

**Department of Transportation
Office of the Chief Information Officer**

**SUPPORTING STATEMENT
TRANSPORTATION OF HOUSEHOLD GOODS; CONSUMER PROTECTION**

INTRODUCTION:

The Federal Motor Carrier Safety Administration (FMCSA) requests the Office of Management and Budget's (OMB) clearance of a revised information collection (IC) titled, "Transportation of Household Goods; Consumer Protection," covered by OMB Control Number 2126-0025, and currently due to expire on October 31, 2010. The agency must revise this IC to reflect the impacts of its NPRM, RIN 2126-AB01, entitled "Transportation of Household Goods; Consumer Information Quarterly Report," (Attachment A).

This submission includes additional information collection requirements contained in 49 CFR 375.107 (Attachment B), "What information must I provide in a quarterly report to FMCSA?", as provided in the proposed rule, RIN 2126-AB01.

Part A. Justification.

1. Circumstances that make collection of information necessary.

In August 2005, Congress enacted the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Under section 4214(a) (2) of SAFETEA-LU (Attachment C), the DOT Secretary must issue regulations requiring each motor carrier of household goods to submit a quarterly report summarizing: (1) the number of shipments that originate and are delivered for individual shippers during the reporting period by the carrier; (2) the number and general category of complaints lodged by consumers with the carrier; (3) the number of claims for loss and damage exceeding \$500 filed with the carrier; and (4) the number of such claims resolved, declined, and pending during the reporting period. The proposed regulatory changes would implement these reporting requirements.

FMCSA previously sought OMB approval for all information collection (IC) requirements contained in 49 CFR part 375, "Transportation of Household Goods in Interstate Commerce, Consumer Protection Regulations; Final Rule," RIN 2126-AA32 (Attachment D). OMB approval was provided for that information collection request (ICR) under OMB Control Number 2126-0025. This ICR will be disaggregated into the following two ICs due the requirements in the NPRM: IC-1 entitled "Transportation of Household Goods; Consumer Protection," and IC-2 entitled "Household Goods Motor Carrier Quarterly Report."

This information collection revises the currently approved information collection, adding new requirements and supports the DOT Strategic Goal of Safety.

2. How, by whom, and for what purpose is the information used.

The purpose of this rule is to comply with a Congressional mandate, and to improve FMCSA's enforcement of rules governing the household goods moving industry. The number of complaints that FMCSA has received has increased in recent years. This may be an indication that service in the industry is declining, and that carriers may not be adhering to FMCSA regulations in dealing with customers. This rule would require carriers to provide the Agency with quarterly reports on the complaints they receive from shippers.

With full compliance from the industry, we hope that this requirement will enable the Agency to better detect motor carriers that are not complying with Federal regulations governing the movement of household goods, such as compensating goods owners for damage and delivering goods to their owners at a previously agreed-upon price. Improved monitoring should reduce the number of complaints against this segment of the motor carrier industry by assisting the Agency in identifying companies that are out of compliance with consumer protection regulations. Once identified, the Agency can take enforcement action to ensure that these carriers comply with consumer protection guidelines. Although the Agency cannot quantify these benefits at this time, we believe that the rule will result in fewer damaged goods, better customer satisfaction, and fewer instances in which carriers attempt to extort inflated payments from individuals by refusing to deliver their goods.

The benefits of this rule would result from the information supplied by carrier-submitted customer service data and verified by FMCSA during compliance reviews. Making these data publicly available to consumers would enable consumers to choose an HHG carrier based on its past customer service performance, in addition to price. HHG carriers with poor service records would have a greater incentive to improve customer service. This improvement in service would result in fewer complaints against the industry and fewer disputes that would have to be handled by the legal system or through binding arbitration.

FMCSA will retain control over the information and safeguard it from improper access, modification, and destruction, consistent with FMCSA standards for confidentiality, privacy, and electronic information. The information collection is designed to yield data that meet all applicable information quality guidelines. Prior to dissemination, the information will be subjected to quality control measures and a pre-dissemination review pursuant to section 515 of Public Law 106-554 [Sec. 1(a)(3)]

[title V, Sec. 515, 114 STAT. 2763A-153], Federal Data Quality Legislation (Act), December 21, 2000.

A new Form MCSA-5846 (Attachment E), entitled "Household Goods Motor Carrier Quarterly Report," will be used to collect the interstate motor carriers of household goods reports.

3. Extent of automated information collection.

The FMCSA will set up an online reporting system that could be used by carriers to submit quarterly reports electronically. We anticipate that most carriers will file online reports, but some carriers may choose to file reports by mail. For purposes of the overall information collection under OMB Approval No. 2126-0025, we anticipated that 90 percent of the annual responses will be collected electronically [600,000 IC-1 responses x .90 (90%) + 21,600 IC-2 responses (5,400 motor carriers x 4 reports annually) x .75 (75%) / 600,000 IC-1 responses + 21,600 IC-2 responses = 0.895 rounded to 0.90 or 90%].

4. Efforts to identify duplication.

FMCSA is unaware of any rules that would duplicate this rule.

5. Efforts to minimize the burden on small businesses.

The Small Business Administration's revenue threshold for small businesses in the used household and office goods moving sector (NAICS code 484210) is \$23.5 million in annual revenue. The Agency believes that any motor carrier that employs 20 or fewer drivers would fall under this threshold. Given this assumption, roughly 91 percent of HHG carriers are likely to qualify as small businesses. Census Bureau data provide more evidence that a large majority of HHG carriers are small businesses. The Economic Census collects data on the size of establishments in various sectors of the economy. According to the 2002 data, 125 of the 7,225 establishments in the Used Household and Office Goods Moving segment of the economy had revenues that exceeded \$10 million per year. These data imply that as many as 98 percent of HHG carriers would qualify as small businesses. However, given that some firms have more than one establishment, the Census figures may underestimate the size of firms in the industry. In addition, we expect the cost per carrier to be modest – less than \$125 per year.

Small businesses that receive relatively few complaints may not have established their own sophisticated complaint data systems, and such systems will not be necessary because the Agency will set up an online reporting system to enable carriers to submit reports via the internet. In addition, small businesses that may lack internet access have the option to file reports by mail, and FMCSA will process those reports by entering the data into the system.

6. Impact of less frequent collection of information.

In section 4214(a)(2) of SAFETEA-LU, Congress required the information in this proposal to be collected quarterly. Therefore, FMCSA will not be proposing less frequent collections

7. Special circumstances.

There are no special circumstances for this collection of information.

8. Compliance with 5 CFR § 1320.8.

FMCSA published a notice of proposed rulemaking (NPRM) on February 20, 2008 entitled "Transportation of Household Goods; Consumer Complaint Information Quarterly Report," (73 FR 9266) in the Federal Register to solicit comments from affected persons outside the agency regarding their views on the availability of data, the frequency of collection, the clarity of instructions, the amount of burden imposed, and ways to minimize the burden for this ICR. The Agency will evaluate and respond to comments filed and will take action as necessary, including following-up with commenting entities. FMCSA will pay particular attention to comments regarding its cost and hour burden estimates. Those comments will be addressed in the Final Rule.

9. Payments or gifts to respondents.

There are no payments or gifts to respondents for this information collection.

10. Assurance of confidentiality.

None of the information collected by FMCSA will be confidential.

11. Justification for collection of sensitive information.

There are no questions of a sensitive nature.

12. Estimates of burden hours for information requested.

Carriers may file reports online or via regular mail. For online submission, carriers would use an internet portal created by the Agency to fill out an online form that would require the carrier to submit specific information. The Agency would therefore specify exactly what data it would like carriers to report. A paper version of this online form would also be created for carriers that prefer to file the required information by mail. It is anticipated that most reports will be compiled and filed via the online report

filing system, by administrative staff in motor carrier offices. Regardless of which method of transmission is chosen, the burden for compiling the reports is expected to be the same. We assume that, on average, it will take carriers approximately 2 hours to compile reports. Since carriers must file quarterly reports, this amounts to an annual per-carrier burden of 8 hours. Multiplying this figure by the 5,400 current active motor carriers, we estimate a total annual burden of 43,200 hours.

Table 1			
Current and Proposed Information Collection Burdens			
OMB Approval #	Burden Hours Currently Approved IC-1	Additional Burden Hours Proposed IC-2	Proposed Total
2126-0025	4,552,737	43,200**	4,595,937 *
*Rounded up to 4,600,000 for the 2126-0025 estimate. ** Rounded up to 47,263 for the 2126-0025 estimate [4,600,000 ICR 2126-0025 hours – 4,552,737 currently approved IC-1 burden hours = 47,263].			

FMCSA will round the total number up to 4,600,000 and asks for approval of this rounded number as the annual burden hour estimate.

Estimated Total Annual ICR Burden Hours: 4,600,000 rounded hours [4,552,737 currently approved IC-1 burden hours + 47,263 additional proposed IC-2 burden hours due to NPRM = 4,600,000].

Estimated Total Annual Burden Hours for IC-2: 47,263 hours [4,600,000 rounded annual burden hours – 4,552,737 currently approved IC-1 burden hours = 47,263].

Estimated Number of Annual Respondents for IC-2: 5,400 household goods motor carriers operating in interstate commerce.

Estimated Number of Annual Respondents for ICR: 5,400 household goods motor carriers operating in interstate commerce.

Estimated Number of Annual Responses for IC-2: 21,600 [5,400 motor carriers x 4 reports each annually = 21,600].

Estimated Number of Annual Responses for ICR: 621,600 [600,000 annual responses for IC-1 + 21,600 annual responses for IC-2 = 621,600].

13. Estimates of total annual costs to respondents.

Some carriers would also bear the costs of mailing proposed quarterly report forms. The mailing costs would amount up to \$5,400 annually, assuming 25 percent of motor carriers opt to mail proposed quarterly report forms, as shown in Table 2 (rounded to the nearest thousand dollars).

**Table 2
Costs to Respondents of Mailing Reports
IC-2**

Cost Category	Cost Per Report	Initial Year Total Cost	Later Year Costs	Ten Year Discounted Costs (7 %)
Mailing Cost	\$1	\$5,000	\$5,000	\$41,000

Total costs for OMB No. #2126-0025 are shown in the following table 3.

OMB Approval #	Operating & Maintenance Costs Currently Approved IC-1	Additional Operating & Maintenance Costs Proposed IC-2	Proposed Total
2126-0025	\$42,692,099	\$5,000	\$42,697,099

Estimated Total Annual Costs to Respondents: \$42,692,099 [42,692,099 currently approved IC-1 costs to respondents + \$5,000 additional IC-2 costs to respondents = \$42,697,099].

14. Estimates of cost to the Federal Government.

While it is anticipated that most motor carriers will file online reports, some HHG carriers would file reports by mail, which would require extra processing of forms by FMCSA. Although the number of motor carriers who would choose to file by mail is unknown, it is unlikely to be very large. For the purposes of this analysis, we assume that 25 percent of carriers would choose to file by mail. Given this assumption, FMCSA could expect to receive a maximum of 5,400 forms by mail a year. It is assumed that a GS-9 level government employee would be used to process the reports for FMCSA. This processing would include transcribing the reports into a standardized format and entering the data into a database that would enable the Agency to compare carrier performance to others in the HHG moving sector. These workers earn \$18.29 per hour, or \$23.78 when adjusted by 30 percent to account for the value of benefits. The

processing costs, assuming 10 minutes per form for data entry, is \$3.96 per form, and the cost for all forms would be at most \$21,000, and would probably be lower.

This rule would also require the Agency to set up the online reporting system that would be used by carriers to submit reports electronically. Following consultation with Agency staff involved in construction of similar information technology (IT) projects, FMCSA estimates that it will cost the Agency approximately \$350,000 to construct the online reporting system and associated database. Agency staff also estimates that it will cost approximately \$20,000 per year in annual maintenance once the system is constructed. This system would provide basic statistics on all reported HHG carriers to the public via the internet.

Combining the IT costs with the time costs and the cost of producing the report yields a total cost for the program of \$371,000 in the first year and \$41,000 thereafter. Table 4 below summarizes the costs to FMCSA.

**Table 4
Costs to FMCSA**

Cost Category	Cost Per Report	Initial Year Total Cost	Later Year Costs	Ten Year Discounted Costs (7 %)
Costs to process report	\$4	\$21,000	\$21,000	\$161,000
IT system costs	na	\$350,000	\$20,000	\$330,000
Total Cost	na	\$371,000	\$41,000	\$491,000

Estimated Total Annual Cost to Federal Government: \$471,000 [\$100,000 currently approved IC-1 costs + \$21,000 costs to process IC-2 reports + \$350,000 for IC-2 IT system costs = \$471,000].

15. Explanation of program changes or adjustments.

This revision resulted in a program change increase of 47,263 annual burden hours [4,600,000 proposed annual burden hours - 4,552,737 currently approved annual burden hours = 47,263]. The increase is due to the SAFETEA-LU Sec 4214(a)(2) requirement for motor carriers of household goods to submit a quarterly report summarizing specific information. The program change increase in costs to respondents is due to \$5,000 in new cost due to the rulemaking.

16. Publication of results of data collection:

The FMCSA will produce a report of summary statistics once a year. The report is expected to take one week to produce, and it will be made available on our web site.

17. Approval for not displaying the expiration date of OMB approval:

The FMCSA is not seeking approval to not display the expiration date of OMB approval on form MCSA-(form number will be issued in the final rule), Household Goods Motor Carrier Quarterly Report. Because this form will be available from FMCSA's web site, it will be easy to update the form with a new approval date when appropriate.

18. Exceptions to certification statement:

The FMCSA is claiming no exception to any element of the certification statement identified in Item 19 of OMB form 83-I.

Attachments:

- A. NPRM entitled, "Transportation of Household Goods; Consumer Complaint Information Quarterly Report, (73 FR 9266), dated February 20, 2008.
- B. 49 CFR 375.107, "Transportation of Household Goods in Interstate Commerce, Consumer Protection Regulations."
- C. Sec. 4214 of SAFETEA-LU, Public Law 109-59 (119 Stat.1753), August 10, 2005.
- D. Final Rule entitled "Transportation of Household Goods; Consumer Protection Regulations (70 FR 39949), July 12, 2005.
- E. Form MCSA-5846, Household Goods Motor Carrier Quarterly Report.

Part B. Collections of Information Employing Statistical Methods.

This ICR does not employ statistical methodologies.