**Supporting Statement for Form SSA-L4201**

**Letter to Employer Requesting Wage Information**

**20 CFR 416.203 & 416.1110**

**OMB No. 0960-0138**

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

The Social Security Administration (SSA) must establish and verify wage data, along with other factors, when determining Supplemental Security Income (SSI) eligibility and payment amounts for SSI applicants and recipients. SSA uses the SSA-L4201 to request wage information from employers when we are unable to verify wage information using preferred sources of wage information, such as pay slips or evidence from SSA-approved payroll data providers. Sections *1611(c)* and *1612(a)(1)* of the *Social Security Act (Act)* provide SSA the authority to collect the information requested on Form SSA-L4201. Furthermore, Section *1631(e)(1)* of the *Act* requires SSA to verify information from independent or collateral sources when used to determine eligibility for SSI benefits.

1. **Description of Collection**

SSA bases an individual’s eligibility for SSI payments, in part, on the amount of countable income the individual receives each month. We consider earned income from employment as a source of countable income. SSA applicants and recipients are required to provide documented evidence in support of their income claims, but SSA will assist in collecting the required evidence when necessary. One way the SSA will assist is by contacting an applicant or recipient’s employer to confirm their earned income from the firm when the applicant cannot produce preferred evidence, or when the SSA’s other means of obtaining evidence fail. Specifically, if the applicant or recipient is unable to provide paystubs or checks on their own, the SSA will determine if their employer is registered with an SSA-approved wage verification company. If the company is not registered, and the applicant cannot provide a W-2 or similar tax form, and their income is not reported in databases such as the Master Earnings File, National Directory of New Hires, Interstate Benefits Inquiry, or SSA Access to State Records Online, SSA staff will attempt to call the employer to confirm the applicant or recipient’s earnings record verbally. If phone contact cannot be established with the employer, or the employer does not provide the requested information verbally, then the SSA will take the next step of mailing the employer Form SSA-L4201.

SSA uses Form SSA-L4201 for wage verification in initial and post-entitlement (i.e. redetermination) claims; the form collects current and past wage data, any deductions for an employee’s participation in a cafeteria plan, and any garnishments for child support payments directly from employers. Employers who are contacted with Form SSA-L4201 may also return a detailed payroll printout, with explanations of the items on the printout, in lieu of returning Form SSA-L4201. Employers are also informed that their response is voluntary, though an important component to the applicant’s benefits determination. Again, we only use the SSA-L4201 when our efforts to obtain preferred evidence are unsuccessful. SSA uses the information collected to determine eligibility and proper payment amounts for SSI. Respondents are employers of SSI applicants and recipients.

1. **Use of Information Technology to Collect the Information**

SSA solicits the information from employers using paper Form SSA-L4201 when other methods of wage verification, including applicant-provided documents, database searches, and over-the-phone verification, have been exhausted. SSA employees then enter the information into the SSI Claim System. This collection does not currently have a fully public-facing Internet version, as we prioritized other information collections for full electronic conversions.  However, as noted in #5 below, we prioritize a number of sources for wage evidence over employer contact. Prior to contacting employers, we attempt to obtain pay slips, evidence from SSA‑approved wage verification companies, and wage data from the Office of Child Support Enforcement (OCSE), among other sources mentioned above in #2. Further, we try to collect information directly from employers via telephone interviews, which allows SSA employees to record the information directly into the SSI Claim System, before sending them the paper form. We only send the paper form when we are unable to reach the employers via telephone.

1. **Why We Cannot Use Duplicate Information**

SSA does use a similar form (SSA-L725, OMB No. 0960-0034) for Retirement, Survivors, and Disability Insurance (RSDI) purposes. However, that form is not suitable for SSI purposes because of the difference in the "earned income" information used by the two programs—specifically, the difference between when the earned income was earned versus when the earned income was received. The amount actually paid in a given month is critical to correct payment for SSI purposes, and the amount earned in a given month is significant for RSDI purposes. Therefore, we need the SSA‑L4201 to collect specific data for SSI purposes.

1. **Minimizing Burden on Small Respondents**

SSA may use the SSA-L4201 to collect wage information from small businesses; however, the employer response is voluntary. Before SSA collects information using the SSA-L4201, we try to minimize the burden on the employer by first attempting to verify past wages (e.g., via employee payroll slips or wage receipts) and estimate future wages using evidence the claimant provides. If payroll slips are unavailable, we accept wage verification from an SSA-approved wage verification company as primary evidence of wages. SSA will even consider secondary evidence of wages received via data exchanges prior to attempting verification with employers. Only after exhaustive efforts to obtain wage evidence from other sources will SSA contact the employer to verify wages. SSA does not have a specific data collection form for the collection of information taken by telephone; rather, they use the same fields as those used when inputting submitted SSA-L4201 to determine what questions to ask employers during a phone interview. SSA claims representatives responsible for obtaining and recording wage information record this information on the paper Form SSA‑L4201. If SSA is unable to collect wage information from the employer over the telephone, then SSA mails the SSA-L4201 to the employer. Based on the above, this collection does not significantly affect small businesses or other small entities.

1. **Consequences of Not Collecting Information or Collecting it Less Frequently**

For SSA to ensure correct payments and minimize overpayments to SSI claimants and recipients, SSA must verify income and information about current wages. The consequence of not collecting this information is an increased potential for incorrect SSI payments. If we updated the wage information less frequently, it could cause an increase in inaccurate payments to recipients. Therefore, we cannot collect this information less frequently. There are no technical or legal obstacles to burden reduction.

1. **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*.

1. **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 12, 2021 at 86 FR 14170. If we receive any comments in response to this Notice, we will forward them to OMB.

1. **Payment or Gifts to Respondents**

SSA does not provide payments or gifts to the respondents.

1. **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.

1. **Justification for Sensitive Questions**

The information collection does not contain any questions of a sensitive nature.

1. **Estimates of Public Reporting Burden**

Please see the burden chart below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **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-L4201 | 133,000 | 1 | 30 | 66,500 | $22.79\* | $1,515,535\*\* |

\* We based this figure on the average Payroll and Timekeeping Clerks hourly salary, as reported by 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 information collection request is **66,500** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **$1,515,535**. SSA does not charge respondents to complete our applications.

1. **Annual Cost to the Respondent (Other)**

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

1. **Annual Cost to the Federal Government**

The annual cost to the Federal Government is approximately $2,007,420.  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 | $1,000 |
| Distributing, Shipping, and Material Costs for the Form | Distribution + Shipping + Material Cost | $8,000 |
| SSA Employee (e.g., field office, 800 number, DDS staff) Information Collection and Processing Time | GS-9 employee x # of responses x processing time | $1,995,000 |
| 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 |  | $2,007,420 |

\* 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, since we work with almost every US citizen, we often do bulk mailings, and cannot track the cost for a single mailing.  In addition, it is difficult for us to break down the cost for processing a single form, as field office and State Disability Determination Services 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.

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

There are no changes in the public reporting burden.

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

SSA will not publish the results of the information collection.

1. **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.

1. **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).*

1. **Collections of Information Employing Statistical Methods**

SSA does not use statistical methods for this information collection.