Supporting Statement for Form SSA-581
Authorization to Obtain Earnings Data
From the Social Security Administration
OMB No. 0960-0602

A. <u>Justification</u>

1. Introduction/Authoring Laws and Regulations

On occasion, organizations and agencies, both public and private, need to obtain detailed earnings information about specific Social Security Number (SSN)-holding wage earners for business purposes (e.g. pension funds, State agencies). Respondents use Form SSA-581 to identify the SSN holder whose information they wish to request, and to provide authorization from the SSN holder (when applicable). Section *205(c)(2)(A)* of the *Social Security Act (Act)* requires The Social Security Administration (SSA) to provide this information when authorized to do so by the SSN holder in question.

2. Description of Collection

SSA uses the information provided on Form SSA-581 to: (1) identify the wage earner; (2) establish the period of earnings information requested; (3) verify the wage earner authorized SSA to release this information to the requesting party; and (4) produce the Itemized Statement of Earnings (SSA-7050 (0960-0525)). Generally, the SSA-581 is a one-time request; however, some organizations use the form annually to maintain private pension programs, while others use the form in litigation matters.

Some private pension plans need itemized earnings information to determine, for example:

- An individual's eligibility for a private pension benefit;
- An individual's continued eligibility to receive a pension benefit; or
- The pension benefit amount.

Additionally, some law firms need itemized earnings information for litigation-related matters to determine, for example:

- If an individual worked for a particular company; or
- The amount of wages the client earned during specific years.

As an example, the operator of a private pension fund may wish to validate that the employer is accurately reporting the hours worked by employees. In order to verify the actual number of hours worked by the employees of a particular employer, the trustees of the pension fund may conduct an audit to compare the records of the employer against the hours the employer reported to SSA. The pension operator can also use the Social Security Earnings Report to verify the self-reporting of activities by pensioners in the same fashion that the operator verifies the self-reporting of contributions by contributing employers to ensure that pensioners are abiding by any relevant pension rules.

This form is not accessible publicly, but entities seeking this information are likely to contact the OCO Pension Fund. One of the project coordinators within the OCO Pension Fund would than initiate and agreement between SSA and the participant.

When an entity sends an SSA-581 form to a respondent, they may either mail it directly back to SSA or return it to the entity, who in turn sends it back to SSA. This form is received by the Division of Earnings and Business Services located in Baltimore, MD (this component within the Office of Central Operations is responsible for the processing and handling of the form, whereas the Division of Training and Program Support oversees the applicable policies related to these forms). Upon receipt in the mailroom, the forms are scanned into the system by our High-Speed Scanning operators for processing.

The respondents are private businesses and other Federal agencies.

3. Use of Information Technology to Collect the Information

The SSA-581 is not available as a print only PDF on SSA's website; rather, SSA sends the PDF file to the organizations via email. In addition, SSA did not create an electronic version of this form under the agency's Government Paperwork Elimination Act plan, because the *Tax Reform Act of 1976 (Public Law 94-455)* requires a wet signature from the SSN holder for SSA to release earnings data. Specifically, the relevant language under § 1202(a)(1) (which amends 26 U.S.C. § 6103(c) is: "[t]he Secretary may, subject to such requirements and conditions as he may prescribe by regulations, disclose the return of any taxpayer, or return information with respect to such taxpayer, to such person or persons as the taxpayer may designate in a request."

SSA notes that the Internal Revenue Code establishes its own requirements for the acceptable method of signing consents:

> "(2) Method of signing. A request for or consent to disclosure may be signed by any method of signing the Secretary has prescribed pursuant to § 301.6061-1(b) in forms, instructions, or other appropriate guidance." (See 26 C.F.R. § 301.6103(c)-1(e)(2).)

Furthermore, 26 C.F.R. § 301.6061-1(b) states: "[t]he Secretary may prescribe in forms, instructions, or other appropriate guidance the method of signing any return, statement, or other document required to be made under any provision of the internal revenue laws or regulations."

While SSA does not currently have a fully electronic version of this form, we allow the respondents to submit the PDF version of the form with an electronic signature so long as they follow IRS requirements for electronic signature. At this time, we estimate that 100 percent of the respondents electronically sign and submit the PDF versions of the form.

We are working on creating an electronically submittable version of this form and hope to have one in place within the next 3-6 years. However, this anticipated timeline will depend on the availability of agency resources, as we need to implement higher volume forms electronically first.

4. Why We Cannot Use Duplicate Information

The nature of the information we collect and the manner in which we collect it preclude 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 Collecting Information or Collecting it Less Frequently

If we did not use Form SSA-581, organizations and wage earners would have no way of requesting earnings data to administer private pension programs or resolve litigation matters, which would be a violation of Section *205(c)(2)(A)* of the *Act*. Because we only collect the 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 7, 2020 at 85 FR 19563, and we received no public comments. SSA published the second Notice on June 24, 2020, at 85 FR 37996. If we receive comments in response to the 30-day Notice, we will forward them to OMB.

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 question of a sensitive nature.

12. 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-581	24,000	1	10	4,000	$33.58*	$134,320**

* We based this figure on average Compensation, Benefits, and Job Analysis Specialists hourly wage data from the BLS website: https://www.bls.gov/oes/current/oes131141.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 ICR is **800** burden hours (reflecting SSA management information data), which results in an associated theoretical (not actual) opportunity cost financial burden of $**26,864**. 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. Program Changes or Adjustments to the Information Collection Request

The annual cost to the Federal Government is approximately $29,804. This estimate accounts for costs from the following areas:

Description of Cost Factor	Methodology for Estimating Cost	Cost in Dollars*
Designing, Printing, and Distributing the Form	Design Cost + Printing Cost + Distribution Cost	$5,584
SSA Employee (e.g., field office, 800 number, DDS staff) Information Collection and Processing Time	GS-9 employee x # of responses x processing time	$20,800
Systems Development, Updating, and Maintenance	GS-9 employee x man hours for development, updating, maintenance	$3,420
Total		**$29,804**

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. We do not track design costs or upkeep costs (as these are based on employee time and may vary from collection to collection). 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. Finally, SSA prefers not to provide breakdowns of estimated payment to employees who process these items for a variety of reasons (only one of which is that it is not possible to do this entirely accurately).

15. Program Changes or Adjustments to the Information Collection Request

When we last cleared this information collection in 2020, the burden was 800 hours. However, we are currently reporting a burden of 4,000 hours. This change stems from an increase in the completion time from 2 minutes to 10 minutes.

We are updating the estimated burden per response to better show the time it takes for respondents to learn about the program; receive the form for completion; read and understand the instructions; gather the data and documents needed; answer the questions and complete the information collection instrument; consult with any third parties (as needed); and submit the information to SSA.

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. <u>Collections of Information Employing Statistical Methods</u>

SSA does not use statistical methods for this information collection.