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

**Understanding the Intricacies and Interdependencies
of Taxpayer Behavior within the Refund Ecosystem**

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

Following the 2012 Tax Filing Season, Wage and Investment (W&I) Communications and Liaison (C&L), Online Services (OLS), and Information Technology (IT) have made to improve communication to taxpayers regarding their refunds.

The Internal Revenue Service (IRS) enlists a balanced measurement system consisting of business results, customer satisfaction, and employee satisfaction. This initiative is part of the Service-wide effort to maintain a system of balanced organizational performance measures mandated by the IRS Restructuring and Reform Act (RRA) of 1998. This is also a result of Executive Order 12862 that requires all government agencies to survey their customers.

2. Purpose and Use of the Information Collection

This study will allow the IRS to better understand how taxpayers use and relate to the Where's My Refund (WMR) interactive online tool and the WMR interactive automated phone tool. These tools are used by taxpayers to check their refund status. For the IRS to make modifications to these tools that are meaningful to the taxpayer, it must collect data about taxpayer experience and taxpayer recommendations for improvement. These modifications could ultimately result in reduced taxpayer burden and produce an uptake in the use of these automated tools by new and existing users.

The findings from this research will allow the IRS to pre-emptively plan and allocate resources based on taxpayer experiences rather than relying on lessons learned during implementation. This research will not only improve level of service, but also facilitate voluntary compliance and reduce taxpayer burden by incorporating taxpayer perspectives and improving all service interactions through:

1. ensuring operational decisions are made only after considering the views of affected taxpayers,
2. using usability testing, and interview feedback sessions before rolling out new services and processes,
3. implementing phased rollouts wherever possible, including beta-testing periods, and
4. facilitating participation in the tax system for all segments of the public.

For this project, the contractor will recruit a primary mix of approximately 40 WMR online tool and/or WMR IVR phone tool users and taxpayers who have not used either tool. The sessions will be conducted in two locations with 20 participants in each city. Tentatively, WIRA is considering Atlanta, GA and Washington, D.C. for the two locations.

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**

   Although direct interaction with taxpayers through interviews has been a research design used by the IRS for a number of years, our research questions have not been studied previously. Therefore, there is no duplication of research.

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

   Small business taxpayers or other small entity owners will be involved in these efforts (expected to be approximately 10% of participants), but WIRA will minimize the burden on them by using only information collections approved under this clearance. This covers sampling, asking for readily available information, and using short, easy-to-complete information collection instruments.

6. **Consequences of Not Conducting Collection**

   Without the proposed feedback, WIRA would not have timely information to adjust its services to meet customer needs. The IRS needs this information to adjust its automated refund service offerings to taxpayers. Without these improvements being made, taxpayers could be faced with more difficult options to check their refund status, which could increase taxpayer burden.

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 the SOI**

   Not applicable.

9. **Payment or Gift**

   Participants will be paid $60.00 for their participation in this 90 minute study. The purpose of the stipend is to encourage participation and to thank participants for sharing their time and contributions to the discussion. These stipends are typical for the locations of the groups, time spent in the session, the type of individuals recruited, and in line with the industry standard.

10. **Confidentiality**

    No PII will be collected during the sessions. 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 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 7 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 90 minutes. We estimate that 20 percent of the taxpayers contacted for the study will qualify and be willing to participate. Using this percentage, a total of 480 individuals will need to be screened to recruit the needed 24 participants for each city. We estimate that 8 people will be sent home because we will only need 40 to stay for the sessions.

WIRA estimates the total burden hours for this project to be 101.6 hours. The burden hour estimate breaks down as follows:

Estimated Study Burden				
Type of Collection	**No. of Respondents**	**Annual Frequency Per Response**	**Minutes Per Response**	**Total Hours**
Participant Screening	480	1	5	40
Recruited Participant Reminder Calls	48	1	1	0.8
Completing Informed Consent	48	1	1	0.8
Study Participation	40	1	90	60
TOTAL BURDEN HOURS				**101.6**

13. Costs to Respondents

No costs are anticipated.

14. Costs to Federal Government

$90,000.

15. Reason for Change

Not applicable.

16. Tabulation of Results, Schedule, Analysis Plans

There will be two types of data collected during each session – observational and interview data.

In order to conduct an in-depth qualitative analysis, WIRA plans to conduct interview sessions with taxpayers that have used the WMR and the WMR IVR tools as well as taxpayers who previously have not used the tools. Each 90 minute session will assess the taxpayers' prior experience using the tool(s) and solicit feedback that can be used for future improvements to the tools.

During the first 45 minute session, participants will be provided with a scenario and will use the WMR online tool and the WMR IVR automated phone tool to check their refund status. The initial testing portion will be monitored using eye tracking and other relevant usability software. The interviewer (WIRA employee) will simply be observing the taxpayer and taking notes about their comments and feedback.

Then in a second 45 minute session, the WIRA analysts will conduct a qualitative interview with the taxpayer. WIRA will analyze the verbatim feedback from participants to identify key themes in order to facilitate understanding of the taxpayer experience when using the WMR automated tools.

This feedback 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
N/A

18. Exceptions to Certification for Paperwork Reduction Act Submissions
N/A

19. Dates collection will begin and end

Data collection will begin on August 1, 2014 and end on December 31, 2014.

B. STATISTICAL METHODS

1. Universe and Respondent Selection

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

- Taxpayer or spouse earned wages in calendar year 2013 or received a pension or annuity in 2013 for services performed as an employee of the U.S. Government or any U.S. state or local government
- At least 18 years of age
- Diverse in terms of age, gender, race/ethnicity, household income, education, filing status, tax preparation method and past experiences with the WMR online/phone automated tools.

The screener guide will be used to qualify and select 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 session will take no more than 90 minutes. Prior to the usability and interview portion of the sessions, participants will be asked to read and sign a Consent Form. An outline of the areas of discussion is below.

Introduction
- ➢ Observer/interviewer introduces self, plan for the testing session, topic of discussion, and ground rules (audio/video taping, presence of observers, privacy, etc.)
- ➢ Respondents introduce themselves by first name

Section 1: Usability Testing
- The taxpayers will be asked to answer questions using the information they can gather from utilizing the WMR online and phone tools.

- Taxpayer will be asked to take notes on their experiences.
- Taxpayers will be observed as they complete the task while using the WMR online and phone tools, as well as recorded.

Section 3: Discussion

- Taxpayers will be asked to provide comments, suggestions, and feedback on their experiences with the WMR online and phone tools and also provide general feedback for improvement.

Section 4: Closing

- The interviewer will elicit final suggestions/recommendations from participants and address any additional questions from observers.

3. Methods to Maximize Response

In order to maximize participant response, WIRA is providing the contractor with a list of participants to recruit from. The taxpayers are being paid an honorarium of $60 following their session, which also encourages participation.

4. Testing of Procedures

The project team will conduct sessions with other employees within WIRA prior to the actual sessions with taxpayers. The intent of the internal testing is to smooth out any rough edges to ensure that taxpayers have the best experience possible during their session.

5. Contacts for Statistical Aspects and Data Collection

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