

**Supporting Statement for
Electronic Consent Based Social Security Number Verification
20 CFR 401.100
OMB No. 0960-0817**

A. Justification

1. Introduction/Authoring Laws and Regulations

Section 215 of S. 2155, the *Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (Banking Bill; Pub. L. No. 115-174)* directs SSA to modify or develop a database for accepting and comparing fraud protection data provided electronically by a permitted entity. The *Banking Bill* defines “Fraud Protection Data” as a combination of an individual’s name (including the first name and any family forename or surname); Social Security Number (SSN); and date of birth (DOB) (including month, day, and year).

Permitted entities, such as a financial institution as defined by section 509 of the *Gramm-Leach-Bliley Act*, or a service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution, present the Social Security Administration (SSA) with requests for SSN verifications. To facilitate processing these requests, SSA developed the electronic Consent Based Social Security Number Verification (eCBSV) service. Section 1106 of the *Social Security Act (Act)*, codified at 42 U.S.C. 1306; section 20 CFR 401.100 of the *Code of Federal Regulations*; and 5 U.S.C. 552a (b) of the *Privacy Act* provide the authority for SSA to provide verification of SSNs.

We obtained initial Office of Management and Budget approval for Phase I of eCBSV on 7/2/2020. The initial approval was for a limited release to 10 permitted entities, of different volume tiers, to test the system and make any corrections needed prior to the expanded rollout. This Information Collection Request (ICR) is for the expanded rollout of eCBSV, which will grant access to the 113 permitted entities who applied during the initial application period, but whom SSA did not select for Phase I.

2. Description of Collection

The eCBSV service is a fee-based SSN verification service that allows permitted entities to verify an individual’s SSN based on the SSN holder’s signed, including electronically signed, consent in connection with a credit transaction or any circumstance described in Section 604 of the *Fair Credit Reporting Act (15 U.S.C. 1681b)*. Permitted entities are able to complete their enrollment, electronically sign a Permitted Entity Certification and eCBSV user agreement in the eCBSV Customer Connection portal, and pay electronically via Pay.gov. Once approved, enrolled permitted entities will submit verification requests via an application programming interface.

a. Background

We created this service due to the *Banking Bill*. Permitted entities are able to submit an SSN, name, and DOB of the number holder in connection with a credit transaction, or any circumstances described in Section 604 of the *Fair Credit Reporting Act* to SSA for verification via an application programming interface. The purpose of the information collection is for SSA to verify for the permitted entity that the submitted SSN, name and DOB matches, or does not match, the data contained in our records. After obtaining all of the number holders' consents, a permitted entity submits the names, DOBs, and SSNs of number holders to the eCBSV service. SSA matches the information against our Master File, using SSN, name, and DOB. The eCBSV service responds in real time with a match/no match indicator (and an indicator if our records show that the number holder died). SSA does not provide specific information on what data elements did not match, nor does SSA provide any SSNs or other identifiable information. The verification does not authenticate the identity of the number holders or conclusively prove the number holders we verify are who they claim to be.

b. Consent Requirements

Under the eCBSV process, the permitted entity does not submit the number holder's consent forms to SSA. SSA requires each permitted entity to retain a valid consent for each SSN verification request submitted for a period of 5 years. The agency permits the permitted entity to retain the consent in an electronic format.

SSA requires a wet or electronic signature on the consent. A permitted entity may request verification of a number holder's SSN on behalf of a financial institution pursuant to the terms of the *Banking Bill*, the user agreement between SSA and the permitted entity, and the SSN Holder's consent. In this case, the permitted entity ensures that the financial institution agrees to the terms in the user agreement, which require the use of SSN verification only for the purpose stated in the consent, and prohibits entities from further using or disclosing the SSN verification. This relationship is subject to the terms in the user agreement between SSA and the permitted entity.

c. Compliance Review

SSA requires each permitted entity to undergo compliance reviews. An SSA-approved certified public accountant (CPA) conducts the compliance reviews. SSA designed the compliance reviews to ensure that the permitted entities meet all terms and conditions of the user agreement, including that the permitted entities obtain valid consent from number holders. The permitted entity pays all compliance review costs through the eCBSV fees. In general, we request annual reviews with additional reviews as necessary. The CPA follows review standards established by

the American Institute of Certified Public Accountants and contained in the Generally Accepted Government Auditing Standards (GAGAS).

The major change to this collection from Phase I approval is the volume of responses. When we received initial approval, SSA only allowed 10 permitted entities access to use the service with an estimated 307,000,000 requests. Now, with the expanded release, we will allow access to 113 permitted entities with an estimated 1.1 billion requests. The respondents to the eCBSV information collection are the permitted entities; members of the public who consent to SSN verifications; and CPAs who provide compliance review services.

3. Use of Information Technology to Collect the Information

In accordance with the *Banking Bill*, SSA created the eCBSV service under the agency's Government Paperwork Elimination Act (GPEA) plan. Based on our data, 100% of respondents under this OMB number use the electronic version. In addition, the consent forms may not be entirely electronic, but the permitted entities will need to submit that information to us electronically to prove consent, if SSA requests it.

4. Why We Cannot Use Duplicate Information

The nature of the information we collect and the manner in which we collect it precludes duplication. Respondents could use existing OMB-approved forms SSA-88 & SSA-89 (OMB No. 0960-0760) to provide similar information. However, we are creating eCBSV to collect this information electronically, so this creates a different modality of information collection rather than a duplicate one.

5. Minimizing Burden on Small Respondents

This collection does affect small businesses or other small entities. However, if we did not impose this burden, we would be unable to verify the social security numbers of the number holders completing these forms. We minimized the burden by carefully reviewing the form and ensuring we only ask small businesses and entities to complete relevant and necessary questions. There is extensive interest among the small business community for this type of service because they believe it will save them time, and improve efficiency in verifying SSNs. The use of eCBSV is voluntary.

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

If we did not collect this information, permitted entities would not have the ability to obtain the name/DOB/SSN verification they need for business purposes, which is a service they requested. This would also increase foot traffic to SSA field offices. As well, we would not be in compliance with the relevant requirements of the *Banking Bill*. Since we only collect the information once per person, we cannot collect it less frequently. There are no technical or legal obstacles that prevent burden reduction.

7. Special Circumstances

Consent Form Retention Requirement – SSA requires participating permitted entities to retain the signed consent of the individual who is the subject of the verification request for 5 years. They do not submit the consent form to SSA. Our primary purpose for requiring permitted entities to retain consent forms for 5 years is due to SSA’s need to ensure that we can obtain a copy of the consent to defend against, or prosecute, alleged violations of civil and criminal law. The agency permits permitted entities to retain copies of the consent in an electronic format. Because the Privacy Act establishes a 2-year statute of limitations that begins when the individual discovers a potential violation of the *Act* (5 U.S.C. 552a(g)(5)), SSA must require no less than a 3-year consent retention period to ensure we can obtain a copy of the consent from the permitted entity to defend against any alleged Privacy Act cause of action.

In addition, other statutes of limitations applicable to criminal actions that might arise from consent based disclosures to third parties counsel in favor of a 5-year retention period. For example, in the event an employee of a permitted entity provides fraudulent consents to the agency, or a permitted entity misrepresents the validity of a consent, Federal statutes exist in aiding investigations of fraud against the Government, including *18 U.S.C. 371* (conspiracy to defraud the Government) and *18 U.S.C. 1001* (false statements). Accordingly, SSA is requiring a 5-year consent retention period to prosecute alleged violations of criminal law. A 5-year retention period serves to reinforce the need for third parties to provide SSA with accurate and valid consent as a critical requirement.

There are no other 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 November 30, 2020 at 85 FR 76649, and we received five comments. See attached Addendum to the Supporting Statement for a summary of the comments, and our responses to them. The 30-day FRN published on April 5, 2021 at 86 FR 17664. 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 payment 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:

Requirement	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)**
a) Complete eCBSV enrollment process***	113	1	120	226	\$37.56*	\$8,489**
a) Configure customer system for ability to send in verification requests	113	1	2,400	4,520	\$37.56*	\$169,771**
a) People whose SSNs SSA will verify - Reading and Signing	1,100,000,000	1	3	55,000,000	\$10.95*	\$602,250,000**
a) Sending in the verification request, calling our system, getting a response	1,100,000,000	1	1	18,333,333	\$37.56*	\$688,599,987**
b) Follow SSA requirements to configure application program	113	1	4,800	9,040	\$37.56*	\$339,542**

interface						
c) CPA Compliance Review and Report*****	113	1	4,800	9,040	\$38.23*	\$345,599**
Totals	2,200,000,452			73,356,159		\$1,291,713,388**

* We based these figures on average Business and Financial operations occupations (<https://www.bls.gov/oes/current/oes130000.htm>), and Accountants and Auditors hourly salaries (<https://www.bls.gov/oes/current/oes132011.htm>), as reported by Bureau of Labor Statistics data, and average DI payments based on SSA's current FY 2020 data (<https://www.ssa.gov/legislation/2021FactSheet.pdf>).

** 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 enrollment process is automated within the eCBSV Customer Connection, and entails providing consent for SSA to verify the EIN, electronically signing the eCBSV user agreement and the permitted entity certification, selecting their annual tier level, and linking to pay.gov to make payment for services.

**** There will be one CPA firm respondent (an SSA-approved contractor) to conduct compliance reviews and prepare written reports of findings on the 113 permitted entities.

The total burden for this ICR is **73,356,159** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **\$1,291,713,388**. SSA does not charge respondents to complete our applications.

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

Participating permitted entities must compensate SSA for non-program-related work we do for others so the Social Security Trust Funds do not bear the costs of such activities. Before work begins on reimbursable projects requested by non-Federal organizations, we require advance payment. OMB Circular A-11 (Preparation, Submission, and Execution of the Budget) stipulates that budgetary resources for reimbursable work with non-Federal organizations, including State and local governments, are not available for obligation until receiving advance payments. OMB designed this policy to prevent unintentional violations of the

Anti-Deficiency Act. In addition, advance payment covers the start-up costs if potential permitted entities cancel the user agreement; it protects SSA against any uncollectible debts; and prevents SSA components' regular administrative allowance from having to absorb the cost. Accordingly, non-Federal requesters must pay 100 percent of SSA's estimated costs in advance.

The public cost burden is dependent upon the number of permitted entities using the service and the annual transaction volume. In FY 2019, 10 companies enrolled out of 123 applications received to participate in eCBSV. We based the cost estimates below on 113 participating permitted entities in FY 2021 submitting an anticipated volume of 1,100,000,000 transactions. The total cost for developing the service is \$45,000,000, and SSA will recover the cost over a five-year period, assuming projected enrollments and transaction volumes materialize using the below tier fee schedule.

Total eCBSV Cost Burden

Administrative Fee	\$3,693 x 113 companies = \$417,309
<u>Tier Fee</u>	<u>Tier cost for 113 companies = \$7,476,850</u>
Total eCBSV Cost Burden -	\$7,894,159*

* The 113 selected permitted entities estimated total annual volume at 1.1B.

SSA uses the fee to allocate for forecasted systems and operational expenses; agency oversight; and overhead necessary to sustain the service.

eCBSV Tier Fee Schedule

Tier	Annual Transaction Threshold	Annual Fee
1	Up to 1,000	\$400
2	Up to 10,000	\$3,030
3	Up to 200,000	\$14,300
4	Up to 50 million	\$276,500
5	Up to 2 billion	\$860,000

SSA requires each enrolled permitted entity to remit the above tier based subscription fee for the 365-day agreement period and the appropriate administrative fee. SSA will charge newly enrolled entities a startup

administrative fee of \$3,693. After the initial year, SSA will charge the entities a renewal administrative fee of \$1,691 each time the agreement is renewed or amended. SSA calculates fees based on forecasted systems and operational expenses; agency oversight, overhead and CPA audit contract costs.

In addition, SSA will periodically recalculate costs to provide eCBSV services, and revise the tier fee schedule accordingly. We will notify companies of the tier fee schedule in effect at the renewal of eCBSV user agreements and via notice in the Federal Register; companies have the opportunity to cancel the agreement or renew service according to the new tier fee schedule.

14. Annual Cost To Federal Government

SSA designated eCBSV a fee-based service recovering the full costs (See #13 above).

15. Program Changes or Adjustments to the Information Collection Request

When we last cleared this information collection in 2020, the burden was 20,468,687 hours. However, we are currently reporting a burden of 73,356,159 hours. This change stems from an increase in the number of responses from 614,000,040 to 2,200,000,452. There is no change to the burden time per response. These figures represent current Management Information data for the full release of the eCBSV service.

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 exception 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.