

**SUPPORTING STATEMENT
EMPLOYMENT INFORMATION
FORMS WH-3 AND WH-3 SP
OMB Control No.: 1235-0021**

This ICR was previously submitted for renewal in 2013 and was approved for a three year extension with a current expiration date of December 2017. On July 6, 2015, the Department issued a Notice of Proposed Rulemaking (NPRM), Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees (80 FR 38516, July 6, 2015). The Department is publishing the Final Rule and therefore this package is being submitted in coordination with the Final Rule.

A. Justification

1. Circumstances Necessitating Information Collection

This information collection provides a method for the Wage and Hour Division (WHD) of the U.S. Department of Labor (DOL) to obtain information from complainants regarding alleged violations of the labor standards the agency administers and enforces. The law of most general application regarding wages and hours of work is the Fair Labor Standards Act (FLSA), 29 U.S.C. § 201 *et. seq.* FLSA section 11(a) provides that the Secretary of Labor may investigate and gather data regarding the wages, hours, or other conditions and practices of employment in any industry subject to the FLSA, and may enter and inspect such places and such records (and make such transcriptions thereof), question such employees, and investigate such facts, conditions, practices, or matters deemed necessary or appropriate to determine whether any person has violated any provision of the FLSA. 29 U.S.C. § 211(a).

Other Federal laws the WHD administers provide similar authority. These Acts include the: Walsh-Healey Public Contracts Act (41 U.S.C. § 38); McNamara-O'Hara Service Contract Act (41 U.S.C. § 353(a)); Davis-Bacon Act (40 U.S.C. § 3141 *et seq.*, pursuant to Reorganization Plan No. 14 of 1950, and Related Acts); Consumer Credit Protection Act (15 U.S.C. § 1676); Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. § 1862(a)); Employee Polygraph Protection Act (29 U.S.C. § 2004(a)(3)); Family and Medical Leave Act (29 U.S.C. § 2616(a)); Immigration and Nationality Act H-2A program (8 U.S.C. § 1188(g)); the Immigration and Nationality Act H-2B program (8 U.S.C. 1184(c)(14)(B) and the Immigration and Nationality Act H-1C program (8 U.S.C. § 1182(m)(2)(E)(ii)). The regulatory provisions authorizing the filing of complaints under these laws and how the agency acts upon the concerns can be found at 29 C.F.R. §§ 4.191, 5.6, 10.41, 500.1(e), 501.1(c), 501.5, 801.7(a)(3), 825.401; 41 C.F.R. § 50-201.1202; and 20 C.F.R. § 655.1200(b).

On March 13, 2014, President Obama signed a Presidential Memorandum directing the Department to update the regulations defining which white collar workers are protected by the FLSA's minimum wage and overtime standards (79 FR 18737, April 3, 2014). The Department issued an NPRM on July 6, 2015 (80 FR 38517). This package is being submitted in coordination with the Final Rule as the Department anticipates an increase in the number of complaints received by the Department following implementation of the Final Rule.

2. Use

WHD staff use Form WH-3 as a guide for obtaining optional information from complainants (e.g., current and former employees, unions, and competitor employers) about alleged employer violations of the labor standards provisions of the above-cited Acts. Complainants generally provide the optional information requested on the form to WHD staff over the telephone or in-person. Where the information provided does not support a potential WHD enforcement action, complainants are advised and referred to the appropriate agency for further assistance. When the WHD schedules a complaint-based investigation, the agency makes the completed Form WH-3 part of the investigation case file. The form is printed in both English and Spanish.

3. Technology

The DOL has considered developing an automated complaint system or making Form WH-3 available on the Internet and determined it would have a negative effect on the ability of the WHD to provide quality, timely service to potential complainants and be impractical to implement. The ability to screen complaints during the intake process is critical to effectively meeting the potential complainants' needs. Long experience has shown that well over half of the potential complainants contacting the WHD complain of problems that the WHD cannot resolve for a variety of reasons. These reasons include lack of a federal Wage Hour law covering their complaint, an employer not covered by federal Wage Hour laws, an employee exempt from otherwise applicable Wage Hour law provisions, violation(s) past the statute of limitations for WHD action, or the issues involved are better serviced by another federal or state agency.

Making the Form WH-3 available on the Internet and allowing submission of forms completed without WHD consultation would generate tens of thousands of complaints filed in the erroneous belief the WHD can help with a problem outside of WHD jurisdiction. These non-actionable complaints will require extensive WHD follow-up to secure additional information, or notification of complainants that they should have contacted another federal or state agency, or that WHD is unable to assist them with their problem. These individuals are better and more timely served through an initial, personal (by phone or in-person) consultation with the WHD. Potential complainants are encouraged to call (using a toll-free number) or visit the nearest WHD office in virtually all WHD compliance assistance materials, Web site programs, and guides.

Implementation of an automated complaint system using the WH-3 would be impractical given available technology and agency resources. An automated system would greatly decrease the quality of customer service provided to potential complainants while increasing the burden on the public (i.e., providing information where the WHD can provide no assistance).

4. Duplication

This information collection does not duplicate existing WHD requirements. No similar information is available from any other source, since the WHD has enforcement authority over the various labor standards laws previously identified. A separate statutorily mandated information collection, OMB Control No. 1205-0310, covers the filing of complaints under the H-1B program of the Immigration and Nationality Act, and this information collection does not duplicate that data.

5. Minimizing Small Entity Burden

While this information collection does not have a significant economic impact on a substantial number of small entities, it does infrequently involve small businesses, as in the case of competitor complaints. Form WH-3 provides an easy way for the WHD to obtain the information necessary to determine whether it is likely that a violation of the law has occurred and to schedule an investigation.

6. Consequence of Failing to Collect and Obstacles to Reducing Burden

Complainants are asked to provide information relevant to this information collection only when they seek WHD assistance in addressing one or more alleged labor standards violation(s); consequently, there is no way to request the information less frequently and still collect it. Complaints provide the basis for the overwhelming majority of WHD compliance actions, and the agency would lose an efficient and reliable tool for assessing violations were there no means to obtain information from complainants.

7. Special Circumstances

There are no special circumstances involved in this information collection.

8. Public Comments

On July 6, 2015, the DOL published a Notice of Proposed Rulemaking (NPRM, 80 FR 38517, July 6, 2015) in response to the President's Memorandum of March 13, 2014, directing the Department to update the regulations defining which white collar workers are protected by the FLSA's minimum wage and overtime standards (79 FR 18737, April 3, 2014). The NPRM sought public comments regarding this information collection and

the Department's estimated burdens and costs associated with this ICR. The Department received 132 comments regarding the NPRM but no comments about the information collection associated with complaints (which are the subject of ICR 1235-0021). The comments received relate to recordkeeping and costs associated with the NPRM. These are addressed under ICR 1235-0018.

Historical Public Engagement for Clearances .

On April 17, 2013, the DOL published a notice in the *Federal Register* proposing to extend the collection and seeking public comments regarding this information collection. 78 FR 22912. No comments were received.

9. Payment or Gifts to Respondents

The DOL offers no payments or gifts to respondents.

10. Assurances of Confidentiality

The DOL gives an assurance of confidentiality on the form, which provides that the agency will keep the respondent's identity confidential to the maximum extent possible under existing law. Information gathered during the course of an investigation of a complaint is disclosed only in accordance with the provisions of the Freedom of Information Act (FOIA), 5 U.S.C. § 552; the Privacy Act, 5 U.S.C. § 552a; and attendant regulations, 29 C.F.R. parts 70 and 71. The FOIA provides an exception from its disclosure requirements for records or information compiled for law enforcement purposes to the extent that release of the information could reasonably be expected to disclose the identity of a confidential source, including a State, local, or foreign agency or authority or any private institution that furnished information on a confidential basis. 5 U.S.C. § 552(b)(7)(D).

11. Sensitive Questions

These information collections ask no sensitive questions.

12. Estimated Annual Respondent Burden Hours

WHD estimates it annually receives about 35,350 complaints. The DOL anticipates the current Final Rule would result in an additional 2,017 complaints each year. The Department finds this estimate by utilizing the data from Table 32 of the economic analysis in the Final Rule. The Department estimates that in Year 1, 4.2 million EAP workers will be affected, in Year 2, 4.00 million EAP workers will be affected and in Year 3, 3.9 million workers will be affected. (See Table 35). The clearance cycle is a three year period. As a result, the Department has added the three years together and

divided by 3 to come up with an annual average of 4,033,333 affected employees. The Department took the resulting affected employees and multiplied by .05% to come up with the estimated number of additional complaints that will be received annually due to the Final Rule.

$$4,200,000 + 4,000,000 + 3,900,000 = 12,100,000$$

$$12,100,000/3 = 4,033,333$$

$$4,033,333 \times .05\% = 2,017 \text{ (rounded)}$$

This will total 37,367 responses (35,350 + 2,017 = 37,367) from an equal number of respondents. Agency experience also indicates a typical complainant spends about twenty minutes providing information needed to complete the Form WH-3 to WHD staff. This produces an annual respondent burden of 12,456 hours. 37,367 annual responses x 20 minutes = 747,340 minutes/60 min per hour = 12,456 hours..

Complainants alleging violations of WHD-enforced labor standards may be employees of any of a wide variety of businesses, from small farms or retail stores to large manufacturing plants. Absent specific wage data regarding complainants, the DOL has used the average hourly rate for all employees on private nonfarm payrolls for December 2015, of \$25.27 to estimate respondent costs. See *The Employment Situation, January 2016*, Table B-3, DOL, Bureau of Labor Statistics, <http://www.bls.gov/news.release/empsit.t19.htm>. .

The DOL estimates total monetized value of the burden hours to be \$314,763. (rounded). \$25.27 X 12,456 hours.

13. Estimated Annual Respondent Capital/Start-Up/Operation/Maintenance Costs

Because the WHD orally obtains the relevant information from the complainant and fills out the Form WH-3, complainants incur no costs, other than the value of their time, in filing a complaint. See Item 12.

14. Estimated Annual Federal Costs

The information collected to file a complaint is almost always taken via phone and entered directly into the WHISARD case tracking system utilized by WHD. However, on occasion, a paper form is used when the e-system is unavailable or in the case of emergency such as during Hurricane Katrina in New Orleans where investigators would be in the field collecting the data.

The DOL annually prints approximately 1,000 copies of this information collection, at the cost of \$45. 1,000 copies x \$0.045 per copy.

A GS 11, step 4 Investigator needs approximately 20 minutes to complete a Form WH-3 for the initial screening of the complaint, incurring a cost of \$389,001. (rounded) 37,367 forms (online and paper) x 20 minutes x \$31.23 per hour (GS 11, step4, Rest of U.S). See *Salary Table 2016*, Office of Personnel Management, <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2016/general-schedule/>. This is loaded into ROCIS for convenience as a supplementary document.

Approximately 25,000 responses require additional evaluation. In those cases, a GS 13, step 4 supervisor needs about 15 minutes to analyze each to determine whether a potential violation of the law exists, producing a cost of \$278,188. 25,000 forms x 15 minutes x \$44.51 per hour (GS 13, step4, Rest of U.S). *Id.*

TOTAL ESTIMATED ANNUALIZED FEDERAL COSTS = \$667,234. (\$45 + \$389,001 + 278,188).

15. Reasons for Program Changes or Adjustments Affecting Public Burdens

The pool of workers who are eligible for overtime pay has increased with this rulemaking. The Department estimates a slight increase in burden associated with a slight increase in complaints associated with this rulemaking.

16. Publishing Data From Information Collection

The DOL does not publish the results of this information collection.

17. Display of OMB Approval Expiration

The DOL does not seek an exception to the requirement to display the expiration date on this information collection.

18. Exceptions to Certification Statement

The DOL is not requesting an exception to any of the certification requirements for this information collection. This request complies with 5 C.F.R. § 1320.9.

B. Employing Statistical Methods

This information does not employ statistical methods.