

**SUPPORTING STATEMENT FOR
PAPERWORK REDUCTION ACT SUBMISSIONS
ETA-227, OVERPAYMENT DETECTION/RECOVERY ACTIVITIES**

A. JUSTIFICATION

1. Circumstances That Make Collection Necessary. This reporting requirement emanates from both a legal basis and from a program operational need.

a. Legal Basis. Section 303(a)(1) of the Social Security Act requires a State's Unemployment Insurance (UI) law to include provisions for:

"Such methods of administration ... as are found by the Secretary of Labor to be reasonably calculated to insure full payment of unemployment compensation when due..."

Section 303(a)(5) of the Social Security Act (copy attached) further requires a State's UI law to include provisions for:

"Expenditure of all money withdrawn from an unemployment fund of such State, in the payment of unemployment compensation..."

Section 3304(a)(4) of the Internal Revenue Code of 1954 provides that:

"all money withdrawn from the unemployment fund of the State shall be used solely in the payment of unemployment compensation..."

The Secretary of Labor has interpreted the above sections of Federal law in Section 7511, Part V, ES Manual (copy attached) to further require a state's unemployment compensation (UC) law to include provisions for such methods of administration as are, within reason, calculated (1) to detect benefits paid through error by the state UC agency or through willful misrepresentation or error by the claimant or others, (2) to deter claimants from obtaining benefits through willful misrepresentation, and (3) to recover benefits overpaid under certain circumstances.

b. Program Operational Need. Form ETA 227 is used to determine whether state UC agencies meet the requirements of the Secretary's interpretation of the Federal laws above, and to measure state UC agencies' performance for benefit payment control (BPC). It is the only source for obtaining the necessary data. The data reported on the form includes both intrastate and interstate claims for the regular State UI program, the unemployment compensation for Federal Employees (UCFE) program and the unemployment compensation for Ex-Servicemembers (UCX) program. This request for approval to revise and extend the present reporting requirement for another 3 years is necessary since there are no other reports that contain these data.

c. Changes. None.

2. Use of Information. The ETA-227 contains data on the number and amounts of fraud and nonfraud overpayments established, the methods by which the overpayments were detected, the amounts and methods by which overpayments were collected, the amounts of overpayments waived and written off, the accounts receivable for the overpayments outstanding, and data on criminal/civil actions.

These data are gathered by 53 state workforce agencies and reported to the U.S. Department of Labor (USDOL) following the end of each calendar quarter. Annual data is compiled and analyzed to determine the effectiveness of the controls in place for preventing, detecting, and recovering benefit overpayments and to plan and budget this vital program function.

3. Use of Information Technology for Information Collection. States have been reporting this data electronically to the USDOL for a number of years. This electronic reporting ensures a timely submission of this data directly to the USDOL database. On an exception bases (hardware or software problems), state workforce agencies may transmit hard paper copy.
4. Duplication/Availability of Similar Information. There is no similar information available that can be used or modified that can furnish the overpayment detection/recovery data on the Form ETA-227 nor that would provide an adequate substitute.
5. Collection of Information Involving Small Business. The data collected from this reporting requirement does not involve small business or other small entities.
6. Program Consequences of Not Collecting or Collecting Information Less Frequently. The ETA-227 report is used by the states to summarize the results of BPC activity. This information is not captured elsewhere. The report provides critical information on the results of BPC investigations of specific overpayments that have been identified and overpayments collected. Such information allows state and federal management to evaluate the effectiveness of the principal integrity functions in the UI program and assess whether they have deployed their BPC resources effectively.

Any less frequent collection of these data would weaken the Department's ability to provide timely information for program managers within the state workforce agencies and the USDOL staff charged with ensuring that the Secretary's responsibilities are carried out.

7. Special Circumstances. There are no special circumstances that would require the collection of this information to be conducted in a manner that is not consistent with the guidelines contained in 5 CFR 1320.5.

8. Consultation with Others Federal Register Notice. In accordance with the Paperwork Reduction Act of 1995, the public was allowed 60 days to review and comment through the Federal Register Process. ETA 227 Overpayment Detection/Recovery Activities was posted on the Federal Register, Vol. 74, page 44385, on August 28, 2009. No comments were received.
9. Payments/Gifts to Respondents. No payments or gifts were made to any respondents.
10. Assurance of Confidentiality Provided Respondents. Assurance of confidentiality is not necessary for this report since only cumulative data is reported.
11. Sensitive Nature of Information. The information contained in this report does not involve questions of a sensitive nature.

12. Estimated Annual Burden Hours and Cost for Collection. All states use this report as a part of their normal data processing operations. Based on previous experience and ad-hoc conversations with state personnel, it is estimated that it takes state agencies 2,968 hours per year to run a retrieval program, review the results and transmit the results through the electronic reporting system. Following is the calculation:

Number of respondents -- states		53
Frequency of report -- quarterly		<u>4</u>
Total number of responses	(53 x 4)	212
Estimated hours per state per report		<u>14</u>
Annual burden hours	(212 x 14)	2,968
Average hourly wage		<u>\$32.50</u>
Annual cost burden	(2,968 x \$32.50)	\$96,460

13. Estimate of Total Annual Cost Burden to Respondents. None. This, and all other reporting for Unemployment Insurance, is paid for by monies allocated to states for administration. There are no breakouts for specific reports. This is a well established report so there is no start-up costs associated with this data collection.
14. Estimate of Annualized Cost to the Federal Government. This data is submitted electronically by States and stored on a USDOL owned computer system along with many other reports. There are no additional Federal costs to process this report.
15. Changes in Burden. There are no changes in the burden estimate.
16. Information to be Published. Data reported on the Form ETA-227 are summarized periodically and distributed to the users: state workforce agencies and regional offices of the USDOL.
17. OMB Approval Number. ETA displays the OMB approval number and expiration date on the ETA 227 hard copy form. The electronic reporting system also provides access to the complete listing of the OMB control numbers and expiration dates for all required reports, including the ETA 227.

18. Exceptions. There are no exceptions.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of this information does not involve statistical methods.