

SUPPORTING STATEMENT FOR THE
OMB CLEARANCE ON UI FINANCIAL TRANSACTION SUMMARIES, OMB Control
Number 1205-0154

A. Justification.

Public Law 112-96, the Middle Class Tax Relief and Job Creation Act of 2012 (the Act), provides states with multiple opportunities to allow for expansions of the workshare/short time compensation (STC) program within the Unemployment Insurance (UI) system. Currently, a number of states use STC as a layoff aversion program, and report their varying STC activities on a number of different existing reports.

Up until recently, the funding for STC was co-mingled with other regular UI program funding. Because states drew the funds through a series of federal accounts that came from sources and flowed through accounts that were identical to regular state UI financing, there was no reason to break out funding streams for this program.

However, after lengthy consultations with attorneys and accountants in both the Department of Treasury and the Department of Labor over the specifics of 2162(d)(1), ETA had determined that the grant and reimbursement funding for the worksharing provisions in PL 112-96 cannot be accommodated through simple grant mechanisms, and will need to be handled in a manner analogous to the way the FAC program (An ARRA provision that provided an additional \$25.00 to each UI check) was administered, with separate financial tracking. As a result of this, and to ensure proper oversight and reporting of financial transactions for funds moving in and out of the state trust fund, two changes need to be made to one of the reporting instruments within 1205-0154: the ETA 2112, Financial Transaction Summary. This first change is the addition of a line to track revenues to and expenditures from the state trust fund for STC program benefit payment. The second change is to broaden the current Title IX line to broaden and clarify the kinds of Federal distributions that can be placed into the state trust fund, moving beyond the current, very narrow, Reed act definition and allowing for the varying kinds of distributions that congress has been making with increasing frequency in the last decade. This latter change will be used to track the Federal payments offered to states operating or creating STC programs under Public Law 112-96.

In addition to Public Law 112-96, collection of data necessary for oversight of the program is authorized under Section 303(a)(6) of the Social Security Act. In order for states to prepare their summary reports and to be in compliance with these new requirements of the law, ETA believes states will need to be able to provide this information to create proper financial statements and trust fund accounting reports.

Justification for Seeking Emergency Approval: ETA seeks emergency clearance from OMB for approval of the modifications to the state reporting requirements for compliance with the

new reporting requirements found in the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) (MCTRJC), section 2165(a)(3). The MCTRJC mandates that states immediately begin reporting additional data regarding their administration of the STC program that includes such items as the Secretary of Labor determines are appropriate. In this submittal, ETA proposes minimal but important changes, to track the flow of benefit payments and Federal reimbursements through state trust funds.

ETA also proposes a schedule of burden associated with states implementing these changes. This emergency clearance is needed in order to obtain OMB approval for ETA to develop guidance and communicate the programmatic expectations to the states that run the current programs, and to collect the necessary information from the States as required by the MCTRJC. On Thursday, February 23, 2012, the president signed into law the MCTRJC, which requires a number of substantial reporting and collection changes to the Unemployment Insurance (UI) system. The effective dates of these changes vary greatly, some of these changes take effect immediately, some within 30 days of enactment, and some as soon as States can comply with the requirements provided for in law.

A-1. Reasons for Data Collection.

The requirement in Federal law, the basis for all reporting, resides in the Social Security Act (SSA), Section 303(a)(6) which gives the Secretary of Labor the authority to require the reporting of such information determined necessary to assure compliance with the provisions of the SSA. In the case of the Unemployment Trust Fund (UTF) management reports comprising this submission, that authority extends to Departmental responsibilities (as Secretary of Labor) to assure that contributions collected are immediately paid over to the Secretary of the Treasury in conformity with Section 303(a)(4) of the SSA and section 3304(a)(3) of the Federal Unemployment Tax Act (FUTA); and that expenditure of all money withdrawn from the unemployment fund of a state is used exclusively for the payment of benefits, exclusive of refund (SSA, Section 303(a)(5), FUTA section 3304(a)(4)).

A-2. Users, Purposes, and Consequences of Failure to Collect the Information.

The Employment and Training Administration (ETA) 2112 reports all financial transactions i.e., receipts, disbursements, adjustments and fund balance, of the state's account in the UTF for the month. This information is used by the Department's Office of Chief Financial Officer (OCFO) as subsidiary ledger to the Department of Labor general ledger (DOLAR\$) and reported in the Department's annual audited consolidated financial statements required by the Chief Financial Officer Act of 1990. The UTF contains about 75% of the assets and liabilities of the statements.

Other uses of these reports include:

- The Division of Fiscal and Actuarial Services of the Office of Workforce Security (OUI) utilizes the reported data each month to monitor UTF cash flow, identify excessive drawdown of funds for benefit payment from states' accounts in the UTF which could result in a sizeable loss of interest earnings to the UTF. Data concerning Federal programs, Unemployment Compensation for Federal Employees (UCFE), Unemployment

Compensation for Ex-Servicemembers (UCX), and Extended Benefits (EB), are extracted from the reports on a monthly basis and entered into computerized individual state records of account for reconciliation with the Bureau of Public Debt in the U.S. Treasury Department and for subsequent study and evaluation to identify trends and cash flow analysis.

- Data from the ETA 2112 are also used to generate monthly pertinent statistics on the Unemployment Insurance (UI) program, e.g., state UI benefit payments, extended benefit payments, other related program costs, projection to a State's Trust Fund solvency based on contributions collected and deposited and benefit payments. The data are included in the Handbook of Unemployment Insurance Financial Data which is published annually.
- The report also reflects monthly transactions relating to Title XII advances and repayments in those states borrowing from the Federal Unemployment Account (FUA). Monthly reporting is necessary to permit National Office cash management performance monitoring.
- The data contained in this report have proved to be very valuable to National Office staff testifying before state legislative bodies attempting to strengthen the financing provisions of their state UI laws and in responding to inquiries from members of the Congress and certain committees. The ETA 2112 also records expenditures and restoration of unemployment funds used for administrative purposes, pursuant to Section 903(c)(2) of SSA. These "Reed Act" funds are available for non-benefit use upon appropriation by state legislatures.
- ETA 2112 data is used to verify states' requests to qualify for loan capping, and deferral of interest payments on Title XII loans.

The ETA 8401 (Monthly Analysis of Benefit Payment Account)

The ETA 8405 (Monthly Analysis of Clearing Account)

These reports, based on state books, reflect activities in the clearing account for the deposit of employer contributions, transfer of funds to state's account in the UTF, employer refunds and adjustments; and the benefit payment account for withdrawals from the UTF for the payment of unemployment benefits. Monthly totals from these reports are carried forward to the appropriate ETA 2112 monthly report.

- The ETA 8405 is used to determine the timeliness of deposit of employer contributions and other funds to the UTF (e.g., benefit overpayment recoveries) to insure state compliance with section 303 (a)(4) of the SSA. The report is also used to develop trial balances and other financial information to compile the Departmental annual consolidated financial statements. Information reported is compared to Treasury reports for verifying transfers of funds to the UTF, and compliance with the immediate deposit requirements of SSA and the FUTA).
- The ETA 8401 is used to determine the timing of withdrawals of funds from the UTF to disbursements for the payment of unemployment compensation. This information will be even more critical to DOL because of the provisions of the Cash Management Improvement Act of 1990, as amended, (CMIA) which require that states execute agreements with the U.S. Treasury to stipulate one method of drawdown of funds from the UTF. The ETA 8405 will provide information to the DOL and Treasury to monitor compliance with the drawdown method stipulated in the Agreement. ETA 8401 information is again needed for the compilation of DOL annual consolidated financial statements.

The ETA 8413 (Income/Expense Analysis – Benefit Payment Account)

The ETA 8414 (Income/Expense Analysis - Clearing Account)

These reports, based on the state depository institution records, reflect activities in these accounts in the local bank. The bank prepares basic information for the agency on a monthly basis. The agency then assembles the complete reporting package, e.g., 8401-8405-8413-8414 and ETA 2112 and submits it electronically to the National Office.

These reports provide information to the DOL to monitor bank account balances, bank charges, and bank compensation. Under provisions of the CMIA, information on bank charges reported in the ETA 8414 will be indispensable since states are allowed to pay charges for their benefit payment account from interest earnings on benefit payment account balances.

The OUI has implemented an effective system for regularly monitoring state cash management and state banking arrangements to increase trust fund earnings. The cash management performance monitoring system requires timely reporting by states on a monthly basis to effectively monitor cash management performance. The ETA 8401, 8405, 8413, and 8414 reports are the key reports in the system.

Mathematical formulas are applied to selected data items to ascertain and evaluate performance in key areas. States are ranked according to performance in:

- Timeliness of transfer of funds from the clearing account to the UTF
- Average time money was withdrawn from the UTF before actually needed to pay unemployment benefits

The current cash management monitoring system is based on a monthly reporting system. It is crucial that problems and deficiencies be identified as early as possible so that corrective action can be taken timely and efficient cash management monitoring will be accomplished. Monthly reporting provides this capability.

The ETA 8403 (Reed Act Activity)

This report reflects each state's Reed Act activities. It is submitted only when there has been activity which requires updating the state's Reed Act account.

A-3. Technology and Obstacles Affecting Reporting Burden.

Current information processing and data gathering techniques in the states utilize electronic data processing equipment and computerized records. The production of reports is entirely automated and the resulting electronic reports are submitted electronically to the OUI.

A-4. Duplication.

The data reported on these reports are not contained on any other reports in the DOL/ETA reporting system.

A-5. Small Business.

This collection does not impact small businesses.

A- 6. Consequences of Less Frequent Data Collection.

The response to this item is discussed in the narrative response under #2 above. Current Financial and Cash Management Systems are based on monthly reporting. It is imperative that problems and deficiencies be identified as early as possible so that corrective actions can be taken immediately. States also generally use monthly reporting/accounting cycles which make the current frequency convenient.

A-7. Special Circumstances Involved in Collection of Data.

Some of the proposed data elements are currently collected by SWAs. The proposed data collection will require initial programming to produce the specified quarterly reports (See Attachment B for the technical specifications). This request contains no other special circumstances. The timing of the data collection will allow for the submission of workload counts one year in advance of the submission of outcomes data.

A-8. Preclearance Notices and Responses.

Traditional clearance processes would prevent timely fulfillment of statutory obligations; consequently, DOL is using emergency clearance procedures available under 5 C.F.R. 1320.13, including obtaining a waiver from publishing Notices in the Federal Register to seek public comments, for this information collection request. The agency is taking steps to work with state agencies to minimize the burden of collecting this information. Assuming approval of this request for a period of six months, ETA and DOL will ensure the public has an opportunity to comment when this information request is resubmitted for extension under regular procedures. ETA also notes that webinars were conducted on March 19 and March 20, 2012, for state respondents and other interested parties. The webinars described the changes to Federal law under PL 112-96, as well as proposed state reporting changes and definitions for new elements. The webinars were not just to present information to respondents; they also served as listening sessions with particular points where respondent input was solicited.

A-9. Payments to Respondents.

There are no payments to respondents.

A-10. Confidentiality.

No confidential information is collected, and state agencies (respondents) are reminded that they have no expectation of confidentiality in their responses.

A-11. Questions of a Sensitive Nature.

The data collection includes no questions of a sensitive nature.

A-12. Respondents’ Burden and Cost of Collecting Information.

Section 15 (below) provides a brief history of recent changes to this collection, with citation to ICR numbers and the burden involved. An explanation of the burden, as it evolved over those collections, is provided there. The table below shows ETA’s estimate of the proposed burden following changes mandated by PL 112-96, and as requested in this document, breaking down the total by report. The proposed change is the line titled “One Time Programming Changes to 2112 to add new rows for PL 112-96.”

Estimates of Total Annualized Burden, Including Proposed Changes

Category	Respondents	Annual Responses	Burden Hours per Report	Hours	Value of Respondent Time
Reporting of ETA 2112	53	636	0.5	318	\$13,034.82
Reporting of ETA 8401	53	636	0.5	318	\$13,034.82
Reporting of ETA 8405	53	636	0.5	318	\$13,034.82
Reporting of ETA 8413	53	636	0.5	318	\$13,034.82
Reporting of ETA 8414	53	636	0.5	318	\$13,034.82
Reporting of ETA 8403	53	318	0.5	159	\$6,517.41
Reporting of ETA 8403A	53	106	0.5	53	\$2,172.47
One Time Programming Changes to 2112 to add new rows for PL 112-96	53		3	159	\$6,517.41
Unduplicated Totals	53	3604		1961	\$80,381.39

A-13. Annual Cost to Respondents.

There are no annualized costs to respondents.

A-14. Annualized Federal Cost.

Federal costs are the staff required to receive and analyze, the data. These costs are summarized as follows: 1 GS 13 for 25 hours per month @ \$40.35 per hour = \$12,105 annual cost.

A-15. Reasons for Change in Burden.

The last action taken on this collection was due to ICR reference number 201201-1205-002. This action left the basic burden of the collection (3498 responses accounting for 1794 burden hours spread across the ETA-2112, ETA-8401, ETA-8405, ETA-8413, ETA-8414, and ETA-8403) unchanged. That ICR added a new collection instrument: the 8403A, which anticipated an annualized total of 106 responses at 0.5 hours per response accounting for 53 hours of annual burden due to the new form. As a result, the new baseline burden for this collection was the prior burden (1794h) plus the new burden (53h) for a total of 1802h.

The change in burden requested in this ICR is for a modification to an existing instrument, the 2112. ETA notes that this request is very similar to a change made in the relatively recent past under ICR number 200902-1205-002, which successfully added two rows to the ETA 2112 to accommodate the Federal temporary additions to state UI payments. Though the circumstances warranting the change in this case are different, the suggested response is identical and experience has shown that the burden is likely to be highly similar. As a result, ETA has estimated that the burden for modifying existing state reporting systems to accommodate these two new rows will be nearly identical. ETA's estimated burden is the baseline burden for the current collection (1802h) plus a one time programming change for each respondent that is estimated to take 3 hours for a total of 159 hours. As a result, the revised burden would be $1802h + 159h = 1961$ hours.

16. Publication Information.

All of the items reported are used for program performance purposes. DOL publishes an annual Quality Appraisal of State performance. The trust fund reports are used to measure the timeliness and accuracy of cash flow to and from the UTF.

17. Display of OMB Expiration Date.

No waivers are requested. The DOL will display the OMB control number and expiration date on the computer screen.

18. Exceptions to the Certification Statement.

There are no exceptions to the certification statement.

B. This collection does not employ statistical methods.