

**Health Coverage Tax Credit (HCTC) for Eligible Trade Adjustment Assistance (TAA), Alternative TAA (ATAA) and Reemployment TAA (RTAA) Recipients
Supplemental Justification**

Supplemental Supporting Statement A: Justification

This request seeks OMB approval under the Paperwork Reduction Act for the unique information collection requirements in the “Health Coverage Tax Credit (HCTC) for Eligible Trade Adjustment Assistance (TAA), Alternative TAA (ATAA) and Reemployment TAA (RTAA) Recipients,” solicitation. The Department will notify State Workforce Agencies (SWAs) of the opportunity to request funding to support costs associated with the reinstatement of the advance credit option of the HCTC program. In addition, the SWAs will be advised of their responsibilities related to the HCTC program for Calendar Year (CY) 2016 and provide guidance regarding state data transmittals of the eligible recipients to the Internal Revenue Service (IRS) for HCTC purposes for CY 2017.

The Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA 2015) reinstated the HCTC program through 2019. The HCTC program has gone through multiple iterations in the TAA statutory reauthorizations. Title II of the TAA Reform Act created the initial HCTC Federal income tax credit, which subsidizes certain health insurance coverage for eligible PBGC pension recipients as well as individuals in the TAA program identified as Eligible TAA recipients, and Eligible ATAA/RTAA recipients.

Before the expiration of the HCTC on December 31, 2013, SWAs transmitted the records of eligible TAA and ATAA/RTAA recipients to the IRS via the Unemployment Insurance (UI) Interstate Connection Network (ICON). Upon receipt of the SWA’s information, the IRS determined whether the eligible TAA and ATAA/RTAA recipients were also eligible for HCTC. ICON will be used again to transmit the information to the IRS.

ICON is a telecommunications network used by SWAs for UI purposes. ICON is managed through a cooperative agreement between ETA and the Maryland Department of Labor, Licensing, and Regulation (MD DLLR). MD DLLR has a contract with a vendor, Xerox State & Local Solutions, Inc. (Xerox), to manage the day-to-day operations of ICON.

The IRS has informed ETA that in seeking HCTC, individuals who filed or amended their prior year tax returns (such as for 2014 and/or 2015) or submit 2016 tax returns will need to provide proof of their eligible TAA or ATAA/RTAA recipient status with their Form 8885, *Health Coverage Tax Credit*. The IRS has requested that states provide proof of eligible TAA or ATAA/RTAA recipient status to taxpayers needing such proof for submission with their tax returns. Proof of eligible TAA or ATAA/RTAA recipient status for each tax year must be provided separately (i.e., proof of eligible TAA or ATAA/RTAA recipient status for each tax year). States need to confirm only that the individual received a payment for any one day/week in any one month during the calendar year. The IRS will determine whether the individual is eligible for the HCTC.

Effective January 1, 2017, SWAs will identify and transmit to the IRS, via ICON, the information on all individuals who meet the designation of “eligible TAA or ATAA/RTAA recipients.” ICON will remain as the communications vehicle through which SWAs will transmit information to the IRS for HCTC purposes. Attachment A of this UIPL provides an overview of ICON HCTC transmission process.

SWAs will need to be prepared to make daily transmissions to the IRS of the lists of eligible TAA and ATAA/RTAA recipients through ICON, and SWAs must use the HCTC application for transmitting the monthly lists and providing any updates on a daily basis throughout the month. In order to be prepared to make such transmissions, SWAs must complete, by December 31, 2016, their HCTC application certification process, conducted by Xerox, before using the HCTC application for ongoing transmission of HCTC data through ICON to the IRS.

States may apply for HCTC Infrastructure Dislocated Worker Grants (HCTC Infrastructure DWGs) to cover administrative costs for activities described in this advisory; notifying workers, public education about the benefit, staff training, and outreach activities related to the reinstatement of the advance credit option of the HCTC program. Requests for up to \$500,000 per state will be accepted, and the Department expects that the majority of SWAs will request funds prior to the January 1, 2017, implementation date. If funding greater than \$500,000 is required, SWAs may submit a justification to the Department for consideration. The grant period of performance will be from the date of the award (no earlier than October 1, 2016) through December 31, 2019, or the total expenditure of the awarded funds, whichever is earlier. Quarterly financial and narrative reports will be required, as described below.

Applications submitted requesting funding for administrative costs in response to this UIPL must contain four separate and distinct parts: (1) SF-424 “Application for Federal Assistance;” (2) SF-424A Budget Information Form; (3) Budget Narrative; and (4) Project Narrative.

Examples of activities for which funding may be requested include (but are not limited to): 1) outreach to notify eligible individuals regarding the availability of the advance credit option of the HCTC program; 2) process improvements to ensure eligible TAA and ATAA/RTAA recipients are correctly identified; 3) development/implementation of information technology systems related to the requirements this advisory; and 4) HCTC staff training.

Electronic availability:

The grant funding under this UIPL is available on the grants.gov website. Based on DOL’s past experience, the Department anticipates 75 percent of responses will be submitted electronically.

Small Entities:

This information collection will not have a significant impact on a substantial number of small entities.

Assurances of confidentiality:

These grant solicitations do not offer applicants assurances of confidentiality.

Special circumstances:

This solicitation implicates no special circumstances.

Burden:

The DOL expects to receive approximately 54 applications from an equal number of respondents. The public reporting burden for this collection of information is estimated to average 20 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining needed data, and completing and reviewing the collection of information.

54 applications x 20 hours = 1080 hours

The DOL has increased the average hourly earnings in the professional and business services industry to \$30.56 per hour to monetize this burden. See The Employment Situation—May 2016, DOL, Bureau of Labor Statistics, http://www.bls.gov/news.release/archives/empsit_06032016.pdf at page 33.

1080 hours x \$30.56 = \$33,004.80

The DOL associates no other burden costs with this information collection. In addition to the application, each grantee will be required to submit quarterly financial, performance, and narrative reports to the ETA. Those information collection requirements will be cleared under a separate control number.

Total burden: 54 respondents, 54 responses, 1080 hours, \$0 other cost burden.

Supplemental Supporting Statement B: Statistical Methods

This information collection does not employ statistical methods.