

**Supporting Statement for OMB 1205-0178,  
Contribution Operations  
(Form ETA -581)**

**A. Justification.**

**1. Circumstances that make Collection Necessary.**

Title III, Section 302(a) of the Social Security Act states that the Secretary of Labor shall certify to the Secretary of Treasury for payment to each State, which has an unemployment compensation law approved by the Secretary of Labor under the Federal Unemployment Tax Act, such amounts necessary for the proper and efficient administration of such law. Section 303(a) (6) states that the Secretary of Labor shall make no certification for payment to any State unless she/he finds that the law of such State, includes provision for – “The making of such reports in such form and containing such information, as the Secretary of Labor may from time to time require, and compliance with such provision as the Secretary of Labor may from time to time find necessary to assure the correctness and verification of such reports.”

The reporting items, definitions, due date, etc., pertaining to the ETA 581 are included in Section II, Chapter 2 of ET Handbook No. 401. ET Handbook No. 401 serves as the operations and reporting guidelines for State Workforce Agencies (SWAs).

The Office of Unemployment Insurance (OUI) of the Employment and Training Administration (ETA) has responsibility for the Tax Performance System (TPS)<sup>1</sup> which evaluates the employer-related or tax operations of the UI program. The Contribution Operations report - ETA 581 is the vehicle for the collection of information required under the TPS program.

**2. Description of Information Collection.**

The ETA 581 is a comprehensive report of each state’s UI tax operations and is essential in providing quarterly tax operation performance data to DOL/ETA/OUI, the source of grants funding authority. Currently, the Division of Unemployment Insurance Operations, the Division of Performance Management, and the Division of Fiscal and Actuarial Services use this information in monitoring and measuring program performance and making projections and forecasts in conjunction with the budgetary process.

Using ETA 581 data, the “Computed Measures” function under the TPS program measures performance, accuracy, and promptness in employer registration (status determination), timeliness of filing contribution and wage reports, collections (accounts receivable), and the field audit function. Data on the ETA 581 also measures state efforts to detect employer tax avoidance schemes, which is known as

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<sup>1</sup> Tax Performance System, 1205-0332, expiring June 30, 2012

State Unemployment Tax Act (SUTA) Dumping. Section 303(k) of the Social Security Act requires states to detect SUTA Dumping.

**3. Consideration of Information Technology.**

States may use any information technology available to produce the ETA 581 report in its proposed form. The report data is submitted by electronic transmission. This method is timelier and allows for some immediate feedback to states on the information entered, and facilitates the transfer of the data into a national UI computer database.

**4. Describe Efforts to Identify Duplication.**

We are not aware of duplication of the data.

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

The collection of information does not involve small businesses or other small entities. Data collection and report submittal is by state agencies only.

**6. Consequences.**

If ETA 581 data were not collected, there would be no basis for determining the adequacy of funding states' UI tax operations or measuring the performance and effectiveness of such operations. These are required functions under the Federal-State UI program. If information on receivables were not collected, state, DOL, and U.S. Treasury financial statements would be inaccurate. Furthermore, accurate accounting of receivables is requisite for operating a unified, modified accrual system for the Unemployment Trust Fund (UTF) accounting.

Collection of information must be quarterly because these data are used for budget allocation, administrative functions and performance monitoring.

**7. Special Circumstances.**

The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.5.

**8. Consultation outside the Agency.**

As required by 5 CFR 1320.8(d), ETA solicited comments on the proposed extension of approval for the ETA 581 through publication in the Federal Register on September 21, 2011 (Vol. 76, 0p. 58540 et seq). No comments were received.

**9. Payment or Gift to Respondents.**

No payment or gift has been provided to respondents.

**10. Assurance of Confidentiality.**

The ETA 581 contains no personal or confidential data. Organizations (state agencies) are identified by name and code on the quarterly report.

**11. Questions of a Sensitive Nature.**

The ETA 581 collects no information considered sensitive as described under the instructions for this section.

**12. Burden.**

Collection of ETA 581 information is an on-going operation. The report for each quarter is due in the ETA National Office on the 20<sup>th</sup> day of the second month following the quarter to which it relates, i.e., May 20, August 20, November 20, and February 20. Each of the fifty-three (53) SWAs – including the District of Columbia, Puerto Rico, and the Virgin Islands – submits a Form ETA 581.

<b><u>Program</u></b>	<b><u>Respondents</u></b>	<b><u>Average Estimated Response Time</u></b>	<b><u>Number of Annual Reports</u></b>	<b><u>Estimated Annual Burden Hours</u></b>
Regular	53	8.5 Hours	4	1,802 Hours

**13. Startup Costs.**

Since this is an established report, there are no start-up costs.

The ability to access data via computer terminals has eliminated unnecessary computer printouts. The electronic submittal of data from the SWAs to DOL has eliminated data entry and clerical costs.

**14. Federal Costs.**

The cost to the Federal government cannot be estimated. Data is generally entered by the states and electronically transmitted to the National Office, along with other required reports, where it is immediately available for use.

**15. Changes in Burden.**

There is no change in the estimated burden for this report because it is largely unchanged from previous versions.

Please note that a non-substantive change was made in 2010 to account for changes in Federal Law that mandated collection of information related to tax systems and SUTA dumping. The burden associated with that non-substantive change was largely related to start up tasks that states needed to undertake in order to come into compliance with the new reporting requirements. There was also some burden in that non-substantive change for manual tasks that would be necessary until automation was completed. Since automation has been completed and normal reporting has resumed, the one-time burden associated with the non-substantive change has passed and this report resumes the estimated burden level reported in the 2008 renewal of this report.

**16. Publication.**

ETA 581 data is not published.

**17. Exceptions.**

There are no exceptions.

**B. Collection of Information Employing Statistical Methods.**

Statistical methods are not used in the collection of ETA 581 information.