

Supporting Statement
Approval Request to Conduct Customer Satisfaction Research
(OMB # 1545-1349)
Optimizing Future State Strategies through Partnering with Tax Preparation and Software
Companies: Third Party Refund Status Application Programming Interface Pilot Cognitive
Survey 2

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

As outlined in the Internal Revenue Service (IRS) Strategic Plan, the agency is working towards delivering high quality service to reduce taxpayer burden and encourage voluntary compliance. Consequently, the IRS seeks to enhance its digital fingerprint by providing new and improved services through electronic mediums. Several service offerings are being piloted to assess the efficacy of providing nontraditional channels as taxpayer touch points. Various research designs and analytic techniques, such as focus groups, surveys, and conjoint analysis, are at the center of this process. Information obtained through these research approaches is essential, as findings from such studies are used for program evaluation, process improvement, and to identify taxpayer needs, preferences, and behavior.

Wage and Investment Strategies and Solutions (WISS) is working alongside Office of Online Services (OLS) Product Management to conduct a customer satisfaction survey for taxpayers that participated in the Third Party Refund Status Application Programming Interface (API) pilot in tax year (TY) 2016. The initial pilot phase of this project was conducted in February 2015 and concluded in May 2015. Over 70,000 taxpayers participated in the pilot that allowed taxpayers to authorize the IRS to send their TY 2014 refund status electronically to their Third Party Participant (i.e., tax preparation firm). In turn, Third Party Participants communicated this refund status to their taxpayer-customers. Taxpayers consented to this service by answering “Yes” to the existing Third Party Designee question on the Form 1040 series of individual tax returns. At the conclusion of the initial pilot, structured interviews were conducted with Third Party Participants to gather information related to their user experience.

Last year, the IRS conducted the pilot for a second year and administered a survey to taxpayers who participated in the pilot in TY 2015 to assess quality assurance, migration from previous channels, potential future use, and opinions about their experience.

Now, the pilot is in its third year. As the IRS continues to access this method of providing refund status information, the IRS will administer a survey to taxpayers who participated in the pilot in TY 2016 to compare results to last year’s survey and ask questions to delve further into areas identified in the first survey.

2. Purpose and Use of the Information Collection

From an operational value perspective, the purpose of this study is to collect information directly from taxpayers in order to assess the Refund API program’s effectiveness, develop quality assurance measures, and to determine if taxpayers migrate from legacy channels. From a taxpayer value perspective, the purpose of this study is to assess taxpayer overall satisfaction with the Third Party service, assess potential future use, allow taxpayers to provide their opinions about their experience and inform the service of additional services they would like to access through the same medium. Examining quality assurance, experience, and potential future use will assist the IRS in determining the best ways to leverage partnerships with third parties to provide taxpayers with the most convenient and efficient service. In addition, the information gathered will assist in verifying the compliance of Third Party Participants in gathering the taxpayer’s consent. This research will not only inform potential

improvements to the level of service taxpayers receive, but also facilitate their migration to digital customer service channels which could potentially reduce the demand on IRS staffing and training resources.

3. Consideration Given to Information Technology

The survey will be administered by a contractor as an electronic survey.

4. Duplication of Information

This is the only survey administered by the IRS to measure the satisfaction of taxpayers that participated in the TY 2015 Refund API pilot.

5. Reducing the Burden on Small Entities

There will be no small entities included in this research. The Third Party Refund API Survey has been designed to minimize burden. The time that a respondent takes to complete the survey has been carefully considered and only the most important areas are being surveyed. The average time of survey completion is expected to be 5 minutes.

6. Consequences of Not Conducting Collection

Without conducting this survey, WISS and OLS will not be able to measure taxpayer customer satisfaction with the Refund API pilot. OLS will have limited information when developing third party API options for upcoming tax seasons. The information collected is needed to determine any improvements that may be beneficial to the design of future tailored service approaches with a focus on digital customer service.

7. Special Circumstances

There are no special circumstances.

8. Consultations with Persons Outside the Agency

There are no known consultations with persons outside of the Agency.

9. Payment or Gift

There will be no payment provided for participation.

10. Confidentiality

All participants will be subject to the provisions of the Taxpayer Bill of Rights II during this study and WISS will ensure that all participants are treated fairly and appropriately. The security of the data used in this project and the privacy to the extent allowed by law of the taxpayers will be carefully safeguarded at all times. Security requirements are based on the Computer Security Act of 1987 and Office of Management and Budget Circular A-130, Appendices A & B. Physical security measures include a locked, secure office. Notes are stored in locked cabinets or shredded.

Also, the data returned to the IRS will have no identifying information relating specific records to individual taxpayers. Nonetheless, the IRS will ensure that privacy is maintained to the extent allowed by the 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 7 operating system. WISS will apply fair information and record-keeping practices to ensure protection of all participants. 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 survey is 5 minutes. Based on a potential sample of 400,000 and assuming a 15 percent response rate, we expect 60,000 completed surveys. The burden hours for soliciting participation is 3,333 hours (400,000 potential participants x .5 min / 60 min) and the burden hours for completing the survey is 5,000 hours (60,000 participants x 5 min / 60 min). The total number of burden hours requested is 8,333 hours.

Collection Activity	Minutes Per Person	Number of Participants	Total Hours
Soliciting taxpayer participation	.5 minutes	400,000	3,333
Survey completion	5 minutes	60,000	5,000
TOTAL HOURS			8,333 hours

13. Costs to Respondents

There is no cost to respondents resulting from the collection of information.

14. Costs to Federal Government

\$24,339.04

15. Reason for Change

This is not a request for a change. This is a new request.

16. Tabulation of Results, Schedule, Analysis Plans

All survey question data will be released in summary form only. As long as the IRS received enough responses to be statistically significant, results will be presented as a representation of the larger taxpayer population that utilizes the Refund API. Although WISS does not publish its findings, information will be shared (when appropriate) with 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

IRS is seeking approval to not display the expiration date for OMB approval, as this is a one-time, limited-duration collection.

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 in January 2017 and end by April 2017.

B. STATISTICAL METHODS

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

In order to be selected for receiving a survey, participants must have the following characteristics:

- Participation in the Refund API Pilot for Tax Year 2017

2. Procedures for Collecting Information

The third party preparer will invite all active taxpayer-customers to provide a response to an IRS taxpayer survey using the message language provided by the IRS. The message will contain a link to access the online survey. This message may be presented to the taxpayer-customer as part of an existing communication vehicle. It is preferred that this message be delivered to the taxpayer-customer within two weeks of their Form 1040 family submission. The survey will be administered by a contractor as an electronic survey. WISS will be responsible for tabulating the data and conducting data analysis.

3. Methods to Maximize Response

Survey administration will include a mailed invitation and one reminder letter in an effort to maximize the response rate. The contractor will provide a Survey Help Desk for participants with questions or issues with the survey. If potential respondents want to contact the IRS directly to verify authentication, they may go online to IRS.gov and search for Customer Satisfaction Surveys. Finally, the survey length is minimized to reduce respondent burden and respondents are assured anonymity of their responses.

4. Testing of Procedures

Pretesting will not be conducted.

5. Contacts for Statistical Aspects and Data Collection

The statistical expertise of statisticians and operations research analysts within WISS will be sufficient for the needs of the data collected from this project.

For questions regarding the study and statistical methodology, contact:

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