

**Supporting Statement for the
Social Security Number Verification Services
20 CFR 401.45
OMB No. 0960-0660**

A. Justification

1. Introduction/Authoring Laws and Regulations

Internal Revenue Service (IRS) regulations at *26 CFR 31.6051* of the *Code of Federal Regulations* require employers to provide wage and tax statements to employees and the Social Security Administration (SSA). Under IRS regulations employers are obligated to provide wage and tax data to the Social Security Administration using Form W-2 or its electronic equivalent. As part of this process, the employer must furnish the employee's name and their Social Security number (SSN). To record the information to the earnings record, the employee's name and SSN must match SSA's records.

SSA offers an electronic method for employers to verify the names and numbers of hired individuals to better assure employers provide accurate name and SSN data matching SSA's records. The voluntary, free, and secure Internet-based service, known as the Social Security Number Verification Service (SSNVS) allows the employer or third party to verify if the reported names and SSNs of their employees match SSA's records.

SSA collects the SSN verification information in accordance with *5 USC 552a (e) (10)* of the *Privacy Act of 1974*, which requires agencies to establish appropriate administrative, technical, and physical safeguards to ensure the security and confidentiality of records. Also, *5 USC 552a (f)(2)&(3)* requires agencies to establish requirements for identifying an individual who requests a record or information pertaining to that individual and to establish procedures for disclosure of personal information. SSA promulgated Privacy Act rules in the *Code of Federal Regulations, Subpart B*. Procedures for verifying identity are in *20 CFR 401.45*.

2. Description of Collection

Currently, SSA receives over 2 million IRS Corrected Wage and Tax Statement forms, Form W-2Cs (OMB # 1545-0008), that we use to correct problems with original IRS Wage and Tax Statement forms, Form W-2 (OMB # 1545-0008). Many of these W-2Cs deal with invalid name/SSN combinations. We believe most of these W-2Cs are a direct result of information available to employers through SSA's Electronic Wage Reporting process, which allows employers to file wage reports with SSA in a timely and accurate manner. As one of its functions, the Electronic Wage Reporting process, informs employers of the names and numbers they reported to SSA that do not match SSA's records.

SSNVS provides an employer with verification of the name/SSN at the time of hire, and its use should reduce the burden on the employer to produce W-2Cs. In

addition, using SSNVS decreases the error rate of SSA's posting of wages and reduces the time and follow-up needed when providing benefits many years later.

SSA annotates data an employer supplies to SSA for verification that does not match SSA's records with a no match indicator and returns it to the employer. SSA will retain an audit trail of all supplied data. In addition, SSA uses the data collected as part of its continual evaluation of the SSNVS process. SSA will use none of the information provided for any other purposes.

Authentication/Registration to use SSN Verification Services

To use SSNVS, an individual representing an employer or third party must register through SSA's Integrated Registration for Employers and Submitters (IRES), OMB Control number 0960-0626. Once registered, users request the service but cannot use it until they enter an activation code SSA mails to their employers. This process provides SSA with a positive confirmation the company authorizes the user to perform the verifications for the company. The system uses the User ID and Password to verify the identity of the users, thus allowing them to use SSNVS.

Discontinuance of the Employee Verification Service (EVS) and the Telephone Number Employer Verification (TNEV) services

In the past, SSA also offered a service, EVS, a paper based process, and TNEV, a telephone application, where employers could verify if the reported name and SSN of their employees matches SSA's records. Due to significant costs and low usage of these services, SSA made decisions to discontinue these services. See the Addendum for more information.

3. Use of Information Technology to Collect the Information

The requester transmits to SSA their User ID and Password over the Internet to access the SSNVS system. While using SSNVS, the registered user can either key in the names and SSNs or they can upload a file containing this data. In accordance with the agency's Government Paperwork Elimination Act plan, SSNVS is an electronic Internet-based service.

4. Why We Cannot Use Duplicate Information

The nature of the information we collect and the manner in which we collect it precludes duplication. Generally, the employer submits information just once. The exception is if there is a discrepancy and the employer resubmits corrected information for verification.

5. Minimizing Burden on Small Respondents

There is no significant economic impact on a substantial number of small businesses. Many small businesses are interested in using the SSNVS service because they believe it will save them time, effort, and resources. The use of SSNVS is purely voluntary.

6. Consequence of Not Collecting Information or Collecting it Less Frequently
Failure to provide the SSNVS service would deny employers the ability to verify employee SSNs, making it more difficult to provide correct W-2 information. In addition, SSNVS is a fast, convenient, and secure service that saves time and effort when preparing and correcting W-2 forms submitted to SSA. Use of this service reduces phone calls for requests for verifications and mailing verification materials or visiting SSA field offices to obtain name/SSN information. Since use of the service is voluntary, we cannot collect the information less frequently. There are no technical or legal obstacles that prevent burden reduction.

7. Special Circumstances
There are no special circumstances that would cause SSA to conduct this information collection in a manner inconsistent with 5 *CFR* 1320.5.

8. Solicitation of Public Comment and Other Consultations with the Public
The 60-day advance Federal Register Notice published on May 17, 2012, at 77 FR 29441, and SSA received no public comments. The second Notice published on August 9, 2012 at 77 FR 47688. If we receive any comments in response to the 30-day Notice, we will forward them to OMB. SSA did not consult members of the public in the development or maintenance of this form.

SSA published the second Federal Register Notice as a correction notice. We published the incorrect burden information in the first Federal Register Notice, but corrected it in the second Notice. In addition, we show the corrected burden information in #12 below, and we explain our reasons for revising the burden information in #15 below.

We have not consulted with the public other than informal discussions with the employer community using these services. The response from employers for SSNVS has been overwhelmingly favorable. Informal discussions with those participating in SSNVS agree that the voluntary use of this Internet-based system saves significant time over the previously used telephone and list based methods of voluntarily checking for name/SSN matches for payroll reporting purposes. Furthermore, the early detection of name/SSN errors prevents the burden of needing to correct the data after the annual payroll reporting process is completed.

9. Payment or Gifts to Respondents
SSA does not provide payments or gifts to the respondents.

10. Assurances of Confidentiality
SSA protects and holds confidential the information it collects 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. Justification for Sensitive Questions
The information collection does not contain any questions of a sensitive nature.

12. Estimates of Public Reporting Burden

Below we provide burden data for the SSNVS Internet-based service:

<u>SSNVS Burden Hours Estimate</u>	
Number of Respondents:	52,157
Frequency of Response:	57
Average Burden Per Response:	5 Minutes
Estimated Annual Burden:	247,746 Hours

Due to significant costs and low usage, SSA discontinued the EVS service in January 2012 and plans to discontinue the telephone service, TNEV, in FY 2012. SSA has received no negative feedback from former users of the EVS manual service (see Addendum for more details).

When the automated telephone verification service, TNEV, ends in FY2012, we recognize registered SSNVS users may occasionally need to perform verifications when the user has no online access. In those instances, registered users can call the employer 800 number and, once the user authentication with a valid UserID with an active SSNVS role is complete, an agent will provide name/SSN verification over the phone. The Addendum contains the scenarios when SSA will perform these occasional verifications.

Therefore, we estimate 25% of the SSNVS respondents will encounter one of the scenarios up to two times per year. Based on prior usage, each will take, on average, about 10 minutes per use.

<u>SSNVS Telephone Burden Hours Estimate</u>	
Number of Respondents:	6,000
Frequency of Response:	2
Average Burden Per Response:	10 Minutes
Estimated Annual Burden:	2,000 Hours

The chart below lists the information for both of the above Verification Systems:

Verification System	Number of Respondents	Frequency of Response	Number of Responses	Average Burden Per Response (minutes)	Total Annual Burden (hours)
SSNVS Online	52,157	57	2,972,949	5	247,746
SSNVS Telephone	6,000	2	12,000	10	2,000
Totals	58,157*		2,984,949		249,746

(* All respondents are the same users.)

The total burden for this ICR is **249,746** hours. This represents burden hours and we did not calculate a separate cost burden.

13. Annual Cost to the Respondents (Other)

This collection does not impose a known cost burden on the respondents.

14. Annual Cost To Federal Government

We have not calculated a cost per transaction to the Federal Government for each SSN verified through SSNVS.

15. Program Changes or Adjustments to the Information Collection Request

The burden reduction stems from the elimination of the EVS paper verification process, its related registration process, and the planned elimination of the Telephone Number Employer Verification (TNEV) automated telephone application (see Addendum for details).

In addition, we previously based our totals for these collections on estimated projections for each year rather than data from previous years. We are correcting this now, by using management information from FY 2011 to estimate the annual numbers for the next three years. We acknowledge that our actual usage is much lower than the predicted usage we estimated previously; however, SSA still hopes more businesses will continue to use SSNVS in the future.

16. Plans for Publication Information Collection Results

SSA will not publish the results of the information collection.

17. Displaying the OMB Approval Expiration Date

SSA is not requesting an exception to the requirement to display the OMB approval expiration date.

18. Exceptions to Certification Statement

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. Collection of Information Employing Statistical Methods

SSA does not use statistical methods for this information collection.