

Industrial Funding Fee Reports

A confirmation prompt reduces financial self-reporting error

Agency Objective. Reduce financial self-reporting errors using a redesigned data-entry form.

Background. Federal vendors are required to pay a fee, called the *industrial funding fee* (IFF), currently set at 0.75 percent of quarterly sales on certain transactions.⁶³ The size of the IFF payment is determined from self-reports submitted via a website (<https://72a.gsa.gov/>). In fiscal year 2013, the General Services Administration (GSA) collected approximately \$269 million in IFF across roughly 47,000 transactions.

The GSA introduced a confirmation prompt as part of the IFF data-entry form in order to reduce financial self-reporting errors. Research has shown that inserting a confirmation prompt, where the user signs his or her name confirming the accuracy of the self-reported statements, reduces self-report errors if done at the beginning of a form; prompts at the end of a form seem to have no effect.⁶⁴

Methods. The randomized controlled trial was fielded during the third reporting quarter of 2014, where vendors ($n = 18,477$) were randomly assigned to use either: (a) the existing reporting system (control); or (b) a modified interface (treatment), redesigned to include an opening signature box confirming, “I promise that the information I am providing is true and accurate.” Administrative data on paid IFF provided the primary outcome measure.

Results. The median self-reported sales amount was \$445 ($p < 0.05$, 95% CI [87, 803]) higher for vendors signing at the top of the form compared with those vendors who were not required to make this confirmation. The increase in IFF remittances in the treatment group in just the third quarter of 2014 was \$1.59 million.

Conclusions. Confirmation prompts at the beginning of a form are a promising approach to reducing financial self-reporting errors, especially given the near-zero marginal cost to implement.

I promise that the information I am providing is true and accurate (typed signature)

Schedule	SIN	Control No	Quarter Ending	Sales Amount
072	722 08	200929888721	09/30/2013	\$ 0 <input type="text"/>
072	722 08RC Disaster Recovery	200929888490	09/30/2013	\$ 6000 <input type="text"/>
072	722 98	200929888720	09/30/2013	\$ 0 <input type="text"/>
072	722 98RC Disaster Recovery	200929888489	09/30/2013	\$ 4500 <input type="text"/>

⁶³Multiple Award Schedule contracts are subject to the IFF. For general background information on the IFF, see: <https://72a.gsa.gov/ifffaq.cfm#01>

⁶⁴Lisa L. Shu, Nina Mazar, Francesca Gino, Dan Ariely, and Max H. Bazerman, “Signing at the Beginning Makes Ethics Salient and Decreases Dishonest Self-Reports in Comparison to Signing at the End,” *Proceedings of the National Academy of Sciences* 109 (2012): 15197–15200.