



Office of the President

3 February 2020

Via e-mail: OR.Reports.Clearance@ssa.gov

Ms. Faye I. Lipsky, Director
Social Security Administration
OLCA
Attn: Reports Clearance Director
3100 West High Rise
6401 Security Blvd.
Baltimore, MD 21235

Re: Request for Comment Regarding Agency
Information Activities (Docket No. SSA-
2019-0052)

Dear Ms. Lipsky,

Navy Federal Credit Union ("Navy Federal" or "we") appreciates the opportunity to respond to the Request for Comment issued by the Social Security Administration ("SSA") regarding its cost burden estimate for its new Electronic Consent-Based Social Security Number Verification ("eCBSV") service. Navy Federal is the nation's largest natural person credit union, with more than \$112 billion in assets and over 9 million members. We are committed to serving the financial needs and improving the financial condition of our members, and constantly work to improve our fraud prevention techniques in order to preserve the safety and soundness of our credit union. To that end, Navy Federal is excited about the advent of the eCBSV service, for which we were selected as one of the ten initial participants. We expect that the eCBSV service will help to curtail the use of synthetic identity fraud in our operations.

Our comments immediately below reflect our general thoughts on the SSA's cost burden estimate for the eCBSV service.

A. Graduated Fee Schedule

In this Request for Comment, the SSA suggests a five-tier schedule to assign costs for use of its services. We believe that the proposed Tier Fee Schedule (pictured below) is not optimal and believe that the Schedule could benefit from additional levels that more adequately distribute the costs of usage. For example, the SSA suggests a tier that encompasses a volume of 200,001 to 50,000,000 transactions (Tier #4). In the current state, therefore, a marginal increase of a single eCBSV request could cause the annual fee to jump from \$14,300 to \$276,500.

| ECBSV TIER FEE SCHEDULE | | |
|-------------------------|--------------------------|------------|
| Tier | Volume threshold | Annual fee |
| 1 | 1–1,000 | \$400 |
| 2 | 1,001–10,000 | 3,030 |
| 3 | 10,001–200,000 | 14,300 |
| 4 | 200,001–50 million | 276,500 |
| 5 | 50,000,001–2 billion ... | 860,000 |

Navy Federal suggests that the SSA create additional tiers that more evenly distribute the costs of use of the service. In particular, we suggest the SSA consider mitigating the impact of processing more than 200,000 transactions (and less than 50 million) by adding additional tiers in that strata. For example, there might be a tier from 200,001 to 5,000,000 transactions, which may allow the SSA to assign a fee more appropriate to the number of transactions (and significantly lower than \$276,500). In short, Navy Federal suggests that additional tiers for the fee categories would allow for a more gradual fee escalation and ensure that costs are more narrowly tailored to a permitted entities' transaction volume.

B. Estimated Time Burden

In the Social Security Administration's Request for Comment, it cites time and cost data as provided by Bureau of Labor Statistics to estimate the burden to institutions wishing to take advantage of this service:

| TIME BURDEN | | | | | | |
|---|-----------------------|-----------------------|---------------------------------------|---------------------------------------|---|---|
| Requirement | 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)** |
| (a) Complete eCBSV enrollment process*** | 10 | 1 | 120 | 20 | * \$36.98 | ** \$740 |
| (a) Configure customer system for ability to send in verification requests | 10 | 1 | 2,400 | 400 | * 36.98 | ** 14,792 |
| (a) People whose SSNs SSA will verify—Reading and Signing | 307,000,000 | 1 | 3 | 15,350,000 | * 10.22 | ** 156,877,000 |
| (a) Sending in the verification request, calling our system, getting a response | 307,000,000 | 1 | 1 | 5,116,667 | * 36.98 | ** 189,214,346 |
| (b) Follow SSA requirements to configure application program interface | 10 | 1 | 4,800 | 800 | * 36.98 | ** 29,584 |
| (c) CPA Compliance Review and Report**** | 10 | 1 | 4,800 | 800 | * 33.89 | ** 27,112 |
| Totals | 614,000,040 | | | 20,468,687 | | ** 346,163,574 |

* We based these figures on average Business and Financial operations occupations and Certified Public Accountants' hourly salaries, as reported by Bureau of Labor Statistics data, and per average Disability Insurance (DI) payments, as reported in SSA's DI payment data.

** 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 enrollment process entails reviewing and completing eCBSV User Agreement and financial requirements package; visiting the Department of the Treasury's Pay.gov to make payment for services; and submitting a permitted entity certification via email.

**** There will be one CPA firm respondent (an SSA-approved contractor) to conduct compliance reviews and prepare written reports of findings on the 10 permitted entities.

First, we do not agree with the SSA's estimation of time burden. We believe that most permitted entities will require significantly more time than the 80 projected hours for "following SSA requirements to configure application program interface." Between the marshaling of resources, assignment of the task, development of the program, and user testing thereof, time commitment is almost certain to exceed 80 hours.

Second, the average theoretical hourly cost amounts for CPA firms are based on general data, and are not predicated on the financial industry specialists that the SSA would ultimately need to hire given the degree of risk exposure from using the eCBSV service (with its associated sensitive data points). We anticipate that this sort of specialization would require significantly more than the stated average hourly cost of \$33.89. Moreover, we note that the costs to the institution would likely include more than just accounting resources; a financial institution's time commitment to support the audit can also be expected to add to the estimated 80 hours, depending on the volume of its eCBSV service usage.

Conclusion

Navy Federal appreciates the SSA's efforts to create the eCBSV service, and welcomes this opportunity to comment on the estimated cost burden thereof. We look forward to reviewing future notices put out by the SSA with additional information. If you have any questions, please contact Robby Sullivan, AVP, Security Operations Center by phone at 703-255-8662 or by email at robert_sullivan@navyfederal.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mary McDuffie".

Mary McDuffie
President/CEO

MM/rtm