

Supporting Statement
Approval Request to Conduct Cognitive and
Psychological (or Customer Satisfaction) Research
Generic OMB Submission
OMB # 1545-1349

Prevention of Math Error 131 Focus Group Testing

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

Recent research suggests that the revised CP 11 notice may not be performing optimally. Less taxpayers are full-paying their balance due and more taxpayers are entering into the collection notice stream. In order to address CP 11 issuance upstream, top math errors associated with the notice were identified. Math error 131 (error in calculating taxable social security benefits) is the top math error for taxpayers that receive the CP 11 notice. Taxpayers also tend repeat math error 131 in subsequent tax years. In an effort to prevent taxpayers from committing math error 131 and receiving a CP 11 notice, W&I Research and Analysis (WIRA) needs input from taxpayers about their understanding of the Social Security Benefits Worksheet that accompanies to the 1040. WIRA will also ask taxpayers for input regarding the revised CP 11 notice.

2. Purpose and Use of the Information Collection

The primary objective of this study is to examine the process that leads taxpayers to commit math error 131. This will allow the IRS to better understand specific areas of the Social Security Benefits Worksheet that are associated with taxpayers committing math error 131 and to explore ways to mitigate math error 131 upstream. This study will also ask for taxpayer feedback regarding the CP 11 notice to identify ways the notice can be improved.

The project will explore the following topics:

- Taxpayer comprehension of the Social Security Benefits Worksheet (explanation of how and when to use the form, steps the taxpayer should take to correctly complete the form and the taxable social security amount on the 1040)
- Reason(s) taxpayers may make a mistake in calculating the taxable amount of their social security income
- Taxpayer expectations of the Social Security Benefits Worksheet
- Overall taxpayer experience with specific line items and their corresponding forms on the 1040
- General taxpayer comments or suggestions for improvement to the Social Security Benefits Worksheet
- General taxpayer comments or suggestions for improvement to the CP 11 notice.

The project will conduct exploratory research to better understand why taxpayers commit math error 131 and will help the IRS to identify strategies to mitigate this math error upstream. To achieve this objective, WIRA plans to conduct a total of 8 focus groups, (2 per city) in 4 separate cities. Each focus group will consist of at least 8 participants, with 10 being the ideal number of participants. In

each session participants complete 2 activities: the *Taxable Social Security Benefits Worksheet Activity* and the *CP 11 Notice Review Activity*. Upon arrival, participants will be re-screened to confirm their eligibility.

The data collected will be used to develop a better understanding of specific areas of the *Taxable Social Security Benefits Worksheet* that taxpayers are completing incorrectly and to explore ways to reduce math error 131 and the issuance of the CP 11. The data will also provide taxpayer feedback on how to improve the CP 11 notice.

The goal of a focus group is to solicit general opinions about a topic. An important aspect of focus groups is that they give rise to insights and solutions that may not be derived from other methods. Focus group interviews are qualitative research, meaning no statistical difference between groups can be determined. Specifically, they are a directed discussion with small groups of 8 to 10 people on a specific topic.

3. Consideration Given to Information Technology

If appropriate, WIRA will collect information electronically and/or use online collaboration tools to reduce burden.

4. Duplication of Information

Direct interaction with taxpayers through focus groups has been a research design used by the IRS for a number of years. Our research questions have not been studied previously and therefore there is no duplication of research.

5. Reducing the Burden on Small Entities

Not Applicable.

6. Consequences of Not Conducting Collection

Without these types of feedback, WIRA will not have timely information to adjust its services to meet customer needs.

7. Special Circumstances

There are no special circumstances. The information collected will be voluntary and will not be used for statistical purposes.

8. Consultations with Persons Outside IRS Wage & Investment

Not applicable.

9. Payment or Gift

Participants will be paid \$50.00 for their participation in this study. The purpose of the stipend is to encourage participation, and to thank participants for sharing their time and contributions to the discussion. Participants will each receive \$50.00 for a 1-hour session. These stipends are typical for the locations of the groups, type of individuals recruited, and in line with the industry standard.

10. Confidentiality

No PII will be collected during the focus group. Moderators will indicate that no names will be used in the final report. Also, the data returned to IRS will have no identifying information relating specific records to individual taxpayers. Nonetheless, IRS will ensure that privacy to the extent allowed by law and security of the aggregated results will receive the utmost attention. Public and official access

to the information will be tightly controlled. The computer files containing this tabulated information will remain password protected at all times. Data security approaching level C-2 will be accomplished using the Windows XP operating system. Audiotapes used to record testing sessions will be destroyed when the project is completed and there is no further need for the data. We will apply fair information and record-keeping practices to ensure protection of all taxpayers. 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 taxpayer information as well as its release to authorized recipients.

11. Sensitive Nature

No questions will be asked that are of a personal or sensitive nature.

12. Burden of Information Collection

The estimated time to complete the participant screening is 5 minutes. The estimated time for each reminder call is 1 minute, with each testing session lasting 1 hour. We estimate that 10 percent of the taxpayers contacted for the study will qualify and be willing to participate. Using this percentage, a total of 960 individuals will need to be screened to recruit the needed 10 participants for each focus group. We estimate that 16 people will be sent home because we will only need 80 to stay for the focus groups. Of those being sent home, we estimate 30 minutes of travel time.

Estimated Study Burden				
Type of Collection	No. of Respondents	Annual Frequency Per Response	Hours Per Response	Total Hours
Participant Screening	960	1	.083	80
Recruited Participant Reminder Calls	96	1	.016	1.6
Completing Informed Consent	96	1	.0833	1.6
Study Participation (including 30 minutes for travel)	80	1	1.5	120
Travel for People Sent Home	16	1	.500	8
Total estimated burden hours:				211.2

13. Costs to Respondents

No costs are anticipated.

14. Costs to Federal Government

The anticipated cost to the Federal Government is a one-time cost of approximately \$56,000. This includes payments to the contractor (project planning, recruiting participants, securing facilities) and a participant stipend (\$50).

15. Reason for Change

Not applicable.

16. Tabulation of Results, Schedule, Analysis Plans

There will be two types of data collected during each focus group.

Participants will first complete the *Taxable Social Security Benefits Worksheet Activity*. During this activity, participants will complete the Form 1040 using fictitious taxpayer information and the *Social Security Benefits Worksheet*. Taxpayer responses will be reviewed and a targeted discussion will take place to obtain taxpayer input on how to improve the worksheet.

Next, participants will complete the *CP 11 Notice Review Activity*. During this activity, participants will be provided with fictitious taxpayer information and a CP 11 notice. Taxpayer comprehension of the notice will be assessed via a targeted discussion and taxpayer input on how to improve the notice will be obtained.

This feedback gained from the focus group activities will provide useful information, but will not yield data that can be generalized to the overall population. As such, the findings will be used for general service improvement, but are not for publication or other public release. Although WIRA does not to publish its findings, WIRA will disseminate the findings when appropriate to other organizations within the IRS, and will include specific discussion of the limitation of the data as discussed above.

17. Display of OMB Approval Date

We are requesting no exemption.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

These activities comply with the requirements in 5 CFR 1320.9.

19. Dates collection will begin and end

Data collection will begin on May 1, 2012 and end on July 30, 2012. However, the Period of Performance will end September 30, 2012 to accommodate final reporting.

B. STATISTICAL METHODS

Data collection methods and procedures will vary; however, the primary purpose of these collections will be for internal management purposes; there are no plans to publish or otherwise release this information.

1. Universe and Respondent Selection

To participate in this study, participants must have the following characteristics:

- Taxpayer who filed Form 1040 or 1040A in Tax Year 2010
- Taxpayer who received social security benefits in Tax Year 2010
- At least 18 years old
- Diverse in terms of age, gender, race/ethnicity, household income, and education.
- Approximately 40% of participants should have a filing status of *single* and approximately 56% should have a filing status of *married filing jointly*.¹
- Approximately 90% of participants should have self-prepared their tax return for Tax Year 2010.²

¹ These percentages are based on previous research. See the CP 11 Background Analysis Report.

² See the CP 11 Background Analysis Report.

Each focus group will have 8 to 10 participants. Research has demonstrated that this number of participants helps create the best group dynamics: the groups are sufficiently large to stimulate relatively spontaneous interaction, but small enough to give everyone sufficient opportunity to speak.

The screener guide will be used to qualify and select focus group participants. Only qualitative data will be gathered, which will not be, nor presented to be, representative of the population.

2. Procedures for Collecting Information

Each focus group will take no more than 1 hour. Prior to the focus group, participants will be asked to read and sign a Consent Form. An outline of the areas of discussion is below.

Introduction

- Moderator introduces self, topic of discussion, and ground rules (audio/video taping, presence of observers, privacy, etc.)
- Respondents introduce themselves by first name

Section 1: *Taxable Social Security Benefits Worksheet Activity*

- Participant completes the 1040 and the Social Security Benefits Worksheet using the fictitious taxpayer information provided in the scenario.

Section 2: *CP 11 Notice Review Activities*

- Taxpayer impression of notice
- Taxpayer discussion of notice objectives
- Taxpayer suggestions for improving the notice

Closing

- Elicit final suggestions/recommendations from participants
- Address any additional questions from observers

WIRA staff will moderate the focus groups. The moderator's guide was developed by WIRA.

3. Methods to Maximize Response

Information collected will not yield generalizable quantitative findings; it can provide useful customer input, but it does not yield data about customer opinions that can be generalized.

4. Testing of Procedures

Pretesting of the moderators guide and other materials used during the *Taxable Social Security Benefits Worksheet Activity* and *CP 11 Notice Review Activity* will be done with internal staff.

5. Contacts for Statistical Aspects and Data Collection

The statistical expertise of Social Scientists within WIRA will be sufficient for the needs of the data collected from this project.