

OMB Clearance Package
Comprehension Testing of Correspondex Letters 2800 and 2801,
Wage and Investment Notice Improvement Office

I. Introduction

Background/overview

The Notice Improvement Office of the Internal Revenue Service produces notices and letters sent to taxpayers regarding their tax accounts. These written documents are an essential tool the Service uses to communicate effectively with taxpayers. The Internal Revenue Code, U.S.C. 26, contains extremely complex provisions. One of the critical missions of the Notice Improvement Office is to explain in as simple a manner as possible those provisions as they affect an individual's account.

As resources permit, the Notice Improvement Office seeks reaction and suggestions for improvement from taxpayers, such as those who may receive the 2800 or 2801. One of the best ways to do this is through comprehension testing. A comprehension test is a one-on-one test between a moderator and a taxpayer. It is one of the most useful ways to determine the level of understanding and process a taxpayer uses to respond to a notice or letter.

This type of test allows the Service to gain information regarding taxpayers' ability to understand notices and letters, and to be sure they know the next steps they should take to avoid adverse consequences. Sessions with taxpayers will examine which portions of the 2800 and 2801 letters may lead to misunderstanding, and determine which sections are most useful or need improvement. The Notice Improvement Office expects that taxpayers and payroll professionals will provide specific suggestions to improve these products.

For the current task, the Notice Improvement Office intends to test the 2800 and 2801 independently, using two groups of taxpayers whose demographics and occupational backgrounds match current 2800 and 2801 recipient information. Through comprehension testing, the Notice Improvement Office hopes to better understand how taxpayers interact with these products and how well they understand what actions are required of them.

Objectives of data collection

The overall objectives of this project are to quantitatively test taxpayers' ability to understand the communication goals of Correspondex letters 2800 and 2801.

From reading the 2800, an employer should comprehend the following communication goals:

- You need to change your employee's withholding amount based upon the amount stated in the 2800.
- Do not honor any employee-generated request which lowers their current or future withholding amount.
- Provide employee with a copy of enclosed Correspondex letter 2801 within 10 days of the date on this letter.

- If the employee is no longer employed with the company, complete the enclosed *No Longer Works Information Sheet* and return it to the IRS.
- How to contact the IRS for additional information.

From reading the 2801, an employee should comprehend the following communication goals:

- They have received the 2801 because their current withholding is not sufficient to cover their tax liability.
- They have 30 days from the date of the letter to request a change to the IRS's proposed withholding amount.
- If they choose to contact the IRS, they will need to have the following documents: Form W-4 and worksheets, most current pay stubs, number of withholding allowances currently claimed, social security numbers and dates of birth of all claimed dependents, and a copy of the tax return currently due.
- There are no penalties associated with this letter.
- Where they can find additional information.

II. Methodology

Sample Design

Two separate populations will be recruited to participate in this study.

For those evaluating Correspondex letter 2800, participants must have the following characteristics:

1. Age between 25 to 60 years
2. Occupation title of: Payroll clerk, compensation specialist, or other human resource professional responsible for communicating a company's personnel withholding information

For those evaluating Correspondex letter 2801, participants must have the following characteristics:

1. Age between 25 and 55 years
2. Current W2 wage earner
3. Gross income between \$50,000 and \$75,000 per year

Data Collection Date

Data will be collected between May 30th, 2008 and June 13, 2008.

Data to be collected

Several different categories of data will be collected.

1. Demographic Information
 - a. Education level, age, income range

2. Behavioral Data
 - a. Comprehension questions regarding the goals of the notice
 - b. Performance on questions about 2800 and 2801 letters
 - i. Response
 - ii. Correctness of response
 - iii. Time
3. Debrief Data - Qualitative Responses
 - a. Debrief questions about 2800 and 2801 letters
 - i. General reaction to letter
 - ii. Sections of the letter which were reread or skipped
 - iii. Ratings of tone
 - iv. Ratings of understandability
 - v. Improvement recommendations

How data will be used

The data collected during the evaluation of the 2800 and 2801 Correspondex letters will be used to evaluate how well the letters meet their communication goals. The letters will be evaluated across the following themes: comprehension, task completion, format and design issues, and navigation.

How data will be analyzed

Analysis of the data will be conducted by researchers within IRS Wage and Investment (W&I), Research and Analysis Division Research Group 3. Analysis of data from the comprehension questions will include basic and advanced statistical techniques.

As the data resulting from the debrief questions will be qualitative in nature, the analysis will consist of a report of the feedback and behaviors recorded. The demographic data will be tabulated and frequencies will be reported.

Who is conducting the research?

W&I Notice Improvement Office in conjunction with W&I Research and Analysis Division Research Groups 2 and 3 will be conducting the research, with additional support being provided by W&I Withholding Compliance Program.

Location- Region/city and facilities

Research will be conducted at the Cambridge Building of the Koger Center, located at 2965 Flowers Road South, Chamblee, Georgia 30341.

Stipend

The stipend will be \$75 per participant for a 90 minute session. The stipend is a reflection of the length of time required for participation in this study.

Recruitment efforts

Using a screening guide, a vendor will recruit participants for this study.

Efforts to not duplicate research

Direct interaction with taxpayers through individual testing and focus groups has been a research design used by the IRS for a number of years. While the themes to be tested and discussed in the present study are similar to those previously conducted, testing of these particular letters has not been undertaken.

Test structure / design

Recruited participants will individually read a Correspondex letter, utilizing a scenario and supporting documents provided to them. They will then be asked a series of questions about their understanding and comprehension of the letter. Following this portion of the testing session, participants will be asked a series of open-ended questions about their reaction to and recommendations for changes to the letter.

III. Participants Criteria

In order to participate in the portion of the study evaluating the 2800, participants must have the following characteristics:

1. Age between 25 to 60 years
2. Occupation title of: Payroll clerk, compensation specialist, or other human resource professional responsible for communicating a company's personnel withholding information
3. Native English speaker

In order to participate in the portion of the study evaluating the 2801, participants must have the following characteristics:

1. Age between 25 and 55 years
2. Current W2 wage earner
3. Gross income between \$50,000 and \$75,000 per year
4. Native English speaker

IV. Privacy, Security, Disclosure, Confidentiality

The data returned to IRS W&I Research will not have any form of identifying information relating specific records to individual taxpayers. Nonetheless, Research Personnel will ensure that privacy, security, and confidentiality of the aggregated results will receive 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 XP operating system.

DVDs used to record testing sessions will be either erased or 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.

V. Burden Hours

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 1 ½ hours. It is estimated the 5 percent of taxpayers contacted for the study will qualify and be willing to participate. Using this percentage, a total of 800 individuals will need to be screened to recruit the needed 40 participants (32 study participants and 8 floater participants).

Total number of potential participants screened	800
Estimated time to complete screening	5 minutes
Reminder phone calls (study participants only)	32 minutes (32 x 1 minute/call)
Estimated participant screening burden	67.20 hours ((800 x 5 + 32)/60)
Number of participants	32
Time to conduct study	1.5 hours
Estimated study burden	48 hours (32 x 1.5)
Estimated Total project burden hours	115.2 hours

VI. Estimated Costs

The total estimated cost associated with this study is \$18,000.

VII. Attachments

- A. Screener's Guide
- B. Reminder call script
- C. Testing Protocol