

**Supporting Statement for the
Paperwork Reduction Act of 1995**

Part A. Justification

**Demonstration and Evaluation of the Short-Time
Compensation Program**

October 2, 2015

U.S. Department of Labor
200 Constitution Ave., NW
Washington, DC 20210

OMB SUPPORTING STATEMENT PRA PART A

The U.S. Department of Labor (DOL) is requesting clearance for information collections to conduct (1) in-depth interviews with state agency officials, other state agency staff members, and employers, and (2) surveys of employers. These data collections are essential elements of the implementation study and the rigorous impact evaluation of the demonstration of the Short-Time Compensation (STC) Program.

1. Circumstances Necessitating the Information Collection

The *Middle Class Tax Relief and Job Creation Act of 2012* was signed into law on February 22, 2012. Subtitle D of Title II of the *Act* contains several provisions concerning the STC program, including Section 2166 requiring the Secretary of Labor to submit a final report to Congress on the implementation of the provisions of Subtitle D no later than four years after the date of enactment. The report is to include: (1) a description of best practices by States and employers in the administration, promotion, and use of short-time compensation programs and (2) an analysis of the significant challenges to State enactment and implementation of short-time compensation.

The STC program is an option within the Unemployment Insurance system that allows employers to reduce the hours of workers, while permitting workers to receive partial UI benefits for the non-worked hours. The objective of STC is to avoid layoffs during periods of reduced labor demand and thereby allow businesses to maintain their operations, retain valued employees, and prevent company morale from deteriorating. The program was first initiated in California in 1978 and a temporary national STC program was adopted in 1982 under the Tax Equity and Fiscal Responsibility Act (TEFRA, P.L. 97-248). The STC program became permanent in Federal law in 1992, when states were permitted to adopt their own STC programs as part of State UI laws. Under Section 303(a) (5) of the Social Security Act and Section 3304(a) (4) of the Federal Unemployment Tax Act, the Unemployment Trust Fund can pay for STC. Each state has an account within the Fund from which it pays UI benefits.

The Chief Evaluation Office of the Department of Labor (DOL) is conducting a rigorous demonstration and impact evaluation of the STC programs in two states to better understand the reasons for low take-up of STC and to evaluate the effectiveness of interventions to increase employer use. The evaluation will inform DOL's final report on the implementation of the provisions of Subtitle D and the future of the STC program.

DOL is requesting clearance for an information collection to conduct (1) in-depth interviews with state agency officials and employers, and (2) surveys of employers. These data collections are essential elements of the implementation study and the rigorous impact evaluation of the demonstration of the STC program.

2. Purpose and Use of the Information

The information collection is needed to determine the impact of the treatment interventions of the STC demonstration, and to understand the implementation of the demonstration and STC in

the two states, Iowa and Oregon. The information from the demonstration evaluation will also be used by DOL to prepare its report to Congress.

Lack of awareness of the STC program is seen as a primary reason for low employer usage, and the interventions in both states will focus on developing and disseminating informational materials about the STC programs. The demonstration will implement methods to encourage treatment group employers to participate in each state's STC program, primarily by informing employers about the program and its potential benefits. Interventions are being implemented over a 12-month period in both states, starting around mid-September 2014 for Iowa and late October 2014 for Oregon. If successful, the study interventions should increase employer awareness and use of STC in lieu of layoffs.

The employer surveys will be conducted approximately four to six months after the end of the demonstration period. Data from the surveys will be used to address several research questions: (1) what effects did the interventions have on the awareness of the STC program? (2) What interventions appear to be the most effective in increasing employer awareness of STC? (3) What are the costs to employers associated with participating in STC? (4) What appear to be the main motivations among employers for, and remaining barriers to, using STC?

Employer survey data, supplemented with UI and STC administrative data will be used to determine if the interventions had a statistically significant impact on program awareness for treatment employers. Employer survey data and STC program data will also be used to identify which interventions and delivery mechanisms (e.g., independent mailings, mailings with tax rate notice, brochures passed out at presentations, etc.) are the most effective. Employer survey data will capture the administrative burden on employers by asking for the number of hours of employer staff devoted to specific administrative tasks (e.g., application; set up plan; set up and processing claims). The survey will also provide data on the benefits that employers may derive from participating in STC, such as surviving a business downturn and retaining skilled employees.

The interviews with state personnel and employers for the implementation study portion of the demonstration will provide information on (1) how the program and demonstration interventions were implemented, (2) challenges to implementation, (3) promising practices, (4) what features of the program and demonstration encouraged positive employer and employee reactions and participation, and (5) employers' decision making processes to participate.

The state interviews will collect information on the political and economic context of the program; challenges to fidelity; practices that overcame challenges; value and challenges of monitoring and tracking data; and overall reactions and recommendations for program features, future operations, and policy.

The employer interviews will collect information on reactions to program and demonstration features and materials, such as promotional materials and activities of the demonstration that were most useful or persuasive, and suggestions for improvement. The employer interviews will also collect information on: characteristics of the firm and its employees; economic climate; decision-making process to participate in STC and selection of employees to participate;

feedback on the features of the program and their effect on usage; and recommendations for operations, promotional and informational activities, program features, and policy.

The information collection will inform the decision making process of DOL and the Congress regarding rules and legislation on the STC program, and inform states about features and implementation of their STC programs. Furthermore, given the funding of grants to states to improve their programs,¹ the information from the interviews will be helpful to inform other states of promising practices and pitfalls to avoid when planning their interventions and program improvements.

3. Use of Information Technology

There are two employer surveys to be administered, one short-form and one long-form, based on whether an employer ever contacted the state agency about the STC program (between 2008 and September 2015 in Iowa and between 2010 and September 2015 in Oregon). Employers that had no contact with the state agency about STC will receive a short-form survey of only three questions about their awareness of the state STC program. Employers that contacted the state agency about STC will receive the long-form survey, consisting of 34 questions for Iowa employers and 33 questions for Oregon employers.

The contractor will develop and conduct electronic employer surveys using web-based technology. We anticipate that many employers will find the online survey less burdensome, as it will offer them easy access and submission, while also allowing them to complete the survey at a time convenient to them and at their own pace. An online survey has the additional advantages of reducing the potential for errors by checking for logical consistency across answers, accepting only valid responses and automating skip patterns. Because the first three questions of the long-form survey are used for the short-form survey, only the long-form version will need to be programmed. Four separate URLs will be utilized to provide the short-form and long-form surveys to Iowa and Oregon employers. The Department intends to use the nonsubstantive change process to clear the formatted Web based surveys, once they are developed after OMB clears their content in this information collection request.

Because the short-form survey consists of only three questions and can fit on a single sheet of paper, we plan to test two different data collection approaches for the short-form survey. One approach that will be used for 70 percent of employers will invite participation in an online survey, with letter follow-ups (where later reminder letters include a paper survey). The second approach (for the other 30 percent) will begin with a paper survey included with the invitation letter (and no mention of online survey), followed by a reminder letter with a paper survey, then reminder letters with instructions for online survey (without a paper survey included). One reason for testing these two approaches is that reliable email addresses for the sample are not available to send a direct link, so a letter will need to be mailed. Second, an online survey may not be a more efficient and effective means of reaching employers. Because the short-form survey is only three questions, it can fit on one sheet of paper and be completed in one minute when received, then placed in a business reply envelope and mailed back. In contrast, with the online survey, the employer has to go to the web, type in the URL, enter username and passcode,

¹ See Middle Class Tax Relief and Job Creation Act of 2012, SEC. 2164-Grants.

and then answer the questions. It is possible that mailing a paper survey could produce a higher response rate than sending instructions for participating in an online survey.

To increase the response rates, all non-respondents near the end of the survey field period will be contacted by telephone and given the option of answering the survey by telephone.

The interviews with state agency personnel and employers will be semi-structured in-person interviews at agency and employer locations. The contractor will take notes during the interviews and, subject to approval of each respondent, also record the interviews. The recording of interviews reduces the burden of needing to contact respondents after the interview to review accuracy of the notes. Some employer interviews might be conducted by telephone if travel is hampered by weather or other factors.

4. Identification of Duplication of Information Collection Efforts

The proposed data collection is designed to meet the needs of the STC demonstrations in Iowa and Oregon. DOL carried out an earlier STC survey of employers in the states of Kansas, Minnesota, Rhode Island, and Washington, but is not aware of any previous or planned effort to collect similar information in Iowa or Oregon. A survey of Iowa and Oregon employers is needed to gather the information necessary to address the research questions of the demonstration.

The study will use UI and STC administrative records data where possible. However, these records only capture basic information about employers, their STC applications and their use of the STC program. While these administrative data are important and useful data sources, they do not provide information about the employers' awareness, perceptions and experiences with the STC program, a central focus of the evaluation. Conducting the surveys and interviews will capture this information.

In-depth interviews with employers will provide information about employers' reactions to the interventions, the decision-making process to participate or not and suggestions for improvements. This is the one opportunity for employers to present their ideas. For example, the employer survey will collect data on which interventions the employers received, but only the interviews will collect data on their reactions to these interventions. Similarly, state tracking and monitoring data will indicate which employers inquired or attended an information event, but only the interviews will obtain employer reactions and convey information about any discussions with and reactions of their employees. Employer perspectives about the STC program's ability to help them avoid layoffs are critical to drafting effective legislation and designing STC programs and requirements.

5. Impacts on Small Businesses or Other Small Entities

Some of the employers to be interviewed or surveyed will be small businesses or entities as described in general in the Small Business Act (12 U.S.C. section 632). However, completing interviews and surveys will not have a significant economic impact on them.

The number of employers for the one-time in-depth interviews is estimated to be less than 30. The pre-test confirmed that the length of the interviews is between 40 and 60 minutes, with smaller firms needing less time than larger firms. It is important that the perspectives of smaller employers are included, especially to consider how the tax burden of STC usage may differentially affect them as compared to large employers. There will be no interviews of employers with less than five employees.

The employer surveys will cover a variety of employers, including small businesses. The short-form survey will take only about one to two minutes to complete, minimizing the burden for a large number of employers. The short-form survey (only three questions) is targeted at a sample of the demonstration's treatment and control/comparison employers. The short-form survey is critical to determine the effect of the interventions administered as part of the demonstration on awareness among employers, including small businesses, of each state's STC program. The long-form survey (34 questions) is targeted at a much smaller number of employers, those who had an STC plan or otherwise contacted the state UI agency about the STC program. It is estimated to take 10-12 minutes to complete.

6. Consequence to Federal program or policy activity if collection is not conducted

The employer survey data are essential for determining: what effects the interventions have on the awareness of the STC program; what interventions are most effective in increasing employer awareness; what are the costs to employers associated with participating in STC; and what are the main motivations for, and remaining barriers to, using STC.

If the interviews with state agency staff and employers and the employer surveys are not conducted, detailed information needed to address several of the research questions of the demonstration evaluation otherwise would not be available. The interviews will provide information on contextual factors in the states that augment an understanding of the results of the impact study. Information from interviews with staff and employers may shed light on why the interventions succeeded or failed to increase awareness and use of the STC program in the two states. Only the state staff interviews will be able to help explain deviations from expectations by highlighting the barriers the states encountered and solutions they utilized or propose for the future.

7. Special Data Collection Circumstances

There are no special circumstances that would require this information collection to be conducted in any manner other than that described above. The data collection will be performed in a manner consistent with federal guidelines.

8. Federal Register Notice

The 60-day notice to solicit public comments was published in the Federal Register on March 23, 2015 (80 FR 15252). No public comments were submitted during the notice period.

9. Payments/Gifts to Respondents

There will be no gifts to respondents for interviews or surveys. The states are already receiving monies to implement the demonstration. The pretest of the employer interview protocol and of the employer survey indicates that employers are very cooperative and interested in participating voluntarily. The short-form survey is of such a low burden that a payment or gift to employers would seem unnecessary to increase response rates.

10. Assurance of Privacy

Respondents will be informed that their responses will be kept private to the extent permitted by law. All employers interviewed or surveyed will be informed that the information collected will not be attributable directly to the respondent and will only be discussed among members of the evaluation team. Terms of the DOL contract authorizing data collection require the contractor to maintain the privacy of all information collected, unless written permission is provided by the respondent. Accordingly, individuals' data will be kept private and protected to the extent permitted by law. The evaluation contractor will protect personal information in accordance with application Federal and state laws and contractual requirements.

The security procedures implemented by the evaluation team covers all aspects of data handling for hard and electronic data. When not in use, all completed hardcopy documents will be stored in locked file cabinets or locked storage rooms. Unless otherwise required by DOL, these documents will be destroyed when no longer needed for the project. Evaluation team members working with the collected data will have previously undergone background checks that may include filling out an SF-85 or SF-85P form, authorizing credit checks, or being fingerprinted.

A two-person team will conduct the interviews, with one person conducting the interview and the other taking notes. Recordings will also be made of the interviews, subject to the approval and comfort level of the respondents. Interviewers will ensure a private meeting space. Written materials and analyses from the interviews to be used as part of study reports will be prepared in such a way as to protect the identity of individuals. Only the site visit study team staff present at the interviews, the principal investigator, project director, and selected staff helping transcribe the recordings will have access to the notes. Notes will be securely stored in protected electronic files or locked cabinets. Only the staff members present at the interviews or transcribing the recordings will have access to the recordings. All site visit staff, project leadership, and transcribing staff will be asked to sign privacy agreements before the interviews are conducted or before working with the data.

Access to the online employer surveys will require the use of a username and password provided by the contractor to the employer. Survey data collection will use secure sockets layer encryption technology to ensure that information is secure and protected.

11. Justification of Questions of a Sensitive Nature

There are no questions in the interviews or surveys about sexual behavior or attitude, or religious beliefs, or other matters commonly considered to be sensitive or private. Questions about employer costs and wage rates of staff positions were included in the pretest and did not raise any concerns by participants.

12. Estimate of Annualized Burden Hours and Costs

The total participant burden for information collected is shown in table A-1. The frequency of collection is only once. Average response time for state staff interviews is 40 minutes, for a total burden of 20 hours across 30 participants. Average response time for employer interviews is 50 minutes, for a total burden of 23.3 hours across 28 participants. Average response time for the short-form employer survey is 2 minutes, for a total burden of 66.7 hours across 2,000 respondents. Average response time for the long-form employer survey is 12 minutes, for a total burden of 160 hours across 800 respondents.

The total burden cost of collecting this information is \$16,401. This cost represents the sum across the interviews and surveys when the average hourly rate for the respondent category is multiplied by the corresponding number of hours. The average hourly wage rates were obtained using the latest Occupational Employment Statistics data on wages, adjusted for inflation.² See last column of Table A-1.

DOL claims no burden under the PRA for state entities to provide UI or STC administrative data because this aspect of the information collection will not ask identical questions of ten or more respondents. See 5 CFR 1320.3(c), especially (c)(4).

Table A-1 *Estimated respondent burden for information collection*

Reference	Total respondents	Frequency	Total responses	Average time per respondent	Average hourly wage rate	Burden (hours)	Burden (cost)
State staff interviews	30	1	30	40 minutes	\$46.43	20	\$928.60
Employer interviews	28	1	28	50 minutes	\$61.89	23.3	\$1,442.04
Short-form survey	2,000	1	2,000	2 minutes	\$61.89	66.7	\$4,128.06
Long-form	800	1	800	12 minutes	\$61.89	160	\$9,902.40
Total	2858	1	2858	NA		270	\$16,401.10

13. Estimates of Annualized Respondent Capital and Maintenance Costs

² Bureau of Labor Statistics, "Occupational Employment Statistics—May 2014 State Occupational Employment and Wage Estimates" http://www.bls.gov/oes/2014/may/oes_nat.htm.

There will be no start-up or ongoing financial costs incurred by respondents and record-keepers for this information collection. All administrative data will be captured within existing infrastructures and systems.

14. Estimates of Annualized Cost to the Government

The period of performance for the contract supporting the study runs from March 2013 through March 2016. The total estimated Federal cost of the STC Demonstration and Evaluation qualitative assessment is \$331,788, and the annualized estimated Federal cost, averaged over the three years of the study, is \$110,596.

This estimate of Federal costs is a combination of (1) direct costs for information collection and (2) Salary associated with Federal oversight and project management.

1. The current budget and contract anticipates costs of \$309,956 for direct contract costs associated with information collected to support the qualitative assessment through March, 2016. USDOL has typically found that site visits and discussions typically cost between \$3,000 and \$5,000 per event, and focus groups typically cost between \$5,000 and \$8,000 per event. These numbers are used for basic cost estimation in project and budgetary planning purposes. For the purposes of burden calculation, State staff interviews will be considered as site visit discussions, and Employer interviews will be considered as focus groups. Given that the study is only taking place in two states, it's likely that there would be no more than three site discussions and focus groups per state to complete the anticipated collection. The direct costs associated with the State staff interviews and Employer interviews is estimated to be:

6 Site visits (3 in Oregon, 3 in Iowa) * \$5,000 per site visit = \$30,000

6 focus groups (3 in Oregon, 3 in Iowa) * \$8,000 per site visit = \$48,000

The estimated cost of having a contractor develop and field the short and long form survey, including postage and processing is \$231,956.

2. Federal activities resulting from approval of information collection would include time spent on communication and correspondence with the contractor, oversight activities for administering the underlying contracts, documenting contract activities and monitoring the resulting data collection and deliverables. This work is expected to be done by a GS-14 and GS-15 Senior Evaluation specialist, and project management tasks are expected to consume 1/8th and 1/15th of their annual hours, respectively.

The expected Federal costs are outlined in Table A-2 below.

Table A-2 - Cost of Data Validation to Federal Government

Continuing Operations STC Demo and Evaluation	
Estimates of Direct Contract Costs	
State staff interviews	\$30,000
Employer interviews	\$48,000
Survey Activities	\$231,956
Subtotal for Direct Contract Costs	\$309,956
Estimates of Direct Federal Staff Costs	
1 GS-15 (1/15 time)	\$8,416
1 GS-14 (1/8 time)	\$13,416
Subtotal for Federal Oversight and Management	\$21,832
Total Cost	\$331,788

Note: Federal Staff costs are based on Salary Table 2015-DCB (Step 1, incorporating the 1.5% general schedule increase and a locality payment of 24.22% for the locality pay area of Washington-Baltimore-Northern Virginia, DC-VA-WV-PA), Department of Labor grade ranges are as of January 2015. Ref: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/15Tables/html/DCB_h.aspx).

15. Changes in Hour Burden

This is a new data collection. Therefore, the entire burden of 270 hours is new.

16. Plans for Tabulation and Publication

Planned tabulations include: (1) Comparison across treatment and control employers on use of STC; on ratio of full-time equivalent STC claims to regular UI claims; on ratio of STC benefits paid to regular UI benefits during two-year period beginning with start of interventions; (2) Comparison of weighted means of STC awareness across treatment and control employers where weights are based on the stratified sample; (3) Comparison of employer characteristics that report knowing about STC; (4) Comparison of treatment and control employers for likelihood of contacting STC administrator for further information or application; (5) Identification of interventions that generated more employer inquiries; and (6) Identification of average costs to employers to develop a plan; to provide weekly reporting.

Notes from the interviews will be analyzed to discern patterns in the responses and produce summary tables. The analysis may be performed using a qualitative software package to more

efficiently discern patterns and common themes.³ Information from similar types of respondents will be aggregated by topic area (e.g., perceptions of the implementation might differ by size of company, extent of usage, change in UI tax rate, or industry type).

Interview data with employers and state staff along with data from the employer surveys also will provide insights and explanatory hypotheses regarding why some employers and employees choose to use STC and what programmatic and implementation changes might encourage greater use. If the demonstration falls short of finding a statistically significant effect for the interventions, these data may be critical in providing insights into the findings. Similarly, if the interventions are successful in increasing employer use of STC, these data may provide insights into motivation for using the program to pinpoint which aspects of the intervention were most effective in encouraging use.

The contractor will prepare a comprehensive report on the findings of the demonstration and impact evaluation in an interim report in 2016 and in a final report in 2017, based on analysis of data from the interviews, surveys and administrative data to address the research questions. The reports will contain a detailed description of the methodology and summary statistics on the data collection. Findings may be used in the report or briefing to Congress and the final report will be published at the DOL website. The contractor also will produce a public-use data set with documentation. All directly identifying information will be removed. All indirect identifying information will be recoded and combined to de-identify the dataset. See Table A-3 for a timeline for the demonstration, evaluation and data collection activities.

Table A-3 *Timeline for demonstration, evaluation and data collection activities*

Activity	Date
Develop demonstration and evaluation design	March 2013 through December 2014
Recruit and secure state participation	September 2013 through August 2014
Conduct and monitor demonstration	September 2014 through October 2015
Data collection –state staff interviews	February 2016 through March 2016
Data collection –employer interviews	February 2016 through March 2016
Data collection –employer surveys	January 2016 through April 2016
Data analysis	November 2015 through January 2017
Interim Report	June 2016
Final Report	March 2017

17. Approval to Not Display the Expiration Date

The collection of interview and survey data will show the OMB expiration date on any written instrumentation. The following Public Burden Statement will appear:

A Federal agency may not conduct or sponsor, and a person is not required to respond to this collection of information, unless it displays a currently valid OMB control number. Your obligation to reply to this survey is voluntary. The public burden for this survey is estimated to

³ The analysis of the qualitative data will be informed by principles of Grounded Theory modified to fit the scope and purpose of the study (Glaser & Strauss, 1994). Given the interview questions are focused on particular issues of program features, operations and implementation, and as confirmed by the pre-test, the themes are focused and easy to discern.

be XX minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the necessary data, and completing and reviewing the collection of information. Send comments concerning this burden estimate or any other aspect of this collection of information to the U.S. Department of Labor, Chief Evaluation Office, Room 2218, Constitution Ave., Washington, DC 20210.

18. Exceptions to the Certification Statement

There are no exceptions to the certification statement for the state personnel and employer interviews and for the employer surveys.