

Consent-Based Social Security Number Verification Service (CBSV)

OMB No. 0960-0760

Request for Approval of Non-Substantive Change

Explanation of Change:

SSA's Consent Based SSN Verification (CBSV) service provides fee-based Social Security Number (SSN) verification to private businesses and government agencies who obtain a valid, signed consent form from the Social Security Number Holder. The verification results can only be used for the reason which the number holder specifies on the consent form. CBSV provides instantaneous, automated verification results and it easily handles large volume requests. CBSV is currently open for enrollment.

SSA charges a fee to recoup the costs it incurs in providing this service. To use CBSV companies must pay a one-time, non-refundable enrollment fee of \$5,000 and then pay a transaction fee per SSN verification request. The transaction fee in the ICR currently approved by OMB is \$0.56. However, we are planning to increase the transaction fee to \$5.00. This adjustment is necessary to recover SSA's costs due to a much lower than anticipated level of use. Periodically, SSA will recalculate the costs it incurs in providing the CBSV service and will adjust the transaction fee charged as needed. We will notify subscribers in writing about any change in the transaction fee.

Justification 1: Volume of Use Less Than Anticipated Due to Economic Downturn

CBSV is a reimbursable project and uses a fee-per-transaction model to recoup its cost. Therefore, as the volume of transactions increases the fee amount will decrease, so that when actual volume of transactions is less than anticipated at the calculation of the initial fee, SSA must increase the fee to ensure full cost recovery.

When SSA decided to proceed with CBSV in April 2008, 59 participants enrolled in the program and submitted an estimated number of future transactions totaling about 5,650,675 transactions for fiscal year FY 2009. SSA used this estimated number of transactions as the basis for the \$0.56 per-transaction fee amount.

However, based on companies' revised estimates and actual usage, we now project that companies will perform about 1,034,000 transactions in FY2009. One major reason for this change is that the current national economic downturn has severely affected these CBSV enrolled companies and their clients. For example, many of these companies perform investigations for financial and mortgage services and background checks. The current economic downturn has reduced the need for such investigations and checks.

0960-0760
Non-Substantive Change
2/3/2021

While there may be some growth in FY 2010, we anticipate the volume of transactions will still be at about this level. With such a low volume of transactions, SSA must increase its per-transaction fee to recoup its cost.

Justification 2: SSA's costs to develop and build CBSV was greater than estimated

In April 2008, SSA estimated that the cost for developing the CBSV system would be \$6,158,207. However, the actual cost was \$7,420,310. This forced us to factor the difference of \$1,271,103 into our cost recovery strategy.

Re-calculation of cost burden (just the fee-per-transaction factor)

Estimated Per SSN Transaction Fee - \$5.00 x 1,034,000SSN requests = \$5,170,000

Background on New Fee Amount Effective October 1, 2010

FY 2009: \$2,429,230 Anticipated Revenue Loss

Presently FY 2009 projected revenue is \$1,079,040

--100 enrollment fees @ \$5,000 = \$500,000

--1,034,000 transactions @ \$0.56= \$579,040

Presently FY 2009 projected expenses are \$3,508,270

--\$2,476,437 (System development cost of \$7,429,310 amortized over 3 years)

--\$1,031,833 (Estimated annual operational cost for FY 2009)

Projected loss for FY 2009 is \$2,429,230

FY 2010: Calculation of New \$5.00 Fee

Presently projected expenses for FY 2010 are \$6,075,287

-- \$2,476,437(System development cost of \$7,429,310 amortized over 3 years)

--\$1,169,620 (Estimated annual operational costs for 2010)

--\$2,429,230 (Revenue loss from FY 2009)

\$6,075,287 divided by an anticipated 1,200,000 (assuming a slight increase) transactions = \$5.06

Rounding \$5.06 to \$5.00

0960-0760
Non-Substantive Change
2/3/2021