

August 28, 2017

## 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 Improvement Act as amended (Public Law 104-134), 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: required to attempt collection of all debts owed to the United States arising out of FEMA’s activities but may 1) compromise certain debts, which is to accept less than the full amount owed in satisfaction of the debt, or 2) terminate a collection action completely where it appears that the person liable for such debt does not have 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 termination of debt collection activity, or compromise of some or all of the value of the debt, is appropriate. This financial information is essential to meeting the requirements set forth in applicable regulations and to appropriately apply the various collection standards. The form collects information to estimate the current and future ability of a debtor to pay their debt and determine whether termination or compromising and writing-off a portion or the full amount of the debt is appropriate.

With this information, FEMA is able to review and discuss with debtors their financial resources in an attempt to resolve their debt. FEMA also uses this data to determine whether to allow alterations to established installment payment agreements 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 Department of Treasury’s offset program, this form, along with the debtor’s entire debt file(s) may be sent to Treasury for collection or the Department of Justice for litigation, compromise, or termination or for any other judicial enforcement. In addition, since this form is also used to adjudicate requests for waiver of employee debt owed to the Agency, FEMA may share this information with the Department of Homeland Security who is the approval authority for waiver requests greater than \$10,000.

**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 available to debtors upon request but may not be submitted online. Debtors may call the following number to request the FEMA Form 127-0-1: (800)816-1122. The form will be mailed to the respondents for completion. Once the debtor completes the form, he or she returns the form and supporting documentation to FEMA by USPS or fax.

**Non-FEMA Employees: Fax:** 800-827-8112 or **Mail:** National Processing Service Center, P.O. Box 10055, Hyattsville, MD 20782-8055.

FEMA staff will upload the debtor's response in National Emergency Management Information System (NEMIS).

Current and former FEMA employees may use this form to address waivers of employee debts. FEMA employees will send the completed form to the FEMA Finance Center (FFC) by USPS or fax. The FFC will scan the documents into FEMA's SharePoint system.

**Current and Former FEMA Employees: Fax:** 540-504-2288 or **Mail:** FEMA Finance Center, Accounts Receivable, P.O. Box 9001, Winchester, VA 22604

FEMA staff documents the process in FEMA's financial system for accounts receivable including: the debtor's request for a payment plan or compromise, the debtor's 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 debtor's eligibility for a payment plan or compromise based on the debtor's ability to pay, and the disposition of the debt resolution evaluation. Only authorized FEMA staff has access to this information.

**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 will be able to fashion reasonable payment plans with Individual Assistance debtors based upon their unique financial situations and, further, will be able to compromise the value of the debt or terminate collection for those individuals who do not have the present or prospective financial ability to pay a significant portion of their balance. By being able to fashion repayment arrangement plans unique to the individual, FEMA also anticipates being able to recoup significantly higher numbers of Individual Assistance debts and amounts through installment repayment agreements as we would be able to knowledgeably negotiate such agreements and would not have to use other, less effective and/or more costly methods of collection.

In addition, collection of this information is necessary for FEMA to be able to appropriately adjudicate requests for waiver of employee debt, in accordance with 5 U.S.C. § 5584, which authorizes the waiver, in whole or in part, of claims made by the United States against an employee for erroneous payments or overpayments where collection of the debt would be against equity and good conscience and is not in the best interests of the United States.

**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 FEMA's debt collection financial 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 April 17, 2017, 82 FR 18154. 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 July 3, 2017, 82 FR 30881. 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 engage in 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 developed a written Standard Operating Procedure (SOP) for internal processes to formalize its debt collection process. FEMA determined that following current Federal processes such as the Federal Claims Collection Standards, the Debt Collections Act as amended, with the Treasury Cross-Servicing Program, remain the most effective methods to collect FEMA debts. FEMA Form 127-0-1 has become invaluable to FEMA in carrying out the legal and regulatory responsibilities.

**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) form was submitted early March 2017 to the FEMA Privacy Office for review and approval. The PTA form is currently pending with DHS Privacy Office.

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 beyond those which seek to identify respondents' financial abilities to pay their debts and assist the Agency in determining whether it needs to craft special repayment plans unique to the individual.

**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 300 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  $300 \times 45$  minutes = 225 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	300	1	300	45 minutes	225	\$33.92	\$7,632
<b>Total</b>		<b>300</b>		<b>300</b>		<b>225</b>		<b>\$7,632.00</b>

• Note: The “Avg. Hourly Wage Rate” for each respondent includes a 1.46 multiplier to reflect a fully-loaded wage rate.

According to the U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)) the May 2015 National Occupational Employment and Wage Estimate average hourly wage for All Occupations (Standard Occupational Classification 00-0000), which FEMA uses for Individuals, is estimated to be \$33.92 ( $\$23.23 \times 1.46 = \$33.9158$ ) per hour including the wage rate multiplier ([https://www.bls.gov/oes/current/oes\\_nat.htm#00-0000](https://www.bls.gov/oes/current/oes_nat.htm#00-0000)). A 1.46 load multiplier is calculated based on Bureau of Labor Statistics, Employer Costs for Employee Compensation, Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation: Civilian workers, by major occupational and industry group, June 2014 ([http://www.bls.gov/news.release/archives/ecec\\_09102014.htm](http://www.bls.gov/news.release/archives/ecec_09102014.htm)) by dividing total compensation for all workers of (\$31.96) by wages and salaries for all workers of (\$21.95). The resulting estimated burden hour cost to respondents Individuals is estimated to be \$7,632 annually.

**13. Provide an estimate of the total annual cost burden to respondents or record keepers 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:**

**a. 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.

**b. 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]	
Staff Salaries* [(See below), employees in the Washington DC area spend approximately 1/2 hour of their time annually per form to collect and evaluate data, 1/2 hour to determine / set payment plans or to compromise debts, 1 hour for approvals and 1/2 hour to print, mail, log and archive this data collection] [below are the calculations.]	
1 GS 09 Step 5 DCB – 300 hours x (\$29.85 hourly rate x 1.46) =	\$13,074.
1 GS 12 Step 5 DCB -- 150 hours x (\$43.29 hourly rate x 1.46) =	\$9,480.
1 GS 13 Step 5 DCB -- 100 hours x (\$51.48 hourly rate x 1.46) =	\$7,516.
1 GS 14 Step 5 DCB – 100 hours x (\$60.83 hourly rate x 1.46) =	\$8,881.
1 GS 15 Step 5 DCB – 100 hours x (\$71.56 hourly rate x 1.46) =	\$10,448.
<b>Total</b>	<b>\$49,399</b>
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 300 forms x .10 per form = \$30.00	\$30
Postage 300 x .47 = \$141.00	\$141
Other	
<b>Total</b>	<b>\$49,570</b>

\* Note: The "Salary Rate" includes a 1.46 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 a 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				-1,500	+300	-1,200
<b>Totals</b>				<b>-1,500</b>	<b>+300</b>	<b>-1,200</b>

**Explain:**

In an effort to collect erroneous overpayments to individuals, FEMA is making a greater effort to provide installment agreements to those with debts to the agency but who are financially unable to pay their debts in a single payment. There have been some changes in the information being collected using FEMA Form 127-0-1. The decrease in the annual hour burden is due to a policy change which enables FEMA Debt Collectors to verbally negotiate payment plans by telephone. The program updated their Standard Operating Procedures (SOP) in 2016, in which the procedures changed and required a little more information. Therefore, changes were made to FEMA Form 127-0-1. See Forms Revision Chart and Debt Resolution SOP.

Itemized Changes in Annual Cost Burden						
Data collection Activity/Instrument	Program Change (cost currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (cost currently on OMB Inventory)	Adjustment (New)	Difference
Debt Collection Financial Statement / FEMA Form 127-0-1				-\$50,610.00	+\$7,632.00	-\$42,978.00
<b>Total(s)</b>				<b>-\$50,610.00</b>	<b>+\$7,632.00</b>	<b>-\$42,978.00</b>

***Explain:***

There has been a decrease in the annual cost burden from \$50,610.00 to \$7,632.00, a decrease of \$42,978.00 due to the change in the standard operating procedures and the application of the 1.46 multiple of the current BLS average hourly wage rate for all individuals.

**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.