

**SUPPORTING STATEMENT**  
**Fidelity Bonding Issuance**  
**OMB 1205-0NEW**

**A. JUSTIFICATION**

The Department of Labor (the Department), Employment and Training Administration (ETA) requests the Office of Management and Budget's approval of the reporting and recordkeeping requirements of the Fidelity Bonding Demonstration.

The Department's Federal Bonding Program (FBP) provides fidelity bonds that protect employers hiring at-risk job applicants from theft, forgery, or embezzlement by the employee. Although the bonds have primarily served offenders, any at-risk job applicant is eligible for bonding services, including: recovering substance abusers (alcohol or drugs); welfare recipients and other persons having poor financial credit; economically disadvantaged youth and adults who lack a work history; individuals dishonorably discharged from the military; and others. Over the years, the FBP has remained a relatively small program, currently serving about 900 offenders a year. The Department is now expanding the use of fidelity bonds in placing offenders by providing funds to states to purchase such bonds. The Department seeks approval under the Paperwork Reduction Act (PRA) for the reporting and recordkeeping requirements of this new demonstration project.

*1. 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.*

Under this demonstration, states may provide fidelity bonds to employers hiring ex-offenders. To put the bonding agreement into effect, the Fidelity Bonding Issuance Form will identify the name and address of the insured employer, the name and address of the offender being hired, the effective date of the bond, and the amount of coverage. The form also identifies the occupation, hourly wage, and hours per week of the job being provided; the employer type, industry, and number of employees of the firm; and the gender, race, and ethnicity of the offender being hired. The fidelity bonding demonstration grantees will also report a recidivism rate for participants enrolled in the Wagner-Peyser Employment Service. This information is necessary to provide the Department, Congress, and the public with an understanding of the quality and types of jobs in which participants are placed.

This demonstration is authorized under Section 169 of Title I of the Workforce Innovation and Opportunity Act (WIOA). Section 185 of WIOA broadly addresses reports, recordkeeping, and investigations across programs authorized under Title I of WIOA. The provisions of section 185:

- Require the Secretary to ensure that all elements of the information required for reports be defined and reported uniformly [section 185(d)(2)];

- Require that recipients of funds under Title I shall maintain such records and submit such reports in such form and contain such information as the Secretary may require regarding the performance of programs and activities carried out under Title I [section 185(a)(2)];
- Require that recipients of funds under Title I shall maintain standardized records for all individual participants and provide to the Secretary a sufficient number of such records to provide for an adequate analysis of the records [section 185(a)(3)];
- Specify that the reports shall include information about programs and activities carried out under Title I pertaining to:
  - relevant demographic characteristics (including race, ethnicity, sex, and age) and other related information regarding participants;
  - programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities;
  - outcomes of the programs and activities for participants, including the occupations of participants and placement for participants in nontraditional employment;
  - specified costs of the programs and activities; and
  - information necessary to prepare reports to comply with section 188 and 29 CFR Part 37.37 [(a-b),(d-e)]; and
- Require that all elements of the information required for the reports described in section 185(d)(1)(A-E) above are defined and uniformly reported.

This reporting is an administrative priority. President Trump announced the expanded Federal Bonding initiative in his 2019 State of the Union address. ETA anticipates being able to track this data beginning June 1, 2020.

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.*

In this new data collection, the Fidelity Bonding Issuance Form puts the bonding agreement into effect. If an employer makes a claim against the bond, the information on the form will confirm the individual covered by the bond, the name of the employer, the address to send the coverage amount, and whether the loss occurred during the coverage period of the bond. The information on the form relating to gender, race, and ethnicity of individuals hired; wages, weekly hours, and occupation of jobs being provided; and employer type, industry, and size of firms making use of these bonds will be used in monitoring the project and providing reports to Congress on the implementation of the project. Participants' annual recidivism rate for individuals enrolled in the Wagner-Peyser Employment Service will be used in monitoring the project and providing reports to Congress on the implementation of the project.

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.*

The information on the Fidelity Bonding Issuance Form submitted under this information collection request (ICR) will be collected electronically. Additionally, information on the recidivism rate will be collected through Wagner-Peyser administrative data collected in the participant's individual record layout (PIRL).

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 Fidelity Bonding Issuance Form does not duplicate any other data collection. Similar information is not available from other sources.

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

The Fidelity Bonding Issuance Form requires minimal input from employers. The form will be completed by the State Bonding Coordinator or designated American Job Center staff, and the employer will simply need to report to the job counselor the name and address of the firm; the contact person's name, address, and phone number; the wage, weekly hours, and occupation of the job being filled; and employer type, industry, and size of the firm. Employers will not collect information pertaining to the recidivism rate.

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.*

A fidelity bond cannot be issued without identifying the employer and employee being covered. If the additional information on the Fidelity Bonding Issuance Form is not collected, the Department will not be able to gather data to report to Congress the types of jobs being provided, the types of employers using the bonds, or the gender, ethnicity, and race of offenders placed through the bonds.

7. *Explain any special circumstances that would cause an information collection to be conducted in a manner that requires further explanation pursuant to regulations 5 CFR 1320.5.*

This request is consistent with 5 CFR 1320.5. Records for bonds purchased by states using DOL Fidelity Bonding grants will be retained for three years after the end of the grant to each state. Records of bonds purchased by states using funds other than DOL Fidelity Bonding Grants will be retained for three years after the end of the bond agreement.

8. *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.*

*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.*

*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.*

A 60-Day Notice for Public Comment was published in the *Federal Register* on 09-05-2019 (84 FR 46762). No comments were received.

9. *Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.*

There are no payments to respondents.

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

Respondents are provided with a privacy statement on the Fidelity Bonding Issuance Form. ETA is responsible for protecting the confidentiality of data collected and will ensure that the contractor maintains the data in accordance with all applicable federal laws, with particular emphasis on compliance with the provisions of the Privacy and Freedom of Information Acts. The contractor for the Federal Bonding Program will be responsible for the security of the information on the Fidelity Bonding Issuance Form for those bonds purchased through their contract with the Department. States that choose not to purchase bonds through the FBP contractor will retain the Federal Bonding Issuance Form and will be required to secure all information. As a safeguard measure, any information that is shared or made public by ETA is aggregated at the state and/or national level and does not reveal personal information on specific individuals.

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.*

This Fidelity Bonding Issuance Form does not include any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, or other matters that are commonly considered private. Two states have expressed concerns with the collection of data on the gender of an individual. In most cases the data on the Fidelity Bonding Issuance Form is reported over the

telephone to the State Employment Service by the employer being covered by the bond. Massachusetts, in particular, prohibits the collection of data in which gender is identified by persons other than the individuals themselves. We have allowed the option on the form for “Did Not Self-Identify” specifically for the gender question and we will also make gender an optional, rather than required, response. We have also received some questions on why we were requesting information on ethnicity and race, and, in response, we will also make these items optional responses.

12. *Provide estimates of the hour burden of the collection of information.*

The annual national burden for the Fidelity Bonding Issuance Form includes the time it will take the State Bonding Coordinator or designated American Job Center staff to complete the form; the time it will take employers to report to the State Bonding Coordinator or American Job Center staff the name and address of the firm, the contact person’s name and telephone number, the wage, weekly hours, and occupation of the job being filled, and the employer type, industry, and size of the firm; and the time it will take individuals being placed to report their address, gender, race, and ethnicity. The recidivism rate will come from Wagner-Peyser Employment Service administrative data.

The Department has awarded grants of \$100,000 to 24 states to be spent over four years. This amounts to \$600,000 to be spent annually each of the four years. Bonds may be issued in increments of \$100, providing coverage of \$5,000, with the amount of coverage provided depending on the individual circumstances of the employer and the individual being hired. The number of bonds issued each year will depend on the proportion of bonds issued at higher than the minimum amount of coverage. If a higher number of bonds are issued at a higher coverage level, this will reduce the total number of bonds issued each year, based on the available funding. The Department cannot predict what proportion of bonds will be provided for higher than the minimum amount of coverage. However, even if every bond was issued at the minimum amount of coverage, the number of bonds issued each year would not be more than 6,000. The annual responses below represent the highest number of responses expected by State Bonding Coordinators or designated American Job Center staff, employers, and individuals being placed each year.

Activity	Number of Respondents	Frequency	Total Annual Responses	Time per Response (in hours)	Total Annual Burden Hours	Hourly Rate*
Burden on State Bonding Coordinators or Designated AJC Counselors for Data Collection and Submission	6,000	1	6,000	.10	600	\$31.75

Burden on State Bonding Coordinators or Designated AJC Counselors for Recordkeeping	6,000	1	6,000	.10	600	\$31.75
Burden on Employers	6,000	1	6,000	.07	420	\$23.25
Burden on Individuals Placed	6,000	1	6,000	.03	180	\$7.25
Unduplicated Total	6,000		24,000	-	1,800	-

\*Hourly rates used to calculate burden costs for State Employment Service staff are based on the average hourly earnings of state and local government employees in the March 2019 Bureau of Labor Statistics table available at <https://www.bls.gov/news.release/ecec.t03.htm>. Hourly rates used to calculate burden costs for private employers are based on the average hourly earnings for private sector employees listed in the March 2019 Census Bureau’s Current Employment Statistics Survey available at <http://www.bls.gov/web/empsit/ceseeb8a.htm> and information from private Human Resource Officers. The Federal Minimum Wage is used to estimate the burden costs of individuals being placed. There is no burden added in calculating the recidivism rate since this was already accounted for in the Wagner-Peyser ICR.

13. *Provide an estimate of 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 shown in Items 12 and 14).*

**a) Start-up/capital costs:** Most states already have procedures in place for coordinating with the Federal Bonding Program to issue bonds. However, the 24 states awarded the Fidelity Bonding Grants will have a significant increase in the number of bonds that they issue each year, which may require some minor software development for transmitting employer information from local job counselors to the state bonding coordinator. We estimate that this could require 120 hours of development at the above quoted wage rate of state government employees of \$31.75 an hour, or \$3,812 per state or \$91,940 across all 24 states.

**b) Annual costs:** There will be no additional annual costs to respondents.

14. *Provide estimates of annualized cost 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. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.*

The annual cost paid by the Department for the contractor to administer the Federal Bonding Program is \$127,000. This includes \$100,900 in labor costs made up of 630 hours for the project manager at \$60 an hour for a total of \$37,800, 580 hours for the assistant project manager at \$55 an hour for a total of \$31,900, and 780 hours by the administrative assistant at \$40 an hour for a total of \$31,200. It also includes \$10,000 for hosting and maintaining the on-line bond purchasing and issuing system, \$8,000 in travel, and \$8,100 in other direct costs. Additionally, the Department paid the contractor \$12,000 of upfront programming time to add the additional data items requested in this ICR to the bond issuing form that had been used for the existing Federal Bonding Program, annualized to \$3,000 per year, and 400 hours of contractor staff time each year, amounting to \$16,000 in staff time and \$4,000 in overhead to maintain the system. The annual cost of Federal staff overseeing the Federal Bonding Contractor, providing technical assistance to states, and analyzing quarterly reports on the number of bonds issued by states and the characteristics of jobs held by persons covered by the bonds is estimated to be \$23,984, based on 800 hours at the 2020 OPM Federal Pay Scale for a GS-11 employee of \$29.98 an hour.

15. *Explain the reasons for any program changes or adjustments.*

This is not applicable as this is a new data collection.

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.*

The information collected under this ICR will be tabulated to show the number of fidelity bonds provided by this demonstration; the median wage, hours per week, and occupation of the jobs provided with the help of the bonds; and the industry, number of employees, and the employer type covered by the bonds. Participants' annual recidivism rate for individuals enrolled in the Wagner-Peyser Employment Service will be tabulated. This information may be included in reports to Congress on WIOA demonstration programs and on the Department's website. No complex analytical techniques are contemplated. The Department anticipates beginning the collection in 2019 and will publicly share data tabulations starting in approximately late 2020, continuing for the four-year planned duration of the demonstration.

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.*

The Department is not seeking approval to conceal the OMB Expiration Date.

18. *Explain each exception to the topics of the certification statement identified in “Certification for Paperwork Reduction Act Submissions,”*

No exceptions are requested in the “Certification of Paperwork Reduction Act Submissions.”

## **B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

This information collection request does not contain statistical methods.