

SUPPORTING STATEMENT

DEPARTMENT OF LABOR VETERANS' EMPLOYMENT AND TRAINING SERVICE Federal Contractors Veterans' Employment Reports VETS-4212

OMB No. 1293-0005

A. Justification

1. Legal and Administrative Requirements

The Veterans' Employment and Training Service ("VETS") is responsible for administering the reporting requirement under the Vietnam Era Veterans' Readjustment Assistance Act ("VEVRAA"), 38 U.S.C. 4212(d). VEVRAA obligates Federal contractors and subcontractors that are subject to the statute's affirmative action provisions in 38 U.S.C. 4212(a) to report annually to the Secretary of Labor on their employees and new hires who belong to the specific categories of veterans protected under the statute. VETS has promulgated two sets of regulations to implement statutory reporting requirements under VEVRAA before and after amendment in 2002 by the Jobs for Veterans Act, ("JVA") (Pub. L. 107-288).

Prior to the JVA amendments, VEVRAA required contractors to annually report the number of employees in their workforces and new hires during the reporting period, by job category and hiring location, who are special disabled veterans, veterans of the Vietnam era, recently separated veterans, and veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized. The regulations in 41 CFR Part 61-250 implement these reporting requirements and apply to contracts of \$25,000 or more entered into before December 1, 2003, unless they were modified on or after that date and have a value of \$100,000 or more. The existing part 61-250 regulations require covered contractors to use the VETS-100 Federal Contractor Veterans' Employment Report ("VETS-100 Report") to report the information on their veterans' employment.

The JVA amendments increased from \$25,000 to \$100,000, the amount of the contract that triggers the reporting requirement, and changed the categories of veterans protected under the Act. As amended by the JVA, VEVRAA requires contractors to report the number of employees in their workforces and new hires during the reporting period, by job category and hiring location, who are "qualified covered veterans." 38 U.S.C. 4212(d)(1). The statute defines "covered veteran" as any of the following veterans: disabled veterans, Armed Forces service medal veterans, veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized, and recently separated veterans. 38 U.S.C. 4212(a)(3). The JVA reporting requirements are implemented by the regulations in 41 CFR Part 61-300 and are applicable to Government contracts of \$100,000 or more entered into on or after December 1, 2003. In addition, a contract that was entered into before December 1, 2003, is subject to the part 61-300 regulations if it was modified on or after December 1, 2003, and meets the contract dollar threshold of \$100,000 or more. The regulations in part 61-300 require contractors to use the Federal Contractor Veterans' Employment Report VETS-100A ("VETS-100A Report") to provide the specified information on veterans' employment.

The VETS-100 Report and VETS-100A Report were last approved by OMB on September 5, 2011. VETS has now published an NPRM seeking comments regarding the proposed rescission of the regulations in 41 CFR part 61-250 and revisions to the regulations in 41 CFR part 61-300. The NPRM

proposes to modify the VETS-100A Report required under the part 61-300 regulations and rename it the Federal Contractor Veterans' Employment Report VETS-4212 ("VETS-4212 Report"). In addition, the NPRM proposes substituting the term "protected veteran" for "covered veteran." The proposed VETS-4212 Report requires contractors and subcontractors to provide, by job category and hiring location, the total number of employees, total number of employees who are protected veterans; the total number of new hires during the reporting period; and the total number of such new hires who are protected veterans. In addition, the proposed VETS-4212 Report, as does the currently approved VETS-100A Report, requires contractors and subcontractors to report the maximum and minimum number of employees employed in the reporting period.

2. Use of Information Collected

The information collected is to be used by the Department of Labor for compliance monitoring. If reports on veterans' employment are not collected, the Department of Labor would not be in compliance with 38 U.S.C. 4212(d). In addition, under 31 U.S.C. 1354(b), the Secretary of Labor is required to make available in a database a list of the contractors that have complied with the requirements of 38 U.S.C. 4212(d) for each fiscal year. Under 31 U.S.C. 1354(a)(1), an agency is prohibited from obligating or expending funds to enter into a contract with a contractor that was required to comply with the reporting requirements in 38 U.S.C. 4212(d) the preceding fiscal year, but failed to do so. The agency may award the contract once the contractor submits the report required by 38 U.S.C. 4212(d) for the fiscal year concerned.

3. Use of Information Technology

In order to comply with the Government Paperwork Elimination Act (GPEA) respondents will have the option of submitting the annual report electronically; however, that system has not been built out, because public comments may result in changes. This option is in keeping with the intent of the GPEA to reduce the burden on respondents. In addition, to assist small businesses, as required under the Small Business Regulatory Enforcement Fairness Act of 1996, the annual report can be completed on the Internet. The annual report required to be submitted under 38 U.S.C. 4212(d) is in a format familiar to most of the respondents utilizing modern information technology.

4. Description of Efforts to Identify Duplication

Information concerning the hiring and employment of veterans by Federal contractors is not being collected by any other agency. The Office of Federal Contract Compliance Programs (OFCCP) uses the VETS-4212 information reported to VETS during its audits and investigations. OFCCP is not responsible for the collection of Federal contractor information regarding veterans' employment.

5. Collection of Information Impact on Small Businesses or Other Entities

Small businesses and entities are required by 38 U.S.C. 4212(d) to furnish the same information as large entities; however, the agency has carefully considered respondent burden and agency needs in developing these information collection requirements. The elimination of one report should reduce the burden hours for those who file the VETS-100 and those who file both the VETS-100 and the VETS-100A Report. In addition, the proposed VETS-4212 Report requires fewer reportable items. The currently approved VETS-100A Report required under the existing part 61-300 regulations has 82 unique reportable items. The proposed VETS-4212 Report that would replace the currently approved VETS-100A Report has just 42 unique items – a reduction of nearly 50 percent. The reduction in the number of reportable items is expected to reduce the time it takes to complete and file the annual report on veterans' employment.

6. Consequences to Federal Programs if Information Were Collected Less Frequently

If Federal contractors were permitted to respond less frequently than on an annual basis, the Department of Labor would not comply with the requirements of 38 U.S.C. 4212(d). Requiring contractors to annually submit information on veterans' employment, as prescribed by 38 U.S.C. 4212(d), also enables Federal agencies to comply with 31 U.S.C. 1354. The Congress' rationale for this reporting requirement was that it signals to Federal contractors the importance of their affirmative action obligations to disabled veterans; other veterans protected veterans; Armed Forces Service Medal veterans; and recently separated veterans.

7. Special Circumstances for the Collection of Information

There are no special circumstances for the collection of this information.

8. Solicitation of Public Comments on the Collection of Information

Concurrent with submission of this ICR submission, VETS issued a Notice of Proposed Rulemaking that provides a 60-day period for the public to comment on the proposed change to the collection of information.

9. Gift Giving

There is no decision, nor is one contemplated, to provide any payment or gift to respondents.

10. Assurance of Confidentiality

No elements of confidentiality are involved. The data collected on the VETS-100 and VETS-4212 Reports will not identify any individual by name, social security number, or other form of personally identifying information.

11. Sensitive Questions

No data collected is of a sensitive nature.

12. Estimate of the Hour Burden for the Collection of Information

The burden is the aggregate number of hours required for contractors to annually submit the information on their veterans' employment using the currently approved VETS-100 and the VETS-100A Report forms.

Annual Burden Calculation

Estimate of the Hour Burden for the Collection of Information

The burden hours that would result from the proposed rule are made up of two components. The first component is a one-time estimate of the burden hours associated with contractors adjusting their recordkeeping systems to generate the information on veterans' employment required by the proposed revisions to § 61-300.11 and the proposed VETS-4212 Report. The second component is the aggregate number of hours required for contractors to annually report on their employment of protected veterans by filing the VETS-4212 Report.

One-Time Implementation Burden

Approximately 14,700 contractors filed annual VETS-100A Reports, and nearly 6000 contractors filed VETS-100 Reports in 2012. It is unlikely that any contracts still exist that would require the filing of VETS 100 Reports; accordingly, based on the number of contractors that filed annual VETS-100A Reports in 2012, VETS estimates that 15,000 contractors would file the proposed VETS-4212 Report.

For purposes of this analysis, VETS assumes all work would be performed by employer staff. VETS also assumes that contractors subject to the VETS-4212 reporting requirement would make adjustments to their human resources (HR) information systems to provide the data requested in the proposed VETS-4212 Report. VETS expects the burden hours and costs for making such adjustments will be greater for contractors that electronically file annual reports on veterans' employment than they will be for contractors that file paper versions of the annual report. VETS estimates it will take a Software Developer eight hours to make the one-time modification to the HR information system of a contractor that electronically files annual reports. In 2012, approximately 98% of contractors filed VETS-100A Reports electronically, and therefore VETS estimates that 98% or 14,700 contractors will electronically file the proposed VETS-4212 Report. Accordingly, the estimated burden for electronic filers to make the one-time change to their HR information systems is 117,600 hours. The estimated costs for the system modifications for electronic filers are based on data from the Occupational Outlook Handbook (OOH), which lists the 2010 median compensation of \$43.52 per hour for a Software Developer. VETS estimates the one-time implementation costs for electronic filers would total \$5,117,952.

With respect to contractors that file paper versions of the annual report on veterans' employment, VETS estimates that it will take a Human Resources Specialist two hours to make the one-time adjustment to the HR information system. The OOH lists \$25.33 per hour as the 2010 median compensation for a Human Resources Specialist. The estimated burden for the 300 paper filers to make one-time adjustments to their HR information systems is 600 hours, and the estimated cost is \$15,198. Thus, VETS estimates that the one-time implementation costs for contractors that are required to file the proposed VETS-4212 are \$5,133,150.

- Federal Contractors: 15,000
- Electronic Filings: 98% contractors filing electronically = 14,700
- Paper Filings: 2% contractors filing paper = 300
- Implementation Hours for software design: 8 Hrs. x 14,700 electronic filers = 117,600
- Implementation Hours for HR Specialist: 2 Hrs. x 300 paper filers = 600
- Hourly Rate for Software Designer: \$43.52
- Hourly Rate for Salary for HR Specialist: \$25.33
- Estimated One-time Costs: \$5,117,952 (electronic) + \$15,198 (paper) = \$5,133,150

Annualized over the three-year life expectancy of an OMB approval, the yearly time burden for the one-time adjustment would equal an estimated 39,400 hours and have a monetary equivalency of \$1,711,050.

Recurring Annual Burden Calculation

Table 1 shows 14,700 contractors filed 315,000 VETS-100A Reports in 2012. The proposed rule would require contractors with a contract of \$100,000 or more to file the proposed VETS-4212 Report for each of their hiring locations. Based on the number of VETS-100A Reports filed in 2012, VETS estimates contractors filing the proposed VETS-4212 Report will have 21 hiring locations on average.

TABLE 1

VETS-100 and VETS-100A Reports Filed in 2012 OMB Number: 1293-0005				
Submission from Federal Contractors	VETS-100	VETS-100A		Totals
Total Respondents	6,000	14,700		
Total Annual Responses	75,000	315,000		390,000
• Paper Response	1,500	6,300		7,800
• Electronic Response	73,500	308,700		382,200

Recurring Burden Calculations

The proposed VETS-4212 Report requires fewer reportable items. The currently approved VETS-100A Report required under the existing part 61-300 regulations has 82 unique reportable items. The proposed VETS-4212 Report that would replace the currently approved VETS-100A Report has just 42 unique items—a reduction of nearly 50 percent. VETS estimates that it would take contractors 20 minutes (a reduction of 10 minutes per report) to complete and electronically file the proposed VETS-4212 Report and 40 minutes (a reduction of 20 minutes per report) to complete a paper version of the proposed VETS-4212 Report.

As shown in Table 2, VETS estimates that it would take 107,100 burden hours annually to file electronic and paper versions of the VETS-4212 Report. VETS assumes Human Resources Specialists would prepare and file the reports, and based on their 2010 median compensation of \$25.33 per hour, VETS estimates that the annual costs for filing the proposed VETS-4212 Report would total \$2,712,843.

TABLE 2

Estimated Burden Hours and Monetary Equivalent for Filing the Proposed VETS-4212 Report	
Submission from Federal Contractors	Total VETS-100 Reporting
Total Respondents	15,000
Recurring Annual Responses (Avg. 21 Reports per Contractor)	(15,000 x 21) = 315,000
• Paper Response 2% of Total Responses	(2% x 315,000) = 6,300
• Electronic Response 98% of Total Responses	(98% x 315,000) = 308,700
Recurring Burden Hours	
• Paper 40 min. x 6,300 responses	4,200
• Electronic 20 min. x 308,700 responses	102,900
<i>Recurring Filing Burden Hours Subtotal</i>	<i>107,100</i>
• <i>Filing Burden Monetary Equivalent Subtotal (107,100 x \$25.33)</i>	<i>\$2,712,843</i>
<i>One Time Implementation Burden Hours Subtotal</i>	<i>118,200</i>
<i>One Time Implementation Amortized Burden Hour Monetary Equivalent Subtotal</i>	<i>\$1,711,050</i>
Annualized Burden Hours Grand Total (three-year average)	146,500
Total Annualized Monetary Equivalent	\$4,423,893

13. Annual Cost Burden for Maintaining and Providing the Information Collection

The information contractors report about their veterans’ employment is collected and maintained in the normal course of business and to comply with other Federal requirements (e.g., Office of Federal Contract Compliance Programs Recordkeeping and Reporting Requirements under the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, approved under control number 1250-0004. There are no requirements for contractors to have any kind of equipment to be able comply with this collection of information.

In addition, VETS recognizes that the 300 contractors that file paper versions of the proposed VETS-4212 Report will have operational costs to cover paper and mailing expenses. Agency experience indicates that a contractor that mails responses will send responses for each individual location and will do so in a single mailing; consequently, for purposes of this ICR, the agency has counted each mailing as transmitting 21 responses. VETS estimates that it will cost contractors approximately \$.08 for an average of 21 pages per contractor to print and/or copy the proposed VETS-4212 Report. The estimated cost would be \$504 (21 x \$.08 x 300 = \$504). In addition, VETS estimates an average mailing cost of \$1.92 for each submission. The estimated cost for mailing would be \$576 (300 contractors x \$1.92 = \$576). Accordingly, Table 3 shows the total estimated annual operations and maintenance costs would be \$1080.

Table 3

Estimated Operational Costs for Filing the Proposed VETS-4212 Report	
Submission from Federal Contractors	Total VETS-4212 Reporting
Total Respondents	15,000
Total Annual Responses (Avg. 21 Reports per Contractor)	15000 x 21 = 315,000
• Paper Response 2% of Total Responses	2% x 315,000 = 6,300
Annual Operations and Maintenance Costs	(6,300 sheets x \$0.08) + (300 mailings x \$1.92) = \$1,080

14. Annualized Costs to the Federal Government

The cost to the Federal government for the proposed information collection includes the following components:

- Staff: \$ 25,000 (25% of 1 FTE including benefits)
- Contract for processing forms: \$700,000

15. Changes in Burden Hours

As Table 4 shows, after the first year, the NPRM is expected to reduce burden from the currently approved 199,350 to 107,100 total annual burden hours (a decrease of 46 per cent). The reduction in burden hours comes from two sources: the proposed rescission of the part 61-250 regulations and elimination of the VETS-100 reporting requirement, and the reduction in the number of unique items the contractor would be required to complete on the proposed VETS-4212 Report.

Table 4

Burden Hours Currently Approved VETS-100/100A Reports OMB Control No. 1293-0005			
Submission from Federal Contractors	VETS-100 Filed in 2010	VETS-100A Filed in 2010	Totals
Total Respondents	9,200	13,700	
Total Annual VETS-100 Responses	142,000	251,300	393,300
• Paper Response	700	4,700	5,400
• Electronic Response	141,300	246,600	387,900
Burden Hours			
• Paper (1.0 of an hr. x Response)	700	4,700	5,400
• Electronic (0.5 of an hr. x Response)	70,650	123,300	193,950
Total Filing Burden Hours	71,350	128,000	199,350

Table 5

Annualized Burden Change Summary Based on Three-Year ICR Approval		
<i>Category</i>	<i>Responses</i>	<i>Hours</i>
Current	393,300	199,350
Requested	315,000	146,500
Difference	-78,300	-52,850

As previously indicated, the proposed VETS-4212 Report requires fewer reportable items. The currently approved VETS-100A Report required under the existing part 61-300 regulations has 82 unique reportable items. The proposed VETS-4212 Report that would replace the currently approved VETS-100A Report has just 42 unique items—a reduction of nearly 50 percent. The reduction in the number of reportable items is expected to reduce the time it takes to complete and file the annual report on veterans' employment. VETS estimates that it would take contractors 20 minutes (a reduction of 10 minutes per report) to complete and electronically file the proposed VETS-4212 Report and 40 minutes (a reduction of 20 minutes per report) to complete a paper version of the proposed VETS-4212 Report.

VETS has reconsidered whether this information collection imposes operational costs on contractors that mail their responses; consequently, while this collection may actually reduce such costs, the fact that paper and mailing was previously not included results in a non-discretionary adjustment in the estimated cost of \$1,080 per year. While not reflected in the reginfo.gov database, Table 6 shows that over a ten-year period, the proposed rule is expected to save Federal contractors approximately 804,300 burden hours and about \$18,233,780 in salary equivalent burden costs.

Table 6¹

Estimated Burden Hours and Cost Savings			
Submission from Federal Contractors	Currently Approved Burden Hours	VETS-4212 Estimate	Estimated Burden Hours and Cost Savings
Burden Hours			
• Annual Burden Calculation	199,350	(107,100)	92,250
• One-Time Implementation Burden Hours	0	(118,200)	(118,200)
First-Year Burden Savings	199,350	(225,300)	(25,950)
Burden Savings After Year One	199,350	(107,100)	92,250
Monetized Burden Hours Costs			
• Annual Recurring Salary Equivalent (Monetized Burden Hours) Costs and Savings (\$25.33) ²	\$5,049,536	(\$2,712,843)	\$2,336,693
• One Time Implementation Burden Costs and Savings	\$0	(\$5,133,150)	(\$5,133,150)
First-year Salary Equivalent Burden Costs and Savings	\$5,049,536	(\$7,845,993)	(\$2,796,457)
Salary Equivalent Costs and Savings After Year One	\$5,049,536	(\$2,712,843)	\$2,336,693
Three-Year Annualized Change in Responses			-78,300 (Discretionary due to rule change)
Three-Year Annualized Change in Burden Hours			-52,850- (Discretionary due to rule change)
Three-Year Annualized Change in Other Burden Costs			1,080 (Non-Discretionary change in estimate)
Ten-Year Burden Hour Savings			804,300 (Discretionary)
Ten-Year Salary Equivalent Cost Savings			\$18,233,780 (Discretionary)

16. Publication of Results of the Information Collection

The results of this information collection will not be published. VETS will change the address where the report will be sent. This change is due the a change of vendors who will collect the VETS-100 and VETS-4212 Reports.

1 Some calculations may not exactly match due to rounding.

2 The Supporting Statement for VETS-100/100A Reports (OMB No. 1293-0005) reauthorization in 2011 for the current approval contains estimated salary equivalent burden costs that are based on the \$16.00 hourly compensation of an unspecified contractor employee. The \$25.33 per hour median compensation for a Human Resources Specialist is used to calculate the salary equivalent burden costs in this analysis. In order to calculate the change in salary equivalent costs resulting from the proposed rule, VETS has used the \$25.33 hourly compensation of the HR Specialist to calculate the salary equivalent burden cost for the currently approved burden hours. This allows for a head-on comparison to compare costs and benefits in analyzing this rule.

- 17. Approval Not to Display Expiration Date for OMB Approval**
VETS will display the expiration date for OMB approval.
- 18. Exceptions to the Certification Statement for Paperwork Reduction Act Submission**
No exceptions to the certification statement were identified.
- B. Collection of Information Employing Statistical Methods**
The information collection does not employ any statistical methods.