

SUPPORTING STATEMENT FOR THE
UI FINANCIAL TRANSACTION SUMMARIES, OMB Control Number 1205-0154

A. Justification.

Public Law 112-96, the Middle Class Tax Relief and Job Creation Act of 2012 (the Act), provides states with multiple opportunities to allow for expansions of the workshare/short time compensation (STC) program within the Unemployment Insurance (UI) system. Currently, a number of states use STC as a layoff aversion program, and report their varying STC activities on a number of different existing reports.

Up until recently, the funding for STC was co-mingled with other regular UI program funding. Because states drew the funds through a series of federal accounts that came from sources and flowed through accounts that were identical to regular state UI financing, there was no reason to break out funding streams for this program.

However, after lengthy consultations with attorneys and accountants in both the Department of Treasury and the Department of Labor over the specifics of 2162(d)(1), ETA had determined that the grant and reimbursement funding for the worksharing provisions in PL 112-96 cannot be accommodated through simple grant mechanisms, and will need to be handled in a manner analogous to the way the FAC program (An ARRA provision that provided an additional \$25.00 to each UI check) was administered, with separate financial tracking. As a result of this, and to ensure proper oversight and reporting of financial transactions for funds moving in and out of the state trust fund, two changes were made to one of the reporting instruments within 1205-0154: the ETA 2112, Financial Transaction Summary. This first change was the addition of a line to track revenues to and expenditures from the state trust fund for STC program benefit payment. The second change broadened the current Title IX line to clarify the kinds of Federal distributions that can be placed into the state trust fund, moving beyond the current, very narrow, Reed Act definition and allowing for the varying kinds of distributions that congress has been making with increasing frequency in the last decade. This latter change is being used to track the Federal payments offered to states operating or creating STC programs under P L 112-96.

In addition to Public Law 112-96, collection of data necessary for oversight of the program is authorized under Section 303(a)(6) of the Social Security Act. In order for states to prepare their summary reports and to be in compliance with these new requirements of the law, ETA believes states will need to be able to provide this information to create proper financial statements and trust fund accounting reports.

OMB granted six months' emergency approval for the modifications to the state reporting requirements for compliance with the new reporting requirements found in the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) (MCTRJC), section 2165(a)(3), with minimal but important changes, to track the flow of benefit payments and Federal reimbursements through state trust funds. This submission supports the regular extension of OMB's approval for a three year period.

ETA also proposed a schedule of burden associated with states implementing these changes. OMB approved ETA's development of guidance to communicate the programmatic expectations to the states that run the current programs, and to collect the necessary information from the States as required by the MCTRJC. The law requires a number of substantial reporting and collection changes to the Unemployment Insurance (UI) system. The effective dates of these changes vary greatly; some took effect immediately, some within 30 days of enactment, and some are ongoing as States comply with the requirements provided for in law.

A-1. Reasons for Data Collection.

The requirement in Federal law, the basis for all reporting, resides in the Social Security Act (SSA), Section 303(a)(6) which gives the Secretary of Labor the authority to require the reporting of such information determined necessary to assure compliance with the provisions of the SSA. In the case of the Unemployment Trust Fund (UTF) management reports comprising this submission, that authority extends to Departmental responsibilities (as Secretary of Labor) to assure that contributions collected are immediately paid over to the Secretary of the Treasury in conformity with Section 303(a)(4) of the SSA and section 3304(a)(3) of the Federal Unemployment Tax Act (FUTA); and that expenditure of all money withdrawn from the unemployment fund of a state is used exclusively for the payment of benefits, exclusive of refund (SSA, Section 303(a)(5), FUTA section 3304(a)(4)).

A-2. Users, Purposes, and Consequences of Failure to Collect the Information.

The Employment and Training Administration (ETA) 2112 reports all financial transactions i.e., receipts, disbursements, adjustments and fund balance, of the state's account in the UTF for the month. This information is used by the Department's Office of Chief Financial Officer (OCFO) and reported in the Department's annual audited consolidated financial statements required by the Chief Financial Officer Act of 1990. The UTF contains about 75% of the assets and liabilities of the statements.

Other uses of these reports include:

- The Division of Fiscal and Actuarial Services of the Office of Workforce Security (OUI) utilizes the reported data each month to monitor UTF cash flow, identify excessive drawdown of funds for benefit payment from states' accounts in the UTF which could result in a sizeable loss of interest earnings to the UTF. Data concerning Federal programs, Unemployment Compensation for Federal Employees (UCFE), Unemployment Compensation for Ex-Servicemembers (UCX), and Extended Benefits (EB), are extracted from the reports on a monthly basis and entered into computerized individual state records of account for reconciliation with the Bureau of Public Debt in the U.S. Treasury Department and for subsequent study and evaluation to identify trends and cash flow analysis.
- Data from the ETA 2112 are also used to generate monthly pertinent statistics on the Unemployment Insurance (UI) program, e.g., state UI benefit payments, extended benefit payments, other related program costs, projection to a State's Trust Fund solvency based on contributions collected and deposited and benefit payments. The data are included in the Handbook of Unemployment Insurance Financial Data which is published annually.

- The report also reflects monthly transactions relating to Title XII advances and repayments in those states borrowing from the Federal Unemployment Account (FUA). Monthly reporting is necessary to permit National Office cash management performance monitoring.
- The data contained in this report have proved to be very valuable to National Office staff testifying before state legislative bodies attempting to strengthen the financing provisions of their state UI laws and in responding to inquiries from members of the Congress and certain committees. The ETA 2112 also records expenditures and restoration of unemployment funds used for administrative purposes, pursuant to Section 903(c)(2) of SSA. These "Reed Act" funds are available for non-benefit use upon appropriation by state legislatures.
- ETA 2112 data is used to verify states' requests to qualify for loan capping, and deferral of interest payments on Title XII loans.

The ETA 8401 (Monthly Analysis of Benefit Payment Account)

The ETA 8405 (Monthly Analysis of Clearing Account)

These reports, based on state books, reflect activities in the clearing account for the deposit of employer contributions, transfer of funds to state's account in the UTF, employer refunds and adjustments; and the benefit payment account for withdrawals from the UTF for the payment of unemployment benefits. Monthly totals from these reports are carried forward to the appropriate ETA 2112 monthly report.

- The ETA 8405 is used to determine the timeliness of deposit of employer contributions and other funds to the UTF (e.g., benefit overpayment recoveries) to insure state compliance with section 303 (a)(4) of the SSA. The report is also used to develop trial balances and other financial information to compile the Departmental annual consolidated financial statements. Information reported is compared to Treasury reports for verifying transfers of funds to the UTF, and compliance with the immediate deposit requirements of SSA and the FUTA).
- The ETA 8401 is used to determine the timing of withdrawals of funds from the UTF to disbursements for the payment of unemployment compensation. This information will be even more critical to DOL because of the provisions of the Cash Management Improvement Act of 1990, as amended, (CMIA) which require that states execute agreements with the U.S. Treasury to stipulate one method of drawdown of funds from the UTF. The ETA 8405 will provide information to the DOL and Treasury to monitor compliance with the drawdown method stipulated in the Agreement. ETA 8401 information is again needed for the compilation of DOL annual consolidated financial statements.

The ETA 8413 (Income/Expense Analysis – Benefit Payment Account)

The ETA 8414 (Income/Expense Analysis - Clearing Account)

These reports, based on the state depository institution records, reflect activities in these accounts in the local bank. The bank prepares basic information for the agency on a monthly basis. The agency then assembles the complete reporting package, e.g., 8401-8405-8413-8414 and ETA 2112 and submits it electronically to the National Office. The basic information prepared by the banks for the State agencies is of the type routinely prepared for account holders; consequently, no burden is claimed for that activity. See 5 CFR 1320.3(b)(2).

These reports provide information to the DOL to monitor bank account balances, bank charges, and bank compensation. Under provisions of the CMIA, information on bank charges reported in the ETA 8414 will be indispensable since states are allowed to pay charges for their benefit payment account from interest earnings on benefit payment account balances.

The OUI has implemented an effective system for regularly monitoring state cash management and state banking arrangements to increase trust fund earnings. The cash management performance monitoring system requires timely reporting by states on a monthly basis to effectively monitor cash management performance. The ETA 8401, 8405, 8413, and 8414 reports are the key reports in the system.

The current cash management monitoring system is based on a monthly reporting system. It is crucial that problems and deficiencies be identified as early as possible so that corrective action can be taken timely and efficient cash management monitoring will be accomplished. Monthly reporting provides this capability.

The ETA 8403 (Reed Act Activity)

This report reflects each state's Reed Act activities. It is submitted only when there has been activity which requires updating the state's Reed Act account.

A-3. Technology and Obstacles Affecting Reporting Burden.

Current information processing and data gathering techniques in the states utilize electronic data processing equipment and computerized records. The production of reports is entirely automated and the resulting electronic reports are submitted electronically to the OUI.

A-4. Duplication.

The data reported on these reports are unique in the DOL/ETA reporting system.

A-5. Small Business.

This collection does not impact small businesses.

A-6. Consequences of Less Frequent Data Collection.

The response to this item is discussed in the narrative response under #2 above. Current Financial and Cash Management Systems are based on monthly reporting. It is imperative that problems and deficiencies be identified as early as possible so that corrective actions can be taken immediately. States also generally use monthly reporting/accounting cycles which make the current frequency convenient.

A-7. Special Circumstances Involved in Collection of Data.

This request contains no special circumstances.

A-8. Preclearance Notices and Responses.

A Notice for sixty days' public comment was published in the *Federal Register* on June 22, 2012 (Vol 77, p 37714). No comments were received. No additional consultations were conducted.

A-9. Payments to Respondents.

There are no payments to respondents.

A-10. Confidentiality.

No confidential information is collected, and there is no expectation of confidentiality.

A-11. Questions of a Sensitive Nature.

The data collection includes no questions of a sensitive nature.

A-12. Respondents' Burden and Cost of Collecting Information.

Table A.1 below shows ETA's estimate of the proposed burden following changes mandated by PL 112-96, and as requested in this document, breaking down the total by report. In monetizing this burden, DOL used the FY 2012 program planning average wage of State Workforce Agency staff of \$40.99. For each individual ETA report, the estimated annual burden hours are multiplied by the program planning hourly wage to yield an estimate of respondent time.

Table A.1 Estimates of Total Annualized Burden, Including Proposed Changes

Category	Respondents	Annual Responses	Burden Hours per Report	Hours	Value of Respondent Time
Reporting of ETA 2112	53	636	0.5	318	\$13,034.82
Reporting of ETA 8401	53	636	0.5	318	\$13,034.82
Reporting of ETA 8405	53	636	0.5	318	\$13,034.82
Reporting of ETA 8413	53	636	0.5	318	\$13,034.82
Reporting of ETA 8414	53	636	0.5	318	\$13,034.82
Reporting of ETA 8403	53	318	0.5	159	\$6,517.41
Reporting of ETA 8403A	53	106	0.5	53	\$2,172.47
Unduplicated Totals	53	3604		1802	\$73,863.98

A-13. Annual Cost to Respondents.

There are no annualized costs to respondents. The computer hardware and software, as well as funding for staff time in state workforce agencies are paid for by monies allocated to states for administration from the Federal Government. Funding is provided for all reporting activities so no cost breakout for specific reports can be computed. These are well established reports so there are no start-up costs.

A-14. Annualized Federal Cost.

Federal costs are attributed to the staff required to receive and analyze the data. These costs are summarized as follows: 1 GS 13 step 6 for 25 hours per month @ \$49.77 per hour = \$14,931 annually. See <http://www.opm.gov/oca/12tables/txt/gshour.txt>.

A-15. Reasons for Change in Burden.

The change in burden is attributable to the elimination of the burden claimed previously for a one-time programming change to the ETA 2112. This change claimed a burden of 3 hours x 53 impacted State Workforce Agencies = 159 hours. The prior reporting burden was listed at 1,961, the current reporting burden is listed at 1,802. The change in annualized federal cost is attributable to changes in the estimated annual wage. This cost was previously assumed to be 25 hours per month @ \$40.35 per hour = \$12,105 annually. The time burden is not expected to change, but under current GS schedule rates, the revised hourly cost is expected to rise from \$40.35 to \$49.77. This results in a rise in annual Federal costs of \$2,826.

16. Publication Information.

All of the items reported are used for program performance purposes, and are a matter of public record. ETA plans to make this data available via a new web page in the very near future.

17. Display of OMB Expiration Date.

DOL will display the OMB control number and expiration date.

18. Exceptions to the Certification Statement.

There are no exceptions to the certification statement.

B. This collection does not employ statistical methods.