

SUPPORTING STATEMENT A
U.S. Department of Commerce
U.S. Census Bureau
Longitudinal Employer-Household Dynamics (LEHD)
OMB Control No. 0607-1001

Abstract

The purpose of this data acquisition is to meet the broad objectives of the Longitudinal Employer-Household Dynamics (LEHD) program and research. The LEHD program aims to improve the labor market data infrastructure and prepare products for better understanding of the dynamics of the U.S. labor market. This research will provide important data to support Census Bureau programs including the Master Address File, current demographic and economic survey and census operations, the Intercensal Estimates Program's population and housing estimates, and related census and survey program improvements. The Census Bureau enters into agreements with individual states, the District of Columbia, and eligible U.S. territories respectively to share data under the Local Employment Dynamics (LED) partnership. Under these agreements, the State Agency supplies specific historical and ongoing administrative records on workers and employers (LEHD data) to the Census Bureau. In return, the Census Bureau integrates the state data with other data sources to build a longitudinal data infrastructure and produce new and previously unavailable data about the dynamics of local employment and locations of jobs and workers. The integration of the LEHD data files and these Census Bureau programs is essential for the production of current and future LEHD products.

Justification

- 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.**

A 21st century statistical system must provide information about the dynamic economy quickly, using data assets efficiently while minimizing the burden of collecting and providing data and fully preserving confidentiality. The Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) program has demonstrated the power and usefulness of linking multiple business and employee data sets with state-of-the-art confidentiality protections to build a longitudinal national frame of jobs.

The authority to conduct the LEHD program is 13 U.S.C. Section 6. Of course, confidentiality is assured by 13 U.S.C. Section 9. This program supports the Department of Commerce plan to improve American competitiveness and measures of innovation. It provides federal, state, and local policymakers and planners, businesses, private sector decision makers, and Congress with

comprehensive and timely national, state, and local information on the dynamic nature of employers and employees. The LEHD program significantly reduces the overall effort for the generation of its quarterly data product by:

- Leveraging existing federal administrative and state data
- Avoiding costs required to expand existing surveys to collect the information directly
- Reducing respondent burden by limiting the number of required resources to just the owners of the required data

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.

The LEHD program is the result of the Local Employment Dynamics (LED) partnership between the US Census Bureau and the Labor Market Information (LMI) agencies from 50 states, the District of Columbia, and the territories of Puerto Rico, Guam and the Virgin Islands. This partnership supports the development, promotion, and distribution of the following data products:

- QWI Public Use - The flagship data product of the LEHD program is the QWI Public Use which provides 32 statistical indicators such as those on employment, job creation and destruction, accessions (e.g., hires and recalls), and separations (e.g. exits and layoffs). These statistics are released for the following by-groups for all quarters for which data are available for each partner state:
 - County, metropolitan, and workforce investment area
 - Age, sex, race, and ethnicity categories
 - Detailed industry (i.e., type, firm age, firm size)
- LEHD Origin Destination Employment Statistics (LODES) - LODES data provide detailed spatial distributions of workers' employment and residential locations and the relation between the two at the Census Block level. LODES also provides characteristic detail on age, earnings, industry distributions, and local workforce indicators.
- Job-to-Job Flows (J2J) - Job-to-Job Flows (J2J) is a new set of statistics on worker reallocation in the United States constructed from the LEHD data. The initial release of national data distinguishes hires and separations associated with job change from hires from and separations to non-employment. Future releases will be published at more detailed levels of aggregations, and will tabulate the origin and destination job characteristics of workers changing jobs.
- Post-Secondary Employment Outcomes (PSEO) is an experimental set of statistics on the

earnings and employment outcomes of graduates of select post-secondary institutions in the United States, and is constructed using LEHD data. Earnings Outcomes reports earnings by institution, degree field, degree level and graduation cohort for 1, 5 and 10 years after graduation. Employment Flows tabulations provide the destination industry and geography of employment for graduates of an institution by degree level, degree field, and graduation cohort, for one, five, and 10 years after graduation. A limited number of institutions are available as part of the pilot release, but future updates will include additional post-secondary institutions.

These data products highlight state and local labor market dynamics that cannot be learned from other statistical sources and are therefore used in many different arenas. For example, the QWI can be used as local-labor-market controls in regression analysis; to identify long-term trends; to provide local context in performance evaluations, and a host of other applications. Additional indicators will be developed as the program expands. Measures of individual earnings dynamics across consecutive quarters are already in the internal system but have not been released. Additional indicators of cross-state flows and interindustry mobility are in development.

"Information quality is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to the information collections conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act."

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 data products created by the LEHD program are not generated by a traditional survey. Rather, all data required is collected electronically as follows:

- State Unemployment Insurance (UI) and Quarterly Census of Employment and Wages (QCEW) are provided via secure File Transfer Protocol (FTP) where each state LMI agency sends these data directly to the Census Bureau. This transfer of data is governed by a Memorandum of Understandings (MOUs) with each state partner.
- Federal and Census Administrative data are acquired from other directorates or divisions within the Census Bureau where an internal agreement has been established for the use of the data.
- Public Use data sets are acquired from public source websites or public FTP servers.

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 Question 2.

The LEHD program is not directly responsible for the collection of the information provided in the various data files used to create our data products. Therefore, our activities generate no duplication.

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

The key requirement for the development of the QWI infrastructure and public use data products is not to burden respondents to participate in a traditional survey. As such, the collection of the required data has no impact on the day-to-day operations of a small business.

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.

As noted, we rely on data that have already been collected for other administrative purposes. Because these source data are updated quarterly, the QWI data products are designed for quarterly output. Specifically, the LEHD infrastructure and its data products use these quarterly data to portray the most recent information in employer/employee dynamics as well as an evolving history of this interaction.

Collection of data on a quarterly basis is a generally accepted statistical practice. The quarterly nature of our core data allows for more meaningful statistics to be made available to the public. Changing the frequency of obtaining these data from state partners will not impact the frequency of collection by states (as law requires the quarterly collection of Unemployment Insurance information) but will decrease the usefulness of data products we produce using these administrative data. It could also put at risk the analysis that is currently being performed by those relying on the quarterly LEHD statistics.

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

There are no special circumstances for the collection of the required input data sets.

8. If applicable, provide a copy and identify the date and page number of publications 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.

On September 25, 2020 the general public and other Federal agencies were, via the Federal Register (Citation Number: 85 FR 60418), invited to provide comments regarding the LEHD program, its methods for collection of required data, and efforts to be in compliance with the Paperwork Reduction Act of 1995.

This notification can be found at;

<https://www.federalregister.gov/documents/2020/09/25/2020-21233/agency-information-collection-activities-submission-to-the-office-of-management-and-budget-omb-for>

Comment period closed on November 24, 2020. No substantive comments were received.

The LED partnership, as described in Section 2 of this document, is governed through a steering committee which is made up of regional representatives of all state partners and subject matter experts from the LEHD program (i.e., administration, project management, research, and dissemination). It is through this committee that the following occurs:

- Recommendations for and evaluations of new data products
- Recommendations for and evaluations of enhancements to the current data products
- Consultation on and review of changes to the data products
- Consultation on promotion of training on the data products and supporting web applications
- Consultation on the planning and execution of the annual LED Partnership Workshop which provides a venue to promote use of the data products and supporting web applications

The LEHD program also gains input on its data products by regular consultations with the academic community and other Federal agencies.

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

No payment is made to any agency which provides data to the LEHD program.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.

All tabulations from the LEHD data may be released only if they follow a procedure approved by the U.S. Census Bureau's Disclosure Review Board (DRB), the primary body governing the release of any public use data. The partnership MOUs also specify guidelines governing the release of data at the state or sub-state level, such as a requirement of state approval for use of their data for specific research projects. There are, broadly, two types of activities that require researchers to go

before the DRB which are:

- Regular production of one of LEHD’s data products such as the Quarterly Workforce Indicators, OnTheMap/LEHD Origin-Destination Employment Statistics (LODES), etc. For these, procedures are approved in advance of the regular production of the statistical data product. The data product is approved for release thereafter provided the protocols the DRB approves are followed.
- Published tabular summaries of linked employer-employee data usually use a job frame (e.g., statutory employer linked to a specific employee) but include characteristics of both the individual (employee) and workplace (employer establishment). Formal privacy protection of these characteristics requires identifying the sensitivity of the published statistic to variation in a single individual or a single workplace (establishment).

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior or 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 LEHD program only uses administrative data that have been compiled by other Federal and State agencies. As such, no questionnaire is used that would contain any sensitive questions.

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

The Program’s use of administrative data was designed to minimize the level of effort (LOE) by partner agencies when providing their data. Some of the data sets used are from public sources or from within the Census Bureau. Loading of these data sets is accomplished by employing commercially available technology for secure file transfer. The amount of time needed to collect and transfer data from state partners is also small. It is estimated that the LOE needed for this transfer is less than 8 hours per state partner per quarter. However, additional effort may be necessary by a state agency when there is a discrepancy such as an incorrect address or a missing observation in the data set that needs correction. In this case, the LEHD analysts work with the sending agencies to evaluate the error and, if necessary, provide a recommended method for remediation.

Overall, we estimate that the total number of annual burden hours to be approximately 1,728 hours. This estimate is based on the following:

- Each LED partner (54) will spend an average of 8 hours per annual quarter to prepare and send their data to the Census Bureau as well as resolve any data quality issues (i.e., resending of data). This would be approximately 1,728 hours.

Information	Type of	# of	Annual # of	Total # of	Burden	Total Annual
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Collection Instrument	Respondent (e.g., Occupational Title)	Respondents (a)	Responses/ Respondent (b)	Annual Responses (c) = (a) x (b)	Hours/ Response (d)	Burden Hours (e) = (c) x (d)
MFT	State Employee	54	4	216	8	1728
Totals				216		1728

Type of Respondent/ Occupational Title	Number of Respondents	Number of Responses per Respondent	Average Burden per Response	Hourly Wage Rate*	Total Burden Costs
State Employee	54	4	8	\$43.47	\$75,116
Total	--	--	--	--	\$75,116

* May 2019 National BLS Occupational Employment Statistics, Mathematical Science Operations (15-2000), median hourly wage, https://www.bls.gov/oes/current/oes_nat.htm.

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).

Cost of respondent's time is minimal as the effort for moving data onto appropriate agency data sharing servers and uploading of data to Census secure servers is fairly automated.

14. Provide estimates of annualized cost to the Federal government.

The estimated costs to generate the LEHD infrastructure files and subsequent data products are best defined in the following table:

Staff	Grade/Step	Salary	Fringe (if applicable)	% of Effort	Total Annualized Cost to Gov't
Federal Oversight					
QWI Infrastructure - 9 FTEs	Varies	\$110,000 (avg)		100%	\$990,000
QWI - 1.5 FTEs	Varies	\$95,000 (avg)		100%	\$142,500
LODES - 2 FTEs	Varies	\$110,000 (avg)		100%	\$220,000
Job-to-Job Flows - 4 FTEs	Varies	\$110,000 (avg)		100%	\$440,000
PSEO - 2 FTEs	Varies	\$120,000 (avg)		100%	\$240,000
Contractor Cost (labor)					
Per executed contract					\$460,000
Contractor Cost (Non-labor)					
Total Cost to the Government					\$2,492,500

15. Explain the reasons for any program changes or adjustments reported in ROCIS.

Since the LEHD program uses administrative data and the process for the access to this data is a standard process, there are no real or significant changes to time required by a respondent (i.e., more or less burden than what was originally planned) to provide the required data. In order to promote participation by the state partners, the LEHD program continues to review and employ methods that would reduce the burden for providing the required data.

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 LEHD data products and supporting web applications are for public use and can be accessed from the LEHD website; <https://lehd.ces.census.gov>.

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.

As the LEHD program is not a traditional survey which requires extensive development of various documents (e.g., respondent survey), the program is requesting OMB approval for permission to suppress the expiration date as there are no specific documents to which this information is attached.

18. Certification for Paperwork Reduction Act Submission

The agency certifies compliance with 5 CFR 1320.9 and the related provisions of 5 CFR 1320.8(b)(3).