Justification for Non-substantive Changes to the ETA 8403 Report (OMB control number 1205-0154)

This request seeks approval for changes to an existing information collection based on a recommendation from an audit finding by the U.S. Department of Labor's Office of the Inspector General (OIG) and recent guidance from Jacob Lew, Director, Office of Management and Budget.

Background: Public Law 111-5 (the Recovery Act, or ARRA) provided incentive funds for states to modernize their unemployment compensation laws. Additionally it provided for a special transfer of $500 million to the states' accounts in the Unemployment Trust Fund (UTF) to be used for certain administrative purposes (including implementing and administering the modernization provisions). Specifically, the law provides that:

> (3) Any amount transferred to the account of a State as a result of the enactment of this subsection may be used by the State agency of such State only in the payment of expenses incurred by it for—
> (A) the administration of the provisions of its State law carrying out the purposes of subsection (f)(2) or any subparagraph of subsection (f)(3);
> (B) improved outreach to individuals who might be eligible for regular unemployment compensation by virtue of any provisions of the State law which are described in subparagraph (A);
> (C) the improvement of unemployment benefit and unemployment tax operations, including responding to increased demand for unemployment compensation; and
> (D) staff-assisted reemployment services for unemployment compensation claimants.

Based on the permitted uses of these funds, it is clear that Congress, recognizing the increased workload on the unemployment compensation system resulting from the recent economic recession, intended that these funds be used during the recession to expedite the delivery of services, reduce improper payments, and improve tax operations.

These funds were transferred to states' accounts in the UTF on February 27, 2009. Based on a subsequent audit of these funds (Audit Report No. 18-10-012-03-315), the U.S. Department of Labor's Inspector General (OIG) determined:

> At least $399 million of the states' funds remains unexpended, with a significant number of states planning multi-year systems improvements. Some states did not have plans in place for spending these funds.

The OIG report recommended that the agency obtain more information from states on their plans to expend their share of the administrative grant and provide technical assistance to states in developing spending plans. OMB echoed this sentiment in Memorandum M-11-34: Accelerating Spending of Remaining Funds from the American Recovery and Reinvestment Act for Discretionary Grant Programs.

To ensure compliance with Congressional intent, and OMB guidance, the Employment and Training Administration (ETA) is asking states to review the amount of unexpended special administrative funds, develop spending plans outlining their anticipated use of these funds, and provide the spending plans to ETA.

ETA currently collects data on administrative activity involving Title IX funds from the state's Unemployment Trust Fund on the ETA 8403. This report is one of many within a large container collection of financial reports identified by OMB as 1205-0154. There is currently no capacity to gather narratives describing plans for future obligation and expenditures of remaining funds. ETA believes the collection of this information is necessary to ensure that the Secretary can provide accurate updates to the OIG and to OMB on the status of the expenditure of these funds. ETA plans to request all states to provide an update on the current status and future plans for the administrative funds including:

- Amount obligated but not expended to date;
- Amount of unexpended funds subject to a spending plan; and
- If there are no plans to spend the unexpended funds, an explanation for the lack of a plan and a summary of the intended use of the funds.

Burden on Respondents.

ETA believes that this change is non-substantive because the report we are proposing for this non-substantive change already contains a required narrative element in the form of a comment field. States are currently directed to provide additional narrative information and context for the numbers reported in this comment field. Since states are currently required to provide this narrative as part of the reporting process, the provision of a small amount of readily available information that lends context to the numbers reported clearly falls within the current reporting guidelines and constitutes a negligible burden if any. Thus, given that most states already know their intended use for these funds, creating and transmitting a brief description of this plan along with a timeline should incur virtually no added burden on staff time. This is a one-time request.

UIPL.

A UIPL will be issued to the states to both inform them of this change and to provide guidance to them in constructing a response. The guidance will instruct states to provide information virtually identical to what is described in the bullets listed in the paragraph immediately above.