

Supporting Statement  
**American Customer Satisfaction Index (ACSI) Survey**

Internal Revenue Service  
Statistics of Income Division  
OMB Approval Request (1545-1432)  
August 2023 through August 2026

A. Justification

1. Circumstances Necessitating Collection of Information

We are requesting a three-year approval to conduct the American Customer Satisfaction Index (ACSI) Survey. This survey has previously been approved as OMB #1090-0007, at the request of the Federal Consulting Group (FCG), who was responsible for procuring OMB clearances for its federal customers' ACSI surveys. OMB now requires agencies to request their own OMB approvals for ACSI. FCG's OMB clearance expired September 30, 2022. We seek approval to allow us to continue using this data-driven approach to understand customer satisfaction at the Internal Revenue Service (IRS). 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.

IRS has participated in ACSI since 1994, along with other government agencies. The IRS' office of Research, Applied Analytics & Statistics (RAAS) sponsors this annual survey, which is usually conducted in August and September of each year. The primary objective of the survey is to capture updated time series data on taxpayers' customer satisfaction related to the overall tax filing process, 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 current IRS ACSI survey segments are Individual Paper Tax Filers, Individual Electronic Tax Filers, Small Corporate Tax Filers, and Large Corporate Tax Filers.

The results of ACSI are provided up the IRS chain of command to the Commissioner. The ACSI vendor used to publish IRS' four customer satisfaction index scores on the ACSI website ([www.theACSI.org](http://www.theACSI.org)) as part of the annual government wide ACSI results release, but in 2023, they chose to include only federal government departmental scores.

2. Use of the Data

The findings from this survey will continue to provide RAAS and IRS with a useful taxpayer context to inform efforts to improve the Service's performance within the IRS's overall tax filing process, a critical element of the voluntary compliance system that touches most U.S. adults, and in support of the Service's strategic performance. A measure based on these results serves as an IRS budget-level measure that's part of

the Congressional Justification, an IRS Integrated Modernization Business Plan measure, and an FY22-26 Strategic Plan measure. The data tracked include measures on satisfaction with the overall tax filing process and elements within this process that impact or are affected by customer satisfaction. The results of this survey allow the IRS to understand the impact of the tax filing process on public perception and identify which elements of the filing process impact customer satisfaction and to what degree.

### 3. Use of Improved Information Technology to Reduce Burden

The methodology employed will minimize burden on the public, 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. Instead of standard mail surveys, face-to-face interviews, or phone interviews, the data collection effort will use online panel surveys for individuals and businesses. The ACSI survey will continue to seek input from 2,000 individual respondents and 250 large corporations, and 250 small corporations, using less expensive and burdensome online technology, which we hope will improve response rates by providing greater convenience to and reducing completion times for respondents.

All online surveys will be conducted using an online panel. In advance, and totally independent of this RAAS survey, individual and business participants have been recruited by the vendor's sub-contractor and have voluntarily completed its online panel registration surveys and provided their contact information to the contractor. A subset of these registrants will be invited by the sub-contractor to participate in RAAS' survey. That subset of potential online survey participants will be selected via a probability-based sampling methodology designed to provide a statistically representative sample of U.S. adults, with some targeting of hard-to-reach populations, such as those who speak Spanish or are in the military, live in rural areas and have low-incomes, and veterans.

### 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 target 250 small businesses, but all respondents will be ongoing panelists who have volunteered to participate in the vendor's surveys. The convenience and reduced time of self-directed online surveys will minimize burden to these small businesses. All data collection efforts will be voluntary, and no

respondents will be required to consult or access taxpayer records for detailed information.

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 taxpayers' satisfaction with and other perceptions about IRS 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

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.

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. The panel vendor provides incentives of nominal value to encourage participation in its surveys.

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, who are contacted by email or online, will be advised on the survey form or other accompanying document that participation is voluntary, and that the data provided will be kept private to the extent allowed by law.

No sensitive personally identifiable information will be compiled by the vendor as part of the database for this survey, nor shared with RAAS. It will also be conducted through online surveys using the vendor's previously recruited survey panel, for which no personally identifiable information will be shared with RAAS. Additionally,

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.

#### 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 during this three-year approval period is estimated to be 3,850 (1,283 annually) hours.

With an estimated response rate of 4.6%, we anticipate screening 54,000 respondents annually, who will take 30 seconds each to either accept or decline to participate. 2,500 respondents will agree to participate in the survey, which represents the total number of interviews, including oversamples when quotas are met and those who only partially complete the survey. Their estimated participation time is 20 minutes per response. The estimated annual burden for this survey is 1,283 hours.

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*
Total Screened	54,000	1	0.5 minutes	450	\$28.01	\$12,605
Total Participants (Included above)	2,500	1	20 minutes	833	\$28.01	\$23,342
<b>Total</b> (Response Rate = 4.6%)	<b>54,000</b>			<b>1,283</b>		<b>\$35,946</b>

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

#### 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 \$107,838 (\$35,946 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.

#### 14. Estimated Annualized Cost to the Federal Government

The cost to the government over the three-year period is estimated to be \$1,486,600 (\$471,500 in 2023, \$495,100 in 2024, and \$520,000 in 2025). The final cost is likely to be significantly lower without phone surveys and will depend on the contractor's negotiation of costs, which is pending, for a new Interagency Agreement starting in 2023, the first year of the three-year period.

#### 15. Reasons for Change in Burden

The methodology changed by dropping RDD phone surveys for individual tax filers and phone surveys relying on contact lists pulled from a business database company.

#### 16. Plans for Tabulation, Statistical Analysis and Publication

The data will be collected using 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 customer satisfaction attitudes and perceptions, and their relationships to key characteristics such as income, education and age. The data will help RAAS to better understand taxpayers' concerns and 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' satisfaction and perceptions.

#### 17. Reasons why Displaying the OMB Expiration Date is Inappropriate

IRS is seeking approval to not display the expiration date for OMB approval, as this is a limited-duration collection and disclosure over the screen adds time and complexity to the script. 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 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

8/1/2023-8/1/2026

## B. Collections of Information Employing Statistical Methods.

### 1. Universe and Respondent Selection

Taxpayers over the age of 18 that match the demographic characteristics of the U.S. population and corporations will be reached via vendor's representative online panel.

### 2. Procedures for Collecting Information

The respondent selection method will take place as follows: IRS has identified four American Customer Satisfaction Index (ACSI) survey customer segments, individual paper tax filers, individual electronic tax filers, small corporate tax filers, and large corporate tax filers. Respondents will be recruited through an online panel vendor to achieve representative samples of continental US households or businesses registered as participants in the vendor's business online survey panel.

The ACSI survey will drop RDD phone surveys and phone surveys relying on a business database company's contact lists in favor of online panel random sampling to ensure a representative sample of the general public and businesses. Claes Fornell International (CFI), the Federal Consulting Group's (FCG) ACSI vendor for the Federal Government, will analyze a total of 2,500 completed online surveys, consisting of individual electronic and paper filers (2,000) and small and large corporate filers (250 each), for a margin of error of +/- 2% at the 90% confidence level for individual tax filers and +/-5% at a 90% confidence level for corporate tax filers. The survey is unchanged from 2022 and will take an average of 20 minutes to complete.

#### **Potential respondent universe**

Adult population (18 years or older) in the United States

#### **Numerical Estimate of the respondent universe**

258,672,000 based on 2021 population projections from US Census Bureau for 2017 to 2060.

#### **Number of Entities**

<b>Data Collection Method</b>	<b>Potential Respondent Universe (adults 18+ in US)</b>	<b>Requested for participation</b>	<b>Participants in the survey (survey sample size)</b>
Online	258,672,000	54,000	2,500
<b>Overall Total</b>	<b>258,672,000</b>	<b>54,000</b>	<b>2,500</b>

#### **Online Methodology**

We anticipate that our vendor will collect a total online sample size of 2,000 completed surveys from individual taxpayers, with a margin of error equal to +/- 2%

at the 90% confidence level and a total online sample size of 250 completed surveys each from small and large corporate filers with a margin of error equal to +/- 5% at the 90% confidence level.

Respondent Selection Method: To achieve survey data that are representative of the U.S. adult online population, CFI has subcontracted with Dynata to provide the online sample from their probability based online panel. Panelists are recruited by email and on websites they use. Panel members are randomly selected to participate in this study. Dynata will send out survey invitations to the panel respondents via email containing a link to the survey on its server. The survey is completely anonymous, and no personally identifiable information on individual respondents will be provided to IRS.

### 3. Methods to Maximize Response

To maximize response rates, multiple reminder emails encouraging customers to participate in the survey are sent periodically. Respondents also receive points to redeem for cash and prizes to maintain their interest in participating. The vendor regularly measures participant satisfaction related to frequency of invitations, and willingness to participate in surveys of various lengths. Test surveys are also sent to ensure that panelists are engaged and willing to participate. Additionally, online surveys allow respondents to take the surveys at their convenience.

### 4. Testing Procedures

The ACSI methodology is patented, and the standard questionnaire has undergone extensive, rigorous testing and study by the University of Michigan and the ACSI organization. The standard questionnaire has already been used by the University of Michigan and the ACSI for almost three decades with great success as a key quality metric for the U.S. economy and in over 20 foreign countries. More specifically, the questionnaire has been used in the Federal Government in numerous studies conducted since 1994.

When the information needs of federal agencies require the design of a new type of question in the ACSI survey, various testing techniques are used depending on the data collection method to be used and the characteristics of the intended respondents. Typically, a new type of question is tested among those who are not familiar with the program or process being assessed; refinements are made, as needed, that enhance the comprehension of the question, the scale on which it is measured (as appropriate) and the ease with which the respondent can answer it.

Additionally, the vendor will program an online version of the questionnaires. The survey 'look and feel' will have a professional design and will not identify the IRS as the project sponsor. The online survey will be thoroughly tested internally by the vendor to ensure the programming reflects the survey content (questions, response options) as well as any skip logic. These skip patterns are built into the survey program code and are tested along with the survey content. The vendor will test each branching of the skip patterns to ensure that the question sequence is programmed

correctly. A test survey link will then be shared with the RAAS team for review and comments. The vendor will revise the online program as needed based on RAAS feedback. The vendor will also send the email invitation text to RAAS for review.

The vendor will fully brief field staff responsible for data collection and the fieldwork will be monitored. This is an established survey that has been conducted for many years and which reflects the extensive experience of IRS and the vendor in conducting this and similar surveys. The 2023 questionnaires will remain stable, so no pretesting would be necessary. If needed, questionnaires may be pre-tested on up to nine external customers.

#### 5. Contact for Statistical Aspects and Data Collection

Questions regarding any statistical aspects employed or data procedures used, or for administrative questions regarding the IRS use of this clearance should be directed to:

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