

**Supporting Statement for Form SSA-L725**  
**Letter to Employer Requesting Information About Wages Earned by Beneficiary**  
**20 CFR 404.1520, 404.1571-404.1576, and 404.1584-404.1593**  
**OMB No. 0960-0034**

**A. Justification**

**1. Introduction/Authoring Laws and Regulations**

Under the Social Security Disability Insurance (SSDI) program, applicants and beneficiaries qualify for disability payments when a verified physical or mental impairment prevents them from performing substantial gainful activity (SGA). When an SSDI applicant or beneficiary works after the onset of the disability, the Social Security Administration (SSA) must evaluate the work effort to determine if the disability claimant qualifies for payments. SSA uses Form SSA-L725 to collect information necessary to evaluate work activity. Sections 205(a) and 223(d) of the *Social Security Act (Act)* allow us to collect this information and provide the Commissioner of SSA with the authority to create regulations for administering the disability provisions of the law. The regulations we use to determine whether we consider work activity SGA are contained in Sections 20 CFR 404.1520(b), 404.1571-404.1576, and 404.1584-404.1593 of the *Code of Federal Regulations*.

**2. Description of Collection**

SSDI recipients receive payments based on their inability to engage in SGA because of a physical or mental condition. If the recipients work, SSA must evaluate and determine if they continue to meet the disability requirements of the law. The use of this form is triggered when SSA learns about potential work activity performed by an applicant or beneficiary and there is no other available evidence of earnings. Work may be self-reported by the applicant or beneficiary. In post-entitlement SSA often learns about work via an earnings enforcement using quarterly or annual earnings. .

Initially, SSA will request that the beneficiary provide evidence of their alleged earnings. In instances when an individual is unable to provide earnings information, and SSA does not have access to proof of earnings, we use Form SSA-L725 to request monthly earnings information from the applicant's or recipient's employer. SSA employees send the paper Form SSA-L725 to the employer to complete. SSA employees use the earnings data that the employer provides on the form to determine whether the claimant or beneficiary is engaging in SGA, since work above the SGA level can cause a cessation of disability benefits. While it is mandatory for applicants and recipients to provide earnings information, the collection of this information is voluntary for respondents, who are the employers of beneficiaries. The respondents are businesses which employ Social Security disability applicants and recipients.

- 3. Use of Information Technology to Collect the Information**  
The SSA-L725 is available as a fillable PDF on SSA's website. SSA is unable to create an electronic version of this information collection at this time, as we send this agency-initiated application to respondents with pre-filled information. Currently, we do not have any means to pre-fill information and send the individualized forms to the respondents electronically, as that would require us to build a new system, and we do not have the resources and manpower to do that at this time. In addition, we cannot send these via email, as the pre-filled information contains personal identifying information (PII) of the respondents, and email is a non-secured means of transferring PII. We will reassess our ability to create an electronic version of this collection if, and when, technological advances are created that would allow us to make this collection available via the Internet in a fully secure way.
- 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 significantly affect small businesses or other small entities. However, if we did not impose this burden, we would be unable to determine whether the claimant or beneficiary is engaging in SGA. We minimized the burden by carefully reviewing the form and ensuring that we only ask small businesses or entities to complete relevant and necessary questions. In addition, we pre-fill the form to minimize burden on the respondents.
- 6. Consequence of Not Collecting Information or Collecting it Less Frequently**  
If we did not use Form SSA-L725, we would not be able to request evidence of monthly earnings to evaluate work, which could cause incorrect disability payments. 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 December 30, 2020 at 85 FR 86638, and we received no public comments. The 30-day FRN published on March 1, 2021 at 86 FR 12068. If we receive any comments in response to this Notice, we will forward them to OMB.
- 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**

Please see the burden chart below:

<b>Modality of Completion</b>	<b>Number of Respondents</b>	<b>Frequency of Response</b>	<b>Average Burden per Response (minutes)</b>	<b>Estimated Total Annual Burden (hours)</b>	<b>Average Theoretical Hourly Cost Amount (dollars)*</b>	<b>Total Annual Opportunity Cost (dollars)**</b>
SSA-L725	170,000	1	40	113,333	\$22.79*	\$2,582,859**

\* We based this figure on the average Payroll and Timekeeping Clerks hourly salary, as reported by the Bureau of Labor Statistics data (<https://www.bls.gov/oes/current/oes433051.htm>).

\*\* This figure does not represent actual costs that SSA is 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.**

The total burden for this ICR is **113,333** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **\$2,582,859**. SSA does not charge respondents to complete our applications. We base our burden estimates on current management information data, which includes data from actual interviews, as well as from years of conducting this information collection. Per our management information data, we believe that 40 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.

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

The collection does not impose a known cost burden on the respondents.

**14. Annual Cost to Federal Government**

The annual cost to the Federal Government is approximately \$1,674,500. This estimate accounts for costs from the following areas:

<b>Description of Cost Factor</b>	<b>Methodology for Estimating Cost</b>	<b>Cost in Dollars*</b>
Designing and Printing the Form	Design Cost + Printing Cost	\$185,000
Distributing, Shipping, and Material Costs for the Form	Distribution + Shipping + Material Cost	\$2,000
SSA Employee (e.g., field office, 800 number, DDS staff) Information Collection and Processing Time	GS-9 employee x # of responses x processing time	\$1,487,500
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
<b>Total</b>		<b>\$1,674,500</b>

\* 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. 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. As well, 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**  
When we last cleared this IC in 2017, the burden was 100,000 hours. However, we are currently reporting a burden of 113,333 hours. This change stems from an increase in the number of responses from 150,000 to 170,000. There is no change to the burden time per response. Although the number of responses changed, SSA did not take any actions to cause this change. These figures represent current Management Information data.
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. Collection of Information Employing Statistical Methods**

SSA does not use statistical methods for this information collection.