

**Office of Management and Budget
Clearance Package**

Tax-Exempt and Government Entities
EP Determination 5307 Non-Filer Survey

Internal Revenue Service
Tax Exempt and Government Entities Division

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Background

As mandated by RRA 98, the IRS implemented a Service-wide effort to establish a system of balanced organizational performance measures. The IRS Balanced Measurement System rates the IRS, its managers and employees, on customer satisfaction, employee satisfaction, and business results. This balanced measurement system draws on direct customer feedback, including independent surveys of customers and an annual census survey of employees. The customer satisfaction portion of these performance standards necessitates the identification of TE/GE's customers and mechanism(s) for gauging the level of satisfaction with interactions and services of the Internal Revenue Service. Further, Executive Order 12862 requires all government agencies to survey their customers and incorporate customer preferences in their process improvement efforts.

TE/GE currently surveys Exempt Organizations and Employee Plans Determination customers to gauge their satisfaction with the Determination process. TE/GE seeks to supplement this information and gain additional perspective into the pre-approved plan program of the EP Determination process.

One component of the EP Determination process is the pre-approved plan program. Under this program, IRS closely reviews lead plan language developed by practitioners, which is then adopted by numerous employers. Although adopters of these plans have reliance under the favorable opinion letter on the lead plan, they may choose to file their own determination request using Form 5307. April 2010 was the first deadline for Form 5307 filers under the staggered filing approach implemented in 2005. Employee Plans expected to receive from 90,000 to 130,000 Form 5307 applications this year. Instead, IRS received between 50,000 and 60,000. The purpose of this study is to improve our understanding of these customers' behavior, including factors that contributed to their decision to adopt a pre-approved plan and their decision to file or not to file.

Research Methodology

TE/GE conducted focus groups in January 2011 with both filers and non-filers of Form 5307. To gain additional insight into the non-filer population, TE/GE will conduct a census survey of those that chose not to file Form 5307. The twelve participants who took part in the focus groups in January were removed from the full population file, as was duplicate Power of Attorneys.

TE/GE will contact customers multiple times to maximize response rates. Given the historical response rate of the ongoing EP Determination customer satisfaction survey, TE/GE should achieve a response rate near 40%. With regard to the low response rate, the IRS will assume that all data collected from this survey is **qualitative in nature**, and that 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.

An independent research firm will administer the survey, collect the data, analyze the data, and report on the results only in the aggregate.

The same mailing procedures currently in place for TE/GE's five mail customer satisfaction surveys will be used for this survey. 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 survey responses to be representative of the full 5307 non-filer population. The contractor will summarize the quantitative ratings and qualitative findings, and produce a report showing responses on all survey items and recommendations on how to increase satisfaction with the pre-approved plan program. 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. 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 via Axway. Documentation will be provided for all statistical techniques employed in producing the reports. Reports will include, but are not limited to:

- Survey counts and overall response rate.
- 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.

What is the purpose of the attached collection instrument?

The purpose of the EP Determination 5307 non-filer survey is to gain a better understanding of the reasons taxpayers chose not to file the voluntary form 5307. The collected data will allow the IRS to conduct enhanced education and outreach to the public regarding the voluntary nature of this filing which will in turn allow the IRS to better balance resources. The feedback received will not institute new policy, yet enable the Service to effectively meet taxpayer needs.

Data Collection Timeframe

The survey will be fielded during late March and April and a final report will be delivered in late May 2011.

Estimated Burden Hours

IRS plans to receive 1,305 questionnaires (40% of the 3,262 mailed). Only the burden of those customers completing the survey is calculated below since the amount of time required to refuse the survey is minimal.

$(1,305 \text{ participants} \times 5 \text{ minutes per completed survey}) = 6,524 \text{ minutes} = 109 \text{ hours}$

Estimated Study Cost

The cost of this survey will run approximately \$59,074 for the vendor to design the questionnaire and mailing pieces, administer the survey, conduct analysis, and produce a final report.

Privacy, Security, and Disclosure

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.

Contact

For questions regarding the study, contact:

Michelle Pendzick
TE/GE Program Leader, TE/GE
202-683-9195
Michelle.penzick@irs.gov

Or

Jennifer Schranz
Pacific Consulting Group
602-371-8150
jschranz@pcgfirm.com