

**Supporting Statement for Forms SSA-L9778, SSA-L9779, SSA-L9781
SSA-L9784, SSA-L9785 and SSA-L9790
Annual Earnings Test Direct Mail Follow-up Program Notices
20 CFR 404.452-404.455
OMB No. 0960-0369**

A. Justification

1. Introduction/Authoring Laws and Regulations

Section 205(a) of the *Social Security Act (Act)* and 20 CFR 404.452-404.455 of the *Code of Federal Regulations* authorize the Commissioner of the Social Security Administration (SSA) to request earnings information from a working beneficiary receiving monthly Social Security Benefits. Section 203(h) of the *Act* and 20 CFR 404.452-404.455 require individuals entitled to benefits on their own behalf (or receiving benefits on behalf of another) to provide an estimate of earnings for the current year. Section 203(h)(4) of the *Act*, as amended by the *Deficit Reduction Act of 1984*, authorizes the Commissioner of Social Security to implement procedures precluding SSA from paying incorrect benefits to working beneficiaries who fail to file a correct report or estimate of earnings. Section 203 of the *Act*, as amended by the *Senior Citizens Freedom to Work Act of 2000*, eliminated the earnings test at full retirement age.

2. Description of Collection

SSA developed the Annual Earnings Test Direct Mail Follow-up Program to improve beneficiary reporting on work and earnings during the year and earnings information at the end of the year. SSA may reduce benefits payable under the *Act* when an individual has wages or self-employment income exceeding the annual exempt amount. SSA identifies beneficiaries likely to receive more than the annual exempt amount, and requests more frequent estimates of earnings from them. When applicable, SSA also requests a future year estimate to reduce overpayments due to earnings. We send each beneficiary a tailored letter that includes relevant earnings data from SSA records. The Annual Earnings Test Direct Mail Follow-up Program helps to ensure Social Security payments are correct; and enables us to prevent earnings-related overpayments, and avoid erroneous withholding. The respondents are working Social Security beneficiaries with earnings over the exempt amount.

3. Use of Information Technology to Collect the Information

SSA did not create an electronic version of these forms under the agency's Government Paperwork Elimination Act plan because we currently do not have an electronic system to capture and process the requested information due to budgetary constraints. As per our 4/3/20 conversation with OIRA, we welcome OIRA to join our conversations with OMB on IT Mods; however, as our IT Mod programming is an ongoing project, we cannot provide timelines for when we will be able to make any particular ICR available via the Internet. We will convert existing ICRs to full electronic versions depending on how they fall within our overall IT Mod schema, but this unconnected to the PRA approval lifecycle. In addition, this is an agency-initiated collection, and we only send these letters on an as needed basis.

4. **Why We Cannot Use Duplicate Information**
The nature of the information we collect and the manner in which we collect it preclude duplication. SSA does not use another collection instrument to obtain similar data.
5. **Minimizing Burden on Small Respondents**
This collection does not affect small businesses or other small entities.
6. **Consequence of Not Collecting Information or Collecting it Less Frequently**
If we did not collect this information, overpayments to beneficiaries could result. We can avoid many overpayments by contacting certain beneficiaries when much of the earnings year is past, but in time to improve the accuracy of their earnings estimate and to adjust current year benefits. Because we collect this information on an as needed basis, we cannot collect it less frequently. There are no technical or legal obstacles to burden reduction.
7. **Special Circumstances**
There are no special circumstances that would cause SSA to conduct this information collection in a manner inconsistent with 5 *CFR* 1320.5.
8. **Solicitation of Public Comment and Other Consultations with the Public**
The 60-day advance Federal Register Notice published on October 8, 2020, at 85 FR 63630 and we received no public comments. The 30-day FRN published on December 8, 2020 at 85 FR 79064. If we receive any comments in response to this Notice, we will forward them to OMB. We did not consult with the public in the revision/maintenance of these forms.
9. **Payment or Gifts to Respondents**
SSA does not provide payments or gifts to the respondents.
10. **Assurances of Confidentiality**
SSA protects and holds confidential the information it collects in accordance with 42 *U.S.C.* 1306, 20 *CFR* 401 and 402, 5 *U.S.C.* 552 (Freedom of Information Act), 5 *U.S.C.* 552a (Privacy Act of 1974), and OMB Circular No. A-130.
11. **Justification for Sensitive Questions**
The information collection does not contain any questions of a sensitive nature.
12. **Estimates of Public Reporting Burden**
We estimate we send these letters to approximately 736,072 respondents annually, and that it takes the respondents about 10 minutes to read the instructions, gather the facts, and answer the questions. The following chart shows the burdens for each of the letter types we individualize and send to the respondents:

Modality of Completion	Number of Respondents	Frequency of Response	Average Burden per Response (minutes)	Estimated Total Annual Burden (hours)	Average Theoretical Hourly Cost Amount (dollars)*	Total Annual Opportunity Cost (dollars)**
SSA-L9778	42,630	1	10	7,105	\$25.72	\$182,741**
SSA-L9779	158,865	1	10	26,478	\$25.72	\$681,014**
SSA-L9781	472,437	1	10	78,740	\$25.72	\$2,025,193**
SSA-L9784	1,270	1	10	212	\$25.72	\$5,453**
SSA-L9785	15,870	1	10	2,645	\$25.72	\$68,029**
SSA-L9790	45,000	1	10	7,500	\$25.72	\$192,900**
Totals	736,072			122,680		\$3,155,330**

* We based these figures on the average U.S. citizen's hourly salary, as reported by Bureau of Labor Statistics data (<https://www.bls.gov/oes/current/oes231011.htm>).

This figure does not represent actual costs that we are imposing on recipients of Social Security payments to complete this application; rather, these are theoretical opportunity costs for the additional time respondents will spend to complete the application. **There is no actual charge to respondents to complete the application.

We base our burden estimates on current management information data, which includes data from years of conducting this information collection. Per our management information data, we believe that 10 minutes accurately shows the average burden per response for reading the instructions, gathering the facts, and answering the questions. Based on our current management information data, the current burden information we provided is accurate. The total burden for this collection instrument is **122,680** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **\$3,155,330**. SSA does not charge respondents to complete our applications.

13. **Annual Cost to the Respondents (Other)**

This collection does not impose a known cost burden to the respondents.

14. **Annual Cost To Federal Government**

The annual cost to the Federal Government is approximately \$5,774,976. This estimate accounts for costs from the following areas:

Description of Cost Factor	Methodology for Estimating Cost	Cost in Dollars*
Designing and Printing the Form	Design cost and uploading into inForms; Systems to store form in InForm and make it available on our website	\$323,136
Distributing, Shipping, and	Distribution + Shipping +	\$88,329

Material Costs for the Form	Material Cost (we no longer distribute or ship this form)	
SSA Employee (e.g., field office, 800 number, DDS staff) Information Collection and Processing Time	Number of respondents x processing time in minutes ÷ by 60 x hourly rate for SSA employee processing form (GS-9 step 1) 736,072 x 20 minutes ÷ 60 x \$21.86 = \$5,363,511.	\$5,363,511
Full-Time Equivalent Costs	Out of pocket costs + Other expenses for providing this service	\$0
Systems Development, Updating, and Maintenance	GS-9 employee x man hours for development, updating, maintenance	\$0
Quantifiable IT Costs	Any additional IT costs	\$0
Total		\$5,774,976

* We have inserted a \$0 amount for cost factors that do not apply to this collection.

SSA is unable to break down the costs to the Federal government further than we already have. First, it is difficult for us to break down the cost for processing a single form, as field office staff often help respondents fill out several forms at once, and the time it takes to do so can vary greatly per respondent. In addition, because so many employees have a hand in each aspect of our forms, we use an estimated average hourly wage, based on the wage of our average field office employee (GS-9) for these calculations. However, we have calculated these costs as accurately as possible based on the information we collect for creating, updating, and maintaining these information collections.

15. **Program Changes or Adjustments to the Information Collection Request**

There are no changes to the public reporting burden.

16. **Plans for Publication Information Collection Results**

SSA will not publish the results of the information collection.

17. **Displaying the OMB Approval Expiration Date**

OMB granted SSA an exemption from the requirement to print the OMB expiration date on its program forms. SSA produces millions of public-use forms with life cycles exceeding those of an OMB approval. Since SSA does not periodically revise and reprint its public-use forms (e.g., on an annual basis), OMB granted this exemption so SSA would not have to destroy stocks of otherwise useable forms with expired OMB approval dates, avoiding Government waste.

18. **Exceptions to Certification Statement**

SSA is not requesting an exception to the certification requirements at 5 *CFR* 1320.9 and related provisions at 5 *CFR* 1320.8(b)(3).

B. Collections of Information Employing Statistical Methods

SSA does not use statistical methods for this information collection.