

Supporting Statement for Paperwork Reduction Act Submissions

OMB Control Number: 1660 – 0011

Title: Debt Collection Financial Statement

Form Number(s): FEMA Form 127-0-1

General Instructions

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When Item 17 or the OMB Form 83-I is checked “Yes”, Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information. Provide a detailed description of the nature and source of the information to be collected.

Under the Debt Collection Act as amended (31 U.S.C. 3701, et. seq.), the Federal Claims Collection Standards (31 CFR Parts 900 - 904), and the Department of Homeland Security (DHS) regulations (6 CFR Part 11); the Administrator of the Federal Emergency Management Agency (FEMA) is: 1) required to attempt collection of all debts owed to the United States arising out of activities of the FEMA; and 2) for debts not exceeding \$100,000, authorized to compromise such debts or terminate collection action completely where it appears that no person is liable for such debt or has the present or prospective financial ability to pay a significant sum or that the cost of collecting such debt is likely to exceed the amount of the recovery (31 U.S.C. 3711 (a) (2)).

2. Indicate how, by whom, and for what purpose the information is to be used.
Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. Provide a detailed description of: how the information will be shared, if applicable, and for what programmatic purpose.

FEMA Form 127-0-1, Debt Collection Financial Statement – collects information provided by the debtor on the form and is used to evaluate the debtor's financial condition in making determinations of whether to allow installment payment agreements and, if so, to set their terms, or to compromise and write-off a debt. This financial information is essential to meeting the requirements set forth in the regulations and to apply appropriately the various collection capabilities. The form collects information to 1) determine the ability of a debtor to pay; 2) set terms of any installment payment agreement; or 3) compromise and write-off a portion or the full amount of the debt.

With this information, FEMA is able to review and discuss the debtors' financial condition with the debtors in an attempt to resolve their debt. FEMA also uses this data to determine whether to allow an alteration of an existing installment payment agreement based on a significant change in the debtor's ability to pay and comply with the terms of the agreement. Since FEMA participates in the Treasury offset programs, this form, along with the debtors' entire files may be sent to Treasury for collection or the Department of Justice for litigation, compromise, or termination or for any other judicial enforcement.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

FEMA Form 127-0-1 is mailed to the respondents for completion. Once the respondent completes the form, it is returned to FEMA via mail or by secure fax. FEMA staff uploads the debtor's response in NEMIS. Only authorized FEMA staff has access to this information. In FY 2010 for compliance with the Government Paperwork Elimination Act (GPEA); FEMA endeavored to have the Debt Collection Financial Statement available for completion and submission on a secure Internet website. However, due to the hardship conditions of our respondents (i.e., lack of access to the Internet) the process remains unchanged from FY 2003 despite expanded access to the internet. FEMA discusses the information submitted on FEMA Form 127-0-1 with the respondents, mails it to them to complete manually and return the form to FEMA, via mail or secure fax for further discussion and processing.

The debt collection financial system for FEMA payments includes an automated, Commercial Off-the-Shelf (COTS) accounts receivable system named “ACCPAC”. FEMA staff enters notes about the debtors’ request for a payment plan or compromise, the debtors’ response to FEMA’s request for financial information (RFI) packet that includes the FEMA Form 127-0-1, the progress of the evaluation of the debtors’ eligibility for a payment plan or compromise based on the debtors’ ability to pay, and the disposition of the debt resolution evaluation; which are only accessible by FEMA staff.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

This information is not collected in any form, and therefore is not duplicated elsewhere.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize.

This information collection does not have an impact on small businesses or other small entities.

6. Describe the consequence to Federal/FEMA program or policy activities if the collection of information is not conducted, or is conducted less frequently as well as any technical or legal obstacles to reducing burden.

By using the data provided on the forms, FEMA is able to recoup significantly higher numbers of debts and amounts through installment repayment agreements. Without the data provided on the Financial Statements, FEMA would not be able to knowledgeably negotiate such agreements and would have to use other, less effective and/or more costly methods of collection.

If FEMA did not maintain automated (ACCPAC) accounts receivable tracking capabilities and, when appropriate, collect this necessary financial data; FEMA would not be cognizant of debtor’s financial situation when receivables become debts. This would eliminate information from which FEMA negotiates repayment agreements. Without this data, FEMA would not be able to collect debts through installment repayment agreements.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- (a) Requiring respondents to report information to the agency more often than quarterly.**
- (b) Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.**

- (c) Requiring respondents to submit more than an original and two copies of any document.**
- (d) Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years.**
- (e) In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.**
- (f) Requiring the use of a statistical data classification that has not been reviewed and approved by OMB.**
- (g) That includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.**
- (h) Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

The special circumstances contained in item 7 of the supporting statement are not applicable to this information collection.

8. Federal Register Notice:

- a. Provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

A 60-day Federal Register Notice inviting public comments was published on February 18, 2014, 79 FR 9251. No comments were received. See attached copy of the published notice included in this package.

A 30-day Federal Register Notice inviting public comments was published on June 5, 2014, 79 FR 32569. No comments were received. See attached copy of the published notice included in this package.

- b. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions**

and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

FEMA debt collection specialists generally use telephone conversations with respondents to discuss the respondents' financial condition, as indicated on the Debt Collection Financial Statement, FEMA Form 127-0-1 and their ability to repay the debt.

FEMA and financial management contractors Price Waterhouse Coopers, LLP developed a written Standard Operating Procedure (SOP) for internal processes to formalize its debt collection process. During this development, FEMA and the consultants reviewed such processes within and outside of Government for best practices. FEMA determined that following current Federal processes such as the Federal Claims Collection Standards, the Debt Collections Act as amended, with the Treasury Offset Program, remain the most effective methods to collect FEMA debts.

c. Describe consultations with representatives of those from whom information is to be obtained or those who must compile records. Consultation should occur at least once every three years, even if the collection of information activities is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

FEMA's consultations include telephone conversations with debtors that occur with respondents and cover all aspects of the information collection.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

FEMA does not provide payments or gifts to respondents in exchange for a benefit sought.

10. Describe any assurance of confidentiality provided to respondents. Present the basis for the assurance in statute, regulation, or agency policy.

A Privacy Threshold Analysis (PTA) was completed by FEMA and adjudicated by the DHS Privacy Office on May 14, 2014.

This collection is covered by an existing Privacy Impact Assessment (PIA), DHS/FEMA/PIA-027 – National Emergency Management Information System-Individual Assistance (NEMIS-IA) Web-based and Client-based Modules, approved by DHS on June 29, 2012 and an existing System of Records Notice (SORN), DHS/ALL-008 – Department of Homeland Security Accounts Receivable System of Records, October 17, 2008, 73 FR 61885.

There are no assurances of confidentiality provided to the respondents for this information collection.

11. Provide additional justification for any question of a sensitive nature (such as sexual behavior and attitudes, religious beliefs and other matters that are commonly considered private). This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

a. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated for each collection instrument (separately list each instrument and describe information as requested). Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desired. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

It is estimated that 2,000 Individuals will complete FEMA Form 127-0-1 and that it will take 45 minutes to complete the form. The total annual hour burden will be 2,000 x 45 minutes = 1,500 hours.

b. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

c. Provide an estimate of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. NOTE: The wage-rate category for each respondent must be multiplied by 1.4 and this total should be entered in the cell for "Avg. Hourly Wage Rate". The cost to the respondents of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 13.

Estimated Annualized Burden Hours and Costs								
Type of Respondent	Form Name / Form Number	No. of Respondents	No. of Responses per Respondent	Total No. of Responses	Avg. Burden per Response (in hours)	Total Annual Burden (in hours)	Avg. Hourly Wage Rate	Total Annual Respondent Cost
Individuals or Households	Debt Collection Financial Statement / FEMA Form 127-0-1	2,000	1	2,000	0.75 (45 minutes)	1,500	\$33.74	\$50,610.00
Total		2,000		2,000		1,500		\$50,610.00

- Note: The "Avg. Hourly Wage Rate" for each respondent includes a 1.4 multiplier to reflect a fully-loaded wage rate.

According to the U.S. Department of Labor, Bureau of Labor Statistics website (www.bls.gov) the wage rate category for All Individuals is estimated to be ($\$24.10 \times 1.4 = \33.74) per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents All Individuals is estimated to be \$50,610.00 annually.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. (Do not include the cost of any hour burden shown in Items 12 and 14.)

The cost estimates should be split into two components:

- Operation and Maintenance and purchase of services component. These estimates should take into account cost associated with generating, maintaining, and disclosing or providing information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred.**
- Capital and Start-up-Cost should include, among other items, preparations for collecting information such as purchasing computers and software, monitoring sampling, drilling and testing equipment, and record storage facilities.**

There are no record keeping, capital, start-up or maintenance costs associated with this information collection.

14. Provide estimates of annualized cost to the federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing and support staff), and any other expense that would have been incurred without this collection of information. You may also aggregate cost estimates for Items 12, 13, and 14 in a single table.

Annual Cost to the Federal Government

Item	Cost (\$)
Contract Costs [Describe] \$0	
Staff Salaries* [(See below), employees spend approximately 3/4 hour of their time annually per form to collect and evaluate data, 3/4 hour to determine / set payment plans or to compromise debts, 1/3 hour for approvals and 1/2 hour to print, mail, log and archive this data collection] [Below are the calculations.] 1 GS 07 – 2,000 hours x \$20.30 hourly rate = \$40,600.00 x 1.4 = \$56,840 1 GS 09 – 2,000 hours x \$28.13 hourly rate = 56,260.00 x 1.4 = \$78,764 1 GS 13 – 260 hours x \$48.52 hourly rate = 12,615.20 x 1.4 = \$17,661.28 1 GS 14 – 200 hours x \$57.33 hourly rate = 11,466.00 x 1.4 = \$16,052.40 1 GS 15 – 200 hours x \$67.44 hourly rate = 13,488.00 x 1.4 = \$18,883.20 Total \$188,200.88	\$188,200.88
Facilities [cost for renting, overhead, etc. for data collection activity]	
Computer Hardware and Software [cost of equipment annual lifecycle]	
Equipment Maintenance [cost of annual maintenance/service agreements for equipment]	
Travel	
Printing [2000 forms x .10 per form = \$200.00]	\$200.00
Postage [2000 x .49 = \$980.00]	\$980.00
Other	
Total	\$189,380.88

* Note: The "Salary Rate" includes a 1.4 multiplier to reflect a fully-loaded wage rate.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I in a narrative form. Present the itemized changes in hour burden and cost burden according to program changes or adjustments in Table 5. Denote a program increase as a positive number, and a program decrease as a negative number.

A "Program increase" is an additional burden resulting from an federal government regulatory action or directive. (e.g., an increase in sample size or coverage, amount of information, reporting frequency, or expanded use of an existing form). This also includes previously in-use and unapproved information

collections discovered during the ICB process, or during the fiscal year, which will be in use during the next fiscal year.

A "**Program decrease**", is a reduction in burden because of: (1) the discontinuation of an information collection; or (2) a change in an existing information collection by a Federal agency (e.g., the use of sampling (or smaller samples), a decrease in the amount of information requested (fewer questions), or a decrease in reporting frequency).

"**Adjustment**" denotes a change in burden hours due to factors over which the government has no control, such as population growth, or in factors which do not affect what information the government collects or changes in the methods used to estimate burden or correction of errors in burden estimates.

Itemized Changes in Annual Burden Hours						
Data collection Activity/Instrument	Program Change (hours currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (hours currently on OMB Inventory)	Adjustment (New)	Difference
Debt Collection Financial Statement / FEMA Form 127-0-1				1,200	1,500	+300
Total(s)				1,200	1,500	+300

Explain:

There has been an increase in the annual hour burden from 1,200 to 1,500; an increase of 300 hours. This increase is due to the expected number of recipients of disaster assistance and the more intensive efforts by FEMA to collect overpayments to those disaster assistance recipients that were provided assistance funds exceeding allowable levels. FEMA is making more effort to provide installment agreements to those with debts to the agency.

Itemized Changes in Annual Cost Burden

Explain:

There is no cost burden for this collection.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

FEMA does not intend to employ the use of statistics or the publication thereof for this information collection.

17. If seeking approval not to display the expiration date for OMB approval of the information collection, explain reasons that display would be inappropriate.

FEMA will display the expiration date for OMB approval of this information collection.

18. Explain each exception to the certification statement identified in Item 19 “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-I.

FEMA does not request an exception to the certification of this information collection.

B. Collections of Information Employing Statistical Methods.

There is no statistical methodology involved in this collection.