



March 8, 2007

INVITATION TO SUBMIT LETTERS OF INQUIRY

Field Experiments Conducted in Collaboration with The LMI Policy Research Institute by H&R Block

We invite you to submit a letter of inquiry as part of a competitive proposal process for the newly formed LMI Policy Research Institute by H&R Block.

1. Purpose of the Institute

The LMI Policy Research Institute (the “Institute”) is a continuation of the work H&R Block has done over the last three years through its policy-relevant research initiatives focused on low- and moderate-income families.¹

More specifically, the Institute will manage and implement policy-relevant research interventions in and through H&R Block offices that promote asset building among low- and moderate-income families. The Institute will do this by focusing on a range of policy issues, including, but not limited to, earned income credits and labor supply, savings and means-tested government benefits.

2. Criteria for Selection of Proposals

The Institute will select, manage and implement interventions based on the following criteria:

- a) ***Focus on Low- and Moderate-Income Families.*** The intervention must either focus on or have specific application to low- and moderate-income families, hereafter referred to as “LMI.” Generally, and subject to variable cost-of-living among urban and rural areas in the United States, we define LMI families as those with an Adjusted Gross Income of \$35,000 or less.
- b) ***Nationally Scalable.*** The study (and the interventions contained in them) must be replicable on a national scale. The intention is that, should the intervention(s) prove successful, it potentially could be implemented nationwide in a variety of federal and/or state-based policies.
- c) ***Focus on Public Policy.*** The areas of policy focus include, but are not necessarily limited to, saving and wealth accumulation, effects of means-tested government benefits and labor supply.

¹ For more information on past and existing research initiatives, see Exhibit A (“Summary of Existing LMI Research Studies”).

- d) ***Provides New Policy-Relevant Information.*** The study and intervention(s) should help resolve a new policy-relevant question. Note that “new” is the operative word in this criterion, as the Institute will not pursue topics that have been extensively studied (except to the extent that existing knowledge regarding an issue is susceptible to scrutiny).
- e) ***Ability to Influence Important and Timely Policy Debates.*** The results of the intervention should help to influence important and timely policy debates. Given two otherwise similar interventions, the one that is more likely to be the subject of substantial policy interest in the near- to medium-term will be preferred.

3. Implementation and Management of the Study/Intervention

The Institute will manage and implement the study/intervention with significant input from the research team. The Institute will set forth the project management plan for implementing the research design. Project management of the study will include weekly calls (starting in May 2007 through December 2007), where members of the Institute and the research team finalize the research design and specifically define and plan the implementation of the study in Block offices. Other aspects of project management where the research teams will be intimately involved, include refining the research design so that it fits within the Block retail office context, defining and implementing IT requirements and testing, development of marketing materials and focus groups and/or usability testing with tax professionals to obtain early feedback from the Block field regarding the study.

4. Expected Deliverables for Selected Proposals

Should the Institute accept and subsequently implement the study/intervention of a research team, the research team is expected to deliver the following:

- a) Within one week of receiving notification that the Institute has selected a research project, each member of the research team will execute and deliver to the Institute a Non-Disclosure Agreement, a copy of which is attached hereto as Exhibit B;
- b) A draft of the results of the study within three months after the research team receives from the Institute the final and complete data for analysis;
- c) A non-exclusive working paper to the Institute within two months from delivery of the draft results. If sample size or other factors prohibit the research team from producing a working paper, the research team is expected to document the reasons why analysis of the data prohibits delivery of the working paper; and
- d) A policy brief (approximately 6-7 pages) based on findings in the working paper, delivered to the Institute within two months from the Institute’s notification to the research team that the working paper contains no information proprietary to H&R Block. As set forth in the Non-Disclosure Agreement (and other than the protection of H&R Block’s proprietary information), the research team will have full discretion regarding final delivery and content of the non-exclusive working paper.

5. Selection Process

The selection process will consider numerous factors, namely (a) whether the research proposal is consistent with the research criteria set forth in Section 2, *supra*, (b) the level of Institute, Block and research team resources necessary to implement the study in a high-quality and timely manner, (c) probability of addressing and resolving all human subject research and other privacy-related regulatory issues, (d) the research team's ability to procure adequate funding for its own time for design and analysis, in addition to some level of funding for implementation² and (e) the extent to which a third party's participation is necessary for successful implementation of the study and whether the research team can obtain a letter of intent from such third party (or third parties), where the letter of intent satisfies the requirements set forth in Exhibit C.³

The selection process will be managed by the Institute, with assistance from an external and independent Advisory Board comprised of academics with expertise in subject-matter areas including, but not limited to, (a) economics (generally), (b) taxation and tax policy and reform, (c) behavioral psychology, (d) savings policy, (e) means-tested government benefits, (f) consumer finance and (g) education policy.

Note that the Institute anticipates that at least two of the experiments currently in-field in Tax Season 2007 will continue for Tax Season 2008 and possibly beyond. Those studies and the related Letters of Inquiry, however, will be subject to the same scrutiny as other proposals responding to this invitation.

Of the Letters of Inquiry and Full Proposals the Institute receives, approximately 5-6 ultimately will be selected for implementation in Tax Season 2008 and beyond, based on the firm timeline in Section 6, *infra*. More specifically, the selection process will involve (a) review, evaluation and analysis of each Letter of Inquiry, (b) notification to those research teams who will be invited to submit a more detailed Full Proposal, (c) review, evaluation and analysis of each Full Proposal and (d) notification to the research teams whose Full Proposals have been selected for implementation in TS08 and beyond.

6. Letters of Inquiry

As set forth in more detail in Exhibit C ("Requirements for Letters of Inquiry"), Letters of Inquiry must specify the framework of the proposal, detail the elements of the experimental design and provide all relevant experience of the each member of the research team. We welcome and encourage researchers and research teams to submit numerous (but separate) Letters of Inquiry, if they so choose. The Letters of Inquiry should be submitted via electronic mail to sandra.chuning@hrblock.com.

² Discussed in more detail in Exhibit C ("Requirements for Letters of Inquiry"). Note that the Institute does not reasonably expect research teams to procure funding before submitting a Letter of Inquiry. The Institute simply wants research teams to be aware that researcher time must be funded by a source other than the Institute.

³ As set forth in Exhibit C, delivery of the Letter of Intent from third party entities is not due until a proposal reaches the next stage in the selection process, where the Institute invites select research teams to submit a full proposal.

7. **Timeline for Selection Process**

- | | |
|----------------------|--|
| April 6, 2007 | Deadline for receipt of Letters of Inquiry
Requests for Full Proposals will be distributed via electronic mail on
or before <u>April 13, 2007</u> |
| May 4, 2007 | Deadline for receipt of Full Proposals |
| May 16, 2007 | Notification of Selection |

The Institute looks forward to receiving your Letter(s) of Inquiry. In the meantime, please contact me directly with any questions either via e-mail at jeremy.white@hrblock.com or telephonically at (816) 854-4760.

Best regards,



Jeremy E. White
Executive Director
LMI Policy Research Institute