

Justification for Non-substantive Changes to the ETA 581 Report (OMB control number 1205-0178)

The U.S. Department of Labor (USDOL) must make changes to the ETA 581 report so that states can report their State Unemployment Tax Act (SUTA) Dumping detection and enforcement activities. These procedures are required by section 303(k) of the Social Security Act (SSA), which is known as the “SUTA Dumping Prevention Act of 2004”.

Since 2004, USDOL has been working with states to implement legislation and procedures as required under the Act. States were required to pass enabling legislation by 2006 and thereafter began to implement USDOL-funded SUTA Dumping Detection Systems (SDDS). Since then, states have refined their SDDS systems and procedures to more accurately identify SUTA Dumping employers. Now that all states have legislative frameworks and technical capabilities to identify cases of SUTA dumping, they can report this activity to USDOL.

To facilitate this reporting, USDOL must refine existing reporting guidelines and collect new data. With respect to the PRA clearance on the ETA 581 report, the changes discussed here are categorized as: modifications to existing reporting guidance; adding three cells for SUTA Dumping data to evaluate state compliance with section 303(k), SSA; and deleting two cells that are not collecting useful data.

Cell Reporting Guidance. USDOL seeks to clarify the reporting instructions on the ETA 581 report regarding misclassified employees by adding the term “misclassified employee” to the list of definitions and revising instructions for item 52. These changes should have a minimal effect on the state’s burden for completing the ETA 581 Report because states currently report the number of misclassified employees discovered through audits.

Cells To Be Added. The following table lists the three new cells required for reporting the SUTA Dumping data collection and provides examples of test data provided by six states (CA, FL, NY, NC, TX and VA) for one sample quarter during the development of the reporting guidelines. This actual data is provided to illustrate the expected magnitude of responses on this report.

Names of New Cells to be Added	Average Value Reported by Test States
(1) Number of mandatory unemployment experience transfers that resulted from SUTA dumping detections and investigations	45
(2) Number of prohibited unemployment experience transfers that resulted from SUTA dumping detections and investigations	0
(3) Net amount of contributions that resulted from mandatory and prohibited unemployment experience transfers	\$1,584,849.64

Cells To Be Removed. Two cells will be eliminated from the current report. These cells have never been utilized for the UI Performs computed measures, nor are the data

included in any aggregated reports. As there is no foreseeable use for these data, and to minimize burden on respondents, these cells will be eliminated.

Names of Cells to be Removed
(1) Number of outstanding contribution reports for quarters prior to report quarter (Item 12 (cell c13a) on the ETA 581 Report)
(2) Total estimated contributions due on outstanding contribution reports for quarters prior to report quarter (Item 13 (cell c13b) on the ETA 581 Report)

Burden on Respondents. This is a completely automated reporting system. The burden on states, based on conversations with six of the states, for this one-time adjustment is decidedly minimal.