

OMB Supporting Statement
Tax Time Card Account Pilot Research
Qualitative Study

Background

The Financial Management Service (FMS), a bureau of the Department of the Treasury (Treasury), requested that the Federal Reserve Bank (FRB) of St. Louis (acting as Treasury's Fiscal Agent), assist in research and communications for the U.S. Department of the Treasury's Tax Time Account Pilot program as part of the fiscal agent services provided by the FRB for the Go Direct® Campaign. This pilot is designed to test which card account attributes, branding, and features are best able to convince low and moderate income taxpayers to enroll in a basic financial account to receive their tax refund by direct deposit and use the account as an ongoing financial tool. To perform this task, the FRB of St. Louis contracted with a national marketing firm.

As part of this effort, qualitative research is needed to study several aspects of the pilot and card account offerings including, but not limited to:

- Key messages and communications to encourage adoption and usage of the card account;
- Testing the effectiveness of collateral material, particularly direct mail;
- The attractiveness of potential product features such as “reloadability”, having a savings account attached to the account, and various fee structures;
- Barriers to adoption and usage of the card account;
- Appeal of various communications channels such as text messages and alerts on cell phones; and
- Branding.

Methodology

To meet these objectives KRC Research will conduct eight focus groups among unbanked and underbanked taxpayers, with household incomes of \$30,000 or less, who received their tax refund by paper check, or who received a refund anticipation loan or refund anticipation credit from a financial institution this year. This is the primary target audience for this card account.

Given that a nearly one in five Hispanics are unbanked, two of the eight focus groups will be conducted among Spanish speaking audiences to test Spanish language materials and communications.

Each focus group would last approximately two hours and be facilitated by a professional moderator.

Participation in the focus groups is voluntary.

The eight focus groups will be conducted in the following cities (two per city): Atlanta, Philadelphia, Chicago, and San Antonio. The Spanish language focus groups will be conducted in San Antonio. We decided to conduct two focus groups in San Antonio to test among Spanish speaking audience that would be representative of the majority Spanish speaking in the US. For the purpose of the pilot, given the timeframe, we are limited to a small population for the time and cost purposes. If this product rolls out nationally, we would conduct additional groups in other locations.

Given that this is a very low incidence audience and very difficult to recruit for research purposes, and in our experience have very poor show rates for focus groups, we will recruit 16 participants to ensure 8 to 10 show for each focus group. Participants will be screened to ensure they qualify for participation in the group both during the recruiting process and prior to the groups proceeding.

Estimated Burden Hours

Conducting 10 focus groups with each group having 8 to 10 participants is expected to take a total of 245 hours of time for those who are contacted through the screening process, participate in the groups, and travel to focus group facilities.

The estimated hours are calculated as follows:

Participant screening will take approximately 21 hours. This is based on screening 128 participants taking approximately 10 minutes, for a total of 21.3 hours.

Completion of eight focus groups is expected to take approximately 160 hours. This estimate is based on completing eight two hour focus groups where each group would have 10 participants per group. (80 participants X 2 hours).

Travel time is estimated at about 64 hours which is included in the overall hours of burden.

Justification for Nonstandard Honoraria

It is generally accepted as a standard industry practice to offer an incentive to individuals who participate in focus groups. Since participants are giving their personal time and have to commute to and from the facility, providing them with an incentive is a way to compensate them for their time and participation. In addition, offering an incentive increases participation rates and in turn reduces recruiting costs.

Our experience with similar groups has shown that a \$100 incentive yields the number of participants desired for the focus groups. Therefore, for this project, \$100 incentive will be provided to make it possible to recruit the desired number of participants within a reasonable amount of time. Higher incentives encourage participation and since we have

a small timeframe to hold the focus groups, this would reduce recruiting cost and ensure a full recruit

Contact

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