

SUPPORTING STATEMENT - PART A

Exchange Accounts Receivable Files (0702-0137)

Summary of Revisions from previously approved ICR:

- Burden increased
- Exchange Form 6450-0002 (Military Star Card Application) was replaced by CRC 7429395 (Military Star Application)

1. Need for the Information Collection

Title 10 U.S.C. §2481, "Defense Commissary and Exchange Systems: Existence and Purpose," requires that the Secretary of Defense operate a world-wide system of exchange stores that is intended to enhance the quality of life for members of the uniformed services, retired members and dependents of such members. The Army and Air Force Exchange Service (Exchange) is a Non-Appropriated Fund (NAF) instrumentality of the United States of America. Army Regulation 215-8/Air Force Instruction 34-211(I), "Army and Air Force Exchange Service Operations" charges the Army and Air Force Exchange Service with the dual and enduring mission of providing quality merchandise and services to its customers at competitively low prices and of generating earnings which provide a dividend to support family, morale, welfare and recreation (FMWR) programs.

The information collection is the basis for determining Exchange patron credit eligibility, to enhance the patron's shopping experience, to determine the patron's suitability to cash checks at Exchange facilities, and to collect government debts. Allowing patrons to use credit in their shopping experience supports the efficiency and effectiveness of the Exchange's marketing programs and the mission to support FMWR programs.

Army Regulation 215-8/AFI 34-211(I) authorizes criteria to obtain identity as an Exchange patron. The Secretary of the Army and the Secretary of the Air Force of the military departments may grant deviations with regard to authorized patron access for individuals or classes and groups of persons at specific garrisons and installations. Delegation of this authority outside the Secretariat concerned is prohibited. Deviations may be granted, when based on alleviating individual hardships. Patrons include individuals who are members of the uniformed services, retired members, authorized veterans, and dependents of members of the Armed Forces, commissioned officers of the Public Health Service, and commissioned officers of the NOAA. A dependent is defined as "a dependent or former dependent entitled to transition compensation under

10 USC 1059, if not eligible under another provision of law, while receiving payments for transition compensation.” Other individuals may meet the requirements of being patrons as mandated by regulation.

The prescribing directive which governs and authorizes the Exchange for mission activities is Title 10 U.S.C. §7013, Secretary of the Army and 10 U.S.C. §9013, Secretary of the Air Force. The authority to collect and recover funds relative to debts is governed by the Federal Claims Collection Act of 1966 (Pub.L. 89-508, as amended), Debt Collection Act of 1982 (Pub.L. 97-365, as amended), as codified in 31 U.S.C. §3711, Collection and Compromise, 31 CFR 285.11, Administrative Wage Garnishment, DoD Instruction 1330.21, Armed Services Exchange Regulations, DoD 7000.14-R, Department of Defense Financial Management Regulation Volume 13, Nonappropriated Funds Policy and Volume 16, Department of Defense Debt Management. Army Regulation 215-8/Air Force Instruction 34-211(I), Army and Air Force Exchange Service Operations and E.O. 9397 (SSN), as amended allows the exchange to collect Social Security Numbers associated with a patron’s Exchange account.

2. Use of the Information

The Exchange offers “personal credit” accounts to service members for purchases of military clothing and to all authorized patrons a private label Military Star credit card for retail purchases. Established credit is acceptable at any participating Army and Air Force, Navy, Marine Corps, and Coast Guard Exchanges or online at shopmyexchange.com and mynavyexchange.com. Authorized patrons of the Exchange include individuals who are defined in Army Regulation 215-8/AFI134-211(I), Tables 7-1 and 7-2 or designated by Congressional action. This includes individuals who are members of the uniformed services, retired members, veterans who are discharged as honorable or general under honorable conditions, and dependents of members of the Armed Forces, commissioned officers of the Public Health Service, and commissioned officers of the National Oceanic & Atmospheric Administration (NOAA). Other individuals may meet the requirements of being patrons as mandated by regulation.

Patrons deciding to apply for credit may voluntarily complete the “on-line” application form through <https://www.myecp.com/>, or through a local Exchange facility by completing the Exchange paper form CRC 7429395 (previously entitled Exchange Form 6450-002), “Military Star Credit Paper Application”, or by providing information to an authorized Exchange cashier at the Point of Sale (POS). Some Exchange facilities assist patrons by allowing them access to a company owned computer for completion of the on-line application. Patrons approved for credit may update their account information by completing the Exchange form 6450-005, “Exchange Credit Program Update Account,” utilizing the account update option on <https://www.myecp.com/>, or contacting the Exchange contact center at 1-877-891-7827.

Information collected from the patron allows the Exchange to address their credit worthiness, and provide monthly statements and debt communication, to include wage garnishments. In order to establish this credit worthiness, Exchange Military Star

personnel review the application and obtain an electronic credit history report via the patron's SSN. Patrons, whose credit is determined acceptable, will receive a credit card and a specified credit limit. Patrons, who present an unacceptable credit risk, will receive a denial letter in accordance with applicable regulations. The letter may be sent electronically, through the mail, or both. A sample of the denial letters are provided with this package for OMB's review.

Applications submitted via the Exchange Form CRC 7429395, <https://www.myecp.com>, or Retail Point of Sale (POS) collects the following data for application of credit on retail transactions and/or for purchases of military clothing: patron's name; home address; home, cell, and work telephone numbers; military branch of service, pay grade, Enlisted Termination of Service (ETS) or End of Service (EOS) date(s); social security number; gender; date of birth; number of dependents; checking account bank name and savings account bank name; monthly salary and other monthly income; name of spouse, spouse's monthly income and spouse's social security number; authorizations of users who are qualified patrons which includes the individual's names, social security numbers, relationship to the applicant, date of births, gender, and whether or not that individual should be eligible to purchase military clothing; and the applicant's handwritten or electronic signature and date.

Patrons who wish to update their account information may do so voluntarily on Exchange Form 6450-005, <https://www.myecp.com>, or contacting the Exchange contact center at 1-877-891-7827. Regardless of which collection method is chosen, the patron will provide his/her name; account number; changes in the patron's name, address, home or work telephone number; notification that the account holder is authorizing new authorized users or removal of authorized users' individual names, relationship to account holder, date of birth and social security number of new or removed authorized users; and the account holder's physical or electronic signature and date. Account updates through <https://www.myecp.com> does not require Exchange personnel interactions.

The completed application is provided to an Exchange associate either by hand or through electronic means. If the application is completed in a paper format, an Exchange associate scans the document and sends the application to the Exchange Headquarters in Dallas, Texas for processing. At that point, the information is entered into an electronic database and maintained in the Exchange Financial Management System. Once scanned, the paper form is destroyed by shredding. If obtained through electronic means, the application is saved in the same system.

3. Use of Information Technology

The use of technology enhances the ability of the Exchange to collect data accurately, timely, and confidentially. Approximately 84% of all applications received are completed on-line by patrons who choose to submit their information through <https://www.myecp.com>/ or through an authorized/designated Exchange point of sale register. Applications only need to be submitted once, which lessens the individual's

burden. Patrons, who submit their applications by electronic means, may be notified immediately of the results. 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*.

The electronic system allows immediate access to the required data for purposes of addressing account inquiries, updating accounts, corresponding with financial institutions and/or Internal Revenue Service, and collecting debt from other Employers (Wage or salary garnishments). The SSN collection is used to obtain data for these purposes, as well as, taxpayer information relative to the account.

4. Non-duplication

The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source.

5. Burden on Small Businesses

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

6. Less Frequent Collection

Information is collected from members of the public on a voluntary basis. The collection is triggered by the patron's desire to obtain credit with the Exchange, i.e. "as needed" or "on occasion". Less frequent collection is not possible.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Tuesday, April 16, 2019. The 60-Day FRN citation is 84 FRN 15603.

No comments were received during the 60-Day Comment Period.

A 30-Day Federal Register Notice (FRN) for the collection published on Friday, July 26, 2019. The 30-Day FRN citation is 84 FRN 36088.

Part B: CONSULTATION

Significant input and information was received from the Exchange Credit Program directorate in relation to the continued use and burden relative to the collection of information for this system of records. It is determined that the information is only maintained in one database and used accordingly as outlined in section 2 of this Supporting Statements.

9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

10. Confidentiality

The information collected and maintained in this system is protected under the Privacy Act of 1974, as amended. Respondents are assured confidentiality through the Privacy Act Statement(s) available for reading on the applicable collection documents. The Privacy Act Statements have been updated and submitted for OMB's review.

A draft copy of the modified SORN 0702-34, "Exchange Accounts Receivable Files" has been provided with this package for OMB's review.

The Privacy Impact Assessment (PIA) for the Exchange Credit Program electronic collection may be viewed at

<https://www.aafes.com/about-exchange/public-affairs/FOIA/assessments.htm>.

In compliance with the National Archives and Records Administration (NARA) approved record retention policy (N1-334-12-1, 01 May 2012), records are cut off at the close of the fiscal year in which the case is paid in full ONLY. Records are then destroyed 10 years after the cutoff by either shredding or deletion from the electronic database.

11. Sensitive Questions

Respondents may be asked to provide social security number and date of birth. Collection of social security number is authorized under DoDI 1000.30 "SSN Instruction Use Case" Enclosure 2 sections 2.c.(4) and (7). Justification for use of the SSN is provided.

12. Respondent Burden and its Labor Costs

Part A: ESTIMATION OF RESPONDENT BURDEN

1) Collection Instruments

CRC 7429395 "Military Star Card Paper Application"

a) Number of Respondents: 23,627

b) Number of Responses Per Respondent: 1

- c) Number of Total Annual Responses: 23,627
- d) Response Time: 6 minutes (.1/Hour)
- e) Respondent Burden Hours: 2,363 Hours

Form 6450-005 “Exchange Credit Program Account Update”

- a) Number of Respondents: 75
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 75
- d) Response Time: 2 minutes (.03/Hour)
- e) Respondent Burden Hours: 3 Hours

<https://www.myecp.com/> “Exchange Credit Program Account Update”

- a) Number of Respondents: 598,096
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 598,096
- d) Response Time: 2 minutes (.03/Hour)
- e) Respondent Burden Hours: 19,937 Hours

<https://www.myecp.com/> “Military Star Card Online Application”

- a) Number of Respondents: 48,338
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 48,338
- d) Response Time: 2 minutes (.03/Hour)
- e) Respondent Burden Hours: 1,611 Hours

Account Services “Associate Assisted Military Star Account Update

- a) Number of Respondents: 172,291
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 172,291
- d) Response Time: 2 minutes (.03/Hour)
- e) Respondent Burden Hours: 5,743 Hours

Retail Point of Sales “Military Star Card point of Sale Application”

- a) Number of Respondents: 74,147
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 74,147
- d) Response Time: 2 minutes (.03/Hour)
- e) Respondent Burden Hours: 2,472 Hours

2) Total Submission Burden

- a) Total Number of Respondents: 916,574
- b) Total Number of Annual Responses: 916,574
- c) Total Respondent Burden Hours: 32,129 Hours

The total respondent burden hours reported on the 60 Day Federal Register Notice was calculated based on an overall average response time of 3 minutes, resulting in a

significantly higher amount of hours for the collection of information. After a second review of the individual collection instruments and coordination with the Exchange Credit Program Team, the total respondent burden hours are 32,129 vice 45,829.

Due to recent Congressional approval, authorized Exchange patrons now include individuals who are authorized veterans, Commissary and MWR customers, as well as vendors under contract as Exchange Commissaries, which has resulted in significant increases in the collection of MILITARY STAR® applications. The updated total annual respondents are 916,574 vice 200,455 as reported in our previous approval resulting in an increased total burden hours of 32,129 vice 9,948.

Part B: LABOR COST OF RESPONDENT BURDEN

1) Collection Instruments

CRC 7429395 “Military Star Card Paper Application”

- a) Number of Total Annual Responses: 23,627
- b) Response Time: 6 minutes (.1/Hour)
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.73
- e) Total Labor Burden: \$17,248

Form 6450-005 “Exchange Credit Program Account Update”

- a) Number of Total Annual Responses: 75
- b) Response Time: 2 minutes (.03/Hour)
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$18

<https://www.myecp.com/> “Exchange Credit Program Account Update”

- a) Number of Total Annual Responses: 598,096
- b) Response Time: 2 minutes (.03/Hour)
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$143,543

<https://www.myecp.com/> “Military Star Card Online Application”

- a) Number of Total Annual Responses: 48,338
- b) Response Time: 2 minutes (.03/Hour)
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$11,601

Account Services “Associate Assisted Military Star Account Update

- a) Number of Total Annual Responses: 172,291
- b) Response Time: 2 minutes (.03/Hour)

- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$41,350

Retail Point of Sales “Military Star Card point of Sale Application”

- a) Number of Total Annual Responses: 74,147
- b) Response Time: 2 minutes (.03/Hour)
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$17,795

2) Overall Labor Burden

- a) Total Number of Annual Responses: 916,574
- b) Total Labor Burden: \$231,555

The Respondent hourly wage was determined by using the Department of Labor Wage Website (<https://www.dol.gov/general/topic/wages>). Due to the increase of the total annual responses, the total labor burden has significantly increased to \$232,926 from the \$72,128 as reported in our previous approval.

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents other than the labor burden costs addressed in Section 12 of this document to complete this collection.

14. Cost to the Federal Government

Part A: LABOR COST TO THE FEDERAL GOVERNMENT

1) Collection Instruments

CRC 7429395 “Military Star Card Paper Application”

- a) Number of Total Annual Responses: 23,627
- b) Processing Time per Response: .08/Hour (5 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$16.00
- d) Cost to Process Each Response: \$1.28
- e) Total Cost to Process Responses: \$30,243

Form 6450-005 “Exchange Credit Program Account Update”

- a) Number of Total Annual Responses: 75
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$16.00
- d) Cost to Process Each Response: \$0.48
- e) Total Cost to Process Responses: \$36

<https://www.myecp.com/> “Exchange Credit Program Account Update”

- a) Number of Total Annual Responses: 598,096
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$16.00
- d) Cost to Process Each Response: \$0.48
- e) Total Cost to Process Responses: \$287,086

<https://www.myecp.com/> “Military Star Card Online Application”

- a) Number of Total Annual Responses: 48,338
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$16.00
- d) Cost to Process Each Response: \$0.48
- e) Total Cost to Process Responses: \$23,202

Account Services “Associate Assisted Military Star Account Update

- a) Number of Total Annual Responses: 172,291
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$16.00
- d) Cost to Process Each Response: \$0.48
- e) Total Cost to Process Responses: \$82,700

Retail Point of Sales “Military Star Card point of Sale Application”

- a) Number of Total Annual Responses: 74,147
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$16.00
- d) Cost to Process Each Response: \$0.48
- e) Total Cost to Process Responses: \$35,591

2) Overall Labor Burden to Federal Government

- a) Total Number of Annual Responses: 916,574
- b) Total Labor Burden: \$458,858

The hourly wage of workers was determined by taking the average salaries of associates who process the collected information. Processors are paid at the NF Pay Band 3 level shown on the attached April 15, 2019 Defense Civilian Personnel Advisory Service (DCPAS).

<https://www.dcpas.osd.mil/Content/NAF%20Schedules/survey-sch/152/152-033-50-NF.html>

The annual labor burden for the Exchange has increased to \$458,858 as opposed to our previous approval of \$136,073. This is due to an increase of annual respondents for this collection of information.

Part B: OPERATIONAL AND MAINTENANCE COST

1) Cost categories

- a) Equipment: \$11,536

- b) Printing: \$27,000
- c) Postage: \$33,386
- d) Software Purchases: \$27,143
- e) Licensing Costs: \$62,465
- f) Other: \$62,500 (IT System Support, overhead)

2) Total Operational and Maintenance Cost: \$224,030

Part C: TOTAL COST TO THE FEDERAL GOVERNMENT

- 1) Total Operational and Maintenance Costs: \$224,030
- 2) Total Labor Cost to the Federal Government: \$458,858
- 3) Total Cost to the Federal Government: \$682,888

15. Reasons for Change in Burden

Due to the continued growth of the MILITARY STAR® credit card membership, to include the expansion and inclusion of Commissary customers, veterans, MWR and Exchange Commissaries, the burden has significantly increased since the previous approval.

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

We are not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.