

SUPPORTING STATEMENT - PART A

Exchange Employee Management and Pay System (0702-XXXX)

A. JUSTIFICATION

1. Need for the Information Collection

The Army and Air Force Exchange Service (Exchange) is a Non-Appropriated Fund (NAF) Instrumentality of the United States of America. This information collection is required to process and administer a number of different benefits available to eligible Exchange employees, former employees (retirees), their dependents, beneficiaries, spouses, and ex-spouses. The data collected allows for the accurate and timely processing of all pay, salary, health, retirement, annuities, and beneficiary funds by the Exchange Human Resources (HR) offices and the Finance & Accounting Treasury Benefits department.

Army Regulation 215-8/AFI 34-211(I) authorizes funds for the operation of day-to-day personnel administration of employees paid with NAFs to include, but not limited to, recruitment, placement, position classification, salary and wage administration, training, personnel records maintenance, employee relations, and personnel matters.

Title 10 U.S.C. 3013, "Secretary of the Army" and Title 10 U.S.C. 8013, "Secretary of the Air Force", delegates authority to the Exchange for mission activities including the authority for the collection of personal information from individuals of the public for use in Exchange pay systems.

Army Regulation 215-3, "Nonappropriated Funds Personnel Policies and Procedures" provides authority for the payment and reimbursement of funds relative to benefits and annuities.

Title 42 U.S.C. 659, "Consent by United States to income withholding, garnishment, and similar proceeding for enforcement of child support and alimony obligations" authorizes the withholding of funds.

31 CFR 285.11, "Administrative Wage Garnishment" allows for the collection of funds from a debtor's disposable pay by means of administrative wage garnishment to satisfy delinquent nontax debt owed to the United States.

DoD Directive 7000.14-R, Volume 13 and 16, "DoD Financial Management Regulation" provides the authority for the withholding and payment of garnishments, taxes and FICA.

The retirement plan is governed in accordance with Department of Defense Instruction (DoDI) 1400.25, Volume 1408, "DoD Civilian Personnel Management System: Insurances and Annuities for Nonappropriated Fund (NAF) Employees" and the Basic Retirement Plan for Employees of the Exchanges Plan document.

Executive Order (EO) 9397 (SSN) as amended, provides the authority for the collection of Social Security Numbers (SSN).

2. Use of the Information

- **Web-Based Insurance Enrollment**

Eligible employees may enroll into any benefits offered by the Exchange by visiting the "eBenefits" program within the first 31 days after eligibility. The eBenefits program is a secured online site administered by Willis Towers Watson (a global multinational risk management, insurance brokerage and advisory company). The site allows for the ability to determine employee eligibility for benefits and access for employees to enroll in the benefits for themselves and their dependents online. The Exchange Human Resources Office provides information and instructions to employees for completion of enrollment collection. Sample screen shots are provided for OMB review.

Health and dental benefits, along with flexible spending accounts, are available to newly hired, rehired and newly eligible individuals employed by the Exchange. Collection of information relative to health and dental insurance plans is covered under the Department of Defense Non Appropriated Fund Health Benefits Program (DoD NAF HRB).

In addition to the three medical plans, two dental plans and flexible spending accounts available to Exchange employees through DoD NAF HBP, the eBenefits system allows enrollment into other valuable insurance plans. This includes a basic and supplemental life insurance plans, spouse and child life insurance plans, disability insurance, and personal accident insurance.

To verify the identity and eligibility of the employee, eBenefits electronically receives employee personal information from the Exchange's Personnel Management Information System (PMIS). PMIS contains all information on active employees. This information includes the individual's name, SSN, mailing address, date-of-birth, hire date, employee category (i.e. Regular full time, part time, etc.), gender, marital status, annual salary, and work e-mail address. Once this information is verified, the employee is taken to a screen explaining the Section 125 tax options. The employee provides whether or not they want their premiums on certain insurances (health, dental and life insurance) to be taken out before taxes or after taxes.

After a choice is made on the Section 125 tax options, the employee is able to enter their dependents' information. eBenefits collects each dependent's name, date-

of-birth, SSN, relationship to employee and whether they wish to enroll them into health, dental or life insurance. Employees who have provided dependent information through eBenefits at an earlier date are able to edit or change their dependent information through eBenefits.

Employees are provided the option to choose enrollment into a medical and/or dental plan by simply clicking a box. Enrollment into the Health Care Flexible Spending Account (HCFSA) and Dependent Care Flexible Spending Account (DCFSA) includes the input of an annual amount to be taken out of the employee's check before taxes. Choices also include enrollment into the employee basic life insurance plan, supplemental life insurance plan, spouse life insurance plan, child life insurance plan, disability insurance plans, and personal accident insurance. The employee is allowed to choose a coverage amount for which bi-weekly premiums are deducted from their pay.

Once all insurance choices are made by the employee, eBenefits will provide the employee a screen to designate a beneficiary breakdown. This breakdown allows the employee to add or edit beneficiary information. If a new beneficiary is added, the employee must provide the individual's first and last name, SSN, date-of-birth, relationship to the employee, country of residence, and mailing address if different than the employee's. The employee may also choose to list a trust as their beneficiary by providing the trust name, date and tax ID number. Another beneficiary choice provided to the employee is adding his/her estate. When chosen, the employee would simply add the Estate's name or provide an answer of "my estate".

Once all personal information regarding beneficiaries is provided, the employee must choose if the beneficiary will be listed as a primary beneficiary holder or a secondary beneficiary holder. When providing this information, the employee must choose the percentage of coverage (i.e. 50%) or mark a box to divide the funds equally between the beneficiaries.

After all information is collected, eBenefits allows the employee to review their choices, providing them the opportunity to revisit any portion they wish to change. Once the employee is satisfied with their decision, they will save the results. Once saved, the employee's insurance is active. During the annual open enrollment period, which normally occurs between November 1 and November 30 every year, employees have a window of time to review and edit their insurance preferences. Once the open enrollment period expires, all changes become active.

Willis Towers Watson, owner of the eBenefits, sends a report to the Exchange Treasury Benefits department and to the insurance providers with the specifics of insurances selected. This information is electronically downloaded into the Exchange's PMIS and Pay Systems to be used for record keeping purposes, tax issues, and bi-weekly premiums to be deducted from the individual's pay. Willis Towers Watson maintains the collected information provided by the employee on eBenefits.

- **Annuity Application**

An eligible employee for the Exchange retirement plan is an individual who maintains a regular full-time (RFT) position and whose wages/salaries are paid with U.S. dollars. RFT Individuals hired prior to January 1, 1967 automatically became participants in the Exchange Retirement Plan. RFT individuals hired after this date become participants immediately upon their employment with the Exchange. An individual's participation in this plan continues unless there is a change in the individual's position which affects their employment status. (i.e. The employee's pay category changes from RFT to part-time pay rate.) All eligible Exchange employees are required to be participants in the Exchange retirement plan.

Once an eligible Exchange employee is approved for retirement, Exchange Form 1450-011, "Annuity Application" must be completed. Information collected on Exchange Form 1450-011 is completed by an active Exchange employee. Data collected from the employee includes the name of the employee's survivor, their address, relationship, date-of-birth, SSN, and the survivor's signature. The Exchange Human Resources office and Treasury Benefits department are actively involved in providing guidance to the employee to assist them in making their annuity choices. Once the form is completed it is turned into the servicing Exchange Human Resource (HR) office.

The Exchange HR office completes the employee's retirement packet and forwards it to the Treasury Benefits department. The Treasury Benefit department finalizes the employee's retirement, scans the employee's retirement package, and submits it for payment. The final retirement packet is then electronically and securely forwarded to a third party who is the administrator of the trust to set up and make payments to the retirees.

- **Application for Payment of Survivor Annuity**

In the event an eligible retirement participant dies while actively employed, their spouse or other survivor, if living, may be eligible for a survivor annuity. The surviving spouse would complete Exchange Form 1450-018, "Application for Payment of Survivor Annuity, Death in Service." The survivor may request the Exchange Form 1450-018 from the servicing Exchange HR office either by mail or through a phone call requesting information. Answers to questions associated with the completion of the Exchange Form 1450-018 are also provided by the servicing Exchange HR or through an Exchange Benefit representative.

Information collected on Exchange Form 1450-018 includes the surviving widow's or widower's name, citizenship, SSN, addresses, date-of-birth, and marriage date to the deceased individual. If the survivor is the parent of unmarried children, under the age of 18, information is collected on the children's names, date-of-birth, and relationship. The survivor also provides copies of the death certificate, copies of the survivor's birth certificate, copies of marriage license, copies of the survivor's certificate

of social insurance awards or a letter of declination from the Department of Health, Education and Welfare. The Exchange Benefit and Human Resources departments are actively involved in providing guidance to the survivor to assist them in the completion of this form and to provide direction on what type of documents should be attached.

Once Exchange Form 1450-018 is completed and signed by the survivor in the presence of a witness, the form is mailed or turned into the servicing Exchange HR office along with the required attachments. The Exchange HR office will review the form for completeness, making sure all attachments have been presented and are verified. The package is then forwarded to the Exchange Treasury Benefit department who will scan the survivor's submission and finalize the processing for payment. The final packet is then electronically and securely forwarded to a third party who is the administrator of the trust to set up and make payments to the survivor.

- **Beneficiary Designation**

An Exchange employee or retiree may request additions or changes in their beneficiary designations for the plans they are currently enrolled in and have the ability to be passed on to a survivor. These plans include the retirement plan, life insurance plans, 401(k), and unpaid compensation. Normally, the updating of beneficiary information is done securely on-line as mentioned in the web-based insurance enrollment. Individuals without computer knowledge/access can update their information on the paper form. In this case, information is collected on Exchange Form 1700-012, "Beneficiary Designation".

Exchange Form 1700-012 collects information from the employee or retiree such as their names, prior names, SSN, address, sex, and marital status. The employee or retiree will choose whether their beneficiary(ies) are the same for each plan or may choose to have different beneficiary(ies) for each individual plan. Secondary beneficiaries are provided in the event the primary beneficiary is not living at the time of the employee or retiree's death. Additional pages may be included for additional selection of more beneficiaries or to provide more information on how funds should be distributed.

Exchange Form 1700-012 collects the following beneficiary information: names, SSN, address, date-of-birth and relationship to the Exchange employee or retiree. Employees/retirees may choose to name a trust or their estate as a beneficiary. When choosing a trust, the name and date of the trust is provided and supported by a copy of the trust papers. Should the employee or retiree wish to have their estate listed as a beneficiary, they simply write in "My Estate."

When Exchange Form 1700-012 is completed and signed, the employee will make a copy for their records and provide the completed form to their local Exchange HR representative. Exchange Form 1700-012 is then reviewed for completeness and forwarded to the Exchange Treasury Benefits department. If Exchange Form 1700-012 is completed by a retiree, the form is mailed or hand delivered directly to the

Exchange's Treasury Benefits department. An authorized Exchange Treasury Benefits employee then scans the form and electronically provides the beneficiary choices to the applicable insurance plans.

- **Patient Health Questionnaire**

Exchange Form 6650-007, "Patient Health Questionnaire" was previously reported in our notice for public comment. Upon further consultations with the Exchange Merchandise Directorate, it has been determined this form is no longer being utilized and will not be listed further in this supporting statement.

3. Use of Information Technology

The Exchange encourages respondents to utilize technology to the fullest extent possible in order to reduce burden on the public. The collection of information and supporting documents relative to enrollment into the Exchange insurance and pay plans are done so through an online capture program called eBenefits. 80% of the data is collected electronically and transferred between the Exchange PMIS and the vendor who provides the insurance policy to include the Exchange Treasury Benefits department.

Utilization of the web-based system permits the Exchange to be more responsive to employees' health needs. Information provided is processed almost immediately to the appropriate health provider or insurance carrier. The system is readily available for disclosure to the patron or their designee upon their request pursuant to the Privacy Act of 1974, as amended, Title 5 U.S.C. §552a.

Enrollment and application for payment of annuities is manually completed and processed by the Exchange Human Resource team. Electronic collection and submission methods from the time the employee initiates a retirement request to the time it is set up for payment are being reviewed for future changes to reduce the public burden.

4. Non-Duplication

This specific information is not available from other sources as it is collected only at the time an employee requests retirement, enrolls or changes insurance preferences or when an employee's survivor asks for benefits.

5. Burden on Small Business

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

6. Less Frequent Collection

Information is voluntarily provided by an Exchange employee or an employee's survivor. Exchange health and insurance information choices are provided to the employee at the time of their eligibility. Collection is triggered only by the employees' desire to obtain or update such benefits. Less frequent collection is not possible.

7. Paperwork Reduction Act Guidelines

No special circumstances exist that require collection to be conducted in a manner inconsistent with the guidelines delineated in Title 5 CFR 1320.5(d) (2).

8. Consultation and Public Comments

a. A 60 Day Federal Register notice of the proposed collection was published in the Federal Register on March 23, 2016, 81 FR 15511. No comments were received. A 30 Day Federal Register notice of the proposed collection was published in the Federal Register on August 11, 2016, 81 FR 53127.

b. Significant input and information was received from the Exchange Benefit and Human Resource directorates in relation to the continued use and burden relative to collection of information.

9. Gifts or Payment

No payments or gifts are offered to the respondents.

10. Confidentiality

Personal data information is securely collected, stored and managed in accordance with the copy of the System of Records Notice (SORN) AAFES 0703.07, entitled "Employee Pay System Records" and AAFES 0903.06, entitled "Personnel Management Information System" available for view at <http://dpcl.d.defense.gov/Privacy/SORNsIndex/DODwideSORNArticleView/tabid/6797/Article/570129/aafes-070307.aspx> and <http://dpcl.d.defense.gov/Privacy/SORNsIndex/DODwideSORNArticleView/tabid/6797/Article/570130/aafes-090306.aspx> respectfully. Draft copies of the altered SORNs are provided. After forms are scanned, they are maintained in secured, protected drives with access only to authorized individuals.

Individuals providing information are informed through electronic notification or through a Privacy Act Statement on the form that the information they choose to provide is voluntary on their part. They are also informed of the routine uses of disclosures at the time of submitting their personal information.

Information collected is protected under the Privacy Act of 1974, as amended. Access to the information collected is restricted: Physical entry is restricted by the use

of locks, guards, and is accessible only to authorized personnel; Access to records is limited to person(s) with an official "need to know," who are responsible for servicing the record in performance of their official duties; Persons are properly screened and cleared for access; and access to computerized data is role-based and further restricted by passwords, which are changed periodically. In addition, integrity of automated data is ensured by internal audit procedures, database access accounting reports and controls to preclude unauthorized disclosure.

Disclosure of respondent information is made upon submission of the individuals' original, notarized, written request for documents either disclosed to themselves or to a third party representative. Records may be disclosed outside of DoD pursuant to Title 5 U.S.C. §552a(b)(3) regarding DOD "Blanket Routine Use" published at <http://dpcl.d.defense.gov/Privacy/SORNsIndex/BlanketRoutineUses.aspx>. This may include disclosures to the United States Treasury Department, the Internal Revenue Service, to former spouses who receive payments under Title 10 U.S.C. §1408, "Payment of retired or retainer pay in compliance with court orders", and to Federal, state, or local child support agencies in response to their written requests for information. Other disclosures may be made to law enforcement authorities for investigatory purposes or through the routine uses as authorized by statute.

The draft Privacy Impact Assessment (PIA) submitted for your review is currently being assessed by the subject matter expert for completion and publication. Records maintained by the Exchange relative to this collection are kept in a secured protected drive to which are only accessible to individuals with an official need-to-know.

In accordance with National Archives and Records Administration (NARA), the Exchange maintains records for six years after the end of the fiscal year following the termination of involvement between an employee and the Exchange. Records are then destroyed by physically shredding or deleting from the secured electronic drive.

Exchange Forms 1450-011, 1450-018 and 1700-012 are currently being revised to include the Agency Disclosure Notice (ADN), the Privacy Act Statement (PAS) and Instructions as displayed on the provided drafts. Willis Towers Watson, the owner of eBenefits, will be revising the on-line collection, eBenefits, to include the ADN and PAS. The Exchange anticipates the completion of both projects no later than October 1, 2016.

11. Sensitive Questions

Respondents are asked to provide their SSN, date of birth sex and marital status. In cases where a survivor benefit is elected, the SSN and date of birth are required for survivor and dependent children listed. Dependents' and beneficiaries' SSN are collected to positively identify the individual(s) at a future date and to provide insurance benefits to the appropriate individuals.

Collection of SSN is authorized under DoDI 1000.30 "Reduction of Social Security Number (SSN) Use within DoD" Enclosure 2 sections 2.c.(4), (5), (6) and (7) and is in accordance with Title 10, U.S.C. Sections 3013 and 8013.

12. Respondent Burden, and its Labor Costs

a. Estimation of Respondent Burden

The numbers reported below differ from those initially reflected in our Public Notice. New estimates were obtained from the Finance & Accounting directorate based upon the recent history of benefit enrollments and retirement data. The average annual burden estimate for reporting and recordkeeping requirements were derived from this new information.

Collection Document	Number of Respondents	Number of Responses per Respondent	Number of Total Annual Responses	Response Time (Amount of time needed to complete the collection instrument)	Respondent Burden Hours (Total Annual Responses multiplied by Response Time computed into hours)
Web based "Health/Benefit Enrollment" (eBenefits)	6000	1	6000	20 Minutes	2000 Hours
1450-011 "Annuity Application"	600	1	600	15 Minutes	150 Hours
1450-018 "Application for Payment of Survivor Annuity"	50	1	50	1 Hour (includes the time to locate additional attachments to form)	50 Hours
1700-012 "Beneficiary Designation"	1000	1	1000	20 Minutes	333 Hours
TOTAL	7,650	1	7,650	115 Minutes	2533 Hours

b. Labor Cost of Respondent Burden

Each respondent is estimated to spend approximately 15-60 minutes of time submitting information on the collection methods listed in part 2 of this statement. Our Public Notice reflected the average time of submission of information to be 45 minutes. Due to the elimination of the Exchange Form 6650-007, the average time has been adjusted to 30 minutes. Most of the collected information is obtained from active Exchange employees. The hourly respondent burden was estimated on the Dallas NAF Wage Schedule at \$25.00/hour. (NAF Wage Schedule – 152 Dallas, TX Effective 08 Jun 2015.)

Collection Document	Number of Respondents	Number of Responses per Respondent	Respondent Hourly Wage	Labor Burden per Response (Response Time multiplied by Respondent Hourly Wage)	Total Labor Burden (Number of Respondents multiplied by Response Time multiplied by Respondent Hourly Wage)
Web based "Health/Benefit Enrollment" (eBenefits)	6000	1	\$25.00	20 Minutes	\$50,000
1450-011 "Annuity Application"	600	1	\$25.00	15 Minutes	\$3,750
1450-018 "Application for Payment of Survivor Annuity"	50	1	\$25.00	1 Hour (includes the time to locate additional attachments to form)	\$1,250
1700-012 "Beneficiary Designation"	1000	1	\$25.00	20 Minutes	\$8,333
TOTAL	7,650	1	\$25.00	115 Minutes	\$63,333

13. Respondent Costs Other Than Burden Hour Costs

- a. There are no capital or start-up costs associated with this collection.
- b. Most of the information collected is submitted by active Exchange employees. Forms completed are primarily submitted in person to the Exchange HR office and no postage fees are involved.

Costs incurred by individuals completing Exchange Form 1540-018 are dependent upon whether or not the individual obtains the requested supplemental documents, such as copies of marriage licenses and birth certificates. If needed, individuals will incur the cost of certification from the originator of these documents. This is estimated to be around \$10.00 per certified copy. Individuals may also incur the cost of copying attachments to include with Exchange Form 1540-018. A local print shop may charge \$0.20-\$0.25 for copying these documents. If the form is mailed to the Exchange, the individual will incur mail cost at rate of \$0.49 for first class mail up to \$10.00 for overnight delivery.

14. Cost to the Federal Government

The estimated time and cost for the Exchange to process information collected was derived from consultations with the Finance & Accounting directorate. It is estimated it takes approximately 6 hours and 10 minutes of processing time to complete the Exchange's responsibility of processing information collected. The Web based "Health/Benefit Enrollment" is an automatic system and no Exchange man hours are required for processing. The average rate of pay for employees processing information is \$20.00 per hour (NAF Wage Schedule – 152 Dallas, TX Effective 08 Jun 2015.)

Labor Cost to the Federal Government					
Collection Document	Web based "Health/Benefit Enrollment" (eBenefits)	1450-011 "Annuity Application"	1450-018 "Application for Payment of Survivor Annuity"	1700-012 "Beneficiary Designation"	Total
Number of Responses	6000	600	50	1000	7,650
Processing time per response (in hours)	0 hours (online-automatic)	2 hours	4 hours	10 minutes (.167 hours)	6.17 Hours
Hourly Wage of Worker(s) Processing Responses	n/a	\$20.00	\$20.00	\$20.00	\$20.00
Cost to Process each response (Processing Time per response multiplied by Hourly Wage of Worker(s) Processing Responses)	n/a	\$40.00	\$80.00	\$3.33	\$123.33
Total Cost to Process Responses (Cost to Process Each Response multiplied by Number of Responses)	n/a	\$24,000	\$4,000	\$3,333	\$31,333

Operational and Maintenance Cost						
Equipment	Printing	Postage	Software Purchases	Licensing Costs	Other	Total
\$4,000	\$5,000	\$294	\$4,410,000	\$0	\$57,730	\$4,477,024

Software Purchases reflect the annual contracting cost from Willis Towers Watson. Other cost reflects annual testing of the Web based eBenefits system.

Total Cost to the Federal Government		
Operational & Maintenance Costs	Labor Cost to the Federal Government	Total Cost (O & M Costs + Labor Cost)
\$4,477,024	\$31,333	\$4,508,357

15. Reasons for Change in Burden

This is an existing collection in use without an OMB control number.

16. Publication of Results

There are no plans to publish the results of this collection.

17. Non-Display of OMB Expiration Date

There is no request for approval to omit the display of the expiration date of the OMB approval on the instrument.

18. Exceptions to "Certification for Paperwork reduction Submissions"

There are no exceptions.