

OMB Supporting Statement
IRS Small Business/Self Employed
Field Exam Taxpayer Experience Improvement Project
Conjoint Survey
January 2011-July 2011

Introduction

As part of its Balanced Measures, the IRS has been measuring customer satisfaction since 1998 and SB/SE has been measuring it since 2000. The SB/SE Field Exam organization has seen relatively flat satisfaction scores over several years despite continuous efforts at training and process reengineering. At this time senior management is committed to identifying breakthrough improvements in the field and office exam audits that will streamline operational processes and improve taxpayer satisfaction, while maintaining the required level of productivity and compliance. They believe that success is more likely if the effort includes a very strong orientation toward customer perspective and customer experience as well as a robust appreciation of how technology can help.

Field Exam has assembled a taxpayer satisfaction improvement team to accomplish this mission. This group has mapped out the current customer experience based on an understanding of the customer needs and goals and has uncovered how current processes contribute or detract from the ideal customer experience. The team developed creative solutions, alternate work processes and other ways to address the taxpayer experience. This includes best practices around specific customer-facing interactions, data gathering and analysis and process redesign. The team developed the business case, a comprehensive document outlining the team's recommendations with rationale, benefits, costs and risks. The most promising solutions will be validated via pilot testing. This project is based on experience from other improvement projects conducted since FY 2004 in other program areas within SB/SE.

As part of this improvement project, the Field Exam improvement team has determined that customer feedback on some of the proposed creative solutions is needed to help develop these ideas into successful initiatives. To gather this additional information from field exam customers, a private vendor will conduct an online conjoint survey.

The goals of this survey are to assess the current customer needs, expectations, and preferences for assistance with an audit. These assessments will describe customer behavior and perceptions across the spectrum of existing and potential new services. Conjoint analysis, conducted by means of a survey, will permit relative evaluation of the separate factors of the service process. This conjoint analysis will develop a set of attributes that influence taxpayer service choices. Knowing how strongly various parts of this landscape are preferred by SB/SE customers will also be useful in planning future customer service research and delivery. The feedback received will not institute new policy, yet will enable the Service to meet taxpayer needs effectively.

There will be one questionnaire instrument administered to SB/SE taxpayers.

Customer Satisfaction Survey

The survey questionnaire will be conducted online, and will take approximately 25 minutes to complete. Individuals will be asked to determine relative preferences for individual attribute levels through a series of ratings of alternative combinations of attribute levels.

The objective of the study will be to ‘decompose’ the service alternatives into a common set of service attributes, and to measure relative importance of attributes in evaluating service alternatives.

Questions for the survey portion of the conjoint analysis will cover the following audit assistance attributes:

- Type of audit assistor
- Years of audit experience
- Type of audit training for assistor
- Hours of audit training per year
- Audit training provided by IRS
- Availability of secure emailing, file sharing, and video conferencing with IRS

Design and Methodology

This is a one-time survey with the goal of reaching 400 SB/SE taxpayers who may or may not have been through an audit in the past. It will include taxpayers who file Form 1040 with Schedule C, E, or F as well as those who file Forms 1120, 1120S, or 1065. The vendor can expect approximately a 60% response rate from the panel participants; therefore, the survey sample will include 667 taxpayers. In addition, a pre-test will be conducted on 30 taxpayers. Assuming a 60% response rate from panel participants, the pre -test sample will include 50 taxpayers. The total sample will be 717 taxpayers (667 survey + 50 pre-test)

The sample source is provided through a panel created to be representative of the US population. To achieve the maximum possible response rates the contractor will send an invitation to all potential participants and will offer to enter their names into a sweepstake contest managed by the contractor.

The vendor will prepare a report that provides national tabulations and response rates. The report will also include detailed findings, an executive summary, and content analysis of the service alternatives.

Data Collection Timeframe

The vendor will administer the survey online for three weeks in March to April 2011.

Who is conducting research

Pacific Consulting Group (PCG) and its sub-contractor Knowledge Networks (KN) will conduct this research. KN will conduct data collection. PCG will oversee the data collection, and produce all reports

Testing structure/design

PCG/KN will conduct two types of questionnaire testing, internal testing and a pre-test. First, PCG will check the internal consistency of the questionnaire, including all branching and drill-down. PCG will ensure: 1) correct survey programming; 2) good questionnaire flow and logic based on the ease of the respondent being able to follow the questioning; 3) clarity of the questions and rating scales for the respondents. Second, PCG/KN will also conduct a field pre-test of the questionnaire with 30 respondents to ensure correct programming, good flow, and clarity of questions.

Maximizing Response Rates

Standard procedures will be used in order to obtain the highest response rate possible for the online survey. These will include: 1) an email invitation with an explanation for the respondent of the survey, its importance, and the protection of responses by only reporting statistical totals and 2) up to three reminder emails for those who do not respond.

Evaluation

For this study, the vendor will use basic and advanced statistical techniques including descriptive statistics, crosstabs, and conjoint analysis, including calculation of market shares and attribute importance.

Efforts to Avoid Duplicating Research

This is the only survey that provides customer preferences for audit assistance for small business and self employed taxpayers. Little, if any, duplication exists, as no similar information is collected by SBSE in the other customer satisfaction surveys currently in use.

Privacy, Security, Disclosure, Anonymity

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

We will limit and control the amount of information we collect to those items that are necessary to accomplish the research questions. 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. Physical security measures include a locked, secure office. Audiotapes are stored in locked cabinets. Transcription of audiotapes 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 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.

Anonymity 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. Participants will be advised that comments will be audiotaped, if any conversation is recorded. Anonymity is assured by virtue of agency policy. The terms of IRS's contract with Pacific Consulting Group requires that the anonymity of any data be maintained.

Estimates of the Burden of Data Collection

The survey interview has been designed to minimize burden on the taxpayer. The time that a respondent takes to complete the survey has been carefully considered and only the most important areas are being surveyed. The average time of survey completion is expected to be 25 minutes. The email invitation will take about 1 minute to read and understand.

We have made every attempt in designing this survey to maximize response rate. Burden estimates are based on a 60% response rate. The sample to determine participation will occur via email.

The total burden in hours is estimated to be 191.1 hours broken down as follows:

Survey respondents: 173.3 hours (400 surveys X 26 minutes (25 minutes for the survey plus 1 minute for reading email invitation) / 60 minutes).

Survey non-respondents: 4.5 hours (267 surveys X 1 minute (1 minute for reading email invitation)/ 60 minutes).

Pre-test respondents: 13 hours (30 surveys X 26 minutes (25 minutes for the survey plus 1 minute for reading email invitation) / 60 minutes).

Pre-test non-respondents .3 hours (20 surveys X 1 minute (1 minute for reading email invitation)/ 60 minutes).

Other Information

The following information will be provided to the Statistics of Income Division (SOI) within 90 days after the close of the survey data collection operations:

- Findings: A brief summary of significant findings that were evidenced in the results.
- Actions taken or lessons learned: A brief summary of any action taken or lessons learned as a result of the findings.
- Number of completed questionnaires.
- Dates on which the data collection began and ended.
- Cost (excluding regular salaries of IRS employees).

Cost

The cost for this survey is \$183,388.

Statistical Contact

For questions regarding the study or questionnaire design or the statistical methodology, contact:

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