

SUPPORTING STATEMENT FOR OMB Control No. 1205-0154:  
UI FINANCIAL TRANSACTION SUMMARIES

**A. Justification.**

A-1. Reasons for Data Collection.

The requirement in Federal law, the basis for all reporting, resides in the Social Security Act (SSA), Section 303(a)(6) which gives the Secretary of Labor the authority to require the reporting of such information determined necessary to assure compliance with the provisions of the SSA. In the case of the Unemployment Trust Fund (UTF) management reports comprising this submission, that authority extends to Departmental responsibilities (as Secretary of Labor) to assure that contributions collected are immediately paid over to the Secretary of the Treasury in conformity with Section 303(a)(4) of the SSA and section 3304(a)(3) of the Federal Unemployment Tax Act (FUTA); and that expenditure of all money withdrawn from the unemployment fund of a state is used exclusively for the payment of benefits, exclusive of refund (SSA, Section 303(a)(5), FUTA section 3304(a)(4)).

We have requested a minor modification to the ETA 2112 report to track Federal temporary additions to state UI payments in response to the American Recovery and Reinvestment Act of 2009 (PL 111-05, Section 1007). A one-time, minor change in burden is requested to offset basic programming effort to bring state systems into compliance with the addition of two rows to track this federal compensation payout.

A-2. Users, Purposes, and Consequences of Failure to Collect the Information.

The Employment and Training Administration (ETA) 2112 reports all financial transactions i.e., receipts, disbursements, adjustments and fund balance, of the state's account in the UTF for the month. This information is used by the Department's Office of Chief Financial Officer (OCFO) as subsidiary ledger to the Department of Labor general ledger (DOLARS) and reported in the Department's annual audited consolidated financial statements required by the Chief Financial Officer Act of 1990. The UTF contains about 75% of the assets and liabilities of the statements.

Other uses of these reports include:

- The Division of Fiscal and Actuarial Services of the Office of Workforce Security (OWS) utilizes the reported data each month to monitor UTF cash flow, identify excessive drawdown of funds for benefit payment from states' accounts in the UTF which could result in a sizeable loss of interest earnings to the UTF. Data concerning Federal programs, Unemployment Compensation for Federal Employees (UCFE), Unemployment Compensation for Ex-Servicemembers (UCX), and Extended Benefits (EB), are extracted from the reports on a monthly basis and entered into computerized individual state records of

account for reconciliation with the Bureau of Public Debt in the U.S. Treasury Department and for subsequent study and evaluation to identify trends and cash flow analysis.

- Data from the ETA 2112 are also used to generate monthly pertinent statistics on the Unemployment Insurance (UI) program, e.g., state UI benefit payments, extended benefit payments, other related program costs, projection to a State's Trust Fund solvency based on contributions collected and deposited and benefit payments. The data are included in the Handbook of Unemployment Insurance Financial Data which is published annually.
- The report also reflects monthly transactions relating to Title XII advances and repayments in those states borrowing from the Federal Unemployment Account (FUA). Monthly reporting is necessary to permit National Office cash management performance monitoring.
- The data contained in this report have proved to be very valuable to National Office staff testifying before state legislative bodies attempting to strengthen the financing provisions of their state UI laws and in responding to inquiries from members of the Congress and certain committees. The ETA 2112 also records expenditures and restoration of unemployment funds used for administrative purposes, pursuant to Section 903(c)(2) of SSA. These "Reed Act" funds are available for non-benefit use upon appropriation by state legislatures.
- ETA 2112 data is used to verify states' requests to qualify for loan capping, and deferral of interest payments on Title XII loans.

The ETA 8401 (Monthly Analysis of Benefit Payment Account)

The ETA 8405 (Monthly Analysis of Clearing Account)

These reports, based on state books, reflect activities in the clearing account for the deposit of employer contributions, transfer of funds to state's account in the UTF, employer refunds and adjustments; and the benefit payment account for withdrawals from the UTF for the payment of unemployment benefits. Monthly totals from these reports are carried forward to the appropriate ETA 2112 monthly report.

- The ETA 8405 is used to determine the timeliness of deposit of employer contributions and other funds to the UTF (e.g., benefit overpayment recoveries) to insure state compliance with section 303 (a)(4) of the SSA. The report is also used to develop trial balances and other financial information to compile the Departmental annual consolidated financial statements. Information reported is compared to Treasury reports for verifying transfers of funds to the UTF, and compliance with the immediate deposit requirements of SSA and the FUTA).
- The ETA 8401 is used to determine the timing of withdrawals of funds from the UTF to disbursements for the payment of unemployment compensation. This information will be even more critical to DOL because of the provisions of the Cash Management Improvement Act of 1990, as amended, (CMIA) which require that states execute agreements with the U.S. Treasury to stipulate one method of drawdown of funds from the UTF. The ETA 8405 will provide information to the DOL and Treasury to monitor compliance with the drawdown method stipulated in the Agreement. ETA 8401 information is again needed for the compilation of DOL annual consolidated financial statements.

The ETA 8413 (Income/Expense Analysis – Benefit Payment Account)

The ETA 8414 (Income/Expense Analysis - Clearing Account)

These reports, based on the state depository institution records, reflect activities in these accounts in the local bank. The bank prepares basic information for the agency on a monthly basis. The agency then assembles the complete reporting package, e.g., 8401-8405-8413-8414 and ETA 2112 and submits it electronically to the National Office.

These reports provide information to the DOL to monitor bank account balances, bank charges, and bank compensation. Under provisions of the CMIA, information on bank charges reported in the ETA 8414 will be indispensable since states are allowed to pay charges for their benefit payment account from interest earnings on benefit payment account balances.

The OWS has implemented an effective system for regularly monitoring state cash management and state banking arrangements to increase trust fund earnings. The cash management performance monitoring system requires timely reporting by states on a monthly basis to effectively monitor cash management performance. The ETA 8401, 8405, 8413, and 8414 reports are the key reports in the system.

Mathematical formulas are applied to selected data items to ascertain and evaluate performance in key areas. States are ranked according to performance in:

- Timeliness of transfer of funds from the clearing account to the UTF
- Average time money was withdrawn from the UTF before actually needed to pay unemployment benefits

The current cash management monitoring system is based on a monthly reporting system. It is crucial that problems and deficiencies be identified as early as possible so that corrective action can be taken timely and efficient cash management monitoring will be accomplished. Monthly reporting provides this capability.

The ETA 8403 (Reed Act Activity)

This report reflects each state's Reed Act activities. It is submitted only when there has been activity which requires updating the state's Reed Act account.

#### A-3. Technology and Obstacles Affecting Reporting Burden.

Current information processing and data gathering techniques in the states utilize electronic data processing equipment and computerized records. The production of reports is entirely automated and the resulting electronic reports are submitted electronically to the OWS.

#### A-4. Duplication.

The data reported on these reports are not contained on any other reports in the DOL/ETA reporting system.

A-5. Small Business.

This collection does not impact small businesses.

A- 6. Consequences of Less Frequent Data Collection.

The response to this item is discussed in the narrative response under #2 above. Current Financial and Cash Management Systems are based on monthly reporting. It is imperative that problems and deficiencies be identified as early as possible so that corrective actions can be taken immediately. States also generally use monthly reporting/accounting cycles which make the current frequency convenient.

A-7. Special Circumstances Involved in Collection of Data.

Some of the proposed data elements are currently collected by State Workforce Agencies (SWA)s. The proposed data collection will require initial programming to produce the specified quarterly reports. This request contains no other special circumstances. The timing of the data collection will allow for the submission of workload counts one year in advance of the submission of outcomes data.

A-8. Preclearance Notices and Responses.

A pre-clearance notice about this extension request was published for public comment in the Federal Register on December 4, 2008 (Vol. 73, No. 234, p 73958-9). In addition, states were advised through the ETA website of the notice and opportunity to comment. No comments were received.

A-9. Payments to Respondents.

There are no payments to respondents.

A-10. Confidentiality.

No confidential information is collected.

A-11. Questions of a Sensitive Nature.

The data collection includes no questions of a sensitive nature.

A-12. Respondents' Burden and Cost of Collecting Information.

It is estimated that each monthly response of each of the forms below takes an average of 30 minutes, or .5 hours, per submission. These estimates are based on historical information and continuing communication with states on their systems' experience preparing the reports over time.

Please note: The burden for the ETA 8403 (below) will vary considerably from year to year. Reed act distributions do not happen very often, but when they do, states must account for their expenditures of these funds. Given the condition of the current economic recession, a Reed Act distribution seems likely so, in an effort to be both complete and transparent, we have estimated burden for all states to report their transactions related to these potential funds. It should be understood that this particular burden estimate in terms of the number of states submitted this form should be regarded as conservative and the actual burden will likely be less than what is requested.

ETA 2112: 12 responses x 53 states = 636  
 ETA 8401: 12 responses x 53 states = 636  
 ETA 8405: 12 responses x 53 states = 636  
 ETA 8413: 12 responses x 53 states = 636  
 ETA 8414: 12 responses x 53 states = 636  
 ETA 8403: 6 responses x 53 states = 318

Also included is a one-time adjustment for two additional rows in the ETA 2112, estimated at a one-time burden cost of three hours per state. Again, the estimate is based on historical information and continuing communication with states on their systems' experience in adding cells of information to electronic report systems. That cost has been averaged out at 1.5 hours per cell. In this case, therefore, the hour burden for adding the two cells is 3 hours (1.5 x 2 = 3 hours).

3 hours x 53 states = 159 hours (over a three year time period; annualized, the added burden is one hour per state per year, or 53 hours.

Total requested burden:

3,498 responses @ .5 hours per response:	1,749 hours
53 special adjustments of one hour annualized for each state to cover one-time programming adjustment for federal temporary payments:	<u>53 hours</u>

Total: 1,802 hours

The DOL provides funding through the annual administrative grants process to each state to prepare and submit all required statistical and financial reports; therefore there are no extraneous, unfunded costs to states.

A-13. Annual Cost to Respondents.

There are no annualized costs to respondents.

A-14. Annualized Federal Cost.

Federal costs are the staff required to receive and analyze the data. These costs are summarized as follows: 1 GS 13, 25 hours per month @ \$40.35 per hour = \$12,105 annual cost.

A-15. Reasons for Change in Burden.

We have requested a minor modification to the ETA 2112 report to track Federal temporary additions to state UI payments in response to the American Recovery and Reinvestment Act of 2009 (PL 111-05, Section 1007), a one-time, minor change in burden is requested to offset basic programming effort to bring state systems into compliance with the two additional rows. The change in burden requested is a one-time addition of 53 hours, which is negligible because all states submit this information electronically now, and once the automated systems have incorporated the reporting change, there will be no additional work.

16. Publication Information.

All of the items reported are used for program performance purposes. DOL publishes an annual Quality Appraisal of State performance. The trust fund reports are used to measure the timeliness and accuracy of cash flow to and from the UTF.

17. Display of OMB Expiration Date.

No waivers are requested. The DOL will display the OMB control number and expiration date on the computer screen.

18. Exceptions to the Certification Statement.

There are no exceptions to the certification statement.

**B. This collection does not employ statistical methods.**