

Supporting Statement for 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 government 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 was the agency responsible for collecting all FICA taxes from state and local government entities (in 1987 this responsibility was transferred to the IRS). However, state and local entities maintain a responsibility to report to SSA information for wages and pay that occurred prior to 1987. Because states and localities continue to process issues related to pre-1987 wages and pay (most typically identified during financial audits), these regulations allow us to continue to collect revisions to pre-1987 wage and pay 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 (we have included in the supplemental documentation an example of an Original Agreement).
- 404.1216 - Modification of agreement to correct an error: this section explains how respondents can modify an agreement to correct an error.

Modifications to the agreement extend coverage to new coverage groups, identify new political subdivisions joining a public retirement system, correct errors in previous modifications, implement changes in Federal or State law; and exclude services or positions previously covered (under very limited circumstances). A State may amend its agreement by submitting a modification to the SSA regional office, which in turn reviews it and also transmits it to SSA's Office of General Council (OGC) for review. After OGC approval, the regional office is responsible for executing the Modification, preparing a notification of approval

letter, and delivering the Modification packet and approval letter to the regional commissioner or designated official for signature. Copies of modifications are faxed to the IRS, filed in a locked fire-proof file cabinet, and scanned and saved for agency records.

There is no psychological burden as the state and local government understand the need to submit this information and SSA does not request any sensitive information from them.

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

3. Use of Information Technology to Collect the Information

This collection does not currently have a fully public-facing Internet version, as we prioritized other information collections for full electronic conversions. Since these regulations pertain only to pre-1987 coverage, we expect a continued reduction in the need for these regulatory requirements as the respondents clear up any issues related to the wages they previously reported. We expect to discontinue this ICR once respondents no longer need to process revisions to the pre-1987 wage reports. We are using “52” as a placeholder burden for the number of respondents(1 per state) temporarily. We are receiving very few of these collections and expect to receive none, or almost none, of these collections within the next three years.

Due to the uniqueness of this workload, there is no fillable electronic version available. However, as previously noted, respondents are able to mail the Modification packet, or deliver by other means, depending on their preference. The agency is currently working on a business plan to electronically accept *Section 218* Agreements, Modifications, and Dissolutions, which would allow the agency to track and process these changes electronically.

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 December 6, 2024, and we received no public comments. The 30-day FRN published on March 11, 2025, at 90 FR11771. 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. There are no psychological costs associated with this package.

12. Estimates of Public Reporting Burden

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	\$32.39**	\$842***
404.1215	52*	1	60	52	\$32.39**	\$1,684***
404.1216 (a) & (b)	52*	1	60	52	\$32.39**	\$1,684***
Totals	156			130		\$4,210***

* Per current management information data, we are using “52” as a placeholder burden for the number of respondents (1 per state) temporarily, averaging one response per each state on an annual basis. We expect a continued reduction in the need for these regulatory requirements as the respondents clear up any issues related to the wages they previously reported. We are receiving very few of these collections and expect to receive none, or almost none, of these collections within the next three years.

We do not 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.**

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 **30** and **60** minutes shown in our chart above accurately shows the average burden per response for learning about the program; receiving notices as needed; reading and understanding instructions; gathering the data and documents needed; answering the questions and completing the information collection instrument; scheduling any necessary appointment or required phone call; consulting with any third parties (as needed); and waiting to speak with SSA employees (as needed). Based on our current management information data, the current burden information we provided is accurate. 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 **\$4,210** SSA does not charge respondents to complete our applications.

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 \$978,280. 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.	\$974,860

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		\$978,280

* 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.