SUPPORTING STATEMENT
RESOURCE JUSTIFICATION MODEL (RJM)
Request for an extension with revision
OMB Control No. 1205-0430
October 2015

The Employment and Training Administration (ETA) is seeking OMB approval to revise and extend the data collection under the Resource Justification Model (RJM). The RJM's primary function is to collect Personal Service (PS), Personnel Benefit (PB) and Non-Personal Service (NPS) expenditure data for the most recently completed Fiscal Year (FY). These factors are important inputs to ETA's unemployment insurance administrative funding allocation process, whose objectives are to equitably fund states and promote cost-effective practices.

A secondary function of the RJM is to inform ETA's annual budget formulation process. State agencies submit detailed data by major cost categories in a structured format. This provides states a means to communicate to ETA their projected funding needs and provides ETA with an objective tool to evaluate those needs. State agencies that have an accounting system with a relational database can build queries for data extraction from the accounting system; this helps keep the data collection burden at a minimum.

A. Justification

1. <u>Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.</u>

   a. Legal Basis. The Secretary of Labor has a legal responsibility under the Social Security Act (SSA) Title III, Section 303(a)(1), for providing state agencies the necessary costs of proper and efficient administration of state unemployment insurance (UI) laws. The Secretary must establish a means of measuring state agencies' "proper and efficient administration" to certify payments to states. Among other duties, the Secretary must also ensure that state laws conform to Federal law, and that states comply with them, in order for subject employers within the state to be allowed to receive offset credit under the Federal Unemployment Tax Act.

      In support of these responsibilities, SSA Title III, Section 303(a)(6) authorizes the Secretary to require of states the:

      "...making of such reports in such form and containing such information, as the Secretary of Labor may from time to time require, and compliance with such provisions as the Secretary of Labor may from time to time find necessary to assure the correctness and verification of such reports."

   b. Program Operational Need. Prior to FY 1986, the methodology for UI budget formulation and allocation was based on a work measurement system called Cost Model Management. ETA decided in 1985 to stop conducting the work measurement studies and pursue alternative methodologies; however, there had been no consensus with states for an acceptable replacement until the development of the RJM in 2001. The data collected through the RJM provide state specific work measurement factors, salary rates, and non personal service spending levels. The data also inform the national office of operating expenditure levels anticipated by state unemployment insurance programs.

c. The states and the Department of Labor (DOL) believe it would be beneficial to determine: 1) if the process could be modified to reduce the burden of assembling and reviewing the information; and 2) if the information collected is appropriate (because, for example, the increasing use of technology to administer the UI program has significantly changed the UI business model). The Department partnered with the National Association of State Workforce Agencies (NASWA) to form a workgroup to examine this area. The workgroup agreed upon three changes to the RJM data collection. The workgroup decided to reduce the categories of existing Non-Personal Services (NPS) categories from eight to three: IT/Communications, Non IT and Personal Service Contracts, and also to discontinue the requirement to submit hard copy note books containing the supporting documentation. Both of the changes reduce respondent burden. And due to the discontinuance of the requirement for states to submit hard copy notebooks, Regional Office validations procedures will be streamlined, reducing burden there as well. However, the workgroup also decided to add the requirement to the breakout of Personal Services/Personal Benefits of IT expenditures.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

   Using the RJM, state agencies electronically submit detailed cost data in a structured format (spreadsheet file). The information specifies salary and benefit rates, workloads, processing times, and non-personal services dollars, which are used to inform ETA's administrative funding allocation process. Review and validation of the data by ETA Regional Offices is also an important part of the RJM.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

   State agencies enter, store, and e-mail their cost data in a spreadsheet file. The basis for using this means of collection is that formulae are built into the spreadsheets and make necessary calculations to reduce the amount of data input.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

   The RJM does not duplicate any existing ETA program. There is no similar information that is already available.

5. If the collection of information impacts small businesses or other small entities describe any methods used to minimize burden.

   There will be no impact on small businesses or other small entities.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

   Section 302(a) of the Social Security Act requires the Secretary of Labor to certify to the Secretary of the Treasury for payment to the states the amount of funds necessary for states to properly administer their unemployment insurance law. ETA relies on the RJM to obtain state specific, updated cost factors for use in that determination to ensure the Secretary fulfills this legal responsibility.

Either not conducting the RJM data collection or doing so less frequently would require ETA to rely on outdated information and would result in ETA being unable to make a strong case for needed resources to OMB and the Congress. ETA's ability to equitably allocate to states their share of the annual Congressional appropriation would also be negatively impacted.

7. <u>Explain any special circumstances that would cause an information collection to be conducted in a manner:</u>

   There are no special circumstances that would cause this information to be collected in any manner listed above.

8. <u>If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.</u>

   <u>Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.</u>

   <u>Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.</u>

   In accordance with the Paperwork Reduction Act of 1995, the Employment and Training Administration (ETA) has solicited comments on the proposed extension of approval through publication of a notice in the Federal Register on March 2, 2015 (Vol. 80. p 11230). ETA received six (6) public comments on the proposed extension of approval to the Federal Register Notice (FRN). Below is a summary of each comments and ETA's action taken in response to the comments:

   - Virginia Employment Commission (VEC). VEC would like a better understanding of what items/activities are included in the IT PS/PB and IT NPS category.
     - ETA Response: A list of items that fall under the IT/Communications was conveyed to VEC in an e-mail (see attached e-mail). In addition, the IT PS/PB hours/expenses would continue to be reported under the function that they primarily serve.

   - Ohio Department of Job and Family Services (ODJFS). ODJFS' comments were in response to the four areas of the Review Focus stated in the FRN. Basically, ODJFS concurs that the RJM collection of information is necessary for the proper performance of the UI program and would like to urge ETA to aggressively put the RJM data before federal budget makers to justify the return of a greater percentage of the FUTA funds to the states. ODJFS believes that the estimated time required to complete the RJM is low compared to their experience. ODFJS would like more training on the preparation of the report and utility of the information in terms of future funding. ODJFS letter is attached.

- ETA Response: No response was needed. ETA is aware of the need for training on the RJM in the regions and states. After PRA approval of this extension, training for regions and states will be provided through a webinar.

- California Employment Development Department (EDD). EDD comments were in response to the four areas of the Review Focus points stated in the FRN. EDD believes that the UI program continues to be drastically under-funded and well below the states' needs. EDD supports the extension of RJM if it is used as originally intended -- to justify sufficient resources to operate the UI program effectively and efficiently and, to convey states' funding needs to OMB and Congress. EDD supports the reduction of categories of existing NPS but would like to know how this information will be utilized to allocate resources to the states as well as how the new categories will minimize the burden hours to collect, compile and submit the RJM data, as defined in the FRN.
  - ETA Response: No response was needed. ETA has always been sensitive to the states' funding needs and has made every attempt to consider how each state operates its own program. Unfortunately, we cannot guarantee that Congress will appropriate sufficient funds to fully fund states' RJM requests. However, we believe that the data collected are the best information on which to base the allocation of resources, and to ensure equitable treatment of all states is included in the allocation process.

- Nebraska Department of Labor (NDOL). NDOL concurs with the proposed changes to the RJM. NDOL believes that the reduced level of detail and the discontinuance of the hard copy notebooks reflect the changing needs of the UI program and are consistent with other business processes.
  - ETA Response: No response was needed.

- National Association of State Workforce Agencies (NASWA). A joint NASWA-DOL workgroup was established to revisit the RJM methodology and the operational processes. NASWA serves as a venue for discussion and to make recommendations that will enable a more efficient collection of RJM data.
  - ETA Response: No response was needed.

- New York Department of Labor. NYDOL comments were in response to the four areas of the Review Focus points stated in the FRN. NYDOL wanted clarification on how IT PS/PB should be reported on the new form and how IT PS/PB expenditures will flow through the allocation process.
  - ETA Response: IT PS/PB would continue to be reported under the function that they primarily serve. However, an additional category for IT costs would be established so that any PS/PB paid to staff who are IT staff could be isolated. For example, the individual is using IT to do a job which is not located in the IT department, so the time charges would fall in the traditional Personnel Services category. These costs would be a subset of the PSPB reported in the ten established PSPB categories. There will be no change to the current resource allocation process as a result of the proposed changes in the FRN. (See attached ETA's complete response sent to NYDOL.)

9. <u>Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.</u>

   No payment or gift to respondents has been or will be provided.

10. <u>Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.</u>

Confidentiality is not an issue with this program, which simply involves collecting state agencies' financial data.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

    The data collection does not include questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

    The estimate of burden is an average figure. The hour burden on respondents is expected to vary widely.

Cite/ Reference	Total Respondents	Frequency	Total Responses	Average Time per Response	Burden
Crosswalk	53	Annually	53	94.5 hours	5,009 hours
Account Summary	53	Annually	53	4 hours	212 hours
RJM 1 through 6 series	53	Annually	53	3 hours	159 hours
PS/PB IT Expenditures	53	Annually	53	8 hours	424 hours
TOTALS			212	27.4 hours	5,804 hours

Monetized Value of Respondent Time:
burden hours X average hourly state cost for FY 2015
5,804 hours X * $44.69 =$259,381.

The federal government pays the salaries of the state staff so there is no direct cost to the states.

*Source: The hourly rate is computed by dividing the FY 2015 national average PS/PB annual salary for state staff as provided for through the distribution of state UI administrative grants (http://www.ows.doleta.gov/dmstree/uipl/uipl2k14/uipl_1914.pdf at 7) by the number of hours worked in a year (1,711). For FY 2015, this calculation was: $ 76,461 / 1,711= $44.69

13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden already reflected on the burden worksheet).

    There are no other costs involved other than those mentioned in item 12.

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

Federal staff costs are required to manage and maintain the handbook, training, report review and analysis. These costs total $166,323 annually for RJM operations. This estimate assumed one GS 13-1 regional office staff dedicating 50 hours per state to generate and validate the 53 state submissions, allowing for 10 additional hours for staff to respond to final reconciliation issues raised by the national office, and one GS 13-1 national office staff working full time to manage handbook documentation, review and reconcile reports, and conduct analysis. This information is displayed on the following table.

Category	Start-up		Ongoing	
National Office staff	0 hours	$0	2,088 hrs	$73,143
Regional Office staff	0 hours	$0	2,660 hrs	$93,180
TOTAL		$0		$166,323

15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.

There are three (3) changes to the RJM data collection (The first two will result in a decrease in respondent burden):

- Reduced the categories of existing Non-Personal Services (NPS) categories from eight (8) to three (3): IT/Communications, Non IT and Personal Service Contracts.
- Discontinued the requirement to submit hard copy note books containing the supporting documentation. This update will streamline the Regional Office validations procedures.
- Added the requirement to the breakout of Personal Services/Personal Benefits of IT expenditures.

These changes result in a 715 hour burden reduction (from 6,519 hours to 5,804 hours). Other burdens (respondents, responses, and other costs) remain unchanged.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

ETA does not plan to publish the results in a report but will make the data available on its web site. The RJM does not use complex analytical techniques.

State agencies begin to collect the data annually in mid-November and submit the data by the last Friday of January. ETA uses the data collected to inform ETA's administrative funding allocation model to provide state agencies resources for the next fiscal year.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

ETA will display the OMB control number and expiration date on the RJM worksheets in the instructional handbook for the state agencies.

18. <u>Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions" (5 CFR 1320.9).</u>

There are no exceptions.

B. Collection of Information Employing Statistical Methods

Statistical methods are not employed for this report.