

## **SUPPORTING STATEMENT - PART A**

### **Army and Air Force Exchange Service (AAFES) Employee Management and Pay System (0702-0139)**

#### 1. Need for the Information Collection

The Army and Air Force Exchange Service (AAFES) 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 AAFES 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 AAFES 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. 7013, *Secretary of the Army* and Title 10 U.S.C. 9013, *Secretary of the Air Force*, delegates authority to AAFES for mission activities including the authority for the collection of personal information from individuals of the public for use in AAFES 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 AAFES 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

AAFES' innovative compensation program incorporates pay practices that promote competitive market-based and hourly pay along with a total rewards package that stretches beyond an individual's paycheck into the employee's retirement. AAFES' benefit package is rated #1 over nine industry leaders and most benefits begin on the first date of employment.

This collection of information is necessary to provide adequate information for Insurance Providers under contract with AAFES for provision of timely health care services to AAFES employees and to designate specifics on life insurance beneficiaries and annuities. 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 HBP).

AAFES secured on-line eBenefit program is administered by Willis Towers Watson (a global multinational risk management, insurance brokerage and advisory company). AAFES allows new hires the opportunity to enroll in a full range of benefits, which include health, and life and disability along with Health Care Flexible Spending Accounts (HCFSA) and Dependent Care Flexible Spending Accounts (DCFSA). Employees use this system to enroll when hired, during annual Open Enrollment, and after family status changes. Employees also use eBenefits to designate and change beneficiaries. AAFES offers Exchange Form 1700-012 *Beneficiary Designation* to retirees who wish to update their beneficiary information manually, vice on-line.

Retirement plans cover all AAFES Regular Full-Time employees whose wages are paid with U.S. dollars. Currently AAFES offers only manual enrollment for annuities through Exchange Form 1450-011 *Annuity Application*. Form 1450-011 requires an original handwritten, witnessed signature.

Exchange Form 1450-018 *Application for of Survivor Annuity Death in Service* was previously reported in our notice for public comment. Upon further consultation with AAFES Treasury Benefits, it was recently discovered that this form is completed by less than ten members of the public per year and as a result, the form will no longer be reflected/mentioned as part of the information collection process.

### **AAFES eBenefits Secured Web-Based Insurance Enrollment**

The on-line AAFES eBenefits program collects the specifics on an AAFES employee's choices of insurance. Willis Towers Watson, administrator of the program, maintains all information collected and immediately provides data to insurance organizations and to AAFES payroll for record keeping purposes, tax reporting, and bi-weekly premiums to be deducted from the employee's pay. AAFES Human Resources provides employees information and instructions for entering and completing information in eBenefits. eBenefits electronically receives employee personnel information from AAFES' Personnel Management System and is verified by the employee when entering the system. Dependent and beneficiary information collected includes the individual's name, SSN, date-of-birth, relationship, country of residence, and mailing address. Sample screen shots are provided for OMB review.

### **Exchange Form 1450-011 Annuity Application**

Exchange Form 1450-011 *Annuity Application* is provided by an AAFES Human Resource associate to an AAFES Regular Full-Time employee who is paid in U.S dollars and has been approved for retirement. This form provides AAFES the employee's choice of how annuities will be paid during retirement and is the basis for determining such annuity amounts. Form 1450-011 collects the employee's name, the name of the employee's survivor, their address, relationship, date-of-birth, SSN, and the employee's and survivor's signature. The Agency Disclosure Notice and instructions have been updated and a proposed draft of Form 1450-011 is provided for OMB review.

### **Exchange Form 1700-012 Beneficiary Designation**

Exchange Form 1700-012 is used by AAFES retirees who wish to update or change any beneficiary information related to their retirement plan, life insurance plans, and 401(k). A retiree wishing to update or change their beneficiaries can request form 1700-012 from their local AAFES HR Office or from the AAFES Headquarters Treasury Benefits by mail, e-mail or telephone. Once requested, AAFES will provide Form 1700-012 to the retiree through mail or e-mail. Some retirees choose to visit their local AAFES facility to obtain the form immediately. Once the form is completed, the retiree may deliver it in person to their local HR office, choose to mail, or email the completed form. AAFES directs active employees to manage beneficiaries through eBenefits. In those exceptional situations or events to include deployment to remote location, active employees are required to complete Form 1700-012 and mail the completed form to the AAFES Headquarters Treasury Benefits.

Form 1700-012 collects the retiree's name, prior name, SSN, address, sex, and marital status. Beneficiary information collected includes the individual's name, SSN, address, date-of-birth, and relationship to the AAFES retiree. Once completed and signed in front of a witness, Form 1700-012 is returned to the Headquarters AAFES Treasury Benefit's Office for processing. The Agency Disclosure Notice and instructions have been updated and a proposed draft of Form 1700-012 is provided for OMB review.

### 3. **Use of Information Technology**

AAFES 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 AAFES insurance and pay plans are done so through an online capture program called eBenefits. 95% of the data is collected electronically through eBenefits and transferred between the AAFES' Personnel Management System and the vendor who provides the insurance coverage.

Utilization of the web-based system permits AAFES to be more responsive to employees' health and welfare needs. Information provided is processed almost immediately to the appropriate provider or insurance carrier.

AAFES continues to explore options of automating all retirement forms. Due to the associated

costs of the electronic implementation upgrade and coupled with a large population of AAFES retirees not opting to use the Internet, a small number of manual forms are still being completed.

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 Business

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 voluntarily provided by an AAFES employee or an employee's survivor. Exchange health and insurance information choices are provided to the employee at the time of their eligibility. The collection is only generated when an employee requests to obtain or update their benefits.

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 Wednesday, May 22, 2019. The 60-Day FRN citation is 84 FRN 23531.

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

A 30 Day Federal Register Notice (FRN) for the collection published on Thursday, August 29, 2019. The 30-Day FRN citation is 84 FRN 45472.

Part B: CONSULTATION

Significant input and information was received from the AAFES Treasury Benefit and Human Resource directorates 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 Statement.

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 instruments.

A draft copy of the modified SORN 0703.07, “Employee Pay System Records” has been provided for OMB’s review.

The Privacy Impact Assessment (PIA) for AAFES *Tower Watson-eBenefits* system is available for view at <https://www.aafes.com/Images/AboutExchange/FOIA-tower-watson.pdf>

In compliance 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.

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 Social Security Number is authorized under DoDI 1000.30 “SSN Instruction Use Case” Enclosure 2 sections 2.c.(4), (5), (6), 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**

**Web-Based Health/Benefit Enrollment - *eBenefits***

- a) Number of Respondents: 9,960
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 9,960

- d) Response Time: 20 Minutes (.33/Hour)
- e) Respondent Burden Hours: 3,320 Hours

**Form 1450-011 Annuity Application**

- a) Number of Respondents: 320
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 320
- d) Response Time: 15 Minutes (.25/Hour)
- e) Respondent Burden Hours: 80 Hours

**Form 1700-012 Beneficiary Designation**

- a) Number of Respondents: 250
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 250
- d) Response Time: 20 Minutes (.33/Hour)
- e) Respondent Burden Hours: 83 Hours

**2) Total Submission Burden**

- a) Total Number of Respondents: 10,530
- b) Total Number of Annual Responses: 10,530
- c) Total Respondent Burden Hours: 3,483

The total respondent burden hours reported on the 60 Day Federal Register Notice was calculated based on an overall average response time of 45 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 AAFES Treasury Benefit Team, the total respondent burden hours are 3,483 vice 7,755.

**PART B: LABOR COST OF RESPONDENT BURDEN**

**1) Collection Instruments**

**Web-Based Health/Benefit Enrollment - eBenefits**

- a) Number of Total Annual Responses: 9,960
- b) Response Time: 20 Minutes (.33/Hour)
- c) Respondent Hourly Wage: \$27.00
- d) Labor Burden per Response: \$9.00
- e) Total Labor Burden: \$89,640

**Form 1450-011 Annuity Application**

- a) Number of Total Annual Responses: 320
- b) Response Time: 15 Minutes (.25/Hour)
- c) Respondent Hourly Wage: \$27.00
- d) Labor Burden per Response: \$6.75
- e) Total Labor Burden: \$2,160

**Form 1700-012 Beneficiary Designation**

- a) Number of Total Annual Responses: 250
- b) Response Time: 20 Minutes (.33/Hour)
- c) Respondent Hourly Wage: \$27.00
- d) Labor Burden per Response: \$9.00
- e) Total Labor Burden: \$2,250

**2) Total Submission Burden**

- a) Total Number of Annual Responses: 10,530
- b) Total Labor Burden: \$94,050

The Respondent hourly wage was determined by using an average midpoint rate of pay for individuals paid at the NF Pay Band 3/4 level as 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>.

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**

**Web-Based Health/Benefit Enrollment - eBenefits**

- a) Number of Total Annual Responses: 9,960
- b) Processing Time per Response: .02/Hour (1 Minute)
- c) Hourly Wage of Worker(s) Processing Responses: \$21.00
- d) Cost to Process Each Response: \$0.42
- e) Total Cost to Process Responses: \$4,183

**Form 1450-011 Annuity Application**

- a) Number of Total Annual Responses: 320
- b) Processing Time per Response: 2 Hours (120 Minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$21.00
- d) Cost to Process Each Response: \$42.00
- e) Total Cost to Process Responses: \$13,440

**Form 1700-012 Beneficiary Designation**

- a) Number of Total Annual Responses: 250
- b) Processing Time per Response: .17 Hour (10 Minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$21.00
- d) Cost to Process Each Response: \$3.57
- e) Total Cost to Process Responses: \$893

**2) Overall Labor Burden to the Federal Government**

- a) Total Number of Annual Responses: 10,530
- b) Total Labor Burden: \$18,516

The hourly wage of workers was determined by taking the average salaries of associates who process the collected information. Processers are paid at the NF Pay Band 3/4 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 AAFES has decreased to \$18,516 as opposed to our previous approval of \$31,333. This is due to an increase of annual respondents choosing to provide information electronically through the AAFES Web-Based eBenefit system and fewer employees electing to retire.

**Part B: OPERATIONAL AND MAINTENANCE COST**

**1) Cost Categories**

- a) Equipment: \$4,000
- b) Printing: \$5,000
- c) Postage: \$330
- d) Software Purchases: \$4,410,000 (Annual Tower Watson contract cost)
- e) Licensing Costs: \$0
- f) Other: \$57,730 (Annual testing of Web-Based eBenefits system)

**2) Total Operational and Maintenance Cost: \$4,477,060**

**Part C: TOTAL COST TO THE FEDERAL GOVERNMENT**

- 1) Total Labor Cost to the Federal Government: \$18,516
- 2) Total Operational and Maintenance Costs: \$4,477,060
- 3) Total Cost to the Federal Government: \$4,495,576

15. Reasons for Change in Burden

The burden has increased since the previous approval due to a growth in the number of AAFES employees being eligible for available benefits and retirement. The total respondent burden hours has increased to 3,483 vice 2,533 and the total cost to respondents has significantly increased to \$94,050 vice \$63,333 as previously approved.

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 instruments.

18. Exceptions to “Certification for Paperwork reduction Submissions”

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