

OMB Clearance Package
Comprehension Testing of Publication 3498-A with CP 75 and 566,
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 Publication 3498-A. 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 publication 3498-A 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 Publication 3498-A, using a group of taxpayers whose demographics and occupational backgrounds match current publication recipient information. Because Publication 3498-A is sent as an insert, we will test the entire communication package. Publication 3498-A is most commonly sent out with the CP 75 and the Letter 566; therefore, we will test these two communication packages. Through comprehension testing, the Notice Improvement Office hopes to better understand how taxpayers interact with this product 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 Pub. 3498-A.

From reading Pub. 3498-A, a taxpayer should comprehend the following communication goals:

- The correspondence exam process.
- Need a tax law basis for an appeal.
- Taxpayer has the right to have a face to face audit.

II. Methodology

Sample Design

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

For those evaluating publication 3498-A with CP 75, participants must have received EITC at least once in the past 2 years.

There are no special characteristics for those evaluating Publication 3498-A with Letter 566.

Data Collection Date

Data will be collected in Atlanta, GA, the week of July 14, 2008 and in Ogden, UT, the week of July 28.

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 publication
 - b. Performance on questions about Pub. 3498-A
 - i. Response
 - ii. Correctness of response
 - iii. Time
3. Debrief Data - Qualitative Responses
 - a. Debrief questions about Pub. 3498-A
 - i. General reaction to Pub
 - ii. Sections of the Pub that 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 Publication 3498-A will be used to evaluate how well the publication meets its communication goals. The publication will be evaluated based on 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.

Because 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 Group 3 will be conducting the research, with additional support being provided by the Dynamic Project Team, which is revising Publication 3498-A.

Location- Region/city and facilities

Research will be conducted in Atlanta, Georgia and Ogden, UT.

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 this particular publication has not been undertaken.

Test structure / design

Recruited participants will individually read a notice and Publication 3498-A, 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 publication. 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 publication.

III. Participants Criteria

In order to participate in the portion of the study evaluating Publication 3498-A with CP 75, participants must have claimed EITC at least once in the past two years.

1. In order to participate in the portion of the study evaluating Publication 3498-A with Letter 566, participants must be representative of the general taxpaying population.

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 \$20,000.

VII. Attachments

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