



# Customer Satisfaction Survey OMB Supporting Statement

Fiscal Year 2007 National Research  
Program Individual Study

August 2008

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## **Introduction**

The National Research Program (NRP) is the first major effort in more than 13 years to develop strategic measures of the filing, payment and reporting compliance behavior of United States taxpayers. The current NRP reporting compliance study is being conducted on individual, non-business, wage and investment (W&I) taxpayers and individual, small business and self-employed (SB/SE) taxpayers. The study is a sample selection of tax year 2006 individual income tax returns (Form 1040) filed in 2007 for this group of taxpayers.

## **Purpose**

The purpose of this task is for a contractor to assist NRP in developing a more thorough understanding of how research examinations impact taxpayer participants by means of a survey directed at the customer base. The output of the customer satisfaction survey will help the IRS to more effectively manage the NRP process and provide insight and useful input for program evaluation by gauging customer expectations, perceptions and experiences with the NRP examination process.

## **Objective(s)**

The objectives of this study are to use the data collected to develop a baseline of and measure taxpayer voluntary reporting compliance; gain an understanding of taxpayers in terms of tax law compliance to assist in developing and enhancing pre-filing and post-filing customer-focused programs and services; support the business results measures of voluntary compliance to include filing, payment and reporting compliance measures; and to improve and update the selection methods for auditing returns.

The implementation phase of this study began in October 2008. The study will culminate with the delivery of strategic level reporting compliance measures in calendar year 2010. NRP has an immediate need to determine the level of satisfaction of our external customers, the taxpayers identified as part of this study. Conducting a customer satisfaction survey of the NRP individual income tax reporting compliance study is part of the Service-wide effort to establish a system of balanced measures and then to incorporate customer needs into the Service's process-improvement efforts.

## **Survey Research and Administration**

NRP has two populations of taxpayers to contact: those whose examinations were done face to face with an IRS examiner and those whose examinations were conducted via correspondence, therefore, two different surveys will be administered depending on the taxpayer's participation in the study. NRP estimates a population of 12,469 potential customers distributed among the two exam techniques (12,220 face-to face and 250 correspondence). The Contractor will stratify the sample by division (Wage and Investment and SB/SE) amongst the face-to-face taxpayer type and draw random samples. No stratification is suggested among correspondence taxpayers. To achieve statistically representative sample sizes at a 95% confidence level +/-5%,

a sample of 4,000 face-to-face questionnaires and a census mailing of the 250 correspondence questionnaires will be used.

The NRP face to face examinations will be very similar to the existing operational audits conducted by SB/SE and NRP correspondence audits will be very similar to correspondence audits conducted by SB/SE. Because of the similarities between these audits, NRP believes the existing survey vehicles used by SB/SE, which gather customer feedback with regard to courtesy, professionalism, fairness, resolution, timeliness and communications, would be an appropriate means of collecting data on taxpayer satisfaction with NRP examinations. NRP added two additional questions to both surveys to gauge taxpayer burden associated with the NRP Study to include time and cost expended during the examination process.

The NRP customer satisfaction surveys will use the standard market research methodology for mail surveys which include a series of mailings to respondents with the goal to attain the highest possible response rate. This approach of a series of mailings is recommended in the situation where the survey is of taxpayers who have undergone an examination or correspondence audit. This methodology will provide for a maximum response rate to the NRP surveys. In order to effectively administer the surveys, NRP must complete the following tasks:

- ❑ Mail a personalized, pre-notification letter signed by the Director of Research, Analysis and Statistics, in an effort to raise awareness of the NRP research effort in which the taxpayer participated, as well as to inform the taxpayer of the upcoming survey and the importance of his/her participation. Two different pre-notification letters will be mailed depending on the examination process the taxpayer experienced.
- ❑ Mail a wave one survey packet which includes a cover letter signed by the research contractor explaining the study and providing contact information for any questions, a questionnaire, and a business reply envelope.
- ❑ Mail a reminder postcard to respondents after the wave one mailing to thank those who have participated and to remind those who have not to please do so.
- ❑ Mail a wave two packet including a slightly revised cover letter signed by the research contractor, a questionnaire, and a business reply envelope to those who did not return the questionnaire from the first wave.
- ❑ Receive survey responses.
- ❑ Enter response data.
- ❑ Analyze survey data.
- ❑ Write final reports for both types of examinations that summarize the findings and will include the following sections: background and objectives; conclusions and recommendations; ways to improve service – leverage; comparing dissatisfied and satisfied customers; comparisons of correspondence and face to face exam taxpayers; and appendices (demographic segmentations, leverage explanation, respondent profiles and response rates, survey methodology, administration, and weighting procedures).

## **Survey Implementation**

The Contractor and the General Printing Office (GPO) data collection sub-contractor will conduct these surveys. The Contractor will provide the GPO data collection sub-contractor will the mailing lists for the different survey populations. The GPO data collection sub-contractor will send the surveys to the predetermined respondents and collect the survey response data. The response data will be analyzed by the Contractor and the final reports generated by the Contractor.

## **Direct Cost Estimate**

Cost for travel, per diem and communication costs for orientation meeting and presentation to NRP staff and exec at survey midpoint and at closing for the Customer satisfaction Survey is estimated at \$ 8,465.

## **Stipend**

No payment or gift will be provided to respondents of the surveys.

## **Efforts to Avoid Duplicating Research**

The Contractor will use an identified key field to exclude respondents from existing operational field or correspondence audit surveys being conducted by the Contractor for the IRS and issue the NRP surveys in their place. The Contractor will remove or mark the existing operational field or correspondence audit survey database(s) to indicate the issuance of the NRP surveys over the operational field or correspondence audit surveys.

## **Privacy, Security, Disclosure, Confidentiality**

The IRS will ensure compliance with Taxpayer Bill of Rights II. All participants will be treated fairly and appropriately.

The security of the data used in this project and the privacy of participants 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 A7B. The IRS will apply and meet fair information and record-keeping practices to ensure privacy protection of all participants. This includes criterion 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.

Confidentiality will be safeguarded. During the data collection process, participants will not be identified to IRS personnel. In addition, no participant names will be mentioned in the reports or data files. Confidentiality is assured by virtue of agency policy. The terms of IRS's contracts with the Contractor and the GPO data collection sub-contractor require that the confidentiality of any data be maintained.

## **Milestones**

Action Item	Completion Date
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Implementation Plan	September 2008
OMB Approval	September 2008
Administer Survey	October 2008 - July 2009
Collect Survey Responses	November 2008 – September 2009
Analyze Survey Responses	December 2009 - January 2010
Final Reports	February 2010

## Burden Hours

The total estimated taxpayer burden for these surveys is approximately 440 hours, assuming a 60% response rate by mail using the methodology previously outlined. These figures are based on this response rate only for estimating the amount of time it will take our customers to participate in the survey and are not an indicator of the actual response rate. NRP has made every attempt in designing these surveys and in the mailing methodology to maximize the response rate. In addition, the burden of completing the actual surveys is estimated in these figures at the maximum completion time of 5 and 10 minutes respectively. Actual completion time of the surveys could be considerably less.

Each respondent of the correspondence examination survey is expected to take 5 minutes or less to complete the mail questionnaire and each respondent of the face-to-face examination survey is expected to take 10 minutes or less to complete the mail questionnaire. Burden hour estimates are detailed below:

4,250 individuals (4,000 face-to-face exam surveys/250 correspondence exam surveys)  
x .60 response rate  
 2,550 respondents  
x 6 minutes for review of : survey request (pre-notification letter), wave 1 or wave 2  
survey cover letter, reminder postcard (this estimate also covers review time of  
non-respondents)  
 15,300 minutes of burden

4,000 individuals (face-to-face exam surveys)  
x .60 response rate  
 2,400 respondents  
x 10 minutes (maximum) to complete mail survey  
 24,000 minutes of burden

250 individuals (correspondence exam surveys)  
x .60 response rate  
 150 respondents  
x 5 minutes (maximum) to complete mail survey  
 750 minutes of burden

**Total maximum burden = 15,300 + 24,000 + 750 = 40,050 minutes or 667.5 hours**