

SUPPORTING STATEMENT

Waivers of Rights and Claims Under the Age Discrimination in Employment Act; Informational Requirements.
29 C.F.R. Part 1625.

A. Justification

The Age Discrimination in Employment Act (ADEA) allows employees to waive their rights to challenge termination from employment as age discrimination when several statutory conditions are met. If a waiver is requested in connection with exit incentives or other employment termination programs¹ offered to a group or class of employees, (hereinafter referred to as “programs”) the employer must inform the individual in writing of the class, unit, or group of individuals covered by such program, any eligibility factors for such program, any time limits applicable to such program, the job titles and ages of all individuals eligible or selected for the program, and the ages of all individuals in the same job classification or organizational unit who are not eligible or selected for the program. The purpose of requiring the employer to disclose this information to the employee (hereinafter referred to as “informational requirements”) is to provide an employee with enough information regarding the program to allow that employee to make an informed choice whether or not to sign a waiver agreement. The employer does not provide the information to the EEOC. The ADEA and the implementing regulation solely require that the employer provide this information to applicable employees.

1. Circumstances Making the Collection of Information Necessary

The Age Discrimination in Employment Act, 29 U.S.C. § 621, et. seq., allows for individuals to waive rights and claims protected under the Act, provided certain circumstances are met; particularly that the waiver is knowing and voluntary. 29 U.S.C. § 626(f)(1). In order for a waiver in connection with a program to be considered knowing and voluntary, the employer must

inform[] the individual in writing in a manner calculated to be understood by the average individual eligible to participate, as to -
(i) any class, unit, or group of individuals covered by such program, any eligibility factors for such program, and any time limits applicable to such program; and
(ii) the job titles and ages of all individuals eligible or selected for the program, and the ages of all individuals

¹ An “exit incentive program” is a voluntary program offered to a group or class of employees where such employees are offered consideration in addition to anything of value to which the individuals are already entitled in exchange for their decision to resign voluntarily and sign a waiver. “Other employment termination program” refers to a group or class of employees who were involuntarily terminated and who are offered additional consideration in return for their decision to sign a waiver. 29 C.F.R. § 1625.22(f)(1)(iii)(A).

in the same job classification or organizational unit who are not eligible or selected for the program.

29 U.S.C. § 626(f)(1)(H)(i), (ii). The regulation at 29 C.F.R. § 1625.22 clarifies that Section 626(f)(1)(H) of the ADEA addresses two principal issues: to whom information must be provided, and what information must be disclosed to such individuals. 29 C.F.R. § 1625.22(f)(1)(ii).

A “program” exists when an employer offers additional consideration for the signing of a waiver pursuant to an exit incentive or other employment termination (e.g., a reduction in force) to two or more employees. Typically, an involuntary termination program is a standardized formula or package of benefits that is available to two or more employees, while an exit incentive program typically is a standardized formula or package of benefits designed to induce employees to sever their employment voluntarily. In both cases, the terms of the programs generally are not subject to negotiation between the parties.

29 C.F.R. § 1625.22(f)(1)(iii)(B). The purpose of the informational requirements is to provide an employee with enough information regarding the program to allow the employee to make an informed choice whether or not to sign a waiver agreement. 29 C.F.R. § 1625.22(f)(1)(iv). The required information must be given to each person in the decisional unit who is asked to sign a waiver agreement. 29 C.F.R. § 1625.22(f)(2).

The information provided must be in writing and must be written in a manner calculated to be understood by the average individual eligible to participate. 29 C.F.R. § 1625.22(f)(4)(i). The regulation further specifies how the information supplied to employees must be presented:

Information regarding ages should be broken down according to the age of each person eligible or selected for the program and each person not eligible or selected for the program.

In a termination of persons in several established grade levels and/or other established subcategories within a job category or job title, the information shall be broken down by grade level or other subcategory.

If an employer in its disclosure combines information concerning both voluntary and involuntary terminations, the employer shall present the information in a manner that distinguishes between voluntary and involuntary terminations.

If the terminees are selected from a subset of a decisional unit, the employer must still disclose information for the entire population of the decisional unit.

29 C.F.R. § 1625.22(f)(4)(ii)-(v).

2. Purpose and Use of the Information

As stated above, when a waiver is requested in connection with a program, the employer must inform the individual in writing of the class, unit, or group of individuals covered by such program, any eligibility factors for such program, any time limits applicable to such program, the job titles and ages of all individuals eligible or selected for the program, and the ages of all individuals in the same job classification or organizational unit who are not eligible or selected for the program. The purpose of the informational requirements is to provide an employee with enough information regarding the program to allow that employee to make an informed choice whether or not to sign a waiver agreement. The employer does not provide this information to the EEOC; the ADEA and the implementing regulation solely require that the employer provide this information to any employee it would apply to, and not to the Federal government.

3. Use of Information Technology and Burden Reduction

This collection of information is a matter of third party disclosure, and not one of reporting to the Federal government. The EEOC does not mandate the means by which the information collection is carried out. Accordingly, the EEOC has no knowledge of the manner by which respondents are collecting the information, or using information technology to reduce burden.

4. Efforts to Identify Duplication and Use of Similar Information

The regulation which implemented the ADEA waiver informational requirements, 29 C.F.R. § 1625.22, carefully tracks the statute, and does not impose any requirements above and beyond what Congress imposed in the ADEA itself. In implementing the regulation, the EEOC was careful not to add any burden to the minimum that Congress established.

5. Impact on Small Business or Other Small Entities

Again, the regulation which requires this collection of information does not impose any burden more stringent than what is contained in the ADEA itself. Accordingly, the burden imposed is the minimal burden required under the law.

6. Consequences of Collecting the Information Less Frequently

The statute requires that the information be disclosed each time the employer seeks waivers from employees in connection with an exit incentive or other employment termination program that is offered to a group or class of employees. EEOC cannot dispense with the disclosure requirement or allow an employer to make the disclosure less often. If the clarifying regulation is not issued, there will be confusion about which waivers will be considered knowing and voluntary.

7. Special Circumstances Relating to the Guidelines of 5 C.F.R. § 1320.5

There are no special circumstances applicable to this third-party disclosure.

8. Comments in Response to the Federal Register Notice

The notice required by 5 C.F.R. § 1320.8(d) was published in the Federal Register on November 20, 2006. 68 FR 25372. No comments were received in response to this notice informing the public of EEOC's intent to request an extension of the information collection requirements from OMB.

9. Explanation of any Payment or Gift to Respondents

This information collection does not involve any payments or gifts to respondents.

10. Assurance of Confidentiality Provided to Respondent

No assurances of confidentiality are provided to employers who make the third-party disclosures.

11. Justification for Sensitive Questions

This collection of information does not involve any sensitive questions.

12. Estimate of Hour Burden Including Annualized Hourly Costs

Number of respondents	13,998
Frequency of Response	13,998. This assumes a minimum of one program per employer. (EEOC does not have data as to the existence of multiple programs per employer).
Annual Hour Burden	20,997

According to 2006 Bureau of Labor Statistics records, there were 13,998 mass layoff events. Estimating one and a half hours of record keeping per event in order to meet ADEA waiver requirements, the total burden hours are 20,997. With an hourly wage rate of \$15 for human resource assistants, we estimate the total burden costs to be \$314,955.

13. Estimate of Total Annual Cost Burden to Respondent or Recordkeepers

No capital or operational expenses are expected as a result of this collection of information.

14. Annualized Cost to the Federal Government

As the recordkeeping requirement in this collection of information concerns only disclosures to third parties and not reporting to the government, there is no annualized cost to the Federal government.

15. Explanation for Program Changes or Adjustments

There are no changes or adjustments to this collection of information.

16. Plans for Tabulation and Publication

The results of this collection of information will not be published.

17. Reasons Display of OMB Expiration Date is Inappropriate

EEOC is not seeking an exemption to display of the expiration date.

18. Exception to Certification

There are no exceptions to the certification statement.