

## A. JUSTIFICATION

### 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

The National Defense Authorization Act for Fiscal Year 2013 created the Military Compensation and Retirement Modernization Commission (MCRMC or “Commission”): an independent Federal establishment charged with, *inter alia*, developing recommendations to “modernize and achieve fiscal sustainability for the compensation and retirement systems for the Armed Forces.”<sup>1</sup>

The enabling statute makes it clear that any recommendations developed must consider the potential correlations between and among the various compensation components, to include retirement pay and benefits. MCRMC has therefore adopted a holistic approach to examining ways to modernize and improve military compensation. This preference-based survey of military retirees, and subsequent analysis of results, will provide valuable input to the Commission’s deliberations. Please see Attachment B for survey questions.

In attempting to objectively measure compensation preferences across a broad cross-section of populations either directly or indirectly benefiting from various forms of military compensation, we have designed and will field a data collection instrument on a web-enabled platform that engages respondents in an interactive experience to capture their preferences for different levels and combinations of compensation components. In our review of other surveys conducted of military personnel and their families, we have determined that no available sources cover the necessary demographic diversity of participants using a preference-analytic approach to measure relative perceived value of different levels and combinations of compensation (pay and benefits). Rather than traditional satisfaction ratings for current compensation components, a preference-based approach that poses alternative features and levels of a feature for some component of military compensation more closely addresses the objectives of the Commission. While there have been some pilot studies using a preference analytic approach to alternative configurations of military compensation, none have employed a large scale scientific sample that accurately reflects cross-sections of the Active Duty, Reserve/National Guard, and military retiree populations, which would enable the findings to be attributed to these populations (and sub-groups) with any degree of statistical precision.<sup>2</sup>

The population of military retirees who will be asked to participate will receive an email invitation that directs them to a website hosting the preference-based analytic tool. Please see Attachment A for the email invitation and reminder notice.

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<sup>1</sup> National Defense Authorization Act for Fiscal Year 2013, Pub. L. 112-239, §671(a)(3); 126 Stat. 1632, 1787 (2013) (amended by the National Defense Authorization Act for Fiscal Year 2014, Pub. L. 113-66, § 1095, 127 Stat. 672, 878 (2013)).

<sup>2</sup> There have been two pilot studies that have employed the True Choice Solutions preference analytic approach on groups of US military personnel. See: Harrison, Todd. *Rebalancing Military Compensation: An Evidence Based Approach* (Washington DC: Center for Strategic and Budgetary Analysis, 2012), v.; U.S. Behavioral Research Institute for Behavioral and Social Sciences, Personnel Assessment Research Unit, *Pilot Results – The Use of Real-time Preference Measurement Technology to support the Retention of Enlisted Personnel* (Fort Belvoir, VA, 2010).

There are approximately 2.1 million military retirees currently receiving retirement pay. Of that population, the Defense Finance and Accounting Service (DFAS) only has email addresses for just over 1 million retirees. This is due in large part to the fact that an email address is not required on the DD 2656, the military retirement application form,<sup>3</sup> nor is an email address required to receive retirement pay. Considering manpower and budget constraints, a survey of 2 million+ retirees by U.S. Mail and telephone is untenable. This survey is actually a census of the retiree population we are able to reach via email. Such a census by email allows us to reach the largest possible retiree audience in the most efficient manner.

**2. Indicate how, by whom, and for what purpose the information is to be used.**

In deliberating compensation options, MCRMC needs to quantify the relative value military retirees attach to alternative levels and components of retirement pay and benefits. MCRMC and its Contractor will analyze this information to gauge the potential impact of changes under consideration.

**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 adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

Respondents will need a computer (work station or notebook) with internet access. They will be notified via email and directed to a website that hosts the survey.

**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.**

The information being collected is currently not available. MCRMC has searched for other sources that capture preference data from military populations and has found none.

**5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

No small businesses or other small entities are impacted by this information collection.

**6. Describe the consequence to Federal programs or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

If the collection of information is not conducted, MCRMC would not have the necessary input required for a holistic consideration of military compensation. Without the survey,

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<sup>3</sup> DD Form 2656, Data for Payment of Retired Personnel (April 2009), <http://www.dtic.mil/whs/directives/infomgt/forms/eforms/dd2656.pdf>

MCRMC would be unable to efficiently and effectively quantify compensation preferences across the approximately 2.1 million military retirees in an objective and meaningful manner.

- 7. Explain any special circumstances that would cause an information collection to be conducted in a manner requiring respondents to: report information to the agency more often than quarterly; prepare a written response to a collection of information in fewer than 30 days after receipt of it; submit more than an original and two copies of any document; retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years; or submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted new procedures to protect the information's confidentiality to the extent permitted by law. Explain any special circumstances 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; require the use of a statistical data classification that has not been reviewed and approved by OMB; includes a pledge of confidentiality that is not supported by authority established in statute or regulation, 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.**

There are no such special circumstances.

- 8a. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), 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.**

The notice of Proposed Information Collection Activity was published in the Federal Register on December 10, 2013 (Volume 78, Number 237, Pages 74168-74169). We received no comments in response to this notice.

- 8b. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

DFAS and the Defense Manpower Data Center (DMDC) are the two organizations in the federal government that maintain a comprehensive file of record level data on the approximately 2.1 million military retirees. We were unable to find any previous

surveys of military retirees addressing facets of military retirement pay and benefits. While extensive surveys of various veteran populations have been undertaken by the Veteran's Administration (VA) and private veteran service organizations (VSO), we found no surveys that focus on the retired military population with sufficient sample size and content coverage to serve as either a primary or supplemental source to meet the Commission's needs.

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

No payment or gift is provided to respondents.

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

DMDC reviewed a similar proposal to survey military personnel. MCRMC complied with their rules for confidentiality and privacy in that review, which included security measures for data collection and storage.

MCRMC has contracted with National Capitol Contracting LLC (NCC) to deploy a web-enabled, commercial, off-the-shelf (COTS) product developed by TrueChoice Solutions (TCS).

NCC and TCS may not disseminate, disclose, or publish any information, research, or findings regarding this effort outside MCRMC without explicit MCRMC approval. NCC and TCS will destroy all records and data sets at the direction of MCRMC and certify their destruction. The Commission will maintain custody of information at its secure premises. When the Commission terminates, any data or analyses pertaining to the survey will be disposed of in accordance with applicable Government regulations.

Only MCRMC and its contractor personnel will have access to the electronic survey database. This data will be summarized for use by MCRMC. The contractor will not have access to any personally identifiable information (PII) data. Any data supplied by respondents, as well as any consequent databases and analyses, remain the property of the Federal Government. The information cannot be released by the contractor without MCRMC consent.

The only PII (in the database of retiree demographics and response information) is the email address of the respondent. The email addresses will reside in electronic form on a secure DOD workstation and server that is both Federal Information Management Security Act of 2002 (FISMA) and Department of Defense Information Assurance Certification and Accreditation Process (DIACAP) compliant. MCRMC will send email invitations for the survey, to the email addresses supplied by DMDC, from a similar DOD workstation and server. The contractor will not have access to these email addresses. The survey instrument itself does not collect any PII.

PII will not remain attached to survey responses once received from the respondent.

Demographic data associated with email addresses will not be specific enough to enable a respondent to be identified. Please see Attachment C for demographic and other self-reported question items.

MCRMC will not collect identifiers from respondents. Survey responses from individuals will never be shared with their leadership, or anyone else, in such a manner that answers can be linked to the individual.

Survey returns will not be monitored by lithocodes on the survey or cookies sent by a web server to determine who has or has not completed the survey. Instead, MCRMC will do a match-merge on the unique code at regular intervals to identify those respondents who need a reminder notice.

- 11. Provide additional justification for any questions 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 a sensitive nature.

- 12. Provide estimates of the hour burden of the collection of information.**

The military retiree survey includes 15 preference measurement questions, which will require approximately one minute each to complete (15 minutes). Participants will also complete a relative importance ranking exercise about the first 15 items (2 minutes), a satisfaction rating of 4-6 items (1 minute), and 4-6 pair-wise comparison items (3 minutes). Based on these averages, MCRMC expects the typical participant will take 25 minutes to complete the survey (this includes introductory screen images on privacy and other explanatory information).

MCRMC has beta tested the system with a small group (5-9) of retirees and made technical adjustments accordingly.

Experience has shown that the population of military personnel, including reserve personnel and retirees, is a difficult one to survey. The response rate for surveying this population varies depending on the survey topics and the modes of data collection.<sup>4</sup>

MCRMC estimated an initial response rate of 25 percent of the retiree sample contacted

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<sup>4</sup> In a pilot survey on civilian health insurance conducted by RAND (2007), 59.7 percent of the sampled military retirees responded to the telephone survey (advance notification letters followed by CATI). Similarly, in a study on the views of the American public and U.S. foreign affairs experts on China policies conducted by the Pew Research Center (2012), only 25 percent of sampled military retirees responded; this survey relied on a combination of web and telephone surveys (mailed advance letters, emails, and phone follow-ups). The quarterly Health Care Survey of DoD Beneficiaries, sponsored by TRICARE Management Activity, has response rates of around 13.5 percent to its web surveys (mailed advance letters with the URL and password for the surveys).

based on last year’s customer satisfaction survey conducted by DFAS; however, this data was not sufficient to provide estimates of the response rates at the stratum level.<sup>5 6</sup> Given this uncertainty in response rates across stratum and viability of all the email addresses on the file, the net response rate was reduced to approximately 17.5%.

Using 25 minutes as the average total time to complete the exercise, MCRMC anticipates the total respondent burden as 75,633.33 hours:

CALCULATION OF TOTAL BURDEN ON PARTICIPANTS TO COMPLETE THE DATA COLLECTION EFFORT		
Preference measurement for 15 items	15 minutes	
Importance ranking of 15 items	2 minutes	
Satisfaction rating of 4-6 items	1 minutes	
Pair-wise comparisons of 4-6 items	3 minutes	
8 self-reported demographic items	1 minute	
Other material to read	3 minutes	
TOTAL ELAPSED TIME PER PARTICIPANT		25 minutes
Retiree email contact sample size	1,037,255	
Estimated net response rate	17.5 percent	
PARTICIPANT COMPLETIONS	1,037,255 * .175 =	181,519.625
TOTAL BURDEN (HOURS)	181,520 * 25 minutes= 4,538,000 minutes	75,633.33 hours

**13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.**

MCRMC has no basis for calculating a cost burden for respondents (*i.e.*, military retirees). As military retirees no longer receive pay for current military service, their earned income cannot be verified in order to calculate cost burden accordingly.

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<sup>5</sup> DMDC maintains extensive data on survey response rates by subgroups for the active and selected reserves, but has no experience surveying military retirees. DFAS does conduct customer satisfaction surveys to include military retirees, but does not retain any data on response rates for subgroups. For last year’s customer satisfaction survey, DFAS estimated a 22.6 percent response rate for those military retirees contacted by email. Because of the nature of the content in its survey, MCRMC increased the average response rate slightly to 25 percent for military retirees.

<sup>6</sup> DFAS Customer Satisfaction Survey, OMB Control No.: 0730-0003, ICR Reference No. 201401-0730-001, [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=201401-0730-001](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=201401-0730-001)

**14. Provide estimates of annualized costs to the Federal government.**

TOTAL COSTS TO THE FEDERAL GOVERNMENT		
Activity	Cost/rate per activity	Total Costs
Share of contract to develop and execute the data collection and analysis effort	\$150,000	\$150,000
MCRMC staff labor costs to prepare the OMB application	125 labor hours @\$75/hr.	\$9,375
	60 hours @\$30/hr.	\$1,800
MCRMC labor to supervise the work and prepare the briefings and reports on methodology and findings	675 labor hours @\$75/hr.	\$50,625
	240 labor hours @\$60/hr.	\$14,400
	100 labor hours @\$30/hr.	\$3,000
DFAS labor hours to prepare the email address file	40 hours @\$60/hr.	\$2,400
DMDC labor to prepare the email address file with demographics	40 hours @\$60/hr.	\$2,400
<b>TOTALS</b>		<b>\$234,000</b>

Note that this is a one-time effort on the part of MCRMC. The costs depicted in the table above include costs to prepare briefings and reports. Since there are three target populations (active, selected reserve, and retiree), the total costs for the contract and other support activities have been apportioned, with the retiree component of the project absorbing 25 percent of total project costs.

**15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.**

This is a new 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.**

By statute, MCRMC is report its findings and recommendations to the President and the Congress in February 2015.

MCRMC expects to launch the data collection effort in the field in summer 2014. The web-enabled data collection platform will remain available for participant use for four – six weeks, resulting in completion of data collection in late summer 2014.

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

MCRMC does not seek approval to omit the expiration date.

- 18. Explain each exception to the topics of the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”**

There are no exceptions from the topics in the Certification for the Paperwork Reduction Act Submissions.