

**Supporting Statement**  
**Information Collection Request (ICR) Approval Request to Conduct Cognitive-  
Psychological Research (OMB# 1545-1349)**

**Title: Wage & Investment Strategies & Solutions (WISS)**  
**Convenient & Efficient Service in the Future State:**  
**Incorporating Taxpayer Feedback on Transcripts into the**  
**Future State of Service Delivery**

**A. JUSTIFICATION**

**1. Circumstances Making the Collection of Information Necessary**

As outlined in the Internal Revenue Service (IRS) Strategic Plan, the agency is working towards delivering high quality service to reduce taxpayer burden and encourage voluntary compliance. Consequently, the IRS seeks to develop a Future State of IRS service delivery that provides the most convenient and efficient service to taxpayers utilizing technologies, optimizing service channels, and partnering with third parties to assist taxpayers based on their needs and preferences.

As the IRS moves to a Future State service vision that utilizes digital service options to provide the most convenient and efficient service for taxpayers, Field Assistance (FA) has developed a Taxpayer Assistance Center (TAC) Strategy to create a new TAC service model. The strategy outlines a Future State vision as well as the strategic goals, objectives, initiatives, and timelines for realizing that vision. Obtaining taxpayers' opinions, thoughts, and ideas about the Future State vision, and corresponding TAC Strategy, ensures the taxpayer perspective is integrated into the IRS approach for offering convenient and efficient service.

During the FY2013 administration of the TAC Customer Expectations Survey, taxpayers seeking transcripts was the highest volume tax-related task, accounting for 26 percent of TAC demand. The proposed study focuses on the opportunity to obtain taxpayer's thoughts and ideas regarding taxpayer assistance to obtain tax transcripts. More specifically, Wage & Investment Strategies and Solutions (WISS) Research proposes conducting rich, in-depth qualitative research to better understand the drivers of transcript traffic.

For instance, the IRS has the capability to provide bulk, electronic transmissions of tax transcripts to third parties. The IRS is interested in how to best leverage this tool for educational institutions that require transcripts for education funding (i.e., Free Application for Federal Student Aid FAFSA). Providing tax transcripts in this way, may better meet the needs of educational institutions that have concerns regarding whether or not tax transcripts are official.

Through this qualitative research endeavor, the IRS will identify significant drivers and data needs in transcript demand. Obtaining information directly from taxpayers and other key stakeholders, the proposed research will allow the IRS to integrate the taxpayer perspective into the Future State of IRS service delivery for a high-demand service need. Additionally, the information gathered will allow the IRS to develop marketing and communication strategies to facilitate taxpayer and third party adoption of more convenient and efficient service channels for transcript needs.

## **2. Purpose and Use of the Information Collection**

The proposed research will leverage contractors for recruitment of taxpayers and third party stakeholders to provide their thoughts and ideas. The final deliverable will include a full report that summarizes rich, in-depth qualitative information and identifies opportunities and recommendations on how to structure the TAC Strategy and more specifically the Future State of service delivery for transcripts in order to best meet the needs of taxpayers and third parties.

## **3. Consideration Given to Information Technology**

Data collection for this project will be completed during focus groups with taxpayers who have requested and received a transcript in the past 14 months. Additionally, in-depth interviews will be utilized to gain information from third party personnel that have a direct work experience with transcript information returns. Social media will be used as an online tool for recruiting participants for proposed interviews.

## **4. Duplication of Information**

This project will provide valuable information that has not been collected during previous projects, and is not available in any internal IRS data source.

## **5. Reducing the Burden on Small Entities**

No small entities will be contacted or recruited for participation in this research.

## **6. Consequences of Not Conducting Collection**

If the information collection request is not approved, the IRS will have less information to design Future Service delivery for transcripts from the taxpayer and third party perspectives in order to provide the most convenience and efficient service.

## **7. Special Circumstances**

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

## **8. Consultations with Persons Outside the Agency**

This project is being completed in partnership with FA. There will be no consultation with persons outside of the agency.

## **9. Payment or Gift**

An incentive of \$80 will be offered to taxpayers who agree to participate in focus groups. An incentive of \$120 will be offered to third party representatives that take part in interviews. The larger incentives are necessary for stakeholder interviews, as these represent professionals. After conducting market research in the Washington D.C. area, the contractor Fors Marsh Group's (FMG) standard recruiting practice has come to use a minimum of \$75 for participation incentive to keep up with inflation, income in the area, and competing studies. In their experience when recruiting for previous IRS studies, incentives have ranged between \$40 and \$75 and the contractor still encountered difficulties recruiting at \$75.

The most recent example was IRS Injured Spouse Focus Groups, where FMG planned to recruit 27 participants to ensure participation from 24 taxpayers at \$75 for one hour. FMG contacted 357 potential participants via phone and/or email, recruited fewer participants than planned (18), and yet only collected data from 11 individuals who actually attended the focus groups. Through participation, taxpayers are asked to take time out of their work day to provide information; the incentive rate must be competitive with what participants earn in an hour of work. At \$75 for compensation, only 5% of the sample was interested in participating and confirmed their involvement in the study. Furthermore, despite rigorous reminder efforts, only 3% actually participated in the Injured Spouse Focus Groups. A 39% no-show rate is indicative that \$75 was not significant enough an incentive for persons interested in contributing in the research to actually participate. Using a slightly higher incentive rate will increase the likelihood that the contractor is able to complete the recruitment and gather high quality participants for both the focus groups and the interviews.

## 10. Confidentiality

The IRS will apply and meet fair information and record-keeping practices to ensure privacy to the extent allowed by law. This includes criteria for disclosure, laid out in the Privacy Act of 1974, the Freedom of Information Act, and Section 6103 of the Internal Revenue Code—all of which provide for the protection of taxpayer information, as well as its release to authorized recipients.

Focus group and interview participants will not be identified in any of the documents or files used for this project. The IRS will limit and control the amount of information to collect those items that are necessary to accomplish the research objectives. The IRS will safeguard the security of data utilized as well as the privacy to the extent allowed by law of the focus group and interview participants.

## 11. Sensitive Nature

No questions will be asked that are of a personal or sensitive nature.

## 12. Burden of Information Collection

**The total burden hours for the focus groups and interviews is  $33 + 25.34 = 58.34$  burden hours**

Focus group participant recruitment will take place among a list of taxpayers who have requested a transcript from the IRS in the past 14 months. We anticipate a 10% recruitment acceptance rate, thus we will talk to 360 taxpayers, to recruit 36 total participant spots (while we expect 18 of the 36 to actually participate). We expect the contact time for recruiting the 360 taxpayers to be 2 minutes (12 burden hours). We also anticipate 5 minutes for the screening and scheduling of 36 participants (3 burden hours). For focus group participants, total participation time in focus groups is 60 minutes. The time burden for participants is  $18 \times 60 = 1,080 / 60 \text{ minutes} = 18$  burden hours.



## **18. Exceptions to Certification for Paperwork Reduction Act Submissions**

These activities comply with the requirements in 5 CFR 1320.9.

## **19. Dates collection will begin and end**

February 10, 2017 through May 15, 2017

## **B. STATISTICAL METHODS**

### **1. Universe and Respondent Selection**

Focus group participants will be solicited via phone from a list of IRS transcript requests within the past 14 months. For the third party stakeholder interviews, FMG will utilize its own social media outlets such as Facebook, LinkedIn, and Twitter to identify participants needed for the interviews. Recruitment via social media will be a viable option to obtain a range of industry professionals (such as FAFSA or mortgage company representatives).

### **2. Procedures for Collecting Information**

For the first phase of the IRS W&I Transcript Feedback project, FMG will recruit participants for three focus groups to be conducted via telephone in order to understand taxpayer transcript needs. The three focus groups will include individuals who have previously requested transcripts and who are willing to share information about their experiences requesting transcripts. For each focus group, FMG will recruit 12 participants in order to ensure that each group has a minimum of six participants. If less than six participants arrive for their focus group, it will be rescheduled and FMG will increase recruitment efforts. The focus group will be designed to minimize burden on participants, with each session lasting 60 minutes.

Also for the first phase of research, FMG will recruit participants for 17 individual interviews with third-party stakeholders who require tax transcripts for various services. Each interview will also be conducted via telephone to understand transcript needs for the duration of an hour. These stakeholders will be recruited based on services in the following areas, but are not limited to: FAFSA, banking and mortgage brokers, services that require verification of income, Department of State, credit card companies, charities who require transcripts to establish need, and university and college financial aid employees.

A FMG (contractor) researcher will serve as the moderator for the focus group sessions, as well as the interview sessions. An additional researcher will serve as a note taker/scribe for the sessions.

### **3. Methods to Maximize Response**

The focus group and interview sessions will be limited to one hour in length, and the session topic will be clearly communicated to potential participants in order to maximize participation. Participants will be assured anonymity of their responses, thus being free to express their thoughts and opinions. An incentive is also provided to focus group and interview participants.

#### **4. Testing of Procedures**

Focus groups and individual interviews are established and tested qualitative research methods. Questions contained within the moderator's and interviewer's guides will be reviewed by Field Assistance to assure the included topics meet the stated project goals. Only minor changes to the moderator's and interviewer's guides are expected following submission of this supporting statement.

#### **5. Contacts for Statistical Aspects and Data Collection**

For questions regarding the study or the research and statistical methodology, contact:

Melissa Hayes  
Social Scientist  
W&I Strategies & Solutions  
Research Group 1  
[Melissa.M.Hayes@irs.gov](mailto:Melissa.M.Hayes@irs.gov)