

SUPPORTING STATEMENT - PART A

Exchange Credit Program – 0702-0137

Summary of Changes from Previously Approved Collection

- IC Title change to improve public understanding.
- Removal of Exchange Form 6450-005.
- Respondent Burden and Labor Cost changes resulting from COVID-19 protective measures, salary increase, and patron desires to shop on-line.
- Response time for the CRC 7429395 Military Star Card Paper Application was revised from 6 minutes to 2 minutes based on consultation with the custodian.
- Increase in cost to the Federal Government due to increased salaries.

1. Need for the Information Collection

Title 10 U.S.C. §2481, “Defense Commissary and Exchange Systems: Existence and Purpose,” requires that the Secretary of Defense operate a world-wide system of exchange stores intended to enhance the quality of life for members of the uniformed services, retired members, and dependents of such members. The Army and Air Force Exchange Service (Exchange) is a Non-Appropriated Fund (NAF) instrumentality of the United States of America. Army Regulation 215-8/Air Force Instruction 34-211(I), “Army and Air Force Exchange Service Operations” charges the Army and Air Force Exchange Service with the dual and enduring mission of supplying quality merchandise and services to its customers at competitively low prices which generate earnings supporting Family, Morale, Welfare and Recreation (FMWR) programs.

The information collection is the basis for deciding Exchange patron credit eligibility, enhancing the patron’s shopping experience, determining the patron’s suitability to cash checks at Exchange facilities, and collecting government debts. Allowing patrons to use credit in their shopping experience supports the efficiency and effectiveness of the Exchange’s marketing programs and the mission to support FMWR programs.

Army Regulation 215-8/AFI 34-211(I) authorizes criteria to obtain identity as an Exchange patron. The Secretary of the Army and the Secretary of the Air Force of the military departments may grant deviations of authorized patron access for individuals or classes and groups of persons at specific garrisons and installations. Delegation of this authority outside the Secretariat is prohibited. Deviations may be granted when based on alleviating individual hardships. Patrons include individuals who are members of the uniformed services, retired members, authorized veterans, and dependents of members of the Armed Forces, commissioned officers of the Public Health Service, and commissioned officers of the NOAA. A dependent is defined as “a dependent or former dependent entitled to transition compensation under 10 USC 1059, if not eligible under another provision of law, while receiving payments for transition compensation.” Other individuals may meet the requirements of being patrons as mandated by regulation.

The prescribing directive which governs and authorizes the Exchange for mission activities is Title 10 U.S.C. §7013, Secretary of the Army and 10 U.S.C. §9013, Secretary of the Air Force. The authority to collect and recover funds relative to debts is governed by the Federal Claims Collection Act of 1966 (Pub.L. 89-508, as amended), Debt Collection Act of 1982 (Pub.L. 97-365, as amended), as codified in 31 U.S.C. §3711, Collection and Compromise, 31 CFR 285.11, Administrative Wage Garnishment, DoD Instruction 1330.21, Armed Services Exchange Regulations, DoD 7000.14-R, Department of Defense Financial Management Regulation Volume 13, Nonappropriated Funds Policy and Volume 16, Department of Defense Debt Management. Army Regulation 215-8/Air Force Instruction 34-211(I), Army and Air Force Exchange Service Operations and E.O. 9397 (SSN), as amended allows the exchange to collect Social Security Numbers associated with a patron's Exchange account.

2. Use of the Information

The Exchange offers "personal credit" accounts to service members for purchases of military clothing and to all authorized patrons a private label Military Star credit card for retail purchases. Established credit is acceptable at any participating Army and Air Force, Navy, Marine Corps, and Coast Guard Exchanges or online at shopmyexchange.com and mynavyexchange.com. Authorized patrons of the Exchange include individuals who defined in Army Regulation 215-8/AFI134-211(I), Tables 7-1 and 7-2 or designated by Congressional action. This includes individuals who are members of the uniformed services, retired members, veterans who are discharged as honorable or general under honorable conditions, and dependents of members of the Armed Forces, commissioned officers of the Public Health Service, and commissioned officers of the National Oceanic & Atmospheric Administration (NOAA). Other individuals may meet the requirements of being patrons as mandated by regulation.

Patrons deciding to apply for credit may voluntarily complete the "on-line" application form through <https://www.myecp.com/>, or through a local Exchange facility by completing the Exchange paper form CRC 7429395 "Military Star Credit Paper Application", or by supplying information to an authorized Exchange cashier at the Point of Sale (POS). Exchange facilities may aid patrons by allowing them access to a company owned computer for completion of the on-line application.

Account holders requesting to update information on their account may do so electronically by visiting <https://www.myecp.com/>, or by contacting the Exchange MILITARY STAR® department at 1-877-891-7827. In the past, Exchange Form 6450-005, "Exchange Credit Program Update Account" has been utilized by patrons seeking to make these updates. However, upon review, the form has been determined to be obsolete and is no longer being utilized. It has been removed from this information collection request.

Information collected from the patron allows the Exchange to address their credit worthiness, and supply monthly statements and debt communication, to include wage garnishments. To establish this credit worthiness, Exchange Military Star personnel review the application and obtain an electronic credit history report requiring the patron's SSN. Patrons, whose credit is

acceptable, will receive a credit card and a specified credit limit. Patrons, who present an unacceptable credit risk, will receive a denial letter following applicable regulations sent either electronically, through the mail, or both. Sample of templates of the denial letters are provided with this package for OMB's review.

The completed application is provided to an Exchange associate either by hand or through electronic means. If the application is completed in a paper format, an Exchange associate scans the document and protects and encrypts the application to send electronically to the Exchange Headquarters in Dallas, Texas for processing. The information is then entered into an electronic database and kept in the Exchange secured and protected Financial Management System. Once scanned, the paper form is destroyed by cross shredding. If obtained through electronic means, the application is saved in the same system.

3. Use of Information Technology

The use of technology enhances the ability of the Exchange to collect confidential information securely, promptly, and accurately. Approximately 98% of all applications and changes to account information are completed on-line by patrons through <https://www.myecp.com/>, through an authorized/designated Exchange point of sale register, or with assistance from an Exchange Associate. Information only needs to be given once, lessening the burden of the individual. Patrons, supplying applications by electronic means, may receive results immediately. The system is readily available for disclosure to the patron or their designee upon their written request in compliance with the Privacy Act of 1974, as amended, *Title 5 U.S.C. §552a*.

The electronic system allows immediate access to the required data for purposes of addressing account inquiries, updating accounts, corresponding with financial institutions and/or Internal Revenue Service, and collecting debt from other Employers (Wage or salary garnishments). The SSN collection is used to obtain data for these purposes.

4. Non-duplication

The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source.

5. Burden on Small Businesses

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

6. Less Frequent Collection

Information is collected from members of the public on a voluntary basis. The collection is triggered by the patron's desire to obtain credit with the Exchange, i.e., "as needed" or "on occasion". Less frequent collection is not possible.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Tuesday, March 15, 2022. The 60-Day FRN citation is 87 FRN 14519.

No comments were received during the 60-Day Comment Period.

A 30-Day Federal Register Notice (FRN) for the collection published on Tuesday, August 30, 2022. The 30-Day FRN citation is 87 FR 52940.

Part B: CONSULTATION

Significant input and information were received from the Exchange Credit Program directorate in relation to the continued use and burden for this collection of information. Information is only maintained in one database and used accordingly as outlined in section 2 of this Supporting Statements.

9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

10. Confidentiality

The information collected and maintained in this system is protected under the Privacy Act of 1974, as amended. Respondents are assured confidentiality through the Privacy Act Statement(s) available for reading on the applicable collection documents, available in the Military Star Terms and Conditions, or posted at point-of-sale terminals.

A draft copy of the SORN (DoD 000x SORN, "DoD Patron Authorization, Retail, Services, and MWR Recreational Activities") has been provided with this package for OMB's review.

The Privacy Impact Assessment (PIA) for the Exchange Credit Program electronic collection may be viewed at <https://www.aafes.com/images/AboutExchange/FOIA-PIA.pdf> and has been provided with this package for OMB's review.

Records deposition for documents within this system is in guidance with DAA-GRS-2013-0001 & 0002. Records are cut off at the close of the fiscal year in which the case is fully paid. Records

are then destroyed 6-years after the cutoff by either shredding or deletion from the electronic database.

11. Sensitive Questions

Respondents may be asked to supply their social security number. Collection of social security number is authorized under DoDI 1000.30 "SSN Instruction Use Case" Enclosure 2 sections 2.c. (4) and (7). Justification for use of the SSN is provided.

12. Respondent Burden and its Labor Costs

Part A: ESTIMATION OF RESPONDENT BURDEN

1) Collection Instruments

CRC 7429395 "Military Star Card Paper Application"

- a) Number of Respondents: 15,236
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 15,236
- d) Response Time: 2 minutes
- e) Respondent Burden Hours: 508 Hours

<https://www.myecp.com/> "Exchange Credit Program Account Update"

- a) Number of Respondents: 429,855
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 429,855
- d) Response Time: 2 minutes
- e) Respondent Burden Hours: 14,329 Hours

<https://www.myecp.com/> "Military Star Card Online Application"

- a) Number of Respondents: 53,997
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 53,997
- d) Response Time: 2 minutes
- e) Respondent Burden Hours: 1,800 Hours

Account Services "Associate Assisted Military Star Account Update"

- a) Number of Respondents: 308,522
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 308,522
- d) Response Time: 2 minutes
- e) Respondent Burden Hours: 10,284 Hours

Retail Point of Sales "Military Star Card Point of Sale Application"

- a) Number of Respondents: 61,621
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 61,621

- d) Response Time: 2 minutes
 - e) Respondent Burden Hours: 2,054 Hours
- 2) Total Submission Burden
- a) Total Number of Respondents: 869,231
 - b) Total Number of Annual Responses: 869,231
 - c) Total Respondent Burden Hours: 28,975 Hours

Part B: LABOR COST OF RESPONDENT BURDEN

- 1) Collection Instruments
- CRC 7429395 “Military Star Card Paper Application”
- a) Number of Total Annual Responses: 15,236
 - b) Response Time: 2 minutes
 - c) Respondent Hourly Wage: \$7.25
 - d) Labor Burden per Response: \$0.24
 - e) Total Labor Burden: \$3,682

<https://www.myecp.com/> “Exchange Credit Program Account Update”

- a) Number of Total Annual Responses: 429,855
- b) Response Time: 2 minutes
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$103,882

<https://www.myecp.com/> “Military Star Card Online Application”

- a) Number of Total Annual Responses: 53,997
- b) Response Time: 2 minutes
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$13,049

Account Services “Associate Assisted Military Star Account Update”

- a) Number of Total Annual Responses: 308,522
- b) Response Time: 2 minutes
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$74,559

Retail Point of Sales “Military Star Card point of Sale Application”

- a) Number of Total Annual Responses: 61,621
- b) Response Time: 2 minutes
- c) Respondent Hourly Wage: \$7.25
- d) Labor Burden per Response: \$0.24
- e) Total Labor Burden: \$14,892

- 2) Overall Labor Burden
 - a) Total Number of Annual Responses: 869,231
 - b) Total Labor Burden: \$210,064

We based our hourly burden on the current Federal Minimum Wage (2009) posted at the Department of Labor Wage Website
<https://www.dol.gov/general/topic/wages/minimumwage>.

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents other than the labor burden costs addressed in Section 12 of this document to complete this collection.

14. Cost to the Federal Government

Part A: LABOR COST TO THE FEDERAL GOVERNMENT

- 1) Collection Instruments
CRC 7429395 “Military Star Card Paper Application”
 - a) Number of Total Annual Responses: 15,236
 - b) Processing Time per Response: .08/Hour (5 minutes)
 - c) Hourly Wage of Worker(s) Processing Responses: \$20.79
 - d) Cost to Process Each Response: \$1.66
 - e) Total Cost to Process Responses: \$25,340.52

<https://www.myecp.com/> “Exchange Credit Program Account Update”

- a) Number of Total Annual Responses: 429,855
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$20.79
- d) Cost to Process Each Response: \$0.62
- e) Total Cost to Process Responses: \$268,100.56

<https://www.myecp.com/> “Military Star Card Online Application”

- a) Number of Total Annual Responses: 53,997
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$20.79
- d) Cost to Process Each Response: \$0.62
- e) Total Cost to Process Responses: \$33,677.93

Account Services “Associate Assisted Military Star Account Update”

- a) Number of Total Annual Responses: 308,522
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$20.79
- d) Cost to Process Each Response: \$0.62
- e) Total Cost to Process Responses: \$192,425.17

Retail Point of Sales “Military Star Card point of Sale Application”

- a) Number of Total Annual Responses: 61,621
- b) Processing Time per Response: .03/Hour (2 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$20.79
- d) Cost to Process Each Response: \$0.62
- e) Total Cost to Process Responses: \$38,433.02

2) Overall Labor Burden to Federal Government

- a) Total Number of Annual Responses: 869,231
- b) Total Labor Burden: \$557,977.20

The hourly wage of workers was determined by using the rounded lower wage of NF pay band level 3 associates as displayed in the March 14, 2022 152 DFW Pay Band Schedule 036-57 listed at <https://wageandsalary.dcpas.osd.mil/Content/NAF%20Schedules/survey-sch/152/152-036-57-NF.pdf> for Dallas, Texas (Maximum Hourly Rate – Minimum Hourly Rate) / 4 + (Minimum Hourly Rate.)

Part B: OPERATIONAL AND MAINTENANCE COST

1) Cost categories

- a) Equipment: \$11,536
- b) Printing: \$27,000
- c) Postage: \$33,386
- d) Software Purchases: \$27,143
- e) Licensing Costs: \$62,465
- f) Other: \$62,500 (IT System Support, overhead)

2) Total Operational and Maintenance Cost: \$224,030

Part C: TOTAL COST TO THE FEDERAL GOVERNMENT

- 1) Total Operational and Maintenance Costs: \$224,030
- 2) Total Labor Cost to the Federal Government: \$557,977.20
- 3) Total Cost to the Federal Government: \$782,007

15. Reasons for Change in Burden

The collection of applications has significantly increased due to Congressional actions authorizing Purple Heart recipients, disabled and honorably discharged veterans, and Commissary and MWR customers to utilize the Exchange and apply for a MILITARY STAR® credit card. However, due to continued concerns over the conditions resulting from the COVID pandemic, manual applications and those applied for at point-of-sale locations have decreased. Additionally, the estimated response time for the CRC 7429395 Military Star Card Paper Application was revised from 6 minutes to 2 minutes based on consultation with the custodian.

Maintenance of this system remains constant while labor costs have increased due to pay raises for long-term associates and patron desires to shop on-line.

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

We are not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.