval and 5% precision for each type on a semi-annual basis. The EP and EO Determination extract is derived from the Employee Plans/Exempt Organizations Determination System (EDS) database of employee plans and organizations who have submitted an application to be determined tax-exempt and their cases closed. For EO, cases that are closed with codes of no remittance and correction disposal, requests that are amendments, termination of exempt status, or returned post-review, and international addresses are excluded from the sample. For EP, cases that are closed with codes of Form 5310A and correction disposal, requests for Notice of Merger and Notice of Qualified Separate Line of Business, and international address are excluded from the sample. Also, the contractor will not send a questionnaire to any customer that received one in the last six months (three months for EP Determination customers).

The same mailing procedures currently in place will be used for these five questionnaires. The fielding methods and structure mirror the Dillman approach (Dillman, "The Tailored Design Method", 1999). Customers will receive an advance letter from the Commissioner informing them of the survey, they will then receive a letter with the questionnaire followed by a reminder postcard. Lastly, non-respondents will receive an additional letter and questionnaire. Each survey mailing will contain a return postage paid envelope. The survey instrument contains rating questions, demographics, and space for an open-ended comment.

The IRS will assume responsibility for printing the survey with the assistance of Media and Publications, using the print contractor through GPO.

## **Evaluation**

The contractor will need to develop weighting factors and possibly weight the determination survey responses to be representative of the full EO and EP Determination population. The contractor will use basic and advanced statistical techniques including, but not limited to, significance testing and the prioritization of improvement priorities using contractor's established technique.

The contractor will, on a semi-annual basis (annual for FSLG Examination), summarize the quantitative ratings and produce a national report showing customer satisfaction scores on all survey items and overall improvement priorities for each of the five surveys. The contractor will deliver site-level reports for EP and EO Examination annually. The contractor will include any relevant database variables in the analysis and will weight the survey responses to accurately reflect the entire customer base and will provide documentation of any weighting methodologies and formulas applied to IRS.

Concurrent with the delivery of the reports, the contractor will deliver to the designated IRS official anonymous data files as well as files containing open-ended comments each semi-annual period. Verbatim and data files will be cleansed of any taxpayer and employee names before delivery to the IRS. Data files will include full variable names. Complete record layouts will accompany these files. Files will be delivered in Microsoft Excel format and SPSS format and not be write-protected. Delivery will be by mailing a CD-ROM to Program Leader, Strategic Planning in TE/GE in Washington, DC. Documentation will be provided for all statistical techniques employed in producing the reports. Reports will include:

- Survey counts and overall response rates.
- The overall level of customer satisfaction with services provided by TE/GE.
- The averages and frequencies for all ratings questions.
- Which areas of service, in priority order, TE/GE should focus their resources to improve overall satisfaction.
- Cross tabulations of case variables with survey questions.
- Analysis of the relationship between survey responses.

### **Tallies and Other Information**

The following information is needed to satisfy OMB clearance requirements. It must be provided within 60 days after survey data collection operations are concluded:

1. FINDINGS: Provide a brief summary of significant (important) findings that were evidenced in the results.
2. ACTIONS TAKEN OR LESSONS LEARNED: Provide a brief summary of any actions taken or lessons learned as a result of the findings.
3. TAXPAYER PARTICIPATION:
  - a. SURVEYS:
    - i. Number of requests for taxpayer participation
    - ii. Number of questionnaires returned or interviews completed
4. DATE THE DATA COLLECTION BEGAN
5. DATE THE DATA COLLECTION ENDED
6. COST: Include printing, postage, travel, overtime payments, payments to vendors, and any other costs incurred as a direct result of the survey (do not include regular salaries of IRS employees).

### **Estimated Burden Hours**

Based on FY2008 figures, the IRS plans to receive 2,200 EO Determination questionnaires, 2,000 EP Determination questionnaires, 900 EO Examination questionnaires, 2,800 EP Examination questionnaires, and 500 FSLG Examination questionnaires. Only the burden of those customers completing the

survey is calculated below since the amount of time required to refuse the survey is minimal.

(8,400 participants X 8 minutes per completed survey) = 67,200 minutes = 1,120 hours

### **Estimated Study Cost**

The cost of this study will run approximately \$286,000 for FY2010. This cost covers research methodology, survey administration, data collection, help desk services, analysis, and reporting.

### **Security and Safeguard**

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 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.

It should be noted that as soon as TE/GE has the funds to revise their five mail surveys, the term confidential will be replaced with privacy on all 5 questionnaires.

## **Study Contact**

For questions regarding the study, contact:

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