

SUPPORTING STATEMENT
Analysis to Support Electronic Funds Transfer and Remittance Mandate
1530-NEW

A. JUSTIFICATION

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

The Department of Treasury (Treasury) Bureau of the Fiscal Service (Fiscal Service) is proposing to amend Title 31 CFR Part 206. In this Title, "Policies and guidelines are prescribed for promoting efficient, effective cash management through improved billing, collection, deposit, and payment of funds. These objectives seek to improve funds availability and the efficiency and effectiveness with which funds are transferred." Part 206 was promulgated in 1985 to prescribe the methods and the time limits by which agencies must collect and deposit monies with Treasury and to provide for the assessment of charges for agency non-compliance.

To enhance efficiency, effectiveness, and cost-savings for the government, Fiscal Service is working to develop a suite of electronic payment options that align with industry standards through its eCommerce and eCollections Initiatives. The eCollections Initiative was launched to increase the percentage of non-tax collections that are initiated electronically by decreasing the volume of non-tax paper based transactions and associated paper remittances. The change to Part 206 aims to support a critical implementation tool of the eCollections Initiative in that it will vest Fiscal Service with the authority to mandate that some or all payments and associated remittances made by the public to agencies be done using electronic methods. Receiving electronic payments and remittances electronically, compared to cash, check, and money order receipts, offers significant efficiencies and cost savings to the Federal government.

The proposed rule change to Part 206 is however governed by the provisions of both Executive Order 12866 (EO 12866; Regulatory Planning and Review) and the Regulatory Flexibility Act (RFA) (5 U.S.C. 601-612). EO 12866 requires an analysis to determine if the rule is "economically significant," meaning it would have an annual effect on the economy of \$100 million or more (including any cost or cost savings to the government). In addition, the RFA requires Federal agencies to analyze the impact of their regulatory actions on small entities such as small businesses in order to determine whether a rule will have a "significant economic impact" on a "substantial number" of small entities. Accordingly, Fiscal Service is required to conduct an analysis under EO 12866 and also an RFA analysis of the rule's impact on small entities.

Treasury Fiscal Service seeks to collect information and data from individuals and small businesses and other entities that are likely going to be affected by the mandate through focus groups and telephone interviews to support development of the economic analysis required by EO 12866 and the RFA and assist in developing the final regulatory ruling.

NOTE: Fiscal Service is proposing an expanded information collection approach, aimed at conducting exploratory focus groups and phone interviews. This will help to inform Fiscal

Service of the challenges involved in collecting information from the unbanked and under banked population and enhance the design of the collection instruments as needed. The number of individuals participating in the focus groups can be increased, when feasible, allowing for the opportunity to obtain additional voices that can be used to expand upon and validate previously gathered information. The expanded responding population targeted for the focus groups is now 60 individuals instead of the original 36 and the number of targeted individuals for the phone interviews is 10 instead of 6.

We also considered the second option provided at the meeting: expanding the focus group survey to the entire Treasury to obtain a master survey on the unbanked and under banked. However, the Treasury has determined this option is not feasible because:

- The unbanked and under banked population is just one (though important) part of the research for the EFT Regulatory Impact Analysis (RIA);*
- The information obtained from the focus groups will be supplemented with existing data from other sources rather than used solely as the justifying data; and*
- The amount of resources (both staff and funding) needed to conduct such a master survey is too large for the appropriated money for the current project/contract.*

2. Indicate how, by whom and for what purpose is this information used?

Fiscal Service will collect information on the payment methods currently utilized by affected populations and the associated costs, benefits, and/or burdens of eliminating paper-based payment options. The information will be collected from individuals and small businesses through three exploratory focus groups and six telephone interviews. The information collected pursuant to this request will be used by Fiscal Service to inform and benefit the economic analyses required by EO 12866 and the RFA in order to amend Title 31 CFR Part 206, as well as shape the final ruling so as to include less burdensome alternatives and exemptions, where appropriate, for small businesses and segments of the population (e.g., unbanked, underbanked) most impacted by the regulatory change. Specifically, the information will provide more information to allow Fiscal Service more accurately identify into the impacted populations; estimate the economic impact on individuals and small entities; determine what types of payment methods are suitable for implementing the mandate; estimate the impact of processing foreign checks and currencies; and determine payment method exemptions and time (if any).

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? What consideration is given to use information technology to reduce burden?

The focus groups will be conducted in-person and will not utilize information technology. Additional (minimum of six) respondents will be interviewed by telephone. Given that the collection of information seeks to understand what costs may be imposed on individuals, small businesses and other entities without access to electronic payment mechanisms, use of technological collection techniques and other methods (e.g., electronic) typically considered

burdensome are limited. To include such means of collection risks exclusion of the target population whose participation and input is the primary intent of the collection of information.

4. Describe efforts used to identify duplication? Why can't any similar information already available be used or modified for use for the purposes described in Item 2 above?

Fiscal Service and its contractors conducted interviews with Federal government staff and managers and performed extensive database research and literature reviews into similar collections of information from private sector companies, state and local governments, and other countries. To the best of Treasury/Fiscal Service's knowledge, other Federal government agencies and the private sector have not conducted similar collections of information on the potential effects (e.g., costs, benefits, burdens) of mandating payment and provision of remittance data electronically by the public.

Treasury previously conducted research related to the proposed collection of information when seeking to amend 31 CFR Part 208. The final rule, published on December 21, 2010, required recipients of federal benefit and nontax payments to receive their payments by electronic funds transfer. As part of the proposed rulemaking, Treasury conducted a 2004 study ("Understanding the Dependence on Paper Checks—A Study of Federal Benefit Check Recipients and the Barriers to Boosting Direct Deposit," OMB Control No. 1510-0074) and 2007 survey (SSA & SSI Check Recipient Survey, OMB Control No. 1510-0074) to understand the affected demographic groups and impacts on those populations. However, the purpose of those studies and collection of information focused on the electronic payment of checks to recipients rather required payment from the public to government. As a result, the findings are of limited use and cannot replace the benefits to be gained from this information collection request.

While there is currently no single data set from which a sound conclusion can be extrapolated, our efforts intend to make use of and build upon a basis of relevant data sets, including the *2013 FDIC National Survey of Unbanked and Underbanked, Computer and Internet Access in the United States: 2013, 2009 National Household Travel Survey, and Treasury payment data*. The new information collected through the exploratory focus groups and phone interviews will be utilized to triangulate and validate assessments and findings. Data collected through the exploratory focus groups will supplement existing data, provide more granularity, and lead to a sounder analysis.

5. If this collection of information impacts small businesses or other small entities, what methods are used to minimize burden?

The proposed collection instruments (i.e., focus groups and phone interviews) primarily seek participation and input from individuals. Approximately 20 (additional will be sought out when feasible) of the estimated 70 total respondents being sought for participation in the two information collection activities involve small businesses or other entities. With regard to the three exploratory focus groups, only one requests participation from small businesses. Phone interviews will only be extended to other such entities in the event it is determined that additional information is needed to supplement the focus group data, although this would be limited to no more than two or three interview respondents.

The small sample size and voluntary participation in both the focus groups and phone interviews impose minimal burdens on the small businesses given the opportunity to participate. Fiscal Service also intends to engage the Small Business Administration (SBA) Office of Advocacy, to ensure that all steps have been taken to address small business needs and minimize any possible burdens.

6. What consequences to Federal program or policy activities and what, if any, technical or legal obstacles to reducing burden will occur if this collection is not conducted or is conducted less frequently?

This is a one-time collection. If this information is not collected, Fiscal Service will not be able to comply with the Act's required economic analysis stipulated by EO 12866 and the RFA.

7. Is this collection of information conducted in a manner consistent with the guidelines of 5 CFR 1320.6?

The collection of this information will be conducted in a manner that is consistent with OMB guidelines.

8. What effort was made to notify the general public about this collection of information?

Fiscal Service published a 60-day notice in the Federal Register on November 17, 2014, [Vol. 79 No. 221 pp. 68506- 68507] soliciting comments on the information collection prior to this submission to OMB. No comments have been received to date in response to the notice.

Fiscal Service, through a contractor, consulted selected Federal agencies to define the population affected by the proposed regulatory change and help identify potential participants for the focus groups and phone interviews. Fiscal Service also consulted the SBA Office of Advocacy to solicit and consider its views and opinions on the degree to which the information collections and identified business participants properly represents small businesses affected by the proposed rule.

9. What decision was made to provide any payment or gift to respondents, other than remuneration of contractors or grantees?

No payments or gifts will be made to respondents during this information collection.

10. What assurance of confidentiality was provided to respondents and what was the basis for the assurance in statute, regulations, or agency policy?

The data collected from respondents will be tabulated and analyzed only for the purpose of developing the economic analyses required by EO 12866 and the RFA. All personnel are responsible for maintaining the confidentiality of all data collected. The security of the data utilized for the collections of information contained within this package and the privacy of respondents, to the extent allowed by law, will be carefully safeguarded at all times. Physical security measures include a locked, secure office. No video or audio recordings will be included

in the collection of information. Transcriptions of the phone interviews and focus groups will not ascribe responses to specific individuals.

All data collection will conform to the disclosure regulations of Treasury and its external contractor. Compliance with the Privacy Act of 1974 is additionally assured.

11. What justification is there for questions of a sensitive nature? 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.

The exploratory focus groups and phone interviews do not include any questions of a sensitive nature. The questions associated with this collection of information pertain to the methods that people use to pay the Federal government (e.g., cash, check, money order, credit/debit card, wire transfer) and their reasons for using those methods, as well as what alternatives they would consider if they could not use their preferred payment method. These questions are necessary to determine how people would be affected if Treasury/Fiscal Service modified Title 31 CFR Part 206 to mandate that all non-tax payments to the US Government be made using electronic methods. No personally Identifiable Information (PII) associated with respondents or their answers will be collected for the focus groups. Similarly for phone interviews, PII will not be linked to responders' answers.

12. What is the estimated hour burden of this collection of information?

Information collection consists of two instruments –exploratory focus groups and phone interviews – and anticipates the need for recruitment calls for both instruments of collection. The estimated total annual burden for the exploratory focus groups, phone interviews, and recruitment calls is 330 hours for up to 582 respondents, calculated as follows:

- **Focus Groups.** At the minimum, a total of 36 respondents will attend three focus groups of 12 participants each, with each focus group scheduled to run approximately 90 minutes for a total estimated burden of 54 hours. However, the goal is to target additional participants for a total of 60.
- **Phone Interviews.** A total of 6 respondents will participate in phone interviews with an approximate duration of 60 minutes each for a total estimated burden of 6 hours. The goal also is to expand the respondent number to 10.
- **Recruitment Calls/Emails.** A total of up to 540 recruitment calls and/or emails to eligible respondents are projected to be needed to achieve the desired participation levels for the three focus groups and six phone interviews. These projections assume a 1 in 5 acceptance rate for focus group participants and a 1 in 60 acceptance rate for phone interview participants, for a total of 180 calls and/or emails to eligible respondents for the 3 focus groups and 360 calls and/or emails for the 6 phone interviews, respectively. With each call and/or email estimated to take approximately 30 minutes per person*, the estimated total annual burden for the recruitment calls/emails is 270 hours, although this may be reduced if the desired level of focus group and phone interview participation is reached sooner than projected acceptance rates. (*Estimated recruitment time per person

reflects the maximum time that may be needed, although we anticipate the calls and/or emails will take less time.)

The exploratory focus groups, phone interviews, and recruitment calls will all require one-time responses only during the entire course of the collection.

Minimum/Target Maximum Respondent/Participant Numbers				
	Respondents Attending Focus Group	Respondents Participating in Phone Interviews	Focus Group Recruitment Calls/Emails	Phone Interview Recruitment Calls/Emails
Estimated Number of Respondents	36 (60 target)	6 (10 target)	180	360
Estimated Time Per Respondent (Minutes)	90	60	30	30
Estimated Total Annual Burden Hours	54	6	90	180

SUMMARY: Total number of responses: 582; Total burden hours requested: 330.

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information?

We estimate the cost to be as follows:

- **Total cost burden of recruitment calls** = 540 (i.e., recruitment calls) x \$23.98 (i.e., cost of time) x 0.5 (i.e., duration of recruitment calls) = \$6,474.60
 - o Assumes a 1 in 5 acceptance rate per focus group = 60 calls per focus group
 - o 60 (i.e., calls per focus group) x 3 (i.e., total Focus Groups) = 180
 - o Assume a 1 in 60 acceptance rate per phone interview
 - o 60 (i.e., calls per phone interview) x 6 (i.e., total phone interviews) = 360
 - o 180 + 360 = 540 recruitment calls
- **Total cost burden of Focus Groups** = \$975.18 (i.e., Total cost per Focus Group) x 3 (i.e., total Focus Groups) = \$2,925.54
 - o Total cost per Focus Group = \$543.54 (i.e., travel cost) + \$23.98 (i.e., cost of time) x 1.5 (i.e., duration of Focus Group) x 12 (i.e., number of participants)) = \$975.18
- **Total cost burden of Phone Interviews** = (\$23.98 (i.e., cost of time) x 1 (i.e., duration of interview) x 6 (i.e., number of participants)) = \$143.88

- **Total cost burden to attend focus groups and participate in phone interviews for all participants** = \$6,474.60 + \$2,925.54 + \$143.88 = \$9,544.02

14. What is the annualized cost to the Federal Government?

Fiscal Service has incorporated the costs of this reporting requirement for agency staff involved in the information collection activities into the overall costs of its economic analysis. Payments to contractors for development, implementation, and analysis of the information collection totals \$78,895.

15. What is the reason for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I?

This is a new collection of information. There are no other program changes or adjustments to this submission.

16. For collections of information whose results will be published, outline plans for tabulation and publication.

Collected information will not be published. The responses of the focus groups and telephone interviews will solely be used to inform the economic analyses required by EO 12866 and the RFA and assist in developing a Notice of Public Rulemaking. General reference to the methodology used to collect information and how the information was used in calculating the benefits and costs of the proposed rule may be included in the Notice of Public Rulemaking, however no detailed information from the collections of information will be reported.

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

Fiscal Service is not seeking approval to omit display of the expiration date for OMB approval of the information collection.

18. What are the exceptions to the certification statement?

There are no exceptions to the certification statement.

Attachments:

- *Copy of appropriate section of each statute and regulation mandating or authorizing the collection of information*
 - o EO 12866
 - o 5 U.S.C. 601-612
- *Copy of the Federal Register notice wherein public and affected agencies' comments were solicited prior to submission to OMB, as required by 5 CFR 1320.5(a)(i)(iv)*
 - o 60-DayPre_ClearanceNotice_2014-27026
 - o 30-Day Federal Register Notice_2015-07063

- *Copy of data collection instruments and materials (e.g., email invitations, questionnaires)*
 - EFT Recruitment Screener_04 14 2015
 - EFT Focus Group_Individuals_Invitation Template_04 14 2015
 - EFT Focus Group_Small Business_Invitation Template_04 14 2015
 - EFT Focus Group Questions and script_Individuals_10 26 2015
 - EFT Focus Group Questions and script_Small Business_10 26 2015
 - EFT Phone Interview Questions and Script_10 26 2015
- *Where a contractor is collecting the information, rather than Treasury staff, the contractor's procedures for confidentiality should be referenced and appended*
 - Treasury disclosure regulations
 - BAH disclosure regulations