

Summary of EFT Tax Refund Motivation Research Qualitative Phase

April 22, 2014

This memo provides an overview of the qualitative round of primary research to determine how best to motivate taxpayers toward converting to electronic refunds from paper checks. The remaining population who has not converted to electronic tax refunds is particularly challenging. This overview document is meant to accompany four documents for OMB approval: two screening questionnaires that will be used to identify and recruit the research participants, and two discussion guides that will be used during the qualitative discussions. We will conduct the qualitative research with two types of respondents: taxpayers who presently receive refunds via paper check and tax preparers who work with taxpayers who receive refunds both electronically and via paper checks. It is particularly important to understand the underlying motivations of this population that has been continually resistant to changing their behavior regarding receiving tax refunds electronically.

Purpose. The purpose of this research is to identify underlying motivations among taxpayers for continuing to opt for paper check refunds instead of receiving refunds via direct deposit when submitting their federal income tax forms. This research will not be used for any policy change.

Approach. This research will be conducted through 14 in-person focus groups, 9 with individual taxpayers and 5 with tax preparation professionals. To ensure that we uncover high impact insights, the taxpayer groups will focus disproportionately on sub-populations where paper check refunds are more prevalent than in the general population including social security recipients, the unbanked, and switchers (those who report they received an electronic tax refund in the past but then switched back to paper check refunds). Further, special emphasis will be placed on tax preparers who serve lower income populations.

Artemis has developed a screening protocol designed to recruit taxpayers with the ability to identify those from target sub-populations. Likewise, the screening protocol for tax preparation professionals will offer the ability to identify and screen for those who serve our target taxpayer populations.

The screening protocols will be used to recruit at least 63 taxpayers for the focus groups to assure at least 4 to 5 participants in each session (minimum of 36 total participants); and 35 tax preparation professionals for the five tax preparer focus groups to assure at least 20 total participants (4 to 5 per focus group). No taxpayer data will be used.

The in-person focus group sessions will last approximately 120 minutes each. A professional moderator will conduct the focus group sessions leading participants through a series of paper-based exercises and conversation. Burden estimate: the total number of participants will range between 56 and 98 participants. Total burden time will be between 140 and 245 hours (assuming 2.5 hours per focus group participant for screening and group participation).

Members of the Treasury and communications team will be able to attend the focus group sessions in person at the research facility or view them remotely via computer. These sessions will be recorded and available for viewing after the session. Artemis will prepare a full report of findings and present to the team.

Question focus. This round of research builds on results of our initial review of secondary research and in-depth interviews with state-based and foreign tax revenue professionals. In this round, the focus shifts from understanding who does what when it comes to receiving tax refunds to the whys that motivate their current behavior and prevent choosing electronic refunds.

Taxpayers: While some questions confirming past and present behavior and others about process will be included in the discussions to gain background and perspective, the majority of time and focus will converge on question sequences that illuminate how participants evaluate concrete characteristics of paper and electronic refunds and internalize those evaluations by assigning emotional and value laden associations. The aim of these sequences is to understand the complete “pathways of thought” from the rational to the emotional that ultimately motivate decisions about which form of refund is best for them.

Tax Preparation Professionals: The discussion among tax preparation professionals will mirror those of tax payers with the preparers first discussing the relative sizes of their customer base that opt for both paper and electronic refunds and the general whys behind those decisions. The major focus of time and questions, as with the taxpayers, will be constructing pathways of thought regarding those decisions, but with preparers completing these question sequences as they believe their customers would. This will enable us to identify crucial differences between how taxpayers internalize the motivations for paper versus electronic refunds and how their primary tax advisors think they internalize those motivations. For details, see the discussion guides which accompany this document.

Analysis. Analysis will be both diagnostic and prescriptive, directed heavily at identifying the specific tangible attributes and benefits of both paper and electronic refunds and their associated emotional and value meanings. The main output will be a mapping of how the various concrete characteristics of both paper and electronic refunds connect within taxpayers’ minds to motivate one choice or the other. Based upon these maps, hypotheses about how to motivate switching to electronic refunds will be developed along with communication platforms to best activate these motivations. The research team will interpret and present the results to the full Research Workgroup, and will discuss recommendations and implications.

Timing.

April – OMB Review

April/May -- Development of materials to be tested and focus group protocol

May – Finalization of materials; recruiting of focus group participants

May/early June – Conduct focus groups

June – Analyze and report on findings

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