Supporting Statement for Forms
SSA-L-93-SM, SSA-L-94-SM, SSA-95-SM, and SSA-97-SM
Missing and Discrepant Wage Reports Letters, Questionnaires, and Online Reconciliation Application
26 CFR 31.6051-2
OMB No. 0960-0432

A. Justification

1. Introduction/Authoring Laws and Regulations

Section *205(c)(2)(A)* of the *Social Security Act (Act)* requires the Commissioner of the Social Security Administration (SSA) to establish and maintain records of the amounts of wages paid to each individual. The Internal Revenue Code requires filing a tax return, or statement, in accordance with prescribed regulations. SSA requires every employer who is required to file with the Internal Revenue Service (IRS) to supply SSA with a copy of Form W-2 (Wage and Tax Statement), which contains information supplied to their employees, as stated in *26 CFR 31.6051-2* of the *Code of Federal Regulations*. This regulation is pursuant to Section *232 of* the *Act*. Under an agreement with IRS (Joint Stipulation and Agreement, National Committee to Preserve Social Security and Medicare v. *Louis W. Sullivan, M.D., et al.*, *C.A. No. 88-0974 AER.),* SSA attempts to contact employers two times to obtain the missing or discrepant information. When employers do not respond to SSA's inquiry, SSA refers their cases to the IRS for penalty assessment purposes.

SSA finds that approximately 500,000 employers per year have reports that are discrepant with IRS records, or which show that the employer did not file with SSA. Through our internal discovery and external usability testing, we identify these reporting errors by matching SSA's processed W-2 records with IRS Form 941 (Employer's QUARTERLY Tax Return), IRS Form 943 (Employer's Annual Federal Tax Return for Agricultural Employees), IRS Form 944 (Employer's ANNUAL Federal Tax Return), or IRS Schedule H (Household Employment Taxes) FICA tax receipt records. This information collection request proposes a plan to automate the current manual, paper-based IRS/SSA Reconciliation process and includes updated SSA L-93-SM, SSA-L-94-SM, SSA 95-SM, and SSA-97-SM forms. We are providing streamlined instructions and introducing a new public facing system for employers to reconcile discrepancies between IRS and SSA through an automated process.

2. Description of Collection

Each year employers report the wage amounts they pay their employees to the IRS for tax purposes, and separately to SSA for retirement and disability coverage purposes. Employers should report the same figures to both SSA and the IRS; however, each year some employers submit wage reports to SSA which show different amounts than those which the same employers report to the IRS. SSA uses Forms SSA-L93-SM, SSA-L94-SM, SSA-95-SM, and SSA-97-SM to ensure employees receive full credit for their wages.

- We use Forms SSA-L-93-SM and SSA-L-94-SM as cover letters that request the employer to complete the enclosed questionnaire (SSA-95-SM and SSA-97-SM);

- We use Form SSA-95-SM (first and second request) as the questionnaire when we have no record of an employer wage report;

- We use Form SSA-97-SM (first and second request) as the questionnaire when we identify discrepancies between IRS and SSA employer-reported wages;

- We use The IRS/SSA Reconciliation application as an online, streamlined version of the SSA-95-SM and SSA-97-SM, which guides employers to appropriate solutions and links users to online tools to correct issues.

An employer can submit the paper version of these forms, use the IRS/SSA Reconciliation application, or submit electronic wage reports to SSA directly. Alternatively, a third party may submit these on the employer's behalf.

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

Psychological Cost #1:

- **Requirement for the Program:** The IRS/SSA Reconciliation process asks individuals to provide earnings evidence to the agency by responding to Forms SSA-L-93-SM, SSA-L-94-SM, SSA 95-SM, and SSA-97-SM, so that SSA can determine whether we can justify the earnings correction action. Through this process, we may contact employers twice to obtain missing or discrepant information.

- **Psychological Cost:** Respondents may perceive repeated requests for information as an undue administrative burden. This perception can increase respondents' stress and may result in discouragement or diminished trust in the agency, potentially leading to delayed or incomplete submissions. Requests for detailed wage and tax information may cause discomfort, particularly if employers feel the agency is questioning their accuracy or integrity. Employers may also experience anxiety due to concerns about potential penalties, audits, or negative consequences if errors are found.

Psychological Cost #2:

- **Requirement for the Program:** The IRS/SSA Reconciliation process requires employers to reconcile discrepancies between IRS and SSA records.

- **Psychological Cost:** Employers may experience increased cognitive load due to the complexity of reconciling records, gathering documentation, and understanding which forms to submit. The process may be stressful, especially if the employer is unsure why discrepancies exist or how to resolve them.

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 accurate wage reporting. Therefore, we have taken this potential psychological cost into account when calculating our burden in #12 below.

The respondents are employers who reported lower wage amounts to SSA than they reported to the IRS.

3. Use of Information Technology to Collect the Information

In accordance with the agency's Government Paperwork Elimination Act plan, SSA developed an Internet version of Forms SSA-95-SM and SSA-97-SM. The IRS/SSA Reconciliation is an online, streamlined version of the SSA-95-SM and SSA-97-SM, which guides employers to solutions and links them to online tools for correcting wage issues. This online modality offers a self-help and guided modernized questionnaire modeled after SSA-95-SM and SSA-97-SM. This tool is designed to guide employers to the proper resolution for their reconciliation issues and link them to online resources to make necessary corrections. We estimate approximately 20% of respondents submit the information to us electronically using the online modality.

4. Why We Cannot Use Duplicate Information

The nature of the information we collect and the manner in which we collect it preclude duplication. While we offer an alternative method for wage reporting through our Business Services Online (BSO) website (OMB No. 0960-0626), which allows employers to register, log in, fill in the necessary information and submit their wage reports to SSA electronically, this process involves several electronic applications, including Social Security Number Verification Services (OMB No. 0960-0660), IRS W-2 and W-2c online forms (OMB No. 1545-0008), and SSA's instructions for submitting wage reports online. Currently, BSO electronically processes W-2 and W-3 information, whereas the current IRS/SSA Reconciliation process does not process W-2 and W-3 information electronically. Because we use the IRS/SSA Reconciliation as an online, streamlined version of the SSA-95-SM and SSA-97-SM, which guides employers to appropriate solutions and links users to online tools to correct wage issues, this information collection does not duplicate information gathered elsewhere.

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 obtain the wage information necessary to properly post employee wages and maintain accurate earnings records. We minimized the burden by carefully reviewing the form and ensuring we only ask small businesses and entities to complete relevant and necessary questions.

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

If SSA did not use Forms SSA-L-93-SM, SSA-L-94-SM, SSA-95-SM, and SSA-97-SM, we would be unable to obtain missing and discrepant earnings information, which could result in incorrect payments to beneficiaries. 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 July 31, 2026, at 91 FR 48470, and we received no public comments. The 30-day FRN published on September 24, 2026, at 91 FR 60677. 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 *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:

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-95-SM and SSA-97-SM (and accompanying cover letters SSA-L93, L94) (paper version)	356,800	1	30	178,400	$ 33.54*	$5,983,536**
IRS/SSA Reconciliation Application	89,200	1	30	44,600	$33.54*	$1,495,884**

(electronic version)						
Totals	446,000			223,000		$7,479,420**

* We based this figure on an average U.S. citizen's hourly salary ($33.54), as reported by Bureau of Labor Statistics data (Occupational Employment and Wage Statistics).

** This figure does not represent actual costs that SSA is imposing on individuals; rather, these are theoretical opportunity costs for the additional time respondents will spend to complete the information collection. **<u>There is no actual charge to respondents to complete the information collection</u>**.

We did not include travel time because, according to our current management information data, 90% of respondents use our Business Services Online Website to submit wage reports (through the BSO website or using the IRS/SSA Reconciliation application), while the remaining respondents mail in their wage reports.

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)*** **
446,000	1	30	223,000	$7,479,420***

***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 **30** minutes 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 **223,000** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of **$14,958,840**. 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 **$6,703,941**. 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	$32,781
Distribution, Shipping, and Material Costs for the Form	Distribution + Shipping + Material Cost	$282,219
SSA Employee (e.g., field office, 800 number, DDS staff) Information Collection and Processing Time	GS-9 employee x # of responses x processing time	$6,373,191
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	$15,750
Quantifiable IT Costs	Any additional IT costs	$0*
Total		**$6,703,941**

* 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

There are no changes to the public reporting burden.

*Note: The total burden reflected in ROCIS is **802,800** while the burden cited in #12 of the Supporting Statement is **223,000**. 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.

In addition, for the electronic IRS/SSA Reconciliation application, 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.