

Justification
Gross Earnings Report
RRB Form BA-11

1. **Circumstances of information collection** - To carry out the financial interchange provisions of section 7(c)(2) of the Railroad Retirement Act (RRA), each year employers are required to report the gross earnings of a one-percent sample group of railroad employees to the Railroad Retirement Board (RRB). The gross earnings sample is based on the earnings of the employees whose social security numbers end with "30." The gross earnings of these employees are then used to determine payroll taxes under the financial interchange.

The financial interchange between the railroad retirement and social security systems was established by the 1951 amendments to the RRA and was made retroactive to January 1, 1937. The purpose of the financial interchange between the railroad retirement and social security systems is to put the social security (OASDHI) trust funds in the same position they would have been in if railroad employment had been covered under the Social Security and Federal Insurance Contributions Act since its inception.

Under the Railroad Retirement Solvency Act of 1983, sickness payments became creditable as compensation. Railroad employers are asked to include the sickness payments with other compensation in gross earnings reports.

The procedures pertaining to the RRB's collection of gross earnings information needed to carry out the financial interchange provisions of the RRA are contained in 20 CFR 209.13.

2. **Purposes of collecting/consequences of not collecting the information** - The gross earnings information is essential in determining the tax amounts involved in the financial interchange with the Social Security Administration and the Centers for Medicare & Medicaid Services. Besides being necessary for current financial interchange calculations, the gross earnings file tabulations are also an integral part of the data needed to estimate future tax income and corresponding financial interchange amounts. These estimates are made for internal use and to satisfy requests from other government agencies and interested groups. In addition, cash-flow projections of the social security equivalent benefit account and railroad retirement account and cost estimates made for proposed amendments to laws administered by the RRB, are dependent upon input developed from the information collection.

Form BA-11 requests pertinent employer and report identifying information and contains a one-line entry for each employee's social security number, name, and the gross earnings amounts which can be reported annual, quarterly or monthly basis. The form's completion instructions are shown on the reverse side of the form. Employers also have the option of submitting their reports, in like format, on magnetic tape cartridges or CD-ROM, or by secure E-mail or File Transfer Protocol (FTP). The instructions and format requirements for submitting the magnetic tape cartridges and FTP are contained in the RRB's "Reporting Instructions to Employers" and instructions for CD-ROM and secure E-mail are contained in Program Letter 2008-05.

All of the above reporting formats for the BA-11 require a signed fraud and certification statement that is provided on Form G-440, Report Specifications Sheet (OMB 3220-0008), which must accompany each report. The burden statement relating to the estimated completion time and the instructions for submitting the electronic equivalent BA-11 gross earnings reports are contained in a circular letter that is sent annually as a reminder to each employer.

Form BA-11 is similar to RRB Form BA-3, Annual Report of Creditable Compensation (OMB No. 3220-0008).

The RRB proposes no changes to the manual version of Form BA-11 or like versions filed on magnetic tape cartridges, CD-ROM, secure e-mail or FTP (all previously approved by OMB)

In accordance with the Government Paperwork Elimination Act, which requires Federal agencies to provide its customers the option to submit or transact business with agencies electronically, when practical, as a substitute for paper, **the RRB proposes the addition of an Internet equivalent version of Form BA-11, Gross Earnings Report, to the information collection. The BA-11 (Internet) will be submitted by employers through the RRB's Employer Reporting System (ERS).**

In order to establish proper control of the process, access to ERS is granted only to employers who have completed RRB Form BA-12, Application for Employer Reporting Internet Access (OMB 3220-0008), which provides information used by the RRB to evaluate and document the level of access requested and granted.

Once the appropriate access is secured, an employer or their designee can complete and submit the proposed BA-11 (Internet) online. Different from the other formats for filing a BA-11, filing a BA-11 (Internet) via ERS, will include the option to file a "negative" (zero employees ending in "30") report, eliminating the need for employers to file a separate Form G-440, *Report Specifications Sheet* (OMB 3220-0008). The employer and/or designee will sign the fraud statement in Item 5 and acknowledge that their ERS logon carries the same weight as their signature on a paper document.

The proposed BA-11 (Internet) was reviewed by staff of the RRB's General Counsel, OIG and Chief Information Officer and found to be acceptable. Subsequently, the form was reviewed and approved for use (**pending OMB approval**) by the RRB's Board Members.

Although it collects essentially the same information as the other approved versions of the BA-11, it consists of a series of screens, which collect the necessary information and provide for the required notices and certifications, as well as help messages designed to guide the user through the system and complete a successful transaction.

1. Upon logging onto ERS, the system recognizes the level of access previously given the user and presents them with 1 of 2 options.

- a. If the user has administrative rights or is a designee with *Update* rights for multiple subsidiaries, they must first access a drop down menu on the *Select an Employer* screen (**Screen 1**) to select the subsidiary for whom they are submitting the report.
 - b. If the user has Read rights or Update rights for only one subsidiary, the system automatically recognizes their employer BA Number and displays the appropriate railroad information after they select the year they are reporting from the drop down menu on the *Report Year* screen (**Screen 2**).
2. The *BA-11 Options* screen **Screen 3**, has a dropdown menu to select the type of the report being made (annual, quarterly, or monthly) and the following 5 options to assist in the completion of the BA-11 report:
- a. Option 1 - Pre-fill screens with employee SSNs, Names, and Payroll IDs
 - (1) The *BA-11 Employee Data Entry* screen (**Screen 4**) appears listing the user's employees by the last 4 digits of their social security numbers, (i.e., ****1230), then last name, middle initial, and first. The bottom of the screen shows the *BA-11 Grand Totals*, which include the number of employees, the total gross amount reported, and the report type (annual, quarterly, or monthly). The totals automatically update as changes are made to the *BA-11 Details* screen (see (2) below and **Screen 5**).
 - (2) Clicking on an employee's social security number, accesses the *BA-11 Details* screen (**Screen 5**) where the user can enter the annual, quarterly, or monthly gross compensation information for that employee.
 - b. (Option 2 - Provide blank screens with no pre-fills)

The user selects this option to manually enter the employee's social security number, name, and gross compensation information on a blank *BA-11 Details* screen (**Screen 6**).

After entering all necessary information, the user can (1) save the data; (2) reset the screen to clear or re-enter any previous incorrect entries; (3) delete the employee or record altogether or (4) exit and take no action. After selecting one of those options, the user is returned to the *BA-11 Employee Data Entry* screen (**Screen 4**) to (1) enter a new record; (2) approve the entire BA-11 report; (3) return to the *BA-11 Options* screen (**Screen 3**); (4) delete the entire BA-11 report; or (5) request a *Summary Report* (see 2.c.(2), below, and Attachment 9).

c. Option 3 - Upload a completed BA-11 report file

The user selects this option to upload a BA-11 electronic file formatted to the correct record layout specifications. Pressing "Submit" brings up the *Employer Upload* screen (**Screen 7**) where the user must press the "Browse" button to locate the file to upload to ERS. Pressing the "Upload File" button will then cause the file to be uploaded for approval.

Approving the BA-11 report via the "Approve all Records" tab on the *BA-11 Employee Data Entry* screen (**Screen 4**) updates the screen (**Screen 8**) by entering a "check mark" in the status field of each employee reported and showing the total number of employees included in the report and the total gross amount reported. At this point the user can print a *Summary Report* (**Screen 9**), which shows the number of employees included in the approved report, the Tax Year, Employer BA Number, Company Name, compensation totals, the approver's name, the report type, the processing date and the user names of all who updated the BA-11.

d. Option 4 - Not submitting a BA-11 report because my company has no employees

The user selects this option to indicate they have no employees to report.

e. Option 5 - Not submitting a BA-11 report because my company has no employees with a social security number ending in "30"

The user selects this option to indicate they have no employees to report with a social security number ending in the digits "30".

3. The Paperwork Reduction Act Notice (**Screen 10**) can be accessed at the bottom of the *BA-11 Details* screen (**Screen 5**).

To our knowledge, no other agency obtains information similar to that obtained by Form BA-11.

3. **Planned use of improved information technology or technical/legal impediments to further burden reduction** – We propose an Internet-based version of Form BA-11 be added to the information collection.
4. **Efforts to identify duplication** - This information collection does not duplicate any other information collection.
5. **Small business respondents** - N.A.
6. **Consequences of less frequent collection** - N.A.
7. **Special circumstances** - N.A.

8. **Public comments/consultations outside the agency** - In accordance with 5 CFR 1320.8(d), comments were invited from the public regarding the information collection. The notice to the public was published on page 71392 and 71393 of the November 17, 2011, Federal Register. No comments pertinent to the information collection were received.
9. **Payments or gifts to respondents** - None
10. **Confidentiality** - Privacy Act System of Records, RRB-29, Railroad Employees' Annual Gross Earnings Master File-RRB. In accordance with OMB Circular M-03-22, a Privacy Impact Assessment was completed in March 2007. It is currently undergoing revision.
11. **Sensitive questions** - N.A.
12. **Estimate of respondent burden** –The gross earnings reports are required annually from all employers reporting railroad service and compensation. Most large railroad employers include their railroad subsidiaries in their gross earnings reports. Also, there are railroad employers having work-forces so small that they have no employees with social security numbers ending in “30”. These employers file “negative” BA-11 responses with the RRB.

Overall, on an annual basis, the RRB estimates receipt of an estimated 160 (“positive” completed BA-11) responses - 45 reports filed by secure e-mail, CD-ROM, magnetic cartridge or File Transfer Protocol, 38 on manual Form BA-11, and 77 utilizing the proposed BA-11 (Internet). The RRB estimates that 217 employers will use the “negative” response feature of proposed Form BA-11 (Internet)

A breakdown (by media) of the **current OMB approved reporting burden** follows:

Form Number	Annual	Time (Minutes)	Burden (Hours)
BA-11 (manual form)*	76	30	38
BA-11 (CD-ROM)**	38	30	19
BA-11 (magnetic tape**/file transfer protocol***)	8	480 (5 hours)	40
BA-11 (secure E-mail)***	47	30	24
Total	169		121

A breakdown (by media) of the **proposed reporting burden** is as follows:

Form Number	Annual	Time (Minutes)	Burden(Hours)
BA-11 manual form*	38	30	19
BA-11 CD-ROM**	13	30	6
BA-11	9		45

magnetic tape**/file transfer protocol ***		300 (5 hours)	
BA-11 secure E-mail***	23	30	11
BA-11 (Internet) – Positive***	77	30	39
BA-11 (Internet) – Negative***	217	15	54
Total	377		173

- * Fillable, Printable – No electronic submission.
- ** Fillable, Fileable – No electronic submission.
- ***Fillable, Fileable – Can be electronically submitted.

	<u>Responses</u>	<u>Hours</u>
Program Change	+208	+52
Total burden change	+208	+52

- 13. **Estimate of annual cost to respondents or record keepers** - N.A
- 14. **Estimate of cost to Federal Government** - N.A.

15. **Explanation for change in burden** – We anticipate that the ease of using the BA-11 (Internet) to file a “negative report” will convert many of the employers who previously completed a G-440 (3220-0008) to file a “negative” BA-11 report, resulting in an additional +217 responses and +54 hours. The +217 responses and 54 burden hours are offset slightly (-9 responses and +2 burden hours) due to a recalculation of the responses and burden hours associated with filing a BA-11 or BA-11 (Internet)

The estimated overall burden for this information collection is being increased by +208 responses and +52 hours, all essentially due to the implementation of the BA-11 (Internet). We have shown the increase in the amount of responses and burden hours as a program change.

- 16. **Time schedule for data collection and publication** - The gross earnings report is obtained annually from railroad employers. The summaries and tables pertaining to the payroll tax and benefit calculations, based on the gross earnings reports submitted by the employers, are published annually in the publication "RRB-SSA-CMS Financial Interchange."
- 17. **Request not to display OMB expiration date** -The BA-11 is seldom revised. Given the costs associated with redrafting, reprinting, and distributing the form in order to keep the appropriate OMB expiration date in place, the RRB requests authorization not to display the expiration date on the form.
- 18. **Exceptions to certification statement** – None