

Supporting Statement for OMB Clearance of the ETA 9162, Random Audit of EUC 2008 Claimants

A. Justification

1. Circumstances That Necessitate Collection.

Public Law 112-96, the Middle Class Tax Relief and Job Creation Act of 2012, compels states to perform random audits of the work search requirements for all claimants in the Emergency Unemployment Compensation Program of 2008 (EUC08). Prior to passage of this law, there was no such requirement, necessitating both the random audits themselves, and collection of data documenting state audit activities and results.

More specifically, Section 2141(b)(2) of the Act ("Random Audit") states that "the Secretary shall establish for each State a minimum number of claims for which work search records must be audited on a random basis in any given week."

In addition to Public Law 112-96, collection for data necessary for oversight of the program is authorized under Section 303(a)(6) of the Social Security Act.

2. Use of Information Collection.

The Employment and Training Administration (ETA) 9162 report will include information on the number of EUC08 claimants referred to random audit, and the subsequent findings from the audits. General data from the audits describing state compliance in conducting the audits, claimant compliance with state and Federal requirements in conducting their work search, and state actions adversarial to the claimant when improper action are found will be used for oversight and to provide data responsive to anticipated requests.

3. Use of Improved Technology.

The states are continually improving program operations and their information handling technologies and, where feasible, new methods are used for taking applications, and collecting and transmitting the data for these reports. For example, many states have implemented automated remote claims-taking systems, and automated recordkeeping. Reduction of burden through increased automation is always encouraged and supported. As with most unemployment insurance (UI) reports, the ETA 9162 report is part of an electronic reporting system through which state UI agencies enter the data on a monthly basis and transmit the data to the ETA National Office.

4. Description of Effort to Identify Duplication.

Current Federal law grants state the exclusive role of administering UI claims. No other agency could possibly conduct these audits on a wide scale basis and generate the resulting data. Therefore, there is no duplication in the information being requested.

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.

The ETA 9162 report will be due quarterly. If these data were collected less frequently, ETA's ability to carry out its oversight responsibilities, document state non-compliance and describe the extent of problems with claimant work search activities would be greatly weakened, especially since the authority for this wide-scale audit is for a limited

time. The congressional intent in Public Law 112-96 is exceedingly clear, and limiting this data report to a semi-annual or annual collection would provide data well after the point that it could be used to help inform improper or inappropriate state activities. The quarterly ETA 9162 data collection allows the Department of Labor to assess the overall impact and effectiveness of the random audit program administered by the states.

7. **Special Circumstances.**

There are no special circumstances.

8. **Consultation Outside the Agency.**

Traditional clearance processes would have resulted in a public harm by limiting the options states have to address the persistent unemployment problem, at a time when the law allows for greater flexibility; consequently, DOL is using emergency clearance procedures available under 5 C.F.R. 1320.13, including obtaining a waiver from publishing Notices in the *Federal Register* to seek public comments, for this information collection request. The agency is taking steps to work with state agencies to minimize the burden of collecting this information. Assuming approval of this request for a period of six months, ETA and DOL will ensure the public has an opportunity to comment when this information request is resubmitted for extension under regular procedures.

9. **Payment/Gifts to Respondents.**

No payment or gift is provided to respondents,

10. **Confidentiality Provided – Respondents.**

The ETA 9162 report does not identify individuals receiving benefits by name or social security number. Respondents have no expectation of confidentiality.

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.**

States will perform random audits on 0.5% of the paid weekly claims filed in the EUC08 program, though states may not do fewer than 50 per week and need not exceed 1500 per week. The estimated reporting burden for states is broken into two categories: the initial burden states will encounter as they develop reporting infrastructure to begin operating the program, and the recurring burden that states will encounter with ongoing quarterly reporting.

At this point, the burden on claimants cannot be reliably determined or monetized. It is unclear what percentage of these will be conducted electronically and what percentage will be conducted in person. ETA's intention is to provide maximum flexibility to the states and at this point, and as a result, it is unclear to what extent this might burden the average claimant. As a result, any estimate of the burden incurred by states for conducting, and incurred by respondents in conforming to, random audits will be highly speculative.

Given that ETA guidance clearly spells out a sampling regime which calls for 0.5% of all paid weeks to be audited, a basic projection of the burden for this program would be to take the current level of EUC weeks claimed and to determine how many random audits this would yield, based on a minimum weekly value of 50 and a maximum weekly value of 1,500. Using recent data from state EUC reporting yields an expected weekly audit

total of 13,590. Assuming states begin this activity in the first week of May, 2012, and that 35 weeks remain in CY 2012 during which EUC can currently be paid, this would yield an estimated total of:

$13,590 \text{ audits per week} * 35 \text{ weeks} = 475,650 \text{ audits.}$

It should be noted that this is a very conservative measure, and the actual total is likely to be smaller. PL 112-96 established increases in the trigger values to establish entitlement in Tiers 2, 3 and 4 of the EUC program, so clearly expectations are for a drop in EUC claim payments, but this will be dependent on state unemployment rate levels. ETA provides this estimate as a potential maximum for the total audits to be conducted.

Random audits, when conducted will impose a burden on the state agency conducting the audit and on claimants responding to the audit. The claimant burden will simply be to participate in the audit. The state burden will be to conduct the audit, including the documentation of the results, and then to report aggregate information to ETA on the outcomes of the audits.

The ambiguity concerning what percentage of audits will be conducted remotely by electronic means and what percentage will be done in person maps directly into ambiguity about the burden claimants will face in responding to the audit. Given how states generally schedule reemployment interventions, a claimant responding to an in-person audit would need to travel to and from the audit and attend the audit. Claimants are generally scheduled in groups for a particular time interval (say one hour between 1:00pm and 2:00pm) analogous to how doctor's office would schedule patients. So a very general estimate of the claimant burden for responding to an in-person random audit would be travel to and from the audit (estimate: one hour each way) and time spent at the audit (estimate: one hour). Claimants responding to a remote random audit, conducted over phone, TTY, skype or some other suitable system would have a considerably smaller burden. The actual audit process is expected to take approximately 15 minutes so this would be the expected burden of such an audit on the claimant. Given that states will have little time, no additional physical space and few resources to get this project going, it is a safe assumption that states will do everything they can to maximize the number of remote audits. For projection purposes, ETA assumes that 75 of audits will be conducted by phone and 25% will be done in person. The resulting burden on claimants responding to these audits would then be:

$475,650 \text{ audits} * .75 \text{ (\% done remotely)} * 0.25 \text{ (burden hours for audit)} = 89,184.4 \text{ hours}$

$475,650 \text{ audits} * .25 \text{ (\% done in person)} * 3 \text{ (burden hours for travel/audit)} = 356,737.5 \text{ hours}$

Total estimated claimant burden in responding to audits: 445,921.9 hours

ETA normally monetizes burden on people without wages at the minimum wage rate; currently \$7.25 per hour. This would yield an estimated burden cost of:

$445,921.9 \text{ hours} * \$7.25 \text{ per hour} = \$3,232,933.76$

The state burden to conduct the audit, as described above, is expected to be 15 minutes, and ETA adds another 15 minutes to each audit for associated record keeping or necessary referrals to adjudication in the event that issues are raised during the audit.

$475,650 \text{ audits} * 0.25 \text{ (burden hours for audit)} = 118,912.5 \text{ hours of direct burden}$

$475,650 \text{ audits} * 0.25 \text{ (burden hours for audit)} = 118,912.5 \text{ hours for recordkeeping}$

Total estimated state burden in conducting the audits: 237,825 hours

In monetizing this burden, DOL used the FY 2012 program planning average wage of State Workforce Agency staff of \$40.99. As a result, the estimated annual cost of this miscellaneous burden is 237,825 hours * \$40.99 per hour = \$9,748,446.75.

Note that half of this monetized burden, \$4,874,223.38, is attributed to conducting audits and half is attributed to recordkeeping to support reporting and any subsequent adjudications that arise as a result of the audit.

In addition to the direct burden and record keeping burden, states are expected to produce aggregate reports of audit activity and results. States currently have systems for calling claimants into the office to investigate their eligibility, so states do not need to develop systems to identify individuals, send out scheduling letters and track them. Further, states have systems that allow issues that are raised during eligibility reviews to be routed directly to adjudication for fact finding, and subsequent systems are in place and available for adjusting claimant benefits, establishing overpayments and notifying the claimants of any and all state determinations regarding benefit eligibility. However, some aspects of the new legislation will inevitably cause states to need to track additional information or adjust existing systems. We estimate an average of 160 hours of burden for per state to review guidance, ensure that current system function adequately, make changes to processes and ensure that existing information can be mapped into the new report forms.

- Miscellaneous burden associated with State implementation of new Federal Reporting Requirements: *53 respondents x 160 hours per state = 8,480 hours annually.*
- In monetizing this burden, DOL used the FY 2012 program planning average wage of State Workforce Agency staff of 40.99. As a result, the estimated annual cost of this miscellaneous burden is 8,480 hours * \$40.99 per hour = \$347,595.20

Estimated average response time for a single ongoing quarterly report is three hours, based on experience with state implementation of new programs.

- *Reporting of ETA 9162: 53 respondents x 4 reports per year x 3 hour p/report = 636 hours annually.*
- In monetizing this burden, DOL used the FY 2012 program planning average wage of State Workforce Agency staff of 40.99. As a result, the estimated annual cost of this miscellaneous burden is 636 hours * \$40.99 per hour = \$26,069.64

Burden Hour Summary

Category	Respondents	Responses	Hours	Value of Respondent Time
Claimant burden in responding to audit	475,650	475,650	445,921.9	\$3,232,933.76
State Burden in conducting Audit	53	475,650	118,912.5	\$4,874,223.38
Record keeping	475,650	475,650	118,912.5	\$4,874,223.38
State Implementation	53	1	8,480	\$347,595.20
Ongoing Reporting	53	212	636	\$26,069.64
Unduplicated Totals			692,862.90	13,355,045.36

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

There are no other costs associated with this collection of information.

14. **Estimates of annualized Cost to the Federal Government.**

Cost to the Federal government cannot be estimated. UI claims data is generally data computerized by the states. States will conduct the audits and aggregate existing computerized administrative data into a format suitable for electronic transmittal to the ETA National Office where it will be immediately available for use.

15. **Reasons for Changes in Burden.**

This is a new collection so the change in burden represents both the start of the collection and state initiation of activities in reporting. Subsequent renewals of this collection, if necessary, would account for any changes to the original burden estimates.

16. **Information of Publication.**

There are no plans to publish the data for statistical use.

17. **Waiver to Display OMB Expiration Date.**

The OMB number and expiration date will be displayed as part of the Handbook instructions for the ETA 9162 report, as is done with all ETA reports.

18. **Exceptions to Certification.**

There are no exceptions to the certification.

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

Statistical methods are not used in the collection of the ETA 9162 report.