

**Supporting Statement For  
OMB Clearance**

**Project 1099**

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Prepared by:

U.S. Department of Health and Human Services  
Administration for Children and Families  
Office of Child Support Enforcement  
370 L'Enfant Promenade S.W.  
Washington, DC 20447

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## APPENDICES

APPENDIX A: IRS Safeguarding Certification Letter

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SUPPORTING STATEMENT:

**PART A – JUSTIFICATION**

Part A of the Supporting Statement for this information collection, the National Directory of New Hires, addresses the 18 points outlined in Part A of 5 CFR 1320.

## **A. JUSTIFICATION**

### **1. Circumstances Making the Collection of Information Necessary**

In October 1984, the Internal Revenue Service (IRS) and the federal Office of Child Support Enforcement (OCSE) entered into an agreement setting forth the terms and conditions authorizing OCSE to participate in Project 1099, a voluntary program that provides state child support enforcement agencies, upon request to OCSE, access to all of the verified earned and unearned income information reported to IRS by employers and financial institutions. In 1988, IRS agreed to expand the information provided to OCSE to include wage and employer information. 26 USC 6103(l)(6) and 6103(p)(4)

### **2. Purpose and Use of the Information Collection**

#### **2.1 Purpose for the information collection**

Pursuant to Title IV-D of the Social Security Act under 26 USC 6103(l)(6), IRS 1099 information will be used for matching names and SSNs received from OCSE with information on Forms 1099, including wage and employer information, contained in the Wage and Information Document Master File at IRS to verify income and employment.

#### **2.2 By whom the information is to be used**

Verified income and employment information will be used by OCSE and child support enforcement agencies requesting the information.

#### **2.3 How the information is to be used**

Information will be made available through OCSE to state child support enforcement agencies, upon request, to assist in establishing and enforcing child support obligations.

To request information from the IRS Wage and Information Document Master File, states must submit the SSN and name of the noncustodial parent to OCSE. Submittals will be made through a Federal Parent Locator Service (FPLS) locate request.

### **3. Use of Improved Technology and Burden Reduction**

The information required for matching is submitted by state child support enforcement agencies to OCSE via an electronic data transfer software product which allows data centers within and across networks to send and receive large amounts of data using a mainframe-to-mainframe data exchange.

**4. Efforts to Identify Duplication and Use of Similar Information**

No similar information currently exists in another national database.

**5. Impact on Small Businesses or Other Small Entities**

The information gathering does not involve small businesses or small entities.

**6. Consequences of Collecting the Information Less Frequently**

The Project 1099 matching program provides OCSE and state child support enforcement agencies with an effective tool in locating noncustodial parents and enforcing child support orders against such persons. Less frequent collection of the information may hinder OCSE's ability to assist state CSEs in location and enforcement.

**7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5**

The burden estimate is based on an assumption that the states will submit requests for 1099 information on a monthly basis; however, participation of any kind is voluntary. No other special circumstances apply.

**8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency**

A notice was published in the Federal Register on January 27, 2011 at Vol. 76, Page number 912 with a 60-day comment period to give the public an opportunity to submit in writing to OCSE any comments on this subject. No comments were received.

**9. Explanation of Any Payment or Gift to Respondents**

Not applicable.

**10. Assurance of Confidentiality Provided to Respondents**

The confidentiality of information obtained through Project 1099 must be strictly maintained, therefore, before receiving verified information states must certify in writing that they have established a security system that complies with and satisfies the safeguard requirements of the Internal Revenue Code Section 6103 (p)(4). Per IRS requirements, states receiving 1099 data must complete and return to OCSE, by fax or mail, a signed

Safeguarding Certification Letter annually.

Disclosure of or access to data is provided in accordance with IRS Publication 1075 and 26 U.S.C. 6103.

## **11. Justification for Sensitive Questions**

The collection of SSNs is required in order to accurately match an individual's information with Form 1099 information stored in the Wage and Information Document Master File at IRS.

## **12. Estimates of Annualized Burden Hours and Costs**

### **12.1 Respondents' Hour Burden**

The estimates of burden and costs to respondents are based on the following assumptions:

- The information is currently contained in state case files and requires no additional information gathering. The only burden is for conducting the matching programs.
- The additional time required is to review the IRS Publication 1075, and to sign and submit the Safeguarding Certification Letter.
- Although this is a voluntary program, OCSE assumes that every state will choose to participate.

<b>Reporting Requirement</b>	<b>Number of Respondents</b>	<b>Number of Responses Per Respondent</b>	<b>Average Burden Hours Per Response</b>	<b>Total Burden Hours</b>
IRS Safeguarding Certification Letter	54	1	.48	26 hours
1099 Record Specifications	54	12	1.96 hours	1,270 hours
<b>Total</b>				<b>1,296</b>

Note: All values have been rounded.

### **12.2 Respondents' Cost for Hour Burden**

The annualized costs to respondents for the hour burden are based on an average wage rate of \$21.00 per hour for state level employees submitting data.

Reporting Requirement	Average Annualized Cost Per Respondent	Total Annualized Cost
States	\$504.00	\$27,216.00
<b>Total</b>	<b>\$504.00</b>	<b>\$27,216.00</b>

**13. Estimate of Other Total Annual Cost Burden to Respondents and Record Keepers**

The Project 1099 match was implemented in 1984; therefore, there is no capital, start-up cost burden, or direct monetary costs to respondents. The current costs are for the time it takes the state employee to submit the information and the Safeguard Certification Letter to OCSE.

**14. Annualized Cost to the Federal Government**

Annualized cost to the Federal Government is \$29,500.00. This estimate includes all direct salaries as well as a charge for the overhead costs incurred for the program.

**15. Explanation for Program Changes or Adjustments**

There have been no program changes or adjustments to this information collection.

**16. Plans for Tabulation and Publication and Project Time Schedule**

Statistical information from Project 1099 is analyzed and published annually in the Child Support Enforcement Annual Report to Congress. The information is not planned for statistical use.

**17. Reason(s) Display of OMB Expiration Date is Inappropriate**

Not applicable.

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

There are no exceptions to the certification statement.

SUPPORTING STATEMENT:

**PART B – Statistical Methods**  
**(used for collection of information employing statistical methods)**

The information collection requirements outlined in this report do not employ the use of statistical methods.

1. Respondent Universe and Sampling Methods
2. Procedures for the Collection of Information
3. Methods to Maximize Response Rates and Deal with Nonresponse
4. Test of Procedures or Methods to be Undertaken
5. Individuals Consulted on Statistical Aspects and Individuals Collecting and/or Analyzing Data

**APPENDIX A: IRS Safeguarding Certification Letter**

## **APPENDIX B: 1099 Record Specifications**