

SUPPORTING STATEMENT

A. Justification

1. Circumstances that make the Collection of Information Necessary

Clause (iii) of Section 309 (2) (15) (a) (1) (A) of PL105-220, the Workforce Investment Act (WIA), states that the Secretary of Labor shall oversee the development, maintenance, and continuous improvements of the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings.

Previously, Section 462(e) of PL 97-300, the Job Training Partnership Act (JTPA), provided that the Secretary of Labor develop and maintain statistical data relating to permanent mass layoffs and plant closings and issue an annual report on the topic. The report included, at a minimum, the number of plant closings and mass layoffs, the number of workers affected, with a breakdown of these data by geographic area and industry.

The Mass Layoff Statistics (MLS) program uses a standardized, automated approach to identify, describe, and track the impact of major job cutbacks. It utilizes, to the greatest degree possible, existing Unemployment Insurance (UI) records and computerized data files, supplemented by direct employer contact. Its major features include:

- the identification of major layoffs and closings through initial UI claims filed against the identified employer;
- the use of existing files on claimants to obtain basic demographic and economic characteristics on the individual;
- the telephone contact of those employers meeting mass layoff criteria to obtain specific information on the nature of the layoff and characteristics of the establishment;
- the identification of the continuing impact of the mass layoff on individuals by matching affected initial claimants with persons in claims status; and,
- the measurement of the incidence of the exhaustion of regular state UI benefits by affected workers.
- the identification and quantifying the effects that extended mass layoffs have on the movement of work.
- The identification of business functions within establishments which are affected by mass layoffs.

In the program, State Workforce Agencies (SWAs) submit one comprehensive report each quarter, and a preliminary, summary report each month. These computerized reports contain information from State administrative files and information obtained from those employers meeting the program criteria of a mass layoff.

Congress provided for the implementation of the MLS program by the Bureau of Labor Statistics (BLS) through the fiscal years 1984-1992 appropriations for the Departments of Labor, Health and Human Services, Education, and related agencies. The program was not operational in fiscal years 1993 and 1994. Program operation resumed in fiscal year 1995 with funds provided by the Employment and Training Administration. Beginning in fiscal year 2004, funding for the MLS program became part of the Bureau of Labor Statistics permanent budget. Also in 2004, the scope of the MLS program was redefined to cover only the private nonfarm economy for extended mass layoffs due to budget constraints.

At the present time, all States, the District of Columbia, Puerto Rico, and the Virgin Islands are participating fully in the program.

Technical specifications for the program are contained in program memoranda. A State Operations Manual is being developed to incorporate language regarding the description and operation of the enhanced computerized system. On completion of the manual, copies will be made available to OMB upon request. A systems operation manual is used by SWAs in conjunction with the computerized PC-based software.

This package contains the request for approval of the data collection for FYs 2012-2014.

2. Uses of Information

The information collected and compiled in the MLS program is used to satisfy the legislatively required reporting mandated by Clause (iii) of Section 309 (2) (15) (a) (1) (A) of the Workforce Investment Act which states that the Secretary of Labor shall oversee the development, maintenance, and continuous improvements of the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings.

In addition to the BLS uses of MLS data, such data are used by Congress, the Executive Branch, the business, labor, and academic communities, SWAs, and the U.S. Department of Labor (DOL) for both macro- and microeconomic analysis, including specific labor market studies geared towards manpower assistance and development. Moreover, Congress used these data in conjunction with the findings from a supplemental study of layoff actions in the development of the Worker Adjustment and Retraining Notification (WARN) Act that was enacted in August 1988.

Congressionally mandated use of mass layoff data includes the Workforce Investment Act (WIA) of 1998, which replaces Title III of JTPA. Section 133 of the WIA encourages

the use of MLS data in substate allocations relating to dislocated worker employment and training activities.

Previously, Section 462(e) of JTPA, required the Secretary of Labor to develop and maintain statistical data on permanent mass layoffs and plant closings and to report annually both on the number of such layoffs and closings and the number of workers affected, including a breakdown of these data by geographic area and industry. The annual reports of the BLS from this program met that statutory mandate, as well as provide economic analyses of these data.

Also previous to the WIA of 1998, congressionally mandated use of mass layoff data included the Economic Dislocation and Worker Adjustment Assistance Act of 1988 (EDWAA), which amended Title III of JTPA. Section 302 of EDWAA provided for allocation of Title III funds to States on the basis of MLS data and encouraged the use of MLS data in substate allocations.

State agencies use the MLS data in various ways, including: the identification of geographic areas in need of special manpower services; the identification of ailing or troubled industries; the identification of specific employers needing assistance; the targeting of outreach activities for the unemployed; and the determination of those workers in need of temporary health care services.

There is no other comprehensive source of statistics on either establishments or workers affected by mass layoffs and plant closings; therefore, none of the aforementioned data requirements could be fulfilled if this data collection did not occur.

3. Uses of Improved Information Technology

This program utilizes, to the greatest degree possible, increased automation in SWAs for identifying and collecting information on the firm and the affected workers. The program also utilizes an automated editing system as part of the continuous assessment of data collected and transmitted by SWAs.

4. Efforts to Identify Duplication

Other data series are not available to satisfy the legislative requirements. The MLS program provides the only current measure of plant closings and dislocated workers. The data are uniformly reported by all participating States using standard definitions.

Through this program, detailed information, not otherwise available, is collected on establishments experiencing permanent mass layoffs and the workers affected by these layoffs. There is no other source of economic information pertaining to these establishments, such as the reason for the layoff, nor are data available on either the detailed industry or geographic location of these establishments.

Similarly, for the affected workers, there is no other source of information on the continuing impact of a layoff or closing. Detailed socioeconomic information is collected on these dislocated workers when they become insured unemployed. The labor force status of these workers, in conjunction with the identification of their geographic residence, provides a unique measure of ongoing dislocation at the State and substate levels.

5. Minimizing the Burden to Small Establishments

Since at least 50 people must be laid off from an establishment, the collection of MLS information will not have a significant impact on small businesses or other small entities.

6. Consequences of not Collecting the Data or Less Frequent Data Collection

State data are submitted on both a monthly and a quarterly basis. If submittals were less frequent, the quality of the statistical data could be in jeopardy because monitoring would be less timely and corrections more difficult.

Data collection from the establishment is a one-time effort associated with the occurrence of a layoff.

7. Special Circumstances

There are no special circumstances that would require information collection to be conducted in a manner inconsistent to the guidelines in 5 CFR 1320.5.

8. Preclearance Consultation Federal Register and Consultation with Outside Sources

Preclearance Consultation Federal Register

No comments were received as a result of the Federal Register Notice published in 76 FR 60930 on September 30, 2011.

Consultation with Outside Sources

This program has been discussed with key Bureau staff, members of Congress and staff of Congressional committees, the National Association of State Workforce Agencies, and the Bureau's Labor and Business Research Advisory Councils, the Bureau's Regional Offices, and States under Cooperative Agreements for program development and operation.

- a. Selected Discussants and Contact persons are:

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9. Respondent Payments

There are no gifts or payments to respondents.

10. BLS Confidentiality Policy

The Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA) safeguards the confidentiality of individually identifiable information acquired under a pledge of confidentiality for exclusively statistical purposes by controlling access to, and uses made of, such information. CIPSEA includes fines and penalties for any knowing and willful disclosure of individually identifiable information by an officer, employee, or agent of the BLS.

Based on this law, the BLS provides respondents with the following confidentiality pledge/informed consent statement:

This survey is conducted in cooperation with the Bureau of Labor Statistics. The Bureau of Labor Statistics will use the information you provide for statistical purposes only and will hold the information in confidence to the full extent permitted by law. The participating States will use the information for statistical and Workforce Investment Act purposes.

The Bureau of Labor Statistics Commissioner's Order No. 1-06, "Confidential Nature of BLS Statistical Data," explains the Bureau's policy on confidentiality: "In conformance with existing law and Departmental regulations, it is the policy of the BLS that respondent identifiable information collected or maintained by, or under the auspices of, the BLS for exclusively statistical purposes and under a pledge of confidentiality shall be treated in a manner that will ensure that the information will be used only for statistical purposes and will be accessible only to authorized persons"

11. Sensitive Questions

No questions of a sensitive nature are requested in the MLS.

12. Estimated Reported Burden

Annual Burden--Employers and State Agencies

- a. Employer (Contact) Burden: 3,500 hours
- (i) Number of respondents: 21,000 employers
 - (ii) Frequency of response: Once
 - (iii) Total annual responses: 21,000
 - (iv) Annual burden: Ten minutes per respondent -- 3,500 hours
 - (v) Estimation of burden: The number of respondents is the estimated number of establishments meeting MLS criteria and requiring telephone contact. 53 States will contact employers for 12 months of FY 2012. Ten minutes of respondent time includes re-routing, call-backs, and time for collection of data by the establishment. $(21,000 / 6) = 3,500$ hours
- b. State Burden: 71,880 hours
- (i) Number of respondents: 53 States
 - (ii) Frequency of response: Monthly and Quarterly
 - (iii) Total annual responses: 848 (= 636 + 212)
 - (iv) Annual Burden: 71,880 hours.
 - (v) Estimation of burden: (a) Employer contact: 1 hour for collection of information and data entry; and (b) Data submission: 12 months plus 4 quarters of data per State. Hours are based on an average of 1 forty-hour week for the monthly submission and 3 forty-hour weeks for the quarterly submission per State, and includes ongoing operations.
 $(21,000) + (53 \times ((40 \times 12) + (120 \times 4))) = 71,880$ hours
- c. Responses: Total for Fiscal Year = 21,848
(= 848/SWAs + 21,000/employers)
- d. Burden: Total for Fiscal Year = 75,380 hours
(= 71,880/SWAs + 3,500/employers)
- e. In addition to the development and extraction of administrative data, employers meeting program criteria are contacted by telephone to obtain information on the nature of the layoff, including reasons and operating status. The estimated cost to these respondents is based on the following assumptions:
- (i) An average of 33 establishments per month will meet MLS criteria in each State and will require telephone contact, $((21,000 / 12) / (53)) = 33$
 - (ii) An average of 10 minutes will be required for an employee of the establishment to obtain information requested for the supplemental employer and

(iii) A Level 11 Accountant is the representative occupation of the establishment respondent. Based on the mean salary of this occupation from the National Compensation Survey: Occupational Wages in the United States, July 2008, an hourly wage of \$40.90 applies.

Estimated costs to employers meeting MLS criteria: **\$143,150**

13. Annual Cost Burden to Respondents

Respondents will incur no cost resulting from the collection of information other than the burden shown in Item 12.

- a. Total capital start-up cost burden: **\$0.00**
- b. Total operation and maintenance and purchase of services components: **\$0.00**

14. Estimated Cost of the Survey

FY 2012 Cost to:

Total Federal Government: **\$5,200,000**

- a. Bureau of Labor Statistics: **\$1,300,000**
- b. SWAs for development, operational tests, and ongoing operations, including employer contact: **\$3,900,000**

Total Federal Government funding includes \$3.5 million from a reimbursable contract with the Employment and Training Administration.

15. Change in Burden

The difference between the Current OMB inventory and the total annual hours requested results from an increase in the number employer respondents. This increase is largely due to deterioration in the general economic climate resulting in higher layoff activity during the period of 2008-2010. The entire 18-month recession period, as designated by the National Bureau of Economic Research's Business Cycle Dating Committee, was contained within this 3-year respondent average used to develop estimates of annual burden.

The MLS program uses a historical three-year average of respondents to calculate annual burden. Data is collected from a complete universe of layoffs with 50 or more initial claims filed against an employer in a 5-week period. Thus, all establishments with 50 or more workers are within the scope of the MLS program. Data collection is not probability based, meaning that the MLS program does not use a fixed sample size that is randomly selected in which to survey from. The amount of layoff activity dictates

how many respondents the MLS program will have in a given year. These burden estimates are based on the most current three-year respondent average, which would be 2008-2010.

16. Plans for Tabulation and Publication

The information collected under the auspices of the MLS program are used to determine whether the MLS program has been correctly interpreted, developed, and implemented by each State. The quality of the data collected through the MLS program is continuously assessed, not only by the State agencies, but by the national and regional offices of the BLS as well. The program utilizes an automated edit system as well as review and oversight responsibilities of professional economists.

A report will be prepared in response to the requirement imposed by Congress for an annual report of MLS data as soon after the end of the calendar year as practical. The validation, tabulation, and analysis of data will be completed by the beginning of June of each year. The report will be issued by the end of July at the earliest. Annual reports from our extended series date back to 1999. The 1999 – 2009 archived reports can be accessed on our website at <http://www.bls.gov/mls/archivedreports.htm>, while the most recently issued report from 2010 can be viewed at <http://www.bls.gov/mls/mlsreport1038.pdf>.

17. Display of Expiration Date

Permission for suppressing the expiration date for OMB approval is not being requested.

18. Certification for Paperwork Reduction Act Submissions

There are no exceptions to the “Certification for Paperwork Reduction Act.”