The **Right** Approach for IRS Test Development

Background

The Internal Revenue Service (IRS), an agency of the U.S. Treasury Department, is one of the world's most efficient tax administrators. Its mission is to provide America's taxpayers quality service by helping them to understand and meet their tax responsibilities and enforce the law with integrity and fairness to all. IRS recently stepped-up its oversight of federal tax return preparers in a two-part initiative to boost improved service for taxpayers, increase confidence in the system and yield greater compliance with tax laws:

+ In 2010, mandatory registration and issuance of Preparer Tax Identification Numbers (PTINs) were instituted.

+ In 2011, a new competency exam for return tax preparers was launched.

Challenge

Because the IRS was now requiring several hundred thousand paid federal tax return preparers to satisfy certain competency standards and pass a competency exam to officially become a registered tax return preparer, it faced several critical challenges. It first needed to design, develop and publish the new exam. Additionally, the agency needed to ensure that the exam would be securely delivered. And lastly, the development and initial roll out of the new program had to be done in six months.

Strategy

With a complete end-to-end solution, Prometric was awarded a five-year contract to develop and administer the IRS' new competency examination and fingerprinting program. As part of its test development support, Prometric was responsible for conducting job analyses, using subject matter experts (SMEs) from both the IRS and preparer communities to ascertain the capabilities and necessary knowledge for return preparers.

The critical foundation for developing any test is the number and quality of SMEs available to participate in various steps of the process. Reaching out to contacts in the tax industry, Prometric recruited 608 SMEs, of whom, roughly 250 were selected to reflect key stakeholders and the demographics of the population to be tested — CPAs, tax attorneys, enrolled agents and employed and independent tax return preparers. The abundance of SMEs allowed Prometric to pre-plan and pre-schedule job analysis, item writing, item review and standard-setting workshops with SMEs whose schedules fit the demands.

Solution

A Job Analysis Task Force was created, consisting of 17 of these SMEs, to identify the tasks, knowledge and cognitive skills important for competent tax return preparers. The tasks, knowledge and skills were rated and

IRS Fast Facts:

Location: Washington, DC

Challenge: To develop and deliver a highly secure competency exam for an estimated 500,000 candidates around the world for the first time ever— all within an aggressive six-month rollout time frame.

Outcome: With aggressive SME recruitment, online item authoring workshops and rapid item review sessions, a 90% approval rate and a 33% increase in overall productivity were realized.

validated by an electronic survey sent to roughly 740,000 return tax preparers registered with the IRS. In a short six days, 59,000 responses were received, and based on the Job Analysis survey findings, test specifications (a test blueprint) was developed, reviewed/refined and approved so that item writing could begin.

After being provided with web-based orientation and training on Prometric's proprietary item banking system, a total of 28 SMEs were convened in an item writing workshop where they authored items online, directly into Prometric's item bank management system. This allowed editors back at Prometric to access all newly-written items for editing on a rolling basis so that editing could be done concurrently with the workshop itself. A total of 1408 new items were authored and edited, and item writing targets were met for all seven required content domains included in the test blueprint.

The next critical step was to have all items reviewed by groups of other SMEs — a "fresh-eyes" review and refining of the newly-written items. With a pool of 160 new SMEs, less than a week after the item writing workshop concluded, a daily series of three-hour, web-based item review sessions began, kicking off what would be a total of 52 sessions in all. SMEs in groups of six or seven, led by a Prometric test developer displaying items in Prometric's item bank system, reviewed and refined items to keep or delete because of flaws or inappropriate level of difficulty.

Outcome

With 40-45 items being reviewed on average during each session, the new items fared well during the reviews, with 90% being refined and approved as opposed to the 80% "keep rate" originally projected. The efficient process accelerated the pace of the reviews, too, resulting in a 33% increase in productivity.

As items emerged from the review sessions, batches of items were rolled on a daily basis to both the IRS Counsel's Office for technical reviews and to the Prometric publishing team to format, giving the publishers a jump start on building the large bank of items for the eight fixed test forms to be assembled for initial testing.

Other critical steps include the psychometric analyses of the items and test forms, deletion of any items performing outside of acceptable statistical parameters, and use of the data to inform Standard-Setting Task Force recommendations on the appropriate cut score for the new exam. Because of the high projected testing volume, the number of test items needs to be large enough to produce sufficient fixed forms to support secure delivery. To address these concerns, Prometric 's psychometricians calibrated items for launch of a second phase of the test design, using Linear-on-the-Fly Testing (LOFT) and an immediate scoring component.

Find Out More

Learn more about our *Test Development and Delivery Solutions* by visiting **www.prometric.com** or by calling toll-free **1-855-855-2241**.