

Supporting Statement for Regulations
Coverage of Employees of State and Local Governments
20 CFR Subpart M
OMB No. 0960-0425

A. Justification

1. State and local employers must file wage reports and pay the related contributions owed to the Social Security Administration (SSA), in order for State and local employees in positions covered by Social Security get credit for their covered wages. The regulations at *20 CFR 404, Subpart M* of the *Code of Federal Regulations* (CFR) set forth the rules for States submitting reports of deposits and related recordkeeping. Not all the States have completely satisfied their pending wage report and contribution liability with SSA for pre-1987 tax years. These regulations are needed until all pending items with all States are closed out and to provide for collection of this information in the future, if necessary.

2. Under authority of these regulations, SSA will collect this information in order to post wages to individuals' Social Security earnings records and to perform audit and Trust Fund accounting functions. The respondents are state and local governments or interstate instrumentalities. The following is a list of the regulatory sections of the CFR that cover this clearance request:
 - 404.1203 - Evidence--for wages paid prior to 1987.
 - 404.1204 - Designating officials to act on behalf of the State.
 - 404.1214 - Agreement for coverage.
 - 404.1215 - Modification of agreement.
 - 404.1216 - Modification of agreement to correct an error.
 - 404.1220 - Identification numbers.
 - 404.1225 - Records--for wages paid prior to 1987.

404.1237 - Wage reports and contribution returns general for wages paid prior to 1987.

404.1239 - Wage reports for employees performing services in more than one coverage group--for wages paid prior to 1987.

404.1242 - Back pay (see Addendum).

404.1243 - Use of reporting forms -- for wages paid prior to 1987.

404.1247 - When to report wages--for wages paid prior to 1987.

404.1249 - When and where to make deposits of contributions and to file contributions returns and wage reports--for wages paid prior to 1987.

404.1251 - Final reports--for wages paid prior to 1987 (see Addendum).

404.1265 - Addition of interest to contributions--for wages paid prior to 1987.

404.1271 - Adjustment of overpayment of contributions--for wages paid prior to 1987 (see Addendum).

404.1272 - Refund or recomputation of overpayments which are not adjustable--for wages paid prior to 1987.

404.1292 – How to request review for wages paid prior to 1987.

3. Most State and local government entities submit this information electronically as directed in the instructions on the SSA internet web site. Once a State or local government entity's pre-1987 reporting issue is resolved, the entity must contact its local Social Security office for assistance in processing the correction via paper copy. Pre-1987 wage reporting issues remain unresolved for three States and one Territory.
4. The nature of the information SSA is collecting and the manner in which we are collecting it preclude duplication. There is no other collection instrument used by SSA that collects data similar to that collected here.
5. This collection does not have an impact on small businesses or other small entities.

6. If SSA did not collect this information, State and local employees in positions covered by Social Security would not get credit for their covered wages. Therefore, we cannot collect this information less frequently. The collection of this information for pre-1987 tax years is nearly complete. The States will determine the frequency of any future need for wage reports more or less, and should be rare. There are no technical or legal obstacles that prevent burden reduction.
7. There are no special circumstances that would cause SSA to collect this information in a manner that is not consistent with 5 CFR 1320.5.
8. SSA published the 60-day Federal Register Notice on September 17, 2008, at 73 FR 53919, and SSA received no public comments. SSA published the 30-day Notice on, January 15, 2009 at 74 FR 2643. There have been no outside consultations with members of the public.
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 402, 5 U.S.C. 552 (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. There are 122 respondents (52 States and 3 State instrumentalities). See the chart below for estimated/potential burden hours. The total burden reflects burden hours, and SSA has not calculated a separate cost burden.

Section	No. of States	Frequency Of	Individual Burden	Annual Burden
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		Response	(Hours)	Hours
404. 1203 (a)	1	--	--	1
404. 1204 (a) & (b)	52	1	30 minutes	26
404. 1214(d)	3 ¹	1	1	3
404.1215	52	1	1	52
404. 1216 (a) & (b)	52	1	1	52
404. 1225 (a) & (b)	1	--	--	1
404. 1237(a), (b)& (c)	1	--	--	1
404.1239	1	--	--	1
404.1247	1	--	--	1
404.1249(a) (b) &(c)	1	--	--	1
404.1265	1	--	--	1
404. 1271 (b)	1	--	--	1
404.1272	3	1	1	3
404.1292	3	1	5	15
TOTAL	173			159

13. There is no known cost burden to the respondents.
14. The estimated annual cost to the Federal government until SSA closes out all States is about \$10,000. After that, future annual costs will be none or negligible.
15. Because ROCIS now allows us to separate the regulations into separate information collections, we are reporting the burdens per Regulation Section. In addition, we have removed several of the Regulation's Sections that are covered under other OMB information collections/SSA forms (see Addendum for specific information). Finally, Internal Revenue Service (IRS) forms (i.e., information collections cleared by IRS), are used to collect the information under several of the Regulation's Sections (see Addendum for specific Sections); we have adjusted the burden to reflect this, placing a 1-hour place holder burden on those Sections.
16. SSA will not publish the results of the information collection.

¹ Interstate Instrumentalities

17. SSA is not requesting an exemption from 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. Collections of Information Employing Statistical Methods

SSA did not use statistical methods for this information collection.