

**Supporting Statement for OMB Clearance of Correspondence  
Related to Unemployment Insurance Trust Funds, OMB Control No. 1205-0199**

A. Justification

1. Circumstances That Necessitate Collection.

Title XII, Section 1201 of the Social Security Act (SSA) provides that advances (loans) shall be made to states from the Federal Unemployment Account (FUA). The law further sets out specific requirements to be met by the states before such advances can be made, e.g.,

- The Governor must apply for advances.
- The application must cover a three month period.
- The Secretary of Labor must be furnished with estimates of the amounts needed in each month of the 3 month loan period.

Section 1201(a)(3) further states "For purposes of this subsection --

(A) an application for an advance shall be made on such forms, and shall contain such information and data (fiscal and otherwise) concerning the operation and administration of the State unemployment compensation law as the Secretary of Labor deems necessary or relevant to the performance of his duties under this title.

(B) the amount required by any State for the payment of compensation in any month shall be determined with due allowance for contingencies and taking into account all other amounts that will be available in the state's unemployment fund for the payment of compensation in such month, and

(C) the term 'compensation' means cash benefits payable to individuals with respect to their unemployment exclusive of expenses of administration."

Section 1202(a) of the SSA provides that the Governor of any state may at any time request that funds be transferred from the account of such state to the FUA in repayment of part or all of the balance of advances made to such state under Section 1201, specified in the request.

The Solicitor of Labor has determined that, for the state to legally meet the requirements of Sections 1201 and 1202, an electronic signature meets the requirement that an original letter signed by the Governor of the state, or the person to whom this authority has been officially delegated by the Governor, is the acceptable legal document.

2. Use of Information Collection.

The information provided by the Governor or State workforce Agency Representative is used by the Department of Labor, Employment and Training Administration (ETA), Office of Workforce Security (OWS), as follows:

- As a control to assure that the loan or repayment request is legal;
- For fund control purposes for the FUA and statistical data pertaining to loans, repayments, etc;
- As the basis for triggering further instructions to the U.S. Treasury Department, Bureau of Public Debt (BPD) authorizing transfer of the amounts certified for advance from the FUA to the state's account in the Unemployment Trust Fund (UTF), or transfer of requested voluntary repayment amount(s) from the state's account in the UTF to the FUA;
- As the basis for providing instructions to the U.S. Treasury Department, Bureau of Public Debt (BPD) authorizing the creation of sub-accounts within the state Unemployment Insurance Trust Fund that will ensure the proper categorization of funds and enable the states to use those funds for purposes other than benefit payment and not have them affect the potential or actual calculation of a loan balance
- Transfer of the amounts certified for advance from the FUA to the state's account in the Unemployment Trust Fund (UTF), or transfer of requested voluntary repayment amount(s) from the state's account in the UTF to the FUA; and
- To assure that benefit payments can continue to be made in states whose funds have become insolvent.

If this collection was not conducted, states would have no mechanism to request loans, request voluntary repayment of outstanding advances, or to partition funds for approved purposes other than benefit payment within their Unemployment Insurance Trust Fund.

### 3. Use of Improved Technology.

Only the Governor of the state, or the person to whom this authority has officially been delegated by the Governor, can legally request Title XII advances or authorize repayments from the state's account in the UTF. Original signature letters or electronic signature letters requesting action are required. There is actually no information collected, so technological collection techniques, reporting systems, data maps or other forms of information technology are not an issue with this collection.

### 4. Description of Effort to Identify Duplication.

This approval request does not cover any reports, so there is no similar information to be modified. There is no duplication of effort involved in the request or repayment procedures.

### 5. Collection of Information Involving Small Business.

The information collection does not involve small businesses or other small entities.

### 6. Consequences of Less Frequent Collection.

All states are potential borrowers. Only borrowing states are subject to the repayment provisions of the SSA. The need for advances or the ability to repay advances is determined by the state through constant monitoring of the unemployment rate, benefit claims loads, collections of unemployment insurance contributions from employers, and expenditure of unemployment funds for benefit payments. All of these functions are ongoing in every state as a part of every day operations. When there are insufficient funds in a state's unemployment fund to meet benefit payment obligations, the agency prepares a letter to the Secretary of Labor to be forwarded over with the signature of the Governor requesting repayable interest-bearing advances. Conversely, if a borrowing state determines that there are sufficient funds in its unemployment fund to do so, a letter requesting a voluntary repayment (partial or in full) of outstanding advances is prepared to the Secretary of Labor over the signature of the Governor of the state or his designate. There is no regular schedule for submission of requests by states.

Similarly, distributions from federal accounts or general revenue to state Unemployment Insurance Trust Funds are highly unpredictable, occurring only two or three times in the last decade. The need for correspondence from states authorizing the U.S. Treasury Department, Bureau of Public Debt (BPD) to manage the state account in a particular way will flow from these congressionally mandated distributions.

#### 7. Special Circumstances.

This information collection is necessary to satisfy the statutory requirements of the SSA. The state is actually the party requesting either an advance, a partitioning of revenue, or authorization to repay. Without the state - generated request there would be no transaction. Requests for advances or voluntary repayments are based on states' need or ability to repay. There are no anticipated circumstances that would require respondents to prepare a written response outside of the specific conditions described above. Only original letters or electronic signature letters from the Governor or his designate are required. The letter may be faxed, scanned or emailed to expedite the review and approval process. Record retention requirements are no longer than three years. There are no pledges of confidentiality, and no confidential or personal information is required.

#### 8. Consultation Outside the Agency.

As required by 5 CFR 1320.8(d), a Federal Register Notice regarding the extension of this information collection was published for sixty days' public comment on May 22, 2009 (Vol. 74, No. 98, p 24041). No comments were received. States were advised through the ETA website and through OWS Regional Offices of the Notice and the opportunity to comment.

#### 9. Payment/Gifts to Respondents.

No payment or gift is provided to respondents, other than remuneration of contractors or grantees.

10. Confidentiality Provided – Respondents.

No confidential information is collected.

11. Sensitive Information.

There are no items to be completed on the forms which involve sensitive information of a private nature or otherwise.

12. Estimated Annual Burden Hours.

DOL currently projects that on average, 27 states could borrow during each calendar year from 2010 through 2012. Although it's impossible to know the exact number of responses, the maximum would be 4 requests for advances and 4 requests for voluntary repayments per state each year. This will result in 648 total responses over the three year window or an average of 216 responses per year.

Average Time Per Response: 1 hour.

Estimated Annual Burden Hours: 216

In addition, DOL conservatively estimates that each state that borrows will provide an additional letter to create sub-accounts that clarify which monies in their trust funds are subject to loan calculations and which are not. DOL does not anticipate this being a recurring burden, but rather a one time response within the next three years. In keeping with our estimates above, we anticipate 27 states will send a letter requesting creation of a sub-account within their unemployment trust fund.

Average Time Per Response: 1 hour.

Estimated Annual Burden Hours: 27

Total Estimated Annual Burden Hours: 243

13. Estimate of the Total Annual Cost Burden to Respondents.

There are no capital costs or startup costs. Total costs consist of the preparation and submittal of required correspondence to request authorization for advances, repayment of outstanding advances, or partitioning of funds within an account.

14. Estimates of Annualized Cost to the Federal Government.

The cost to the federal government to receive, control, process and certify authorized loan and repayment amounts to the Secretary of the Treasury, advise states of actions taken, maintain records of transactions, perform statistical analyses of data and prepare regularly scheduled reports is estimated to be \$2,000 annually.

15. Reasons for Changes in Burden.

The burden for this collection has increased for two reasons. The first is that our estimate of the number of states that will request loans has increased dramatically. Although we have received only a few letters in the last three years, the severity of the recession has depleted state accounts to a level where considerable numbers of loans are anticipated. We have also added burden for an additional possibility of correspondence (please see the second part of #12, above, and the UIPL on the subject, submitted as a supplementary document).

16. Information of Publication.

There are no plans to publish the correspondence received.

17. Waiver to Display OMB Expiration Date.

There is no form on which the states submit requests for this information. ETA will include information on the estimated average response time, OMB collection number and expiration date in any future Unemployment Insurance Program Letters to states on this topic.

18. Exceptions to Certification.

There are no exceptions.

B. Collection of Information Employing Statistical Methods.

Statistical methods are not used in the collection of the correspondence described above.