

Free File Program Assessment Final Report - Appendix B: External Program Review Crosswalk

Recommendation Category	IRSAC Recommendations (Publication 5316 (11-2018) Catalog Number 71824A, dated Nov. 2018)	Taxpayer Advocate Service (2018 Annual Report to Congress — Volume One)	MITRE Findings	MITRE Recommendations
Goals, Objectives, Performance Metrics	<p>Reevaluate and develop short- and long-term goals, objectives and performance metrics for the Free File program specifying what the IRS wants to accomplish through the program and the renewal of the MOU.</p> <p>Develop metrics for increased oversight of the Free File program and for FFA Members' compliance with the MOU.</p>	<p>Develop actionable goals for the Free File program, including targeted-use percentages, prior to entering into a new agreement with Free File, Inc.</p>	<p>The IRS and FFA have not revisited the objectives of the program since its inception. The objectives (reflected in the MOU) are outdated and don't reflect leadership's current view of program success.</p> <p>The program objective of providing the venue for free tax filing for 70 percent of the population has been met. The e-filing objective has been met. No other metrics currently exist by which the program office can measure its performance.</p>	<p>MITRE recommends that IRS leadership, in collaboration with the FFA, define new program objectives and create metrics to determine the Program Office's performance against those objectives. Recognizing that the IRS and FFA will need to negotiate any formal changes to joint program objectives, MITRE recommends that IRS develop internal objectives and metrics that reflect its own priorities. While agreement between the IRS and FFA would be the ideal, translating priorities into objectives and metrics should not be contingent on that agreement.</p> <p>For example, according to IRS leadership, its focus for free file is less about target number of participants, and more about maximizing awareness to ensure people recognize it is a choice.</p> <p>Potential metrics could include:</p> <ul style="list-style-type: none"> • Number of companies participating, potentially targeting a specific market share • Actual number of Free File taxpayer candidate pool/participants (e.g., xx% of the DIY community minus RALs/RACs) • Metrics associated with compliance (e.g., offering parameters, etc.) • Awareness numbers (see additional recommendations) • Web analysis metrics (e.g., number of clicks on the Free File link on the IRS.gov home page, percentage of select keyword searches that bring taxpayers to the IRS.gov landing page, etc.)
Program Management	<p>Develop more robust processes for reviewing best practices of the FFA and its Members to ensure fairness, objectivity and transparency. One way to achieve this goal is through an annual independent audit of each Member of the FFA.</p> <p>Develop standards for frequently and actively checking on FFA Member websites during the filing season, including most importantly logging in as a taxpayer and going through the filing process on each FFA Member's Free File website.</p> <p>Expand the annual audit requirements of FFA Members with a process that is objective and transparent, including a third-party audit of each Member. The IRSAC understands that the FFA currently engages a private sector auditor to review FFA Members' compliance with the terms and conditions of the program. However, the IRSAC also understands that this auditor's review and findings are not shared with the IRS, Congress or the public.</p>		<p>There appears to be little understanding that the Free File program is unlike other IRS programs in that it is a Public-Private Partnership and as such, IRS does not have complete control or oversight.</p> <p>Because the Free File program is a PPP, and not a paid contractual relationship, it must work collaboratively with industry on oversight of the program</p> <p>IRS program office conducts member web site reviews, evaluates member offer coverage and monitors member acceptance rates, while working closely with FFA to address, document, and resolve any identified or potential compliance breaches.</p> <p>IRS's existing agency governance of the Free File program effectively allows the program to fulfill the IRS's currently articulated goals for the program.</p> <p>While the program office does not have updated, measurable objectives for internal agency performance, its shared oversight of member compliance strictly follows the provisions of the MOU and meets joint program objectives.</p>	<p>MITRE recommends that a health assessment of the PPP become part of the overall metrics for the Free File program, using a generally accepted framework provided by external sources, such as that used by MITRE in this assessment.</p> <p>MITRE further recommends that the IRS Free File Program Office incorporate talking points addressing the unique nature of the PPP in terms of joint governance and the value a PPP provides to all partners as central themes when addressing critics or publicly discussing the program to help address this lack of awareness.</p>
IRS General Website Changes	<p>Increase communication on the IRS website to clarify when a taxpayer is leaving the IRS website and being sent to the landing page of FFA Members' Free File website.</p> <p>(viii) Increase visibility on the IRS website for Free File options, including after April 15. The increased visibility should include reference not just to the Free File program and free fillable forms, but also to other free e-filing alternatives sponsored by the IRS, including the Volunteer Income Tax Assistance (VITA) program.</p>		<p>MITRE conducted a complete heuristic assessment of the Free File website and members websites, and a usability assessment with Free File users. Both assessments found that improvements could be made to improve the user experience (See Section 5 of Free File Program Assessment Final Report).</p> <p>Overall on the landing page, the software offer descriptions and Lookup Tool appear intimidating and overwhelming. The landing page and Software Offers pages are text-heavy, difficult to scan, use unfamiliar tax jargon and does not clearly present the next step to users. On the landing page, the primary call to action to the Free File application is hard to find and misleading. The call to action is hidden below the fold and clicking on the button does not start the filing process for users. The eye is drawn equally to "Start Free File Now" and "Start Fillable Forms Now," and the two are not visually presented as a list rather than as options to compare. The eye is drawn equally to "Start Free File Now" and "Start Fillable Forms Now," and the two are not visually presented as a list rather than as options to compare.</p> <p>The Lookup Tool has room for improvements in usability. Common issues included taxpayers not noticing the Lookup Tool, not understanding its purpose, and committing errors on EITC eligibility.</p> <p>Errors on the Lookup Tool result in vendors returned that taxpayers may not be eligible for; taxpayers might only discover this down the road when they are midway through completing a tax return. Incorrectly selecting "yes" for EITC eligibility in particular causes more results returned from the Lookup Tool than are accurate.</p>	<p>A complete list of recommendations to improve usability and the user experience on IRS.gov is provided in the Taxpayer Experience Results Report (Appendix G) and taxpayer journey supplemental materials (Appendix F). While usability-specific, these recommendations complement the program-level recommendations above and as such may be repetitive.</p> <p>Recommendations include, but are not limited to:</p> <ul style="list-style-type: none"> • Standardize how Free File is referenced on IRS platforms and communications • Take steps to increase ease of understanding eligibility requirements • Ensure that taxpayers understand that determining eligibility for a software offer is ultimately their responsibility • Recommend best practices to increase usability of members' tax preparation software systems • Conduct research on the usability taxpayer access and use of the Free File system • Conduct research on Free File awareness, attending to different demographic groups' awareness • Eliminate or change the EITC eligibility question in the lookup tool and on the software offers page <ul style="list-style-type: none"> o If the IRS stated on the Free File site that all taxpayers eligible for EITC are eligible for Free File, the question could be removed from the tool. MITRE recognizes this would be a topic for negotiation between the IRS and FFA because of how that could impact some companies' appearance in the tool. o If the IRS chooses to leave EITC in the lookup, MITRE recommends linking the question to the EITC eligibility tool, but ONLY after conducting usability testing on the EITC eligibility tool and addressing the results.
LookUp Tool	<p>Create additional questions on the IRS Free File landing page, "Software Lookup Tool," to more precisely ascertain taxpayers' eligibility for each FFA Member's Free File offerings and to help avoid situations where taxpayers begin the tax filing process only to find out they do not qualify for the "free" filing.</p>	<p>Redesign the Free File Software Lookup Tool to better direct taxpayers to software providers that best meet their circumstances.</p>	<p>See above</p>	<p>See above</p>
Free File Program Offers	<p>Explore the benefits of mandating that FFA Members offer free state returns for all users, either with the FFA Member or a free state e-filing alternative. Also explore the potential impacts such a mandate might have on Member participation.</p>	<p>Provide Free File Fillable Forms and Software options for English as a Second Language</p> <p>Allow Free File Members to provide services to all taxpayers as a part of its next operating agreement instead of capping the percentage of eligible taxpayers each software provider can cover.</p>	<p>The FFA is obligated to provide Free File to eligible taxpayers through individual commercial sites such that, when taken in aggregate these services are offered to the lowest 70 percent of the taxpayer population, calculated using AGI. Moreover, the MOU requires that each company must offer services to at least 10 percent of total eligible taxpayers but to no more than 50 percent of taxpayers ("10/50 rule")—a requirement set to level the playing field for smaller providers.</p> <p>While the 10/50 rule has been (and may continue to be) beneficial to FFA members to ensure equity, it's possible that it has outlived its usefulness. MITRE did not have adequate time, nor was it within scope, to do an analysis of how the 10/50 rule impacts Free Filed returns. However, from a taxpayer perspective, the different company offerings create confusion as a taxpayer navigates the various choices.</p>	<p>MITRE recommends the partnership conduct an analysis/study of the 10/50 rule. This could include a market study of the members to help understand the economic incentive, a small pilot to determine the business impact of removing the rule; a consideration of whether differing rules for the two large companies would benefit or create inequity; and/or an in-depth data analysis of how the different offerings have impacted members' free file numbers.</p> <p>Even if the rule is not changed, MITRE recommends simplifying the display of members' offering to reduce taxpayer confusion.</p>

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Outreach and Advertising	<p>Limit third-party advertising on FFA Member Free File sites. Currently, some FFA Members permit third-party vendors to advertise services on the FFA Member's Free File website while taxpayers are going through the tax-filing process. Such activity is confusing and potentially misleading depending on the content of the advertising.</p> <p>Require the FFA to spend a certain percentage of its membership dues for advertising and promotion of the program.</p>	<p>(v) Prepare an advertising and outreach plan to make taxpayers, particularly in underserved communities, aware of the services available through the Free File program.</p>	<p>The IRS has collected demographics data on users of Free File and migration data of those users, but they do not have demographics data of the potential pool of Free File users. This data would be helpful in targeting outreach. (see Section 4.1).</p> <p>The total population pool of 103 million taxpayers who are eligible may not represent an accurate picture of the pool of taxpayers who are candidates for Free File.</p> <p>Taxpayers make choices that take them out of the candidate pool. About 9 percent of taxpayers who have not taken themselves out of the candidate pool by (for example) using a paid preparer or choosing a RAC or RAL, use Free File (not taking into consideration those who choose free commercial offerings) There is no consensus on what would be an acceptable number.</p> <p>While each individual member receives customer feedback in various ways for their own Free File product, the IRS has not conducted a customer survey since 2009.</p> <p>The IRS has no access to data that would indicate whether a DIY filer paid for a return or received a free commercial offering. As the issue is whether a low-income taxpayer has to pay for filing, knowing how many taxpayers receive free filings either through Free File or a commercial product would give the IRS a better understanding of their target markets.</p> <p>Leadership acknowledged that the number of returns submitted through Free File have not increased in the same way that e-file numbers have and articulated a goal of increased awareness. The last awareness study was conducted in 2011.</p> <p>Paid advertising yields results. In MITRE's web analysis of those searching for free tax filing, an estimated 85 percent of the traffic followed a paid search result to member sites, while the other 15 percent of visits to member sites came from an organic search result. Searchers were more than five times likely to click on a paid search result.</p>	<p>MITRE recommends the IRS conduct data analysis of the demographics of the population who are prime candidates for Free File but not using it.</p> <p>MITRE recommends the IRS conduct a taxpayer behavior study to better understand the factors involved in a taxpayer's choice of filing methods. Understanding taxpayer motivation and choices could help determine what would be an acceptable Free File number, if a number is needed at all. This aligns with the IRS-related priorities of the internal MITRE research program and will be proposed for a future research project.</p> <p>MITRE recommends the IRS conduct a customer survey of Free File users specifically to the IRS experience of Free File (not the software they filed their return through) to use as a baseline and create an online survey for users to capture continuous feedback.</p> <p>MITRE recommends, that in the spirit of transparency, the IRS propose the industry to use an indicator on free commercial filings</p> <p>Or</p> <p>MITRE recommends the IRS request that FFA provide them the aggregate number of taxpayers who file their taxes using free commercial products each year. When developing metrics, this could help with understanding a more accurate picture of the population of the Free File candidate pool.</p> <p>MITRE recommends the IRS commission an awareness study to baseline taxpayer awareness of Free File, specifically of targeted demographics determined in the prior recommendation.</p> <p>MITRE further recommends, based on the results of this study—and other recommended research—the IRS conduct a targeted awareness campaign to the desired Free File demographics, and include other IRS-sponsored venues such as low-income tax clinics (LITCs) and VITA sites, including IRS' own website.</p> <p>MITRE recommends the IRS conduct a cost-benefit analysis to determine whether to purchase paid advertising to reach taxpayers searching for free tax filing. We recognize the IRS may have to seek statutory authority and budget-specific funding for such advertising if it was deemed beneficial.</p>
Taxpayer Experience and Satisfaction	<p>Require that Free File users returning directly to FFA Members' websites the following year (and not through the IRS website) can be directed easily to (and in fact can reasonably reach) FFA Members' Free File websites.</p> <p>Every year, provide all Free File users (including those who do not successfully complete a return) the option to complete customer satisfaction surveys pertaining to their experience using Free File.</p> <p>Share high-level statistical information between the IRS and each FFA Member, particularly conversion rates, to assist in measuring taxpayer experience with the program as well as the overall success/failure of the program.</p>	<p>Work with TAS to create measures evaluating taxpayer satisfaction with the Free File program and test each return preparation software's ability to complete various forms, schedules, and deductions.</p>	<p>During site visit interviews, MITRE confirmed member compliance with Section 4.14 of the MOU, which indicates returning Free File users must be given a first option to return to the Member's Free File offer before receiving any other alternative choices.</p> <p>From 2006 through 2009, the FF program conducted a Free File Customer Satisfaction Survey, utilizing the firm Russell Research. This telephone survey of a nationally representative sampling of Free File users provided the program with insight into users' perceptions of Free File and areas for program improvement. The survey provided information not available from IRS data routinely collected and enabled a more in-depth understanding of the Free File customer experience.</p>	<p>MITRE recommends the IRS conduct a customer survey of Free File users specifically to the IRS experience of Free File (not the software they filed their return through) to use as a baseline and create an online survey for users to capture continuous feedback.</p>
Free File Fillable Forms		<p>Improve the capabilities offered to taxpayers through Free File Fillable Forms, including:</p> <ul style="list-style-type: none"> a. Linking from IRS form instructions to related IRS publications; b. Providing increased guidance for common areas of taxpayer confusion; c. Ensuring taxpayer's abilities to download, save, and print all forms with troubleshooting assistance; and d. Creating a dedicated email where taxpayers can get help when experiencing technology glitches. 	<p>Free File Fillable Forms were not within the scope of the MITRE assessment.</p>	<p>Free File Fillable Forms were not within the scope of the MITRE assessment.</p>
General		<p>If the above recommendations are not substantially adopted, discontinue the Free File program and create an improved electronic free fillable forms program including the features described in Recommendation 7 (directly above).</p>		