

Supporting Statement
Internal Revenue Service
Statistics of Income Division
Appendix A
Comprehensive Taxpayer Attitude Survey
August 2023 through August 2026
Triennial Approval Request
OMB Control Number 1545-2288

A. Justification

1. Circumstances Necessitating Collection of Information

In 2020, RAAS received a three-year approval to conduct the Comprehensive Taxpayer Attitude Survey (CTAS), which expires August 31, 2023. In 2023, we are submitting an updated Supporting Statement to reflect changes to the CTAS methodology that will reduce costs, improve data quality and the ability to include hard-to-reach populations while also increasing convenience for respondents. Our new methodology will help us overcome the inherent challenges of relying on random digit dial (RDD) phone surveys and online panel surveys, using enhanced address-based sampling (ABS). We also have streamlined and strengthened the questionnaire by replacing some questions with more relevant questions to improve the Internal Revenue Service's (IRS) ability to understand taxpayers' attitudes, experiences, capabilities, and behaviors to inform tax administration.

The new methodology will continue to rely on phone and online surveys, but will drop RDD and online panels, replacing these ways to reach potential respondents with technology-enabled ABS with dynamic online targeting to solicit respondents by mail and online. CTAS respondents will be able to take the survey at their convenience, in their choice of either English or Spanish, using their preference of an automated interactive voice response (IVR) phone survey, with an option for a live interviewer, if needed, or an online survey. These changes will allow RAAS to continue to more effectively use a data-driven approach to understand customer attitudes and behaviors. Collecting, analyzing, and using customer opinion data is a vital component of IRS's Balanced Measures Approach, as mandated by the Internal Revenue Service Reform and Restructuring Act of 1998 and Executive Order 12862.

These methodology changes have become necessary, because changing respondent behaviors have made it increasingly difficult to contact hard-to-reach populations, making previous CTAS methods no longer cost-efficient or the most effective way to obtain a representative sample. Previously, CTAS was administered in English-only, with a total sample size of 2,000 split between phone and online respondents. The phone survey was designed to reach lower income adults who were less likely to be internet users and would otherwise be underrepresented in the online survey using the KnowledgePanel.

Challenges of the previous RDD phone and online panel survey methodology: Reaching people by phone has become increasingly difficult. Cell and landline response rates continue to decline, particularly among important subpopulations, such as low-income households and Spanish speakers, increasing costs and bias. In 2020, it took 257,353 calls to reach 41,793 people, to achieve 1,017 phone interviews. In 2021, it took more than 348,000 calls to complete a similar number of interviews, which has made random digit dialing (RDD) an increasingly expensive proposition. The initial 2021 CTAS contract award of \$305,159, of which \$294,050 was actually paid, was expected to increase 30% to 40% in 2022 using RDD, because it takes more calls each year to complete interviews. The 2022 survey, which used the enhanced ABS methodology and is still being analyzed, has a maximum contract award of \$255,307, with final costs possibly a little lower, when the contract is completed in June 2023. This is a considerable cost savings over the estimated 30% to 40% above the 2021 contract costs RDD would've cost in 2022.

Additionally, live phone interviews increase measurement bias. Live phone surveys take longer, averaging 27.57 minutes to complete, biasing samples toward respondents with more free time. Phone interviews also introduce social desirability bias. Online panel surveys, which for CTAS have averaged 14.5 minutes to complete, also face challenges. Online panel surveys, like the IPSOS Knowledge Panel previously used, rely on computers and tablets, and they overrepresent those who are most computer-literate. There is increasing evidence that those who continually take surveys in a panel are different from those who drop out of the panel. So, over time, the panel becomes increasingly less representative.

The current CTAS vendor previously compared the results of blended phone and web responses with the web-only sample to see if differences in the results, if any, warranted continuing phone surveys over switching to an online-only survey. The analyses showed little differences between the samples in the central concepts measured, trends from year to year, differences in satisfaction ratings, rank order of the satisfaction scores, and representation of important segments. These analyses suggested that RAAS could consider switching to online-only surveys in the future. However, in 2022, RAAS provided respondents the option of phone or online surveys, and only 1% selected the phone survey option.

Approach: To address increasing cost and data quality challenges, RAAS' updated approach uses a combination of non-RDD, automated IVR phone surveys to reach non-internet users and non-panel, online surveys using improved methods for contacting hard-to-reach populations and giving users more choices. RAAS aims to provide the most accurate and representative data possible at a significant cost savings over continuing the previous method. Our current vendor has an exclusive partnership with the creator of this approach, which uses random address-based (ABS) sampling with dynamic online targeting to create representative samples, and can target hard-to-reach populations, including the homeless. This approach offers automated phone surveys to those who prefer phone to online surveys and web-based surveys that can be taken using phone or computer. Both survey modes can be taken in English or Spanish and at the respondents' convenience.

The Comprehensive Taxpayer Attitude Survey (CTAS) began in 1999. The IRS' office of Research, Applied Analytics & Statistics (RAAS) sponsors this annual survey (formerly conducted by the IRS Oversight Board), which is conducted in August and September of each year. The primary objective of the survey is to capture updated time series data on taxpayers' tax compliance attitudes, experiences, capabilities, and behaviors, which can be compared to findings from previous surveys, providing insights into any changes in taxpayer views over time, which will provide greater insight into these issues, which are of strategic importance to tax administration.

The results of CTAS are provided up the IRS chain of command to the Commissioner and are shared publicly, including publication in the annual IRS Data Book. Additionally, these results have received significant public interest, with information from the survey being cited regularly in national publications.¹

2. Use of the Data

The findings from this survey will continue to provide RAAS and IRS with a clear and reliable taxpayer context that informs the Service's performance of current IRS taxpayer service and enforcement programs designed to improve voluntary compliance and the Service's proposals for strategic performance measures. The data being tracked includes measures on public attitudes regarding cheating on taxes, trust in the IRS to fairly enforce tax laws, and factors that influence taxpayers to file accurate, timely, and complete returns. Two CTAS measures are Taxpayer First Act Measures: *I trust the IRS to help me understand my tax obligations* and *The percentage of taxpayers satisfied with their personal interactions with the IRS*. The results of this survey allow the IRS to understand the impact of its programs on public perception and barriers, motivations, and capabilities taxpayers have that can affect their willingness and ability to meet their tax obligations. For transparency, select aggregate results are published in the annual IRS Data Book, and a more detailed report of survey results is released on the IRS website.

3. Use of Improved Information Technology to Reduce Burden

The methodology employed will minimize burden on the public, in burden hours and convenience, to the extent possible, and will consider the length of the data collection instrument itself, along with the use of the smallest sample size necessary to obtain valid and reliable information that is consistent with the objectives of the data collection effort. The updated CTAS methodology will rely on a smaller sample size and will use address-based sampling (ABS) to solicit respondents by mail. Additionally, it will use dynamic online targeting to solicit respondents at online sites that targeted populations are likely to use. These methods will provide a statistically representative sample of U.S. adults. Respondents will be offered their choice of a survey mode that is most convenient to them (phone or web), that they can access at the best time for them, in the language most comfortable for them (English or Spanish). Those who choose phone interviews will use an

¹ See, for example, "Why Americans Don't Cheat on Their Taxes", *The Atlantic*, April 2019, <https://www.theatlantic.com/magazine/archive/2019/04/why-americans-dont-cheat-on-their-taxes/583222/>

automated IVR system. Any respondents who have problems using IVR can contact a help desk that can provide a live interviewer. Those who choose an online survey can use a quick response (QR) code or a web address to access the survey. Instead of using a combined landline and cell phone survey of 1,000 individual respondents and a concurrent online survey of 1,000 individual respondents, the updated methodology will further reduce burden by dropping the total sample size to 1,298. These methods reduce burden to the public as well as the government by making it easier and more convenient for respondents through technology, by reducing the number of respondents needed and the number of people contacted, and by reducing costs for the government.

4. Efforts to Identify Duplication

In conducting this research, RAAS will coordinate closely with the rest of IRS to ensure that CTAS will provide maximum benefit to sound tax administration. RAAS will assist in survey design. Additionally, information from past and ongoing RAAS surveys, IRS research, and other research by non-profit organizations will be considered. No similar data are gathered or maintained by the Agency or are available from other sources known to RAAS.

5. Methods to Minimize Burden on Small Businesses or Other Small Entities

This survey does not target small business or other small entities, but rather, individual members of the public, whom we assume are likely to be taxpayers. All data collection efforts will be voluntary, and no respondents will be required to consult or access taxpayer records for detailed factual information. Additionally, respondent burden has been reduced by allowing them to take the survey at a time of their convenience, in the language they prefer, either English or Spanish, and using the mode they prefer, either IVR phone or online surveys.

6. Consequences of Less Frequent Collection of Federal Programs or Policy Activities

This clearance involves an annual, one-time data collection activity. Less frequent data collection would impede RAAS' effort to get updated critical input needed to provide a clear and reliable taxpayer context that aids IRS in its review of the performance of current IRS taxpayer service and enforcement programs designed to improve voluntary compliance, and in RAAS' proposals for strategic performance measures. In addition, the long-time annual series of taxpayer attitudes and behaviors would be interrupted.

7. Special Circumstances Requiring Data Collection to be Inconsistent with Guidelines in 5 CFR 1320.5(d) (2)

There are no special circumstances. The IRS will collect information under this clearance in a manner that complies with 5 CFR 1320.5(d) (2).

8. Consultation with Individuals Outside of the Agency on Availability of Data, Frequency of Collection, Clarity of Instructions and Forms, and Data Elements

- a. Other agencies - not applicable.
- b. Within the IRS, coordination occurs on each proposed project through other areas of the IRS. Care is taken to ensure that efforts do not duplicate those of opinion research or surveys conducted by contractors at the request of the IRS subject matter specialists. The individuals responsible for this coordination are:

Timothy S. Castle
Internal Revenue Service
Statistics of Income Division
77 K Street, NE
Washington, DC 20002
(202) 803-9106

Donna Baldwin
Internal Revenue Service
Statistics of Income Division
77 K Street, NE
Washington, DC 20002
(571) 516-1052

- c. There are no unresolved problems.
- d. Any comments received will be noted in an update. If no comments are received, the box below will be revised with a date. Continual feedback from the scientific community is an important aspect of IRS' research. In both laboratory and field studies, consultation with representatives of various fields of psychology, anthropology, sociology and the like, will have direct impact on the future course of research projects, and promises to determine the feasibility of data collection and the validity of research studies.

In response to the *Federal Register* notice (88 FR 31097) dated May 15, 2023, IRS received no comments during the comment period for Comprehensive Taxpayer Attitude Survey (CTAS).

9. Explanation of Decision to Provide any Payment or Gift to Respondents

At times, incentives are authorized as a thank you for, and to encourage participation in IRS surveys. This survey will rely on incentives. The incentive will be a \$10 gift card, paid upon completion of the survey, except for the homeless segment, which will receive a \$10 gift card for participation (partial or complete survey). If needed, an additional \$10 gift card incentive will be provided to homeless individuals.

10. Assurance of Privacy of Response

Agency policy dictates non-disclosure of taxpayer information. This survey is not subject to Section 6103 requirements, because it does not rely on IRS taxpayer data. Survey respondents contacted by mail, online, or some other form of written communication will be advised on the survey form, cover letter, or other accompanying document that participation is voluntary, and that the data provided will be kept private to the extent allowed by law. The introduction to this data gathering effort will also inform respondents that the survey is voluntary, and that the data provided will be kept private to the extent allowed by law.

The survey will be conducted using automated IVR phone and online surveys, and no sensitive personally identifiable information will be compiled by the vendor as part of the database for this survey, nor shared with RAAS. The vendor will take steps that ensure that specific records cannot be tied to individual taxpayers. Research personnel will ensure that privacy and security of the results will be maintained, to the extent allowed by law. Public and official access to the information will be tightly controlled. IRS Data security requirements flow down to the vendor's subcontractors per the IRS contract award document.

11. Justification of Sensitive Questions

The survey questions are not of a sensitive nature and should not pose a problem to respondents. However, on occasion, some respondents may consider some of the standard demographic questions as sensitive in nature (e.g., questions that request the respondent's age, gender, education, or household income). Demographic questions are useful in profiling and tracking the responses and are helpful in evaluating the results; therefore, respondents will be encouraged to answer these questions but assured that their participation is completely voluntary. No sensitive personally identifiable information will be collected and shared with RAAS.

12. Estimated Burden of Information Collection

The total respondent burden hours during this three-year approval period is estimated to be 3,927 (1,309 annually).

Screened/Interviewed	No. of Respondents (How many will respond to this collection?)	No. of Responses per Respondent (How many times?)	Avg. Burden per Response	Total Annual Burden (in hours)	Average Hourly Wage Rate	Total Annual Respondent Cost*
Initial Invitation	32,450	1	1.0 minute	540.8	\$28.01	\$15,148
Follow-up Invitation	32,450	1	0.5 minutes	270.4	\$28.01	\$7,574
Total Participants • 1,100 general	1,298 (Included in	1	23 minutes	497.6	\$28.01	\$13,938

population • 198 oversample hard-to-reach**	the above)					
Total (Response Rate = 4%)	32,450			1,308.8		\$36,660

With an estimated response rate of 4%, we anticipate screening 32,450 respondents annually, who will take 1.5 minutes total in two contacts to either accept or decline to participate. 1,298 respondents will agree to participate in the survey, which represents the total number of interviews, including oversamples of hard-to-reach populations. Their estimated participation time is 23 minutes per response, to accommodate the unpredictability of respondents' choice of online versus phone surveys. The estimated annual burden for this survey is 1,309 hours.

*Totals may not appear to add correctly due to rounding.

**Spanish LEP, Asian-Language LEP, Homeless, Rural Low Income, Veterans, Stateside Military

13. Estimated Total Annual Cost Burden to Respondents

There are no out-of-pocket costs to respondents. The estimated total cost burden to respondents during this three-year approval period is estimated to be \$109,980 (\$36,660 annually), accounting for the value of their time.

The surveys take place across the United States with all cross-sections of society. This estimate was created using the mean hourly wage for all occupations (\$28.01) from the Bureau of Labor Statistics May 2021 National Occupational Employment and Wage Estimates - United States.²

14. Estimated Annualized Cost to the Federal Government

The federal government cost estimate for this collection is summarized below.

	<u>Annualized Cost 2023</u>	<u>Annualized Cost 2024</u>	<u>Annualized Cost 2025</u>	<u>Total Cost over three-year period</u>
	\$260,417.33	\$265,618.18	\$270,932.82	\$796,968.33
Totals	\$260,417.33	\$265,618.18	\$270,932.82	\$796,968.33

² https://www.bls.gov/oes/current/oes_nat.htm

The cost could be less than awarded, due to potential unused optional tasks.

15. Reasons for Change in Burden

Previous years' estimates were based on using RDD and online panel surveys and the updated methodology replaces RDD and online panels with ABS mail and dynamic online targeting to reach certain hard-to-reach populations in the 2023 survey. We estimate that 3,927 (1,309 annually) burden hours will be used by the conclusion of the currently approved three-year period.

The estimated number of filers has been reduced to 32,450 from 39,273 based on IRS most recent filing data, resulting in an increase of 198 burden hours from the previously approved estimates.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses for this IC	32,450	0	0	-6,823	0	39,273
Annual IC Time Burden (Hours)	1,309	0	0	198	0	1,111

16. Plans for Tabulation, Statistical Analysis and Publication

The data normally will be collected using concurrent automated IVR telephone and online surveys, in August and September of each year. Data from the surveys will contain no sensitive personally identifiable information and will be assembled into a database in which responses are anonymous and tabulated into aggregate level results that summarize taxpayer compliance attitudes and IRS service preferences, and their relationships to key characteristics such as employment status and age. Micro data provided to IRS will be anonymized with numerical unique identifiers that will make it impossible for IRS to link responses to any individual. The data will help RAAS to further develop general service improvement in tax administration.

Because the expected response rate is less than 50%, no critical decisions will be made solely from the analysis of the data from this survey. The results of this survey are simply one piece of a larger set of information needed to assess taxpayers' attitudes and needs and help RAAS better direct the IRS. The Executive Report of the survey will be published on the IRS Tax Stats website in the spring of each year. A few highlights from the Executive

Report will be published in the IRS Data Book, which is usually published in March of each year. The results will be high-level totals with some demographic groupings.

17. Reasons why Displaying the OMB Expiration Date is Inappropriate

IRS is again seeking approval to not display the expiration date for OMB approval, as this is a limited-duration collection and disclosure over the telephone and online screens adds time and complexity to the script and instructions. Displaying the expiration date may cause problems with respondents for data collection programs that overlap the three-year authorization periods. Would-be respondents might be inclined to refuse to participate if the form carries an authorization date that is expired or is soon to expire.

18. Exceptions to the Certification Statement.

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.