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 recipients qualify for disability payments when a verified physical or mental impairment prevents them from performing substantial gainful activity (SGA). When an SSDI recipient returns to work after the onset of the disability, the Social Security Administration (SSA) must evaluate the work effort to determine if the disability claimant still 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 appear 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 applicants and recipients receive benefits based on their inability to engage in SGA because of a physical or mental condition. If an applicant or recipient works, SSA must evaluate and determine if they meet or continue to meet the disability requirements of the law. 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 denial or cessation of disability benefits. SSA employees may record the earnings information in the work continuing disability review (CDR) system.

While SSA requires SSDI applicants and recipients to provide earnings information, the completion of Form SSA-L725 is voluntary for their employers or places of business to complete. SSA collects the information when there are no other available earnings sources, and SSA requires a review of the earnings. The respondents learn about the program and associated information collections from the information on the cover letter. The cover letter explains that we need to know earnings information to determine the SSDI applicant's or recipient's eligibility for Social Security benefits, and we need the employer's help to provide the information.

We identified the following psychological costs based on the requirements for this information collection:

<u>Psychological Cost #1:</u>

- **Requirement for Program:** The SSA-L725 asks the employer to provide monthly earnings information for the applicant or recipient so that we can determine the individual's eligibility to benefits.
- **Psychological Cost:** Respondents may perceive the questions could negatively impact the employee. Because of this, some may find the process stressful and unfair which can lead the respondents to choose to delay or abandon completing this form.

We understand these psychological costs may cause respondents to delay their completion of the information collection or cause them to abandon the information collection entirely. However, we require full completion of this collection to receive benefits. Therefore, we have taken this potential psychological cost into account when calculating our burden in #12 below.

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 because we send this as an agency-initiated letter to respondents with pre-filled information about the SSDI recipients. Currently, we do not have the capability to pre-fill information and distribute individualized forms electronically, as this would require developing a new system. At this time, we do not have the necessary resources or staff to support such development. Additionally, we cannot send these forms via email because the pre-filled information contains recipients' personally identifiable information (PII), and email is not a secure method for transmitting PII. We will reassess our ability to create an electronic version of this collection if, and when, there are technological advances that would allow us to make this collection available via the Internet in a fully secure way. 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.

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. However, if we did not impose this burden, we would be unable to determine whether the claimant or recipient 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 if SSA has no other available earnings information. 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 April 27, 2026, at 91 FR 22569, and we received no public comments. The 30-day FRN published on June 26, 2026, at 91 FR 38748. If we receive any comments in response to this Notice, we will forward them to OMB. We did not consult with the public in the development revision of this form.

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 4*2 U.S.C. 1306*, *20 CFR 401* and 4*02*, *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

As stated in #2 above, we need to ask some detailed questions about monthly earnings that some may perceive as invasive in nature to assess their employees' eligibility for initial or continued disability payments under this program. As such, this information collection may have psychological costs pertaining to collection of personal questions (which we also discussed in #2 above). However, we must ask these questions to evaluate work activity and how it affects the respondents' eligibility for benefits.

12. Estimates of Public Reporting Burden

Please see the burden chart below:

Method of Completion	Number of Respondents	Frequency of Response	Average Burden Per Response (minutes)	Estimated Total Annual Burden (hours)	Average Theoretical Cost Amount (dollars)*	Total Annual Opportunity Cost (dollars) **
SSA-L725	124,000	1	40	82,667	$28.64*	$2,367,583**

* We based this figure on the average Payroll and Timekeeping Clerks hourly salary, as reported by the Bureau of Labor Statistics data (Occupational Employment and Wage Statistics).

** 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 did not include travel time as per our current management information data, respondents who complete the paper forms return them to us via mail. Should this change in the future, we will include the language and chart for travel time to a field office.

We calculated the following Learning Cost time burden based on the estimated time and effort we expect respondents will take to learn about this program, its applicability to their circumstances, and to cover any additional research we believe respondents may need to take to understand how to comply with the program requirements (beyond reading the instructions on the collection instrument):

Total Number of Respondents	Frequency of Response	Estimate Learning Cost (minutes)	Estimated Total Annual Burden (hours)	Total Annual Learning Cost (dollars)***
124,000	1	5	10,333	$295,937***

***We based this dollar amount on the Average Theoretical Hourly Cost Amount in dollars shown on the burden chart above.

NOTE: We included the total opportunity cost estimate from this chart in our calculations when showing the total time and opportunity cost estimates in the paragraph below.

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. The total burden for this ICR is **82,667** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **$2,663,520**. SSA does not charge respondents to complete our applications.

13. Annual Cost to the Respondents (Other)

This 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 **$195,207**. 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	$18,600
Distribution, 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-9 employee x # of responses x processing time	$173,187
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		**$195,207**

* 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. 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 cleared the this ICR in 2023, the burden was 113,333 hours. However, we are currently reporting a burden of **82,667** hours. The decrease in burden is due to a decrease in the number responses from 170,000 to 124,000. 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.

The decrease is also a result of three legislative changes:

1. *Section 825* of the *Bipartisan Budget Act (BBA) of 2015 (Public Law 114-74)* allows SSA to use earnings when paid when there is no readily available evidence of when earnings were earned to make SSDI post-entitlement determinations. This means that technicians may use state quarterly wage information and IRS reported earnings rather than sending the SSA-L725 to employers for monthly wage amounts. Sending the SSA-L725 is now the "last resort" for SSA employees to collect wage information.

2. *Section 825* of the *BBA* instructed SSA to create a way for individuals to report their earnings online. SSA implemented that system in 2017. Having online wage reports reduce the need for technicians to collect earnings information via the SSA-L725.

3. Finally, *Section 824* of the *BBA*, allows SSA to automatically receive earnings from Third Party Payroll Data Providers. SSA began receiving these automated third-part reports in April of 2025. Having third party wage reports reduces the need for technicians to collect earnings information via the SSA-L725.

*Note: The total burden reflected in ROCIS is **93,000**, while the burden cited in #12 of the Supporting Statement is **82,667**. This discrepancy is because the ROCIS burden reflects the learning costs. In contrast, the chart in #12 above reflects actual 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

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. Collections of Information Employing Statistical Methods

SSA does not use statistical methods for this information collection.