

Supporting Statement

Information Collection Request (ICR) Approval Request to Conduct Cognitive and Psychological (or Customer Satisfaction) Research (OMB #1545-1349)

Understanding Taxpayer Motivation for Filing Method Selection

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Understanding Taxpayer Motivation for Filing Method Selection research project explores factors involved in taxpayer choice, including motivations, preferences, and attitudes that drive behavior around selecting (or not selecting) a range of filing options. Specifically, this project strives to understand:

the characteristics of the taxpayer population, by filing method and potential influencers of tax filing method, and

the motivations, preferences, and attitudes of taxpayers towards different filing methods.

Ultimately, this work will support research to help the IRS better align customer service options to taxpayer filing preferences. Until the IRS understands why taxpayers make the choices they do, they can only make programmatic decisions based on assumptions, which may be insufficient in an environment of limited budgets and competing priorities to meet customer service needs.

A study of this nature will be instrumental in helping IRS understand choices taxpayers make and—along with complementary IRS research and an updated awareness study based on the results—could help the IRS determine how to improve participation in their free filing program. Ultimately, this work will help IRS better align customer service options to taxpayer filing preferences.

2. Purpose and Use of the Information Collection

MITRE is conducting this independent research for the sole purpose of benefitting the IRS as MITRE's sponsor, and will not publicly release the results.

The research conducted during this MIP (MITRE Innovation Program) will address the following objectives:

1. **Current use of filing methods** - Understand taxpayer motivations and considerations for selecting their current filing method.
2. **Migration between filing methods** - Understand taxpayer motivations and considerations for changing from one filing method to another.
3. **Considerations** - Identify and understand taxpayer considerations when selecting a filing method.
4. **Attitudes** - Understand taxpayer attitudes when it comes to specific filing methods and tax filing in general.

To meet these research objectives, MITRE will conduct data analysis, one-on-one interviews with taxpayers, and online survey of taxpayers.

The previously conducted interviews generated hypotheses about taxpayer motivations and preferences to test via this online survey. No personally identifiable information was retained or used for development of the online survey.

3. Consideration Given to Information Technology

Taxpayers will be invited to participate by letter to invite them to visit a MITRE webpage for confirming eligibility. A limit is established for each defined filing method. If the participants are confirmed as eligible (the limit for their filing method has not yet been met), they will begin the online survey. The entire survey will be conducted and the data collected via the online survey tool.

4. Duplication of Information

Direct collection of information from taxpayers through surveys as a research design is a proven research tool. To MITRE researchers' best knowledge, these specific research questions have not been studied previously and therefore there is no duplication of research.

5. Reducing the Burden on Small Entities

The survey part of this research has been carefully considered to minimize burden on taxpayers selected to participate in the study. MITRE researchers worked to limit the sample to only those taxpayers with relevant information about tax return and preparation.

The surveys will take about 15 minutes to complete. As MITRE is surveying taxpayers, and not tax preparers, there is no expected additional burden placed on small entities related to this study.

6. Consequences of Not Conducting Collection

Without data from the surveys, MITRE is unable to fully achieve the goals and objectives of the project. The survey will provide the necessary data to explore taxpayer behavior and draw conclusions about taxpayer attitudes and preferences.

7. Special Circumstances

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

8. Consultations with Persons Outside the Agency

Not applicable.

9. Payment or Gift

Participants will be paid an honorarium for their participation in these online surveys. Individuals will be given \$20.00 in the form of a gift card. These payments encourage participation and are a token of gratitude given to participants for their time and contributions to the survey. These stipends are typical for the time spent on the survey, the type of individuals recruited, and in line with the industry standard.

10. Confidentiality

No Personally Identifiable Information (PII) will be collected from the surveys. The survey will not collect any names. Also, the data returned to the IRS will have no identifying information relating to specific records to individual taxpayers. Nonetheless, MITRE will ensure that privacy (to the extent allowed by law) and security of the aggregated results 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. MITRE 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 survey questions will be asked that are of a personal or sensitive nature.

12. Burden of Information Collection

Survey participants will be recruited through mailed letters soliciting the willingness and ability for tax return filers to participate in the study. After receiving the recruitment letter, interested participants will visit a MITRE webpage to confirm eligibility and complete the online survey. The IRS will not be aware of who chooses to participate.

The estimated time to complete the participant screening is 1 minute. The estimated time for each survey is 15 minutes. MITRE will collect 1,600 complete responses to the survey for a total of 1,600 participants.

Based on a sample of 40,000 potential participants and a response rate of 4%, we expect **1,600 participants** leaving **38,400 non-participants**. The contact time to determine non-participants could take **up to two minutes per letter**, with the resulting burden for recruiting 38,400 non-participants being **$38,400 \times 2 \text{ minutes} = 76,800/60 = 1,280$** burden hours.

The contact time to recruit each participant could take **up to 3 minutes per letter and webpage visit**, with the resulting burden for recruiting 1,600 participants being **$1,600 \times 3 \text{ minutes} = 4,800/60 = 80$** burden hours.

For participants, participation time in the survey is **15 minutes each**, with the resulting burden for participation of 1,600 participants being **$1,600 \times 15 \text{ minutes} = 24,000/60 = 400$** burden hours.

The total burden hours for the focus groups are $(1,280+80+400) =$ **1,760 burden hours**

Category of Respondent	No. of Respondents	Participation Time (in minutes)	Burden (in hours)
Recruiting 38,400 non-participants	38,400	2	1,280
Recruiting 1,600 participants	1,600	3	80
Participation by 1,600 participants	1,600	15	400
Totals			1,760

13. Costs to Respondents

No direct costs are anticipated for participants. However, participants will commit their time and as such bear an opportunity cost. The mean hourly wage for all occupations (\$27.07) from the BLS May 2020 National Occupational Employment and Wage Estimates - United States is used here to estimate the total cost of participation given the above total of burden hours. The total expected opportunity cost to respondents is $1,760 \times \$27.07 = \$47,643.20$.

14. Costs to Federal Government

The anticipated cost to the Federal Government is a one-time cost of approximately \$50,000. This includes the cost of printing and mailing recruitment letters to prospective respondents. MITRE will cover all other costs of the research from their own internal sources, since MITRE initiated the project and is only relying on the IRS for funding the printing and mailing.

15. Reason for Change

Not applicable.

16. Tabulation of Results, Schedule, Analysis Plans

During the month of June and potentially into July, MITRE will use Qualtrics to collect survey information and will securely store anonymized survey data on MITRE systems. MITRE will use the statistical program STATA to tabulate survey results by filing method group, to understand the preferences and characteristics of the filing method groups. MITRE will conduct tests of statistical significance, where appropriate, to test hypotheses regarding filing method group differences.

MITRE will not report descriptive statistics for any group where the sample smaller is fewer than ten respondents.

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 of Information will Begin and End

Data collection will begin on 06/01/2021 and end on 08/01/2021.

B. STATISTICAL METHODS

1. Universe and Respondent Selection

Taxpayers will be randomly selected with representatives from four groups of taxpayers specific to filing method used:

- Using a paid preparer (paper or electronic)
- Using do-it-yourself (DIY) software
- DIY paper filing
- Government-provided services (e.g., Free File, VITA, TCE)

Participants will be recruited and selected using screener guides prepared by MITRE researchers.

2. Procedures for Collecting Information

Each survey will take about 15 minutes for each participant. MITRE will obtain consent at the start of each survey by following all standard guidelines to assure participants that their participation is entirely voluntary. The Informed Consent forms, attached with this submission, feature the information MITRE will disclose to participants to obtain consent.

MITRE researchers will conduct the surveys using Qualtrics hosted on their website.

3. Methods to Maximize Response

MITRE researchers will use the Compliance Data Warehouse (CDW) to identify taxpayers who filed returns that fit the specific criteria required for the study. Once identified, the researchers will compile the names and addresses of taxpayers meeting the criteria and provide this information to the IRS for mailing recruitment letters. The letters will direct recipients to a MITRE webpage for further screening and completing the survey. If the initial wave of 40,000 letters does not generate the required number of respondents, then a second wave of 15,000 letters will be sent.

4. Testing of Procedures

Pretesting of the survey will be conducted internally with MITRE researchers.

5. Contacts for Statistical Aspects and Data Collection

The expertise of staff within MITRE will be sufficient for the needs of the data collected for this project.

For questions regarding the study, its associated materials, or the methodology, contact:

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