

## **SUPPORTING STATEMENT FOR CONTRIBUTION OPERATIONS**

### **OMB CONTROL NO. 1205-0178**

The Department of Labor (Department), Employment and Training Administration (ETA) is submitting an extension without change of the Contribution Operations (ETA 581).

#### **A. 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.**

Title III, Section 302(a) of the Social Security Act states that the Secretary of Labor shall certify to the Secretary of Treasury for payment to each State, which has an unemployment compensation law approved by the Secretary of Labor under the Federal Unemployment Tax Act, such amounts necessary for the proper and efficient administration of such law. Section 303(a) (6) states that the Secretary of Labor shall make no certification for payment to any State unless she/he finds that the law of such State, includes provision for – “The making of such reports in such form and containing such information, as the Secretary of Labor may from time to time require, and compliance with such provision as the Secretary of Labor may from time to time find necessary to assure the correctness and verification of such reports.”

The reporting items, definitions, due date, etc., pertaining to the ETA 581 are included in Section II, Chapter 2 of ET Handbook No. 401. ET Handbook No. 401 serves as the operations and reporting guidelines for State Workforce Agencies (SWAs).

The Office of Unemployment Insurance (OUI) of the Employment and Training Administration (ETA) has responsibility for the Tax Performance System (TPS)<sup>1</sup> which evaluates the employer-related or tax operations of the UI program. The Contribution Operations report - ETA 581 is the vehicle for the collection of information required under the TPS program.

**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 ETA 581 is a comprehensive report of each state’s UI tax operations and is essential in providing quarterly tax operation performance data to DOL/ETA/OUI, the source of grants

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<sup>1</sup> Tax Performance System, 1205-0332, expiring November 30, 2021

funding authority. Currently, the Division of Unemployment Insurance Operations, the Division of Performance Management, and the Division of Fiscal and Actuarial Services use this information in monitoring and measuring program performance and making projections and forecasts in conjunction with the budgetary process.

Using ETA 581 data, the “Computed Measures” function under the TPS program measures performance, accuracy, and promptness in employer registration (status determination), timeliness of filing contribution and wage reports, collections (accounts receivable), and the field audit function. Data on the ETA 581 also measures state efforts to detect employer tax avoidance schemes, which is known as State Unemployment Tax Act (SUTA) Dumping. Section 303(k) of the Social Security Act requires states to detect SUTA Dumping.

**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.**

States may use any information technology available to produce the ETA 581 report in its proposed form. The report data is submitted by electronic transmission. This method is timelier and allows for some immediate feedback to states on the information entered, and facilitates the transfer of the data into a national UI computer database.

**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 A.2 above.**

We are not aware of duplication of the data.

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

The collection of information does not involve small businesses or other small entities. Data collection and report submittal is by state agencies only.

**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.**

If ETA 581 data were not collected, there would be no basis for determining the adequacy of funding states’ UI tax operations or measuring the performance and effectiveness of such operations. These are required functions under the Federal-State UI program. If information on receivables were not collected, state, DOL, and U.S. Treasury financial statements would be inaccurate. Furthermore, accurate accounting of receivables is

requisite for operating a unified, modified accrual system for the Unemployment Trust Fund (UTF) accounting.

Collection of information must be quarterly because these data are used for budget allocation, administrative functions and performance monitoring.

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

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.5.

**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.**

In accordance with the Paperwork Reduction Act of 1995, the public was allowed 60 days to comment through the Federal Register Notice posted on October 26, 2020 (85 FR 67776). No public comments were received.

OUI has consulted extensively with all major stakeholders, both formally and informally, at various stages in the design and development of the TPS. TPS data on the ETA 581 is included in the basic design and development of the program.

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

No payment or gift has been provided to respondents.

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

The ETA 581 contains no personal or confidential data. Organizations (state agencies) are identified by name and code on the quarterly report.

**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.**

The ETA 581 collects no information considered sensitive as described under the instructions for this section.

**12. Provide estimates of the hour burden of the collection of information. The statement should:**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

Collection of ETA 581 information is an on-going operation. The report for each quarter is due in the ETA National Office on the 20<sup>th</sup> day of the second month following the quarter to which it relates, i.e., May 20, August 20, November 20, and February 20. Each of the fifty-three (53) SWAs – including the District of Columbia, Puerto Rico, and the Virgin Islands – submits a Form ETA 581.

**Estimated Annualized Respondent Cost and Hour Burden**

Activity	No. of Respondents	No. of Responses per Respondent	Total Responses	Average Burden (Hours)	Total Burden (Hours)	Hourly Wage Rate	Total Burden Cost
ETA 581	53	Quarterly	212	7.5	1,590	\$52.20	\$82,998

*\*Source: The hourly rate is computed by dividing the FY 2021 national average PS/PB annual salary for state staff as provided for through the distribution of state UI administrative grants ([https://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=5168](https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5168)) by the average number of hours worked in a year (1,711). For FY 2021, this calculation is: \$89,306 / 1,711 = \$52.20.*

**13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).**

- **The cost estimate should be split into two components: (a) a total capital and start up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of service component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

Since this is an established report, there are no start-up costs.

The ability to access data via computer terminals has eliminated unnecessary computer printouts. The electronic submittal of data from the SWAs to DOL has eliminated data entry and clerical costs.

**14. Provide estimates of the 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), 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 into a single table.**

The cost to the Federal government cannot be estimated. Data is generally entered by the states and electronically transmitted to the National Office, along with other required reports, where it is immediately available for use.

*Although no staff is required to process this report, ETA has budgeted \$1,055,487.22 in fiscal year 2021, to operate and maintain the Unemployment Insurance Required Reports system. Including the subject ICR, this system supports 30 information collections. For administrative purposes, each information collection is assumed to contribute an equal share of the cost for supporting the entire system; therefore, the cost allocated to this ICR is estimated to be \$35,182.91 (\$1,055,487.22 system cost/30 information collections).*

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

No changes or adjustments to the program.

**16. For collections of information whose results will be published, outline plans for tabulations, 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.**

ETA 581 data is not published.

**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.**

ETA will display the OMB expiration date.

**18. Explain each exception to the certification statement.**

There are no exceptions.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS.**

This information collection does not employ statistical methods.