

**Supporting Statement for Paperwork Reduction Act Generic Information Collection  
Submissions for  
“Test the Impact and Effectiveness of Web-based Outreach Materials on Employment Tax  
Understanding”**

**A. JUSTIFICATION**

**1. Objective for the Collection of Information**

The objective of this experiment is to evaluate whether web-based outreach results in increased understanding of employment tax filing and paying requirements. Business Owners and other individuals with an employment tax filing requirement will be tested using a set of questions and IRS web-based outreach materials. The results will be collected on a data collection instrument.

The National Taxpayer Advocate is required to make an annual report to Congress identifying what the Taxpayer Advocate Service (TAS) feels are the most serious problems (MSP) encountered by taxpayers and to make administrative recommendations to reduce these problems. One of the 20 MSP highlighted in the 2008 Report related to the Employment Tax Program administered by the Small Business/Self-Employed (SB/SE) division.<sup>1</sup>

One suggestion TAS had for the SB/SE Employment Tax Program was to consider developing pilot outreach programs and utilizing cognitive learning labs to test the impact outreach initiatives have on employment tax compliance. In 2009, the Employment Tax Program began working with SB/SE Research to develop a plan to measure how outreach initiatives impact the understanding of employment tax requirements. This current project (which is Phase 3 of the Employment Tax Program projects addressing the TAS recommendations) will evaluate how the alternative web-based outreach used with the existing web-based outreach increased the understanding of employment tax requirements.

This research will support the IRS overall strategy of balancing enforcement and customer service in its interactions with taxpayers and aligns with the IRS initiative to measure the impact of service on compliance.<sup>2</sup> It is also an integral part of an overall strategy for increasing compliance levels in Employment Tax outlined by TAS in their report to Congress. The participants of this project are SB/SE Research, the Ogden Usability Lab (OUL), Employment Tax, and a marketing research firm (CONTRACTOR).

Business Owners and other individuals with an employment tax filing requirement will be tested using a set of questions and IRS alternative web-based outreach materials. The results will be collected using OUL computer equipment.

**2. Purpose and Use of the Information Collection**

SB/SE Research will measure how web-based outreach materials impact the understanding of employment tax responsibilities and compare those results with the current outreach materials. This project will be phase three of a four phase process. In Phase 1, SB/SE Research worked with the IRS Ogden Usability Lab (OUL) and a market research firm (CONTRACTOR) to design an experiment to measure how web-based outreach impacts understanding and ability to

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<sup>1</sup> National Taxpayer Advocate 2008 Annual Report to Congress, Volume One, Page 54

<sup>2</sup> The IRS Strategic Plan 2009 - 2013

comply with employment tax requirements. In Phase 2, the CONTRACTOR used the experiment results and the focus group feedback to recommend alternative web-based outreach materials.

During this project, SB/SE Research will work with the OUL and a CONTRACTOR in conducting the experiment to measure how the alternative web-based outreach materials impact the understanding and ability to comply with employment tax materials. The experiment will be conducted in up to three separate cities within the United States and will follow the methodology used in Phase 1 (OMB Approval 1545-1349, SOI-375).

**3. Consideration Given to Information Technology**

The data for this project will be gathered from the test participants. During the recruitment process, the data will be collected from the participant orally and recorded manually by the CONTRACTOR. During the testing sessions, the data will be collected electronically from the participants by the Ogden Usability Lab computer equipment. Comments provided by the participants during the focus group sessions will be collected manually and electronically by the market research CONTRACTOR.

**4. Duplication of Information**

A literature search was performed to ensure that the specific type of experiment and testing for this market segment and the objectives of this study have not previously been conducted by IRS.

**5. Reducing the Burden on Small Entities**

Small business or other small entities will be involved in this project, but SB/SE Research will minimize the burden on them by sampling, using short, easy-to-complete information collection instruments and focus group questions.

**6. Consequences of Not Conducting Collection**

Without this type of feedback, the Employment Tax Program will not be able to determine the impact and effectiveness that web-based outreach materials have on employment tax understanding.

**7. Special Circumstances**

There are no special circumstances. The information collected will be voluntary.

**8. Consultations with Persons Outside the Agency**

A CONTRACTOR will be recruiting our participants, assisting with the testing, and conducting the focus group sessions. The OUL will be conducting the testing with assistance from SB/SE Research and Employment Tax. A report prepared by OUL with the testing results will be provided to SB/SE Research and the CONTRACTOR for complete analysis.

**9. Payment or Gift**

The tax professionals will receive a stipend of \$125 and the business owners will receive a stipend of \$100 for participating in our experiment. The stipend is to alleviate the cost of being away from their business for a period of time as well as lessen travel costs incurred. The stipend amounts were recommended by the recruiting contractor from the first phase of the project as being consistent with similar stipends paid in the areas we have chosen to test.

**10. Confidentiality**

The project will use data collected from individuals using a series of questionnaires which are not subject to the disclosure provisions of Internal Revenue Code Section 6103 because no tax return data will be collected. However the data we collect is subject to the provisions of the Privacy Act and IRS policies for UNAX and Sensitive But Unclassified (SBU) data.

**11. Sensitive Nature**

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

**12. Burden of Information Collection**

The two primary locations chosen for testing are Seattle and Philadelphia. A third city may be added if funding is available. Seattle and Philadelphia will each have 120 participants confirmed. The third city would have 180 participants confirmed. It is possible that the recruiting contractor may have to contact up to three times the number of participants required to reach 120 potential participants in Seattle (and the third city) and four times the number of participants required to reach 120 in Philadelphia. Based on prior recruiting, it is expected that each contact would average 25 minutes per call.

The burden resulting from the screening process for Seattle would be approximately 150 hours (360 possible calls x 25 minutes each, divided by 60 minutes). The burden from the screening process for Philadelphia would be approximately 200 hours (480 possible calls x 25 minutes each, divided by 60 minutes). The approximate burden for the third city, if added, would be 225 hours (540 possible calls x 25 minutes, divided by 60 minutes). Based on previous experience, some re-screening will be necessary. The combined re-screening process is estimated to be 100 hours (200 possible second calls (for all 3 locations) x 30 minutes per call, divided by 60 minutes).

The burden resulting from the testing and focus group process in Seattle and Philadelphia will be 420 hours (240 participants x 105 minutes each, divided by 60 minutes). The testing process consists of a test (45 minutes) and a focus group session (60 minutes) for each participant. If the testing and focus group process is completed in the third city, the burden will be 315 hours (180 participants x 105 minutes each, divided by 60 minutes).

Estimated Reporting Burden			
Type of Collection	Number of Respondents	Participation Time per Response	Total Hours
Screening/Recruiting in Seattle and Philadelphia	840	25 minutes	350
Re-Screening in Seattle and Philadelphia	90	30 minutes	45
Testing/Focus Group in Seattle and Philadelphia	240	105 minutes	420
Screening/Recruiting in the Potential Third City	540	25 minutes	225
Re-Screening in the Potential Third City	110	30 minutes	55
Testing/Focus Group in the Potential Third City	180	105 minutes	315
Total Burden Hours			1,410

**13. Costs to Respondents**

No costs are anticipated.

**14. Costs to Federal Government**

The anticipated cost to the Federal Government is approximately \$193,250 for this project. These costs are comprised of: \$143,250 to hire the services of a market research contractor, and \$ 50,000 of travel expenses to attend the testing.

**15. Reason for Change**

Not applicable. This is a new request.

**16. Tabulation of Results, Schedule, Analysis Plans**

The data will be collected during the time period of March, 2012-March 2013.

The data will initially be used to measure the participants understanding and ability to comply with employment tax requirements based on their current knowledge. Using alternative targeted outreach, the data will measure whether understanding and ability to comply increases with additional knowledge. Improvement will be measured by increased scores indicating improved

understanding of the test questions and the composite score assigned to each test. This will most likely be identifiable by more correct answers between the testing groups.

The test questionnaires are designed to produce results that will be used to determine if existing outreach or the alternative outreach helps business owners to increase compliance. The CONTRACTOR will use the test scores along with observation during the focus groups to analyze and evaluate the results.

The results of this project will not institute new policy, yet it will enable the Employment Tax Program to meet taxpayer needs.

#### **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.

### **B. STATISTICAL METHODS**

This project will utilize a purposive sampling plan which means the samples will be chosen based on who we think should participate in the project.

#### **19. Sampling Unit and Respondent Selection**

This project's experiment will take place in potentially three different locations: Seattle, WA, Philadelphia, PA, and a Midwestern city to be determined. The sampling frame is all of the individuals listed on the purchased lists used to recruit participants. A purchased list is compiled of contact information including name, phone number, email, business name, gender, age, etc. The activities under this clearance will involve samples of recruited participants, including business owners as well as individuals with an employment tax filing requirement.

The sampling unit is an individual from the purchased lists selected using a screening questionnaire to determine participation in the experiment. The recruiter will use the screening questionnaire to select participants that meet our criteria for participation and did not participate in the Phase 1 research project.

#### **20. Procedures for Collecting Information**

Three questionnaires used during the course of this project to help measure understanding of employment tax requirements will be:

- Screening questionnaire
- Test questionnaire, and
- Focus group guide.

The screening questionnaire is a series of questions developed during Phase 1 to help determine if small business owners or tax professionals meet the criteria for participation in our

experiment. The CONTRACTOR, using the screening questionnaire, will be responsible for recruitment of the participants for this phase of the project.

The test questionnaire was designed during Phase 1 to imitate what a tax professional or small business owner might be required to do or know as part of their employment tax responsibilities. The questionnaire will consist of short scenarios followed by one or more questions. OUL will collect the responses and provide the raw data in spreadsheet format, along with graphs and measureable data charts. The questionnaire will be used to measure any change to the understanding of employment tax requirements using web-based outreach materials.

The focus group guide, also developed during Phase 1, is a series of questions to ask participants and solicit feedback about the test and the web-based outreach materials.

See Section C., Attachments, for copies of these collection documents.

## **21. Methods to Maximize Response**

Information collected under this generic clearance will not yield generalizable quantitative findings. The project is exploratory in nature and the results accumulated will help in preparing future web-based outreach messages and delivery methods that will have the highest probability of reaching and informing the target population.

## **22. Testing of Procedures**

Pilot testing was completed before the regular testing began in Phase 1. There will not be any further testing of the process for this phase of the project.

## **C. ATTACHMENTS**

The attached questionnaire will be used by the CONTRACTOR during the screening of potential participants.



Participant Screening  
Questionnaire

The attached documents will be used by the CONTRACTOR to confirm in writing and remind with a phone call, the appointment date and time of the experiment.



Confirmation Letter  
and Reminder Call

The attached questionnaire will be used during the testing portion of the experiment.



Test Questionnaire

The attached guide will be used by the CONTRACTOR while conducting the focus group sessions.



Focus Group Guide