

**Supporting Statement for
Consent Based Social Security Number Verification (CBSV)
20 CFR 401.100
OMB No. 0960-0760**

A. Justification

- 1. Introduction/Authoring Laws and Regulations** - Third-party requesters, such as private businesses, present the Social Security Administration (SSA) with requests for Social Security number (SSN) verifications. To facilitate processing these requests, SSA developed the Consent Based Social Security Number Verification (CBSV) process. Section 1106 of the *Social Security Act (Act)* and section 20 CFR 401.100 of the *Code of Federal Regulations* provide the authority for SSA to provide verification of SSNs. Additionally, section 205(a) of the *Act* authorizes the Commissioner to set forth rules, regulations, and procedures that are necessary to carry out SSA's programs and related responsibilities.

- 2. Description of Collection** - CBSV is a fee-based SSN verification service private business and other requesting parties may use to obtain validation of SSNs of consenting number holders. The purpose of the information collection is for SSA to verify for the requesting party that the submitted name and SSN matches or does not match the data contained in our records. After signing a User Agreement and completing a registration process, the requesting party submits a file to SSA, through the CBSV internet or web service application, the names and SSNs of number holders who have given valid consent. SSA verifies the information against our Master File, using SSN, name, and date of birth. The results file SSA returns to the requesting party over the Internet or web service shows only a match/no match indicator (and an indicator if our records show that the individual issued the SSN is deceased). SSA does not provide specific information on what data elements did not match nor does SSA provide any SSNs. The verification does not authenticate the identity of individuals or conclusively prove the individuals we are verifying are who they are claiming to be.

Under the CBSV process, the requesting party does not submit the number holder's consent forms to SSA. SSA requires each requesting party to retain a valid consent form for each SSN verification request (Form SSA-89, Authorization for SSA to Release SSN Verification) for a period of 7 years. The requesting party retains Form SSA-89 in either electronic or paper format.

SSA requires each requesting party to undergo compliance reviews to ensure the requesting parties have obtained valid consent from number holders. An SSA-approved certified public accountant (CPA) conducts the compliance reviews. The reviews ensure the requesting parties are meeting all terms and conditions of the User Agreement. All compliance review costs are borne by the requesting party through the transaction fee. In general, we request annual reviews with additional reviews as necessary. The CPA follows review standards

established by the American Institute of Certified Public Accountants.

At any time, SSA may conduct onsite inspections of the requester's site, including a systems review, to ensure they have taken the required precautions to protect the consent forms (SSA-89), and to assess systems security overall.

To provide legal and secure access between SSA and the requesting parties who use the CBSV, SSA created an external testing environment (ETE), as an optional supplement to the User Agreement. The ETE allows CBSV web service users to test external software applications. It also allows users the flexibility to test software on an "as needed" basis to ensure their software remains up-to-date and continues to provide accurate data on behalf of the public to SSA systems. The supplemental ETE user agreement helps SSA serve the business community by providing structured guidelines, conditions, terms, and safeguards under which we can provide access to external-to-SSA developers for testing within the ETE.

3. **Use of Information Technology to Collect the Information** - In accordance with the agency's Government Paperwork Elimination Act plan, SSA created the CBSV application. The requesting parties conduct most of the compliance activities for this information collection electronically.
4. **Why We Cannot Use Duplicate Information**
The nature and manner of the information we are collecting and the manner in which we are collecting it preclude duplication. SSA uses no other collection instrument that collects data similar to that collected here.
5. **Minimizing Burden on Small Respondents** - CBSV is a fee-based application. Businesses that elect to enroll in this service incur costs at start up (\$5,000 registration fee) and as they utilize the system (i.e., transaction fee \$1.10). To the extent feasible, SSA has mitigated users' cost. There is extensive interest among the small business community for this type of service because they believe it will save them time and improve efficiency in verifying SSNs. The use of CBSV is voluntary.
6. **Consequence of Not Collecting Information or Collecting it Less Frequently** - If we did not collect this information, many businesses would not have the ability to obtain the SSN verification they need for business purposes, a service they have requested. Since we only collect the information once per person, we cannot collect it less frequently.

There are no technical or legal obstacles that prevent burden reduction

7. **Special Circumstances** - Consent Form Retention Requirement - SSA requires participating third parties to retain the signed consent form of the individual who is the subject of the verification request (Form SSA-89, Authorization for SSA to Release SSN Verification) for 7 years. They do not submit the consent form to

SSA. Our primary purpose for requiring third parties to retain consent forms for 7 years is based on SSA's need to ensure that we can obtain a copy of the consent form (Form SSA-89) to defend against or prosecute alleged violations of civil and criminal law. The agency permits third parties to retain copies of the consent forms (Form SSA-89) in either paper or electronic format.

Because the Privacy Act establishes a 2-year statute of limitations that begins when the individual discovers a potential violation of the Act (*5 U.S.C. § 552a(g)(5)*), SSA must require no less than a 3-year consent retention period to ensure we can obtain a copy of the consent form (Form SSA-89) from the third party to defend against any alleged Privacy Act cause of action.

In addition, other statutes of limitations applicable to criminal actions that might arise from consent based disclosures to third parties counsel in favor of a 7-year retention period. For example, in the event an employee of a third party provides fraudulent consent forms to the agency or a third party misrepresents the validity of a consent, Federal statutes exist in aiding investigations of fraud against the Government, including *18 U.S.C. § 371* (conspiracy to defraud the Government) and *18 U.S.C. § 1001* (false statements).

Accordingly, SSA is requiring a 7-year consent retention period in order to prosecute alleged violations of criminal law. A 7-year retention period serves to reinforce the need for third parties to provide SSA with accurate and valid consent forms (Form SSA-89) as a critical requirement.

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**
SSA published the 60-day advance Federal Register Notice on September 26, 2013 at 78 FR 59411, and we received no public comments. We published the 30-day Notice on December 17, 2013 at 78 FR 76378. If we receive any comments on the second Notice, we will forward them to OMB. We did not consult with members of the public.
- 9. Payment or Gifts to Respondents**
SSA provides no payment 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

The estimated total responses for this information collection are 2,598,294 with an estimated annual burden of 202,524 hours. The following is a breakdown of respondents and burden hours.

Participating Companies/Requesting Parties:

Requirement	Number of Respondents	Frequency of Response	Number of Responses	Average Burden per Response (minutes)	Estimated Annual Burden (hours)
Registration process for new participating companies.	14*	1	14	120	28
Creation of file with SSN holder identification data; maintaining required documentation/ forms	90	251**	22,590	60	22,590
Using the system to upload request file, check status, and download results file	90	251	22,590	5	1,883
Storing Consent Forms	90	251	22,590	60	22,590
Activities related to compliance review	90	251	22,590	60	22,590
Total			90,374		69,681

* One-time registration process/approximately 14 new participating companies per year.

** Please note there are 251 Federal business days per year on which a requesting party could submit a file.

Participating Companies/Requesting Parties Who Opt for ETE:

Requirement	Number of Respondents	Frequency of Response	Number of Responses	Average Burden per Response (minutes)	Estimated Annual Burden (hours)
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ETE Registration Process (includes reviewing and completing ETE User Agreement)	20	1	1	180	60
Web Service Transactions	20	1	50	1	17
Reporting Issues Encountered on Web service testing (e.g., reports on application's reliability)	20	1	50	1	17
Reporting changes in users' status (e.g., termination or changes in users' employment status; changes in duties of authorized users)	20	1	1	60	20
Cancellation of Agreement	20	1	1	30	10
Dispute Resolution	20	1	1	120	40
Totals	20				144

People Whose SSNs SSA Will Verify:

Requirement	Number of Respondents	Frequency of Response	Number of Responses	Average Burden per Response (minutes)	Estimated Annual Burden (hours)
Reading and signing authorization for SSA to release SSN verification (Form SSA-89)	2,500,000	1	2,500,000	3	125,000
Responding to CPA re-contact	5,750	1	5,750	5	479
Total	2,505,750		2,165,872		125,479

There is one CPA respondent (an SSA-approved contractor) conducting compliance reviews and preparing written reports of findings. The average burden per response is 4,800 minutes for a total burden of 7,200 hours annually.

NOTE:

For the first information collection instrument (ICI), the registration process, the registration form/CBSV Enrollment Application itself, will only take several minutes. The rest of the time burden accounts for reading through the User Guide and other registration requirements. See Section 2 of the User Guide for details. Participating companies complete the registration process only once. We received 14 new companies in FY 2012 participating in the registration process.

We based the revised burden estimate on 90 requesting parties participating in FY 2012, including 14 new requesting parties.

The number of Federal workdays is 251 days per year. This excludes Saturdays, Sundays, and Federal holidays. Based on the prior SSN Interim Verification Process, most companies submit at least one file daily.

- 13. Annual Cost to the Respondents (Other)** - Participating requesters must compensate SSA for non program-related work we do others so that the Social Security Trust Funds do not bear the costs of such activities. Advance payment is required before work begins on reimbursable projects requested by non-Federal organizations. OMB Circular A-11 (Preparation, Submission, and Execution of the Budget) stipulates that budgetary resources for reimbursable work with non-Federal organizations, including State and local governments, are not available for obligation until receiving advance payments. OMB designed this policy to prevent unintentional violations of the Anti-Deficiency Act. In addition, advance payment covers the start-up costs if potential participating parties cancel the User Agreement, it protects SSA against any uncollectible debts, and prevents SSA components' regular administrative allowance from having to absorb the cost. Accordingly, non-Federal requesters must pay 100 percent of SSA's estimated transaction costs in advance.

SSA, Office of Finance, decreases the advance balance each day by the number of verifications performed. The Office of Finance prepares a quarterly statement for each requesting party illustrating how much of its advance payment has been applied and how much is currently available. Thus, participating parties compensate SSA for reimbursable work.

The public cost burden is dependent upon the number of companies and transactions per year. In FY 2012, 90 companies enrolled; 87 companies submitted an advance; and 69 actually performed verifications. (Not all companies that enroll renew and submit an advance every year. Of those that renew and submit an advance, not all of them perform verifications.) The cost estimates below are based upon 90 participating companies in FY 2012 (includes 14 new companies) submitting a total of 2,500,000 transactions. The total cost for developing the system was \$5.6 million. SSA has recovered the cost.

CBSV Cost Burdens

Total CBSV Cost Burden (With Web Service Building Option)

One-Time Per Company Registration Fee -	\$5,000 x 14 companies = \$70,000
Estimated Per SSN Transaction Fee -	\$1.10x 2,500,000* SSN requests = \$ 2,750,000*
To Store Consent Forms -	\$300 x 90 companies = \$27,000
Cost To Contract with CPA for Audit -	\$750,000 fixed rate contract**
Total CBSV Cost Burden -	\$3,597,000***

*The number of SSN requests submitted will vary greatly per company. The 2,500,000 estimate represents the total estimated number of verifications that SSA anticipates receiving on an annual basis (based on the average for FY 2010-2013 transactions).

**The cost of the CPA audit reviews is incorporated into the \$1.10 transaction fee paid by participating companies. SSA also uses the transaction fee to allocate for forecasted systems and operational expenses based on prior year cost analysis, agency oversight, and the systems enhancements necessary to sustain the service.

*** SSA offers participating companies an optional web design service at a one-time cost of \$200,000 per company. SSA does not require companies to have us create an individualized web service for them. A company may choose to submit real-time individual requests via the SSA website Business Services Online, CBSV Internet application. There is no public cost burden for using the CBSV system. To date, no participating companies have opted this service.

SSA maintains an “open enrollment” season. In addition, SSA periodically recalculates costs to provide CBSV services and adjusts the fees charged as needed. We notify companies of a transaction fee adjustment at the renewal of the CBSV User Agreement and via notice in the Federal Register; companies have the opportunity to cancel the agreement or continue service using the new transaction fee.

14. Annual Cost To Federal Government – SSA has designated CBSV a fee-based service recovering the full costs.

15. Program Changes or Adjustments to the Information Collection Request

Since we last cleared this IC, the number of participating companies has decreased; however, the overall number of transactions (requests for SSN verifications) has increased. This action has resulted in an increase in the number of responses, while decreasing the number of respondents and overall burden hours.

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. Collections of Information Employing Statistical Methods

SSA does not use statistical methods for this information collection.