

**Supporting Statement for the
Social Security Number Verification Services
20 CFR 401.45
OMB No. 0960-0660**

A. Justification

1. Internal Revenue Service (IRS) regulations at 26 *CFR 31.6051* of the *Code of Federal Regulations* requires employers to provide wage and tax statements to employees and the Social Security Administration (SSA). Under IRS regulations employers are obligated to provide wage and tax data to the Social Security Administration using Form W-2 or its electronic equivalent. As part of this process, the employer must furnish the employee's name and their Social Security number (SSN). In order to record the information to the earnings record, the employee's name and SSN must match SSA's records.

In order to better assure that employers provide accurate name and SSN data that match SSA's records, SSA offers several methods for employers to verify the names and numbers of hired individuals. SSA offers a free and secure Internet-based service, known as the Social Security Number Verification Service (SSNVS), where the employer can verify if the reported names and SSNs of their employees matches SSA's records.

SSA also offers a service, Employee Verification Service (EVS), where employers can verify, via paper and telephone, if the reported name and SSN of their employees matches SSA's records. Finally, SSA will be adding a new automated telephone service (TNEV) through the 800 Number which will provide employers/third-party submitters the ability to verify up to ten names and SSNs of hired individuals through an automated telephone system.

SSA collects the SSN verification information in accordance with 5 *USC 552a (e)(10) of the Privacy Act of 1974*, which requires agencies to establish appropriate administrative, technical, and physical safeguards to ensure the security and confidentiality of records. Also, 5 *USC 552a (f) (2)&(3)* requires agencies to establish requirements for identifying an individual who requests a record or information pertaining to that individual and to establish procedures for disclosure of personal information. SSA promulgated Privacy Act rules in the *Code of Federal Regulations, Subpart B*. Procedures for verifying identity are at 20 *CFR 401.45*.

2. Currently, SSA receives over 2 million W-2Cs that are used to correct problems with original W-2s. Many of these W-2Cs deal with invalid name/SSN combinations. We believe that most of these W-2Cs are a direct result of the notices that SSA sends to employers informing them of

the names and numbers that they reported to SSA that do not match SSA's records. In 2006, SSA sent approximately 130,000 letters to employers who had at least eleven tax year 2005 items that did not match SSA's records.

Using SSNVS, EVS and TNEV will allow an employer to verify the name/SSN at the time of hire and should reduce the burden on the employer to produce W-2Cs. Using SSNVS decreases the error rate, reduces the number of notices sent by SSA to employers and lessens the burden on employers.

Data an employer supplies to SSA for verification that does not match SSA's records is annotated with a no match indicator and is returned to the employer. SSA will retain an audit trail of all supplied data. In addition, the data collected will be used as part of the continued evaluation of the SSNVS and EVS processes. None of the information provided will be used for any other purposes.

TNEV - The National 800 Number - Employer Verification (TNEV) automated telephone application will provide employers /third-party submitters who call the National 800 Number Network (N8NN) and the Employer Reporting Branch (ERB) the capability of using speech recognition technology to verify up to 10 employee SSNs. Only authorized callers for SSNVS will be able to use the automated telephone process.

During each interaction with the TNEV application, callers SSA will inform callers that they will be able to verify up to 10 SSNs. If employers/third-party submitters indicate that they wish to verify more than 10 employees' SSNs, the TNEV application will refer these callers to the SSNVS Internet site to verify SSNs online.

Authentication/Registration to use SSN Verification Services

SSNVS. To use SSNVS, an employer or third party must register through SSA's Integrated Registration for Employers and Submitters (IRES), OMB Control number 0960-0626. Once registered, the system uses the User ID and Password to verify the identity of the user, thus allowing them to use SSNVS and TNEV.

TNEV. The TNEV automated telephone application will have the same registration, authorization, authentication and verification processes as the SSNVS application (through the IRES system). Only callers who have successfully registered **and** activated the SSNVS role will be able to use the automated telephone process.

In addition, an attestation statement will be played that details the proper use of the application and will include the Federal Privacy Act Statement for third party submitters. The caller will then be required to certify they understand and agree with the statement before access to the application is granted.

TNEV will ask callers requesting SSN verifications several preliminary screening questions in order to determine if they can use the TNEV application. Subsequently, TNEV will prompt callers to provide their SSN, User ID and Password. Based upon the information provided by the caller, SSA systems will determine if the caller passed or failed authentication. Callers who fail authentication will be unable to proceed via automation and TNEV will offer the option of requesting assistance from an agent.

TNEV will prompt callers who pass authentication to provide the EIN for the company/organization that is verifying the names and SSNs, as well as the employee's SSN, First and Last Names, Date of Birth (optional) and Gender (optional). Subsequently, SSA will provide the appropriate response code per SSN verification request.

EVS. To participate in EVS an employer or third party must complete an EVS registration form and the form must be signed by a manager or authorized official of the company. The employer or third party must also sign and date a Federal Privacy Act statement. Once SSA processes the registration request, we return to the requestor an authorized Requester Identification Code. This code must be shown on the employers' paper submission and on any EVS correspondence with SSA concerning a change in address, contact person or telephone number. On phone requests, the SSA teleservice operator will ask a series of questions to verify the identity of the requestor.

3. This information complies with the Government Paperwork Elimination Act (GPEA). The requester transmits to SSA their User ID and Password over the Internet to access the SSNVS system. While using SSNVS, the registered user either keys the names and SSNs or they upload a file containing this data.
4. The nature of the information we collect and the manner in which we collect it precludes duplication. Generally, the employer submits information just once. The exception is if there is a discrepancy and the employer resubmits corrected information for verification.
5. There is no significant economic impact on a substantial number of small businesses. Many small businesses are interested in using the SSNVS

service because they believe it will save them time, effort and resources. The use of SSNVS, EVS and TNEV is purely voluntary.

6. Failure to provide the SSNVS and EVS services would deny employers the ability to verify employee SSNs, making it more difficult to provide correct W-2 information. In addition, SSNVS is a fast, convenient and secure service that saves time and effort when preparing and correcting W-2 forms submitted to SSA. Use of this service reduces phoning SSA, mailing in verification materials or visiting the SSA field office to obtain name/SSN information.

Failure to provide an automated telephone process for SSN verification requests will deny employers/third party submitters the option of using a quality-centered telephone electronic process. In addition, implementing the TNEV application will reduce agency costs by allowing employers and third-party submitters to use an electronic process without agent intervention. Lastly, the automated process will increase the Agency's ability to handle growing workloads with the current level of resources.

Since use of these systems is voluntary, we cannot collect the information less frequently. There are no technical or legal obstacles that prevent burden reduction.

7. There are no special circumstances that would cause this information collection to be conducted in a manner that is not consistent with 5 CFR 1320.5
8. We published the first Federal Register Notice on January 7, 2008 at 73 FR 1253 and SSA has received no public comments. We published the second Notice on April 21, 2008 at 73 FR 21400. We have not consulted with the public other than informal discussions with the employer community using these services. The response from employers for both EVS and SSNVS has been overwhelmingly favorable.

Informal discussions with those participating in SSNVS agree that the voluntary use of this Internet-based system saves significant time over the previously used telephone and list based methods of voluntarily checking for name/SSN matches for payroll reporting purposes. Furthermore, the early detection of name/SSN errors prevents the burden of needing to correct the data after the annual payroll reporting process is completed.

9. SSA provides no payment or gifts to the respondents.
10. The information requested is protected and held confidential in accordance with 42 U.S.C. 1306, 20 CFR 401 and 422, 5 U.S.C. (Freedom of

Information Act), 5 U.S.C. 552a (Privacy Act of 1974) and OMB Circular No. A-130.

11. The information collection does not contain any questions of a sensitive nature.
12. While the growth of SSNVS has been good, it is difficult to determine how many employers will eventually use the SSNVS system over the EVS or new TNEV systems. History has shown that the number of EVS verification calls to the Employer 800 number has decreased from about 1.1 million in 2003 to just over 800,000 in 2007. We anticipate continued growth of SSNVS with an accompanying decrease in EVS telephone calls.

Statistics for SSNVS usage for FY 2007 show that through 11/23/2007, 42,968 individuals have used the service a total of 2,252,867 times for an average use of 52.43 times. Therefore, the chart below reflects a revised estimated burden based on an estimated frequency of response of 60 instead of 120. We will continue to estimate the number of respondents to be 200,000 as SSNVS continues to grow. Listed below are the anticipated burden figures for SSNVS continued use:

<u>SSNVS Burden Hours Estimate</u>	
Number of Respondents:	200,000
Frequency of Response:	60
Average Burden	
Per Response:	5 Minutes
Estimated Annual	
Burden:	1,000,000 Hours

Usage of EVS in FY 2007 showed that the telephone use, the only portion for which we have statistics, showed that there were 801,369 verification calls, down from 913,833 for FY 2006. We anticipate a continued decline in EVS usage as additional respondents convert to SSNVS. We will continue to estimate up to 50,000 employers will use EVS. Based on prior usage, each employer will use EVS approximately 16 times that will take, on average, about 10 minutes per use.

EVS Burden Hours Estimate

Number of Respondents: **50,000**
Frequency of Response: **16**
Average Burden
Per Response: **10 Minutes**
Estimated Annual
Burden: **133,333 Hours**

Every year fewer respondents use EVS; therefore there is a continuing decline in the burden information for the EVS registration. New EVS users need only register for sending in paper listings, and that registration is a one-time occurrence. An estimated 50 respondents complete this one-time registration per year; however, that number is currently declining as users have either already registered, or prefer to register for the SSNVS Internet service. SSA estimates that it takes approximately two minutes to complete the EVS registration forms for a total estimated annual burden of two hours.

EVS One-Time Registration Burden Hours Estimate

Number of Respondents: **50**
Frequency of Response: **1**
Average Burden
Per Response: **2 Minutes**
Estimated Annual
Burden: **2 Hours**

The Agency currently does not have statistics as to how many employers call the National 800 Number to verify SSNs. However, we do know that the SSN verification requests constitutes 1.7% of our overall National 800 Number workload. We expect to have more concrete data as to the number of employers that will use the automated telephone application once the application is implemented.

TNEV National Implementation Burden Hours Estimate

Number of Respondents: 5,798
Frequency of Response: **60**
Average Burden
Per Response: **9 Minutes**

<p>Estimated Annual Burden: 52,182 hours</p>
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The information for all three of the above Verification Systems is listed on the chart below for reference:

Verification System	Number of Respondents	Frequency of Response	Number of Responses	Average Burden Per Response (minutes)	Total Annual Burden (hours)
EVS	50,000	16	800,000	10	133,333
EVS One-Time Registration	50	1	50	2	2
SSNVS	200,000	60	12,000,000	5	1,000,000
TNEV	5,798	60	347,880	9	52,182
Totals	255,848		13,147,930		1,185,517

The total burden is reflected as burden hours and no separate cost burden has been calculated.

- 13. There is no known cost burden to the respondents.
- 14. We have not calculated a cost per transaction to the Federal Government for each SSN verified through SSNVS, EVS and TNEV.

The annual cost to the Federal Government for the EVS program is so minimal that we have not calculated it. Given the small number of respondents using this program and the expectation that this number will decrease annually, SSA has not estimated the minimal costs that will be involved in processing these requests.

Over a seven-year budget cycle, we estimate that the SSNVS process will save the Federal Government approximately \$6.5 million. This figure includes the net costs to the Federal Government for using this program.

The estimated development cost to the Federal Government for the TNEV program is \$964,000. Over a seven-year budget cycle, it we estimate that the TNEV process will save the Federal Government approximately \$10,200,000.

- 15. The burden estimates in section 12 above have changed based on: (1) historical evidence; (2) the inclusion of EVS (OMB Control No. 0960-0669) under this clearance; (3) the addition of the automated

telephone process (TNEV) which will increase program burden; and (4) the inclusion of a one-time registration form for EVS.

Previously we estimated the number of respondents for the nationwide implementation of SSNVS with no historical data to support the number of responses generated per year. Since 2005, we have collected data that shows an estimated 60 responses annually per user of the SSNVS system. While this is half the number estimated in 2005 for the national implementation, it reflects a more accurate estimate of the number of annual responses per respondent. Also, we increased the burden data for EVS to show the current increase in annual responses per respondent from 12 to 16 per year. Finally, we are adding estimates for TNEV, which is a new system that increases the public reporting burden.

16. We will not publish the results of the information collection.
17. We are not requesting an exception to the requirement to display an expiration date.
18. SSA is not requesting an exception to the certification requirements at 5 CFR 1320.9 and related provisions at 5 CFR 1320.8 (b)(3).

B. Collection of Information Employing Statistical Methods

Statistical methods are not used.