**JUSTIFICATION FOR NON-SUBSTANTIVE CHANGE TO AN ALREADY APPROVED INFORMATION COLLECTION**

**OMB Control Number: 1205-0178**

**Title: Contribution Operations**

**BACKGROUND:**

Federal Law Section 303(k) of the Social Security Act (SSA) requires as a condition for states to receive administrative grants for its Unemployment Compensation (UC) program to establish procedures to identify State Unemployment Tax Act (SUTA) avoidance schemes.

State UI agencies report data on the ETA 581 report in order to measure performance, accuracy, and promptness in employer registrations, timeliness of filing contributions and wage reports by employers, collections (account receivable), and field of employers. Data on the report also measures state efforts to detect employer tax avoidance schemes, which includes SUTA Dumping. The Department uses the information reported on the report to monitor and measure program performance and make projections and forecasts in conjunction with the budgetary process.

**NON-MATERIAL CHANGE REQUEST:**

Based on lessons learned from the Department’s discussions with states, the current reporting format does not allow states to report SUTA avoidance schemes that do not meet the Federal definition of SUTA Dumping but pose the same threat to the UI program. These schemes are currently included in the count of successor employers. The inability to report the detection of all SUTA avoidance schemes related to successor employer determinations mutes the efforts of states’ engagement to assure accuracy in the assignment of experience rates, which is an essential element in trust fund management.

The Department is requesting approval of an additional non-substantive change to the ETA 581 report to incorporate the reporting of all SUTA avoidance schemes detected by the state during the report quarter. The non-substantive change is three additional fields that are a subset of item 17 of the current report. The proposed change will not increase the ETA 581 report’s burden hours. Further, it will appropriately address ETA Office of Inspector General audit findings and recommendations on states’ efforts to detect SUTA Dumping and SUTA avoidance schemes.

ETA seeks OMB’s approval of this non-material change.