

**Supporting Statement for Regulations
Coverage of Employees of State and Local Governments
20 CFR 404
OMB No. 0960-0425**

A. Justification

1. Introduction/Authoring Laws and Regulations

State and local employers must file wage reports and pay the related contributions owed to the Social Security Administration (SSA), so state and local employees in positions covered by Social Security receive credit for their covered wages. The *Code of Federal Regulations* at 20 CFR 404, Subpart M prescribes the rules for States submitting reports of deposits and related recordkeeping and coverage information to SSA. Prior to 1987, SSA collected all FICA taxes from state and local government entities. These regulations allow us to collect this information.

2. Description of Collection

Under the authority of these regulations, SSA collects this information to post wages to individuals' Social Security earnings records and to perform audit and Trust Fund accounting functions. SSA collects this information on an as needed basis. The following is a list of the regulatory sections covered in this clearance request:

- 404.1204 - Designating officials to act on behalf of the state: this section requires each respondent to submit the name, title, and address of the designated official, and the extent of the official's authority.
- 404.1215 - Modification of agreement: this section explains how respondents can modify the agreement in writing.
- 404.1216 - Modification of agreement to correct an error: this section explains how respondents can modify an agreement to correct an error.

The respondents are state and local government entities or interstate instrumentalities.

3. Use of Information Technology to Collect the Information

State and local government entities submit this information electronically, as directed in the instructions on SSA's Internet website. Once a state or local government entity resolves a pre-1987 reporting issue, the entity must contact its local Social Security office for assistance in processing the correction via a paper copy.

This collection does not currently have a fully public-facing Internet version, as we prioritized other information collections for full electronic conversions. Given that IT Mod programming is an ongoing, dynamic project, we cannot provide specific timelines for when we will be able to make any particular ICR available

via Internet web-based application. We will ultimately convert most existing ICRs to full electronic versions depending on how they fall within our overall IT Mod schema, but this may be unconnected to the PRA approval lifecycle.

In the interim, we evaluated this collection for conversion to a submittable PDF. Given the high volume of conversions we are coordinating and the more urgent nature of some of the other conversions, we ultimately decided not to prioritize this ICR for conversion to fully submittable PDF at this time. When we are able to schedule this form for conversion to a submittable PDF, we will submit a Change Request to OMB to request prior approval.

4. Why We Cannot Use Duplicate Information

The nature of the information we collect and the manner in which we collect it precludes 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.

6. Consequence of Not Conducting Information or Collecting it Less Frequently

If SSA did not collect this information, state and local employees in positions covered by Social Security would not get credit for their pre-1987 covered wages. The states determine the frequency of any future need for pre-1987 wage reports, but currently, per management information data, we average one transaction per state on an annual basis. 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 or Other Consultations with the Public

The 60-day advance Federal Register Notice published on June 1, 2021 at 86 FR 29348, and we received no public comments. The 30-day FRN published on September 2, 2021 at 86 FR 49403. If we receive any comments in response to this Notice, we will forward them to OMB.

9. Payments 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:

Regulation Section	Number of Respondents	Frequency of Response	Average Burden Per Response (minutes)	Total Annual Burden (hours)	Average Theoretical Hourly Cost Amount (dollars)**	Total Annual Opportunity Cost (dollars)***
404.1204 (a) & (b)	52*	1	30	26	\$28.74**	\$747***
404.1215	52*	1	60	52	\$28.74**	\$1,494***
404.1216 (a) & (b)	52*	1	60	52	\$28.74**	\$1,494***
Totals	156			130		\$3,735***

* Per current management information data, we average one response per each state on an annual basis. We don't currently have a system in place to collect more accurate information. However, if a system is created in the future to help track collection of this information, we will update the burden figures accordingly.

** We based this figure by averaging both the average State Government hourly wages (https://www.bls.gov/oes/current/naics4_999200.htm), and the average Local Government hourly wages, as reported by Bureau of Labor Statistics data (https://www.bls.gov/oes/current/naics4_999300.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 **130** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **\$3,735**. 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 the 30 and 60 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 Respondents (Other)

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

14. Annual Cost to the Federal Government

The annual cost to the Federal Government is approximately \$597,468. 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 + Printing Cost	\$0
Distributing, Shipping, and Material Costs for the Form	Distribution + Shipping + Material Cost	\$0
SSA Employee (e.g., field office, 800 number, DDS staff) Information Collection and Processing Time	GS-13 employee x # of responses x processing time.	\$594,048
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	\$3,420
Quantifiable IT Costs	Any additional IT costs	\$0
Total		\$597,468

* 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. We use an estimated average hourly wage, based on the wage of our average field office employee (GS-9) who processes this information 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

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

SSA is not requesting an exemption to the requirement to display the OMB approval expiration date.

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.