

SUPPORTING STATEMENT FOR OMB CLEARANCE OF THE  
ETA 205 - PRELIMINARY ESTIMATES OF AVERAGE EMPLOYER TAX RATES

A. Justification

1. Circumstances that Necessitate Collection. This collection is authorized under the Social Security Act, section 303(a) (6) and is necessary under the Federal Unemployment Tax Act, section 3302(d)(7). This information is gathered from the State Workforce Agencies (SWAs) each year to track changes in the taxing levels of the SWAs and their relative ranking. The data already exists in the SWAs and no additional effort is required to obtain it.
  
2. How, by Whom, and Use of the Collection. Section 3302(d)(7) of the Federal Unemployment Tax Act (FUTA) requires the Secretary of Labor to notify "the Secretary of the Treasury before June 1 of such year, on the basis of a report furnished by such state to the Secretary of Labor before May 1 of such year" of the differences between the average tax rate in a state and 2.7 percent (i.e., section 3302(c)(2)(B) or (C)). (See attached sections.)

This report gives the average tax rate required for this comparison. This is used to assure states will not lose their additional offset credit and assure provisions of the Tax Equity and Fiscal Responsibility Act (P.L. 97-248), section 281, have been implemented by the states. Verification of this is needed each year since all tax schedules in all states have not been so amended.

3. Use of Automation. The data is already available in states and is submitted electronically. States are encouraged to use any technology that will make their job easier. The electronic entry screen allows for entry of the two required items for the current year. It also displays what was entered for the two prior years and allows updates to those years if needed.
  
4. Duplication. The numerator and denominator from which the tax rates could be computed are reported on two other separate reports (ETA 204 OMB 1205-0164, expiration date 03/31/2009) and ES 202) along with other data. But, submission of these reports is later and would not be timely for the required submission to the Secretary of the Treasury in May. In the case of the ETA 204, data for most states are due June 30, while data from the ES 202 is due to the Bureau of Labor Statistics May 31 and the processed data is not available until the end of June or the beginning of July. Tax rate tables are not required to be sent in anywhere else.

5. Small Business. This collection does not involve small businesses.
6. Consequences of Not Collecting. Without this collection, the Secretary of Labor could not fulfill his/her obligations under the law and our abilities to aid states in a timely manner would be impeded.
7. 5 CFR 1320.5. Annual collection is consistent with 5 CFR 1320.5.
8. Consultation. In accordance with the Paperwork Reduction Act of 1995, the public was allowed 60 days to review and comment through the Federal Register Process. The Notice was published in the Federal Register in Volume 71, Number 183, on September 21, 2006. One comment was received: The Kansas Department of Labor wrote in support of the collection.
9. Remuneration. There is no remuneration.
10. Confidentiality. ETA 205 reports contain no personal or confidential data. Organizations (state agencies) are identified by name and report the rate on an annual basis.
11. Sensitive Questions. The information contained in this report does not involve questions of a sensitive nature.
12. Burden. Respondents are the 53 SWAs. Data is already available in the states so burden consists only in the time it takes SWAs to retrieve the data from their systems, key the two to six numbers into the electronic reporting system, activate the transmission, and mail in a copy of their tax schedules. (No additional burden is being reported for the three states who would key one more number into the comments section for employee taxes.) We estimate, on average, this takes 15 minutes per SWA. This makes an annual burden of 14 hours.

53 SWAs X 15 min. X 1 per year = 14 hours

The cost of assembling the reports is estimated to be \$501 per year. This estimate is arrived at by multiplying the annual burden hours by the FY 2006 average hourly wage for state workforce agency staff as follows:

14 hours x \$35.77 = \$500.78.

However, the federal government pays the salaries of the state staff, so there is no direct cost to the state.

13. Cost Burden. There are no other costs involved other than mentioned in item 12.
14. Annualized Cost to the Federal Government. Data for this report is only part of an electronic entry, transmission and storage system that houses all state submitted data as well as other data needed to run the Unemployment Insurance program. Costs cannot be broken out for any specific report.
15. Burden Change. There is no change in burden. However, as part of the previous submission, the total number of respondents was inadvertently cited as 1 instead of 53 respondents.
16. Publication. Data collected is published annually in combination with other data.
17. Display of OMB Expiration Date. ETA will display the OMB control number and expiration date on the ETA 205 hard copy form and inform state workforce agencies of OMB approval via the issuance of a UI Program letter. In addition, a listing of current OMB control numbers and expiration dates are displayed within the UI required reports system.
18. Exceptions to Certification Statement. There are no exceptions.

B. This collection does not employ statistical methods.