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DEPARTMENT OF THE TREASURY

Financial Management Service

Privacy Act of 1974, as Amended; System of Records

AGENCY: Financial Management Service, Treasury.

ACTION: Notice of proposed new system of records.

SUMMARY: In accordance with the Privacy Act of 1974, as amended, the Financial Management Service gives notice of a proposed new Privacy Act system of records entitled ``Treasury/FMS .008-Mailing List Records.``

DATES: Comments must be received no later than January 18, 2011. The proposed new system of records will become effective January 18, 2011 unless comments are received which would result in a contrary determination.

ADDRESSES: You should send your comments to Peter Genova, Deputy Chief Information Officer, Financial Management Service, 401 14th Street, SW., Washington, DC 20227. Comments received will be available for inspection at the same address between the hours of 9 a.m. and 4 p.m. Monday through Friday. You may send your comments by electronic mail to peter.genova@fms.treas.gov or regulations.gov. All comments, including attachments and other supporting materials, received are subject to public disclosure. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: Peter Genova, Deputy Chief Information Officer, (202) 874-1736.

SUPPLEMENTARY INFORMATION: Pursuant to the Privacy Act of 1974, as amended, 5 U.S.C. 552a, the Financial Management Service (FMS) is proposing to establish a new system of records entitled ``Mailing List Records--Treasury/FMS .008.`` FMS proposes to obtain and use mailing list records from commercial database providers for the purpose of mailing information to low- to moderate-income individuals (individuals with income under \$35,000 annually), who are more likely to be unbanked or underbanked, about options to receive Federal tax refund payments electronically. The letters will include information about a debit card account recommended by the U.S. Department of the Treasury (Treasury) to which Federal tax refund payments may be electronically deposited. Commercial database providers obtain information from publicly

available records or through means that we understand to be compliant with applicable privacy laws.

FMS, a bureau within the U.S. Department of the Treasury (Treasury), is responsible for disbursing public money by paper check and electronic funds transfer (EFT) on behalf of most Federal agencies. Making payments by EFT, rather than by paper check, benefits both recipients and the Government. Direct deposit and other EFT payments are credited to recipients' accounts on the day payment is due, so the funds generally are available sooner than with check payments. Individuals receiving Federal payments electronically rarely have any delays or problems with their payments. In contrast, based on payment claims filed with FMS, nine out of ten problems with FMS-disbursed payments are related to paper checks even though checks constitute only 18 percent of all FMS-disbursed payments made by the Government. For example, in fiscal year 2010, FMS mailed more than 130 million Federal benefit checks to approximately 11 million benefit recipients, resulting in extra costs to taxpayers of more than \$117 million that would not have been incurred had those payments been made by EFT. In the same fiscal year, only 63% of taxpayers received their tax refund payment electronically, with approximately 45 million tax refund payments being delivered by paper check, resulting in extra costs to the tax payers of more than \$40 million that would not have been incurred had the payments been made by EFT. For individuals receiving EFT instead of paper check they receive their refund more quickly, with a much smaller chance of delay such as a lost or stolen check, and if they have no bank account without the need to pay for private check cashing service to get access quickly to the funds in their refund check.

For the 2010 tax filing season, FMS will mail approximately 600,000 letters to low- and moderate-income individuals offering them the opportunity to participate in a pilot program to establish a reloadable debit card account to which their Federal tax refund payments could be deposited electronically. For this purpose, FMS will purchase name and address information for low- to moderate-income individuals from a commercial database provider. In addition, the mailing list records may also be used to study the effectiveness of mailing outreach designed to streamline payment processes.

The records covered by the proposed system are necessary to allow FMS to offer electronic payment options to a wide variety of potential Federal payment recipients. The records may be received directly by FMS, its fiscal or financial agents, and/or contractors. The records include names and mailing addresses only as necessary to deliver information to individuals about the benefits of electronic payments and the availability of a Treasury-recommended debit card account that can be used to receive payments electronically. Without such information, FMS would have significant difficulty in reaching low- to moderate-income individuals who may be receiving a tax refund payment to inform them about the benefits of electronic payments and the availability of the Treasury-recommended debit card account for this purpose.

In addition to the purposes cited above, the information contained in the covered records will be used to study the effectiveness to evaluate how the group responded to account options, and whether they utilized them. To study program efficacy, FMS may use its mailing list records to collect aggregate statistical information on the success and benefits of direct mail and the use of commercial database providers.

FMS recognizes the sensitive nature of the confidential information

it obtains when collecting individuals' names and addresses, and has many safeguards in place to protect the information from theft or inadvertent disclosure. When appropriate, FMS's arrangements with its fiscal and financial agents and contractors include requirements that preclude them from retaining, disclosing, and using the information for any purpose other than mailing of information about the benefit of electronic payments and account options and assessing the effectiveness of the outreach. In addition to various procedural and physical safeguards, access to computerized records is limited, through the use of access codes, encryption techniques and/or other internal mechanisms. Access to records is granted only as authorized by a business line manager at FMS or FMS's fiscal or financial agent to those whose official duties require access solely for the purposes outlined in the proposed system.

The new system of records report, as required by 5 U.S.C. 552a(r) of the Privacy Act, has been submitted to the Committee on Government Reform of the House of Representatives, the

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Committee on Governmental Affairs of the Senate, and the Office of Management and Budget, pursuant to Appendix I to OMB Circular A-130, ``Federal Agency Responsibilities for Maintaining Records About Individuals,' ' dated November 30, 2000.

For the reasons set forth in the preamble, FMS proposes a new system of records Treasury/FMS .008-Mailing List Records, which is published in its entirety below.

Dated: December 8, 2010.
Melissa Hartman,
Deputy Assistant Secretary for Privacy, Transparency, and Records.
Treasury/FMS .008

System name:

Mailing List Records--Treasury/Financial Management Service.

System location:

Records are located at the offices of Financial Management Service, 401 14th Street, SW., Washington, DC 20227, or its fiscal or financial agents at various locations. The addresses of the fiscal or financial agents may be obtained by contacting the System Manager below.

Categories of individuals covered by the system:

Low- to moderate-income individuals, who are more likely to be unbanked or underbanked, who could potentially receive Federal tax refund payments, and whose names and addresses are included on mailing lists purchased from commercial providers.

Categories of records in the system:

The records may contain identifying information, such as an individual's name(s) and address.

Authority for maintenance of the system:

5 U.S.C. 301; 31 U.S.C. 321; 31 U.S.C. chapter 33; 31 U.S.C. 3332; Title XII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, Jul. 21, 2010).

Purpose(s):

The purpose of this system is to maintain limited records (names and addresses) about low- to moderate income individuals, who are more likely to be unbanked or underbanked, and who could potentially receive Federal tax refund payments. The records are used to send letters to individuals informing them of the benefits of electronic payments and Treasury-recommended account options for receiving payments electronically. Without the information, FMS, its fiscal or financial agents and contractors, would not be able to directly notify prospective payment recipients about the benefits of electronic payments and the Treasury-recommended account options for the receipt of Federal payments electronically.

The information will also be used to study the effectiveness of offering account options to individuals for the purpose of receiving Federal payments. To study program efficacy, FMS may use its mailing list records to collect aggregate statistical information on the success and benefits of direct mail and the use of commercial database providers.

Routine uses of records maintained in the system, including categories of users and the purposes of such uses:

These records may be used to disclose information to:

(1) The U.S. Department of Justice ('`DOJ'') for its use in providing legal advice to the Department or in representing the Department in a proceeding before a court, adjudicative body, or other administrative body before which the Department is authorized to appear, where the use of such information by the DOJ is deemed by the Department to be relevant and necessary to the litigation, and such proceeding names as a party or interests: (a) The Department or any component thereof; (b) Any employee of the Department in his or her official capacity; (c) Any employee of the Department in his or her individual capacity where DOJ has agreed to represent the employee; or (d) The United States, where the Department determines that litigation is likely to affect the Department or any of its components.

(2) A congressional office in response to an inquiry made at the request of the individual to whom the record pertains.

(3) Fiscal agents, financial agents, and contractors for the purpose of mailing information to individuals about the benefits of electronic Federal payments and Treasury-recommended account options for receipt of federal payments electronically, including, but not limited to, processing direct mail or performing other marketing functions; and creating and reviewing statistics to improve the quality of services provided.

(4) Federal agencies, their agents and contractors for the purposes of implementing and studying options for encouraging current and prospective Federal payment recipients to receive their Federal payments electronically.

(5) Representatives of the National Archives and Records Administration (NARA) who are conducting records management inspections under authority of 44 U.S.C. 2904 and 2906.

(6) Appropriate agencies, entities, and persons when: (a) FMS suspects or has confirmed that the security or confidentiality of information in the system of records has been compromised; (b) FMS has determined that as a result of the suspected or confirmed compromise there is a risk of harm to economic or property interests, identity theft or fraud, or harm to the security or integrity of this system or other systems or programs (whether maintained by FMS or another agency

or entity) that rely upon the compromised information; and (c) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with FMS's efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm.

Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system:

Storage:

Records are maintained in paper and electronic media.

Retrievability:

Records are retrieved by name, address, or other alpha/numeric identifying information.

Safeguards:

All official access to the system of records is on a need-to-know basis only, as authorized by a business line manager at FMS or FMS's fiscal or financial agent. Procedural and physical safeguards, such as personal accountability, audit logs, and specialized communications security, are utilized. Each user of computer systems containing records has individual passwords (as opposed to group passwords) for which he or she is responsible. Thus, a security manager can identify access to the records by user. Access to computerized records is limited, through use of access codes, encryption techniques, and/or other internal mechanisms, to those whose official duties require access. Storage facilities are secured by various means such as security guards, badge access, and locked doors with key entry.

Retention and disposal:

Electronic and paper records for mail operations based on the use of the mailing list records will be retained in accordance with FMS's record retention requirements or as otherwise required by statute or court order. FMS disposes, or arranges for the disposal of records in

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electronic media using industry-accepted techniques, and in accordance with applicable FMS policies regarding the retention and disposal of fiscal or financial agency records. Paper records are destroyed in accordance with fiscal or financial agency archive and disposal procedures and applicable FMS policies regarding the retention and disposal of fiscal agency records.

System manager(s) and address:

Agency Enterprise Solutions Division, Payment Management, Financial Management Service, 401 14th Street, SW., Washington, DC 20227.

Notification procedure:

Inquiries under the Privacy Act of 1974, as amended, shall be addressed to the Disclosure Officer, Financial Management Service, 401 14th Street, SW., Washington, DC 20227. All individuals making inquiries should provide with their request as much descriptive matter as is possible to identify the particular record desired. The system manager will advise as to whether FMS maintains the records requested by the individual.

Record access procedures:

Individuals requesting information under the Privacy Act of 1974, as amended, concerning procedures for gaining access to or contesting records should write to the Disclosure Officer. All individuals are urged to examine the rules of the U.S. Department of the Treasury published in 31 CFR part 1, subpart C, and appendix G, concerning requirements of this Department with respect to the Privacy Act of 1974, as amended.

Contesting record procedures:

See ``Record access procedures'' above.

Record source categories:

Information in this system is provided by commercial database providers based on publicly available information.

Exemptions claimed for the system:

None.

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