

Justification
Gross Earnings Report
RRB Form BA-11

1. **Circumstances of information collection** - To carry out the financial interchange provisions of section 7(c)(2) of the Railroad Retirement Act (RRA), the Railroad Retirement Board (RRB) obtains annually from railroad employers the gross earnings for their employees on a one percent basis, i.e., 1% of each employer's railroad employees. The gross earnings sample is based on the earnings of employees whose social security numbers end with the digits "30." The gross earnings are used in the computation of the Financial Interchange with the Social Security Administration and the Centers for Medicare and Medicaid Services.

The financial interchange between the railroad retirement and social security systems was established by the 1951 amendments to the RRA and was made retroactive to January 1, 1937. The purpose of the financial interchange between the railroad retirement and social security systems is to put the social security (OASDHI) trust funds in the same position they would have been had railroad employment been covered under the Social Security Act since its inception.

The procedures pertaining to the RRB's collection of gross earnings information needed to carry out the financial interchange provisions of the RRA are contained in 20 CFR 209.13.

2. **Purposes of collecting/consequences of not collecting the information** - Gross earnings information is essential in determining the computations involved in the financial interchange with the Social Security Administration and the Centers for Medicare and Medicaid Services. Besides being necessary for current financial interchange calculations, the gross earnings file tabulations are also an integral part of the data needed to estimate future tax income and corresponding financial interchange amounts. These estimates are made for internal use and to satisfy requests from other government agencies and interested groups. In addition, cash-flow projections of the social security equivalent benefit account and railroad retirement account and cost estimates made for proposed amendments to laws administered by the RRB are dependent upon input developed from the information collection.

The instructions and formats for submitting the gross earnings reports are contained in the Office of Programs' "Instructions to Employers." Currently, employers report gross earnings by means of computer prepared tapes or diskettes, or by completing a Form BA-11, Report of Gross Earnings manually. Form BA-11 is similar to Form BA-3a, *Annual Report of Creditable Compensation*, OMB No. 3220-0008.

Form BA-11 contains a one line entry for each employee, showing the employee's social security number, name and gross earnings amounts on an annual, quarterly or monthly basis. The top portion of the form contains five information items requesting pertinent employer and report identifying information. Instructions for completing Form BA-11 are on the reverse side of the enclosed draft form.

All Form BA-11 reports of gross earnings, whether on paper, diskette or, magnetic tape should be accompanied by Form G-440, *Report Specification Sheet*. Railroad employers are required to submit gross earnings reports annually. However, employers with more than 5,000 employees must show a monthly or quarterly breakdown of the year's earnings. Annually, a

circular letter of reminder is sent to each employer. The burden statement relating to the estimated completion time for the BA-11 and instructions for submitting manual gross earnings reports or electronic equivalent BA-11's are contained in this circular letter. A proposed circular letter for 2008 that includes the required Paperwork Reduction Act information for electronic equivalent BA-11's is included as part of our IC.

Under the Railroad Retirement Solvency Act of 1983, sickness payments became creditable as compensation. Railroad employers are asked to include the sickness payments with other compensation in gross earnings reports.

Consistent with changes being proposed to RRB Employer Reporting forms in proposed collections 3220-005, 3220-008, 3220-0173, the RRB proposes the following changes to Form BA-11.

- Expand the employee's name field/item to 20 characters for the surname and 15 characters for the first name. The middle initial follows the first name and remains at 1 character. This change is being made for consistency with other RRB reporting forms and processes. It will also improve data maintenance and exchange between the RRB, employers and other users of the information collected.
- Expand the year field from two to four positions to include the century e.g. the current year will be represented as "2007" rather than "07" This change is being made for consistency with other RRB forms and processes as well as to conform to data processing standards established in 2000.
 - Specifically, the following items will be changed on the manual paper form BA-11.

Item 1	Year	Expands to four digits for
CCYY		
Item 5b	Other Name, if any	Adds an employer name field
Item 7	Employee Name	Expands first and last name

The corresponding data fields will be expanded on the electronic equivalent Form BA-11 which is currently reported on magnetic tape cartridge, CD-ROM/diskette, in the prescribed format.

- The RRB proposes the implementation of two additional electronic equivalent options to submit BA-11 information - secure E-mail and File Transfer Protocol (FTP). A proposed Program Letter that explains the Secure E-mail and FTP process, contains the proposed file layout, and includes the required PRA-related notices has been developed and is included with the RRB's IC.

NOTE: The RRB will now require BA-11 negative responses to be accounted for with the filing of proposed RRB form G-440, Reports Specification Sheet. (Previously a letter, E-mail from an employer, or current Form G-440 was considered to be an acceptable negative response. Current Form G-440 (or earlier versions) has been in use by the RRB for decades and has been included as an exhibit with this information collection and other BA-related information collections approved by OMB over that timeframe.

Upon revision and further review, the RRB is proposing the implementation of G-440 as a public-use form. Proposed Form G-440 will be used as a certification for all RRB BA-series

Employer Reporting Forms and is being submitted for approval simultaneously with proposed RRB information 3220-0008. Certification/negative responses will be accounted for in collection 3220-0008.

In addition to the required review under the Paperwork Reduction Act, all of the aforementioned changes proposed to Form BA-11 (and electronic equivalents) were reviewed by staff from the RRB's Office of General Counsel, Office of the Inspector General (OIG), and RRB computer security staff and found to be acceptable. Subsequently, the proposed BA-11 and electronic equivalents were reviewed and approved for use (pending OMB approval) by the RRB's Board Members.

3. **Planned use of improved information technology or technical/legal impediments to further burden reduction** – The RRB is proposing two additional methods of electronic submission (secure E-mail and File Transfer Protocol (FTP)) for Form BA-11 information.
4. **Efforts to identify duplication** - This information collection does not duplicate any other information collection.
5. **Small business respondents** - N.A.
6. **Consequences of less frequent collection** - N.A.
7. **Special circumstances** - N.A.
8. **Public comments/consultations outside the agency** - In accordance with 5 CFR 1320.8(d), comments were invited from the public regarding the information collection. The notice to the public was published on page 46253 of the August 17, 2007, Federal Register. No comments pertinent to the information collection were received.

9. **Payments or gifts to respondents** - None
10. **Confidentiality** - Privacy Act System of Records, RRB-29, Railroad Employees' Cumulative Gross Earnings Master File-RRB. In accordance with OMB Circular M-03-22, a Privacy Impact Assessment for BA-11, Gross Earnings Report information was completed and can be found at http://www.rrb.gov/pdf/PIA/PIA_EE_FI_BA-11_10-1-2007_public.pdf
11. **Sensitive questions** - N.A.
12. **Estimate of respondent burden** –The gross earnings reports are required annually from all employers reporting railroad service and compensation. There are approximately 635 railroad employers who presently report gross earnings to the RRB. Most large railroad employers include their railroad subsidiaries in their gross earnings reports. This results in the RRB collecting less than 635 earnings reports. Also, there are a large number of railroad employers having work-forces so small they do not have employees with social security numbers ending in “30.” There are an estimated 305 such employers in this category who currently file “negative” BA-11 responses to the RRB.

Overall, on an annual basis, the RRB receives an estimated 168 “positive” responses (a completed BA-11). A breakdown of the estimated 168 responses by reporting media are shown in the subsequent table under “estimated reporting burden”.

A breakdown (by media) of the **current OMB approved reporting burden** is as follows:

Form#/Media type	Annual Responses	Time	Burden(Hours)
BA-11 (magnetic tape)	8	5 hours	40
BA-11 (diskette/CD-ROM)	76	30 minutes	38
BA-11 (manual form)	77	30 minutes	39
BA-11 (Negative Responses)***	338	15 minutes	85
Total	499		202

A breakdown (by media) of the **estimated reporting burden** is as follows:

Form#/Media type	Annual Responses	Time	Burden(Hours)
BA-11 (magnetic tape ** file transfer protocol)***	5	5 hours	25
BA-11(diskette/CD-ROM)**	46	30 minutes	23
BA-11 (manual form) *	57	30 minutes	29
BA-11 (secure E-mail)***	60	30 minutes	30
Total	168		107

* fillable, printable – no electronic submission

** fillable, fileable – no electronic submission

*** **fillable, fileable – can be electronically submitted**

Note: The RRB will now require BA-11 negative responses to be accounted for with the filing of proposed RRB Form G-440. (Previously a letter, E-mail from an employer, or Form G-440 was considered to be acceptable negative response). Proposed RRB Form G-440 will be used as a certification for **all RRB BA-series Employer Reporting Forms** and is being submitted for approval simultaneously with proposed RRB information collection 3220-0008. Certification/negative responses for BA-11's will be accounted for in collection 3220-0008.

	<u>Responses</u>	<u>Hours</u>		
Program Change			-338	-85
Adjustment				+7
	-10			
Total burden change		-331	-95_	

13. **Estimate of annual cost to respondents or record keepers** - N.A

14. **Estimate of cost to Federal government** - N.A.

15. **Explanation for change in burden**

- The overall estimated burden for this collection has been reduced in the amount of 338 responses and 95 burden hours. The largest part of the reduction (-338 responses and -85 burden hours) is due to the "negative" or "zero" reports being removed from the collection. As stated previously, the RRB will now require all negative responses to be accounted for by the filing of Proposed Form G-440. Proposed RRB form G-440 will be used as a certification for all BA-series Employer Reporting Forms and is being submitted for approval simultaneously with proposed information collection 3220-0008. Certification/negatives responses for all BA-11's will be accounted for in collection 3220-0008. We have shown the change associated with "negative responses"/G-440's as a program change.
- With recent consolidation and mergers, fewer railroads (5) (previously 8) are required to submit via computer tape (or proposed FTP) resulting in an additional overall burden decrease of -3 responses and -15 hours of burden. We have included this change in burden in our adjustment calculation.
- The RRB estimates that an additional 10 employers will utilize either the diskette or secure E-mail to submit BA-11 information resulting in an additional +5 hours of burden. We have included this change in our adjustment calculation.

16. **Time schedule for data collection and publication** - The gross earnings report is obtained annually from railroad employers. The summaries and tables pertaining to the calculations, based on the gross earnings reports submitted by the employers, are published annually in the publication "RRB-SSA-CMS Financial Interchange."

17. **Request not to display OMB expiration date** -The BA-11 is seldom revised. Given the costs associated with redrafting, reprinting, and distributing the form in order to keep the

appropriate OMB expiration date in place, the RRB requests authorization not to display the expiration date on the form.

18. Exceptions to certification statement – None