

**SUPPORTING STATEMENT FOR
PAPERWORK REDUCTION ACT SUBMISSION FOR
APPLICATIONS, GRANTS AND ADMINISTRATION OF STC PROVISIONS**

A. Justification

The recent enactment of PL-112-96 (The Middle Class Tax Relief and Job Creation Act of 2012, referred to hereafter as “MCTRJC” or “the act”) contains Subtitle D, Short-Time Compensation Program, also known as the “Layoff Prevention Act of 2012”. The sections of the law under this subtitle concern states that currently participate in, or wish to initiate a new program in, a layoff aversion program known as short time compensation (STC) or worksharing.

Section 2161 covers operational rules for current and prospective states, Section 2162 covers the temporary financing of STC payments by the Federal Government to states with programs currently in their law. Section 2163 covers the temporary financing of STC payments by the Federal Government to states without STC programs, Section 2164 covers grants the Federal Government has responsibility for delivering and administering to states with STC programs for implementation or improved administration of STC program.

Each of these sections of the law requires, to varying extents, applications, new administrative processes, monitoring and reporting of data between the state workforce agencies (SWAs) and the Employment and Training Administration (ETA) of the US Department of Labor (DOL). ETA has principal oversight responsibility for the Unemployment Insurance (UI) program that SWAs operate. As a result of the many changes to the funding and administration of the UI system introduced in PL 112-96, ETA needs to allow for additional reporting and data collection for proper oversight of state STC programs.

The principal changes track well with the sections of law and involve applications, grants and monitoring. Note that there is no need in this package for additional reporting changes on existing administrative reports. Needed changes to existing administrative reporting are being handled by two separate emergency change requests have been submitted to OMB describing needed changes to the STC-specific ETA 5159 report (1205-0010, <insert ICR number here if available>) and the ETA 2112 report (1205-0154, <insert ICR number here if available>).

Justification for Seeking Emergency Approval:

ETA seeks emergency clearance from OMB for approval of this new collection based on new operation requirements for compliance with implied reporting requirements found in sections 2161-2164 of the MCTRJC. The MCTRJC mandates that reimbursement for states currently operating STC programs can begin immediately, and this necessitates a rapid response from ETA in providing the guidance, administrative requirements and reporting and financing framework for states to operate in compliance with the intentions of sections 2161-2164 of the MCTRJC.

PL 112-96 essentially allows states to submit applications as soon as guidance is released. For this reason, ETA seeks emergency clearance from OMB for approval of this new collection so as to be prepared to accept proposals and to be in compliance with the new requirements found in sections 2161-2164, and to have certainty going forward in the guidance provided to states. Any delays in getting guidance to states may adversely impact state implementation or state uptake of provisions in the act.

1. Circumstances that make the collection necessary. The recent enactment of the MCTRJC contains Subtitle D, Short-Time Compensation Program, also known as the “Layoff Prevention Act of 2012”. The sections of the law under this subtitle concern states that currently participate in, or wish to initiate a new program in, a layoff aversion program known as short time compensation (STC) or worksharing. This new legislation offers grants to cover state program activity and enhancements, as well as compelling new reporting elements. ETA cannot administer the provisions of the MCTRJC without collecting data describing state plans, state activities, state law changes and the use of Federal funds by states.
2. Use of Information. The information collected from state applications will be used to evaluate state suitability for reimbursement. The information collected from the monitoring will be used to track initial program implementation and effectiveness. The data on grant tracking will be used to ensure that proper financial data is provided to support reimbursement and oversight of program development and administration.
3. Information Technology. ETA does anticipate that this data will be reported electronically, though not incorporated into the current automated reporting systems. Many of the reporting elements required here involve narratives and would not be supported by substantial automation. It is expected that all of the materials states provide will be electronic and will be provided through email.
4. Duplication. This data is not available from other sources in any manner.
5. Small Entities. There is no impact on small businesses. Only state workforce agencies are respondents to this collection.
6. Consequences of Not Collecting or Collecting Less Frequently. If these data were collected less frequently, ETA’s ability to carry out its statutory oversight responsibilities and document state issues in implementing the programs would be compromised.
7. 5 CFR 1320.5. Because the directive serves as the information collection, ETA’s intention is to put the OMB information on the collection number, estimated burden and expiration date within the text of the UIPL. It will be prominently displayed within the reporting section.
8. Publication in Federal Register and Other Consultation 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.
9. Payment to Respondents. No payments are made to respondents.
10. Confidentiality. The ETA 5159 reports contain no personal or confidential data.
11. Sensitive Questions. There are no questions of a sensitive nature.

12. Burden Hours. ETA intends to release all STC guidance through three directives. These directives will be Unemployment Insurance Program Letters (UIPLs), as they are the official method for ETA to provide guidance to states and to interpret Federal law for our state partners. The three UIPs track with the three broad aspects of law changes in the MCTRJC: changes to the underlying federal laws for STC, opportunities for states with existing STC program to get grants to enhance or promote their systems, and finally, a new federal STC program for those states that do not currently operate an STC program. The UIPs provide great detail on their underlying statutory authority, as well as citations and requirements from the new law. Since each UIP deals with a slightly different aspect of subtitle D of the MCTRJC, the reviewer is directed to those documents for a complete summary of relevant statutory citations.

The General STC UIP describes changes to underlying federal laws for Unemployment Insurance as a result of section 2161 and 2162 the MCTRJC, and describes the changes states must make in order to be in compliance with these new requirements. Virtually all state UI administrative activity is funded under a grant between the US Department of Labor and state workforce agencies (SWAs), and the MCTRJC forces some modifications to the existing grant agreements for those states that wish to operate an STC program. In addition to the text of the UIP, there are four attachments to the UIP. Attachments I and IV are straightforward and should incur no burden on respondents as they are simply the text of the law and the amounts due, through formula, to states that elect to participate. Attachments II and III are agreements and amendments to the existing UI funding arrangement that will allow states to be in compliance with the revised Federal laws and continue to use the UI administrative grant to operate an STC program. The two attachments are quite simple and require only a name, signature, date and title, and for the designated state official to return these documents to ETA. These documents are similar to amendments that were required with the expansion of the Emergency Unemployment Compensation Program of 2008, and experience has shown that approximately 5 hours per document per state is a good estimate of the time burden states incur. Since the need to amend the grant is a one-time task, this will not be an ongoing burden. ETA estimates that the burden imposed on states at 5 hours per document, for a total of ten hours per state as a one-time burden.

The state STC grant UIP describes opportunities for states with existing STC program to get grants to enhance or promote their systems as described in section 2164 of the MCTRJC. As with the General STC UIP, there are several attachments, some of which are straightforward and should incur no burden on respondents (i.e. they are simply the text of the law, questions and answers, etc) and others that will incur burden in some way. Attachments IV and VI are the text of the law covering these grants and the amounts potentially available to states. These two attachments should incur no burden for the state workforce agencies. The text of the UIP itself, as well as attachments I, II, and V as the application process and materials for the grant. SWAs will need to carefully review the text of the UIP and attachment I to ensure that their application will conform to the necessary guidelines. The checklist (attachment II) will ensure that the SWA's application will contain all the necessary materials and supporting documents, minimizing the administrative work of multiple submissions and tracking individual components of the package. Broadly speaking, the text of the UIP along with attachments I, II, and V constitute the materials for application for a grant to enhance or promote STC systems as provided for under the MCTRJC. ETA, based on

experience with SGAs and other grant activities, estimates that the application, involving all materials will incur an aggregate burden of approximately 125 hours, with Attachments I and II taking approximately 80 hours to read, understand and ensure the state can provide a suitable response, and 5 hours to simply sign and return the grant modification document.

Attachment III to the state STC grant UIPL is not part of the application process, but will serve as an ongoing quarterly monitoring instrument for the grant, describing program implementation, documenting state expenditures, and providing a narrative on state activities. USDOL has determined that normal grant reporting instruments, typically used to administer such grants (i.e. the ETA 9130; 1205-0461) are not suitable because of legal issues regarding the method by which grant funds will be made available to states.

As a result, ETA has elected to combine grant administration and quarterly monitoring into a single instrument to describe state activities and implementation, as well as to account for state expenditures. Most data requested on the quarterly monitoring instrument will come from existing state electronic systems and can be automated through scripts and queries. However, the data will span multiple systems (wage records, UI benefits, TAPR, WIASRD, Employer Tax, grant administration, etc.) and will need to be compiled into a single location. So though the data is largely electronic, there will be some work in assembling and validating each report. ETA estimates that the completion and submission of the quarterly monitoring instrument will take approximately 25 hours per quarter per state and is expected to continue throughout the grant period so ETA expects this to be an ongoing burden for states in reporting.

The Federal STC UIPL describes opportunities for states without an existing STC program to temporarily operate a Federal STC program. The provisions of this program are described in section 2163 of the MCTRJC. As with the prior two UIPLs, there are several attachments, some of which are straightforward and should incur no burden on respondents (i.e. they are simply the text of the law, questions and answers, etc) and others that will incur burden in some way.

Attachment I provides general guidance on conditions a participating state must meet and operational guidance on how the program would be conducted. This attachment does not function as any sort of report or collection, it simply clarifies and interprets Federal law and spells out the requirements states would need to meet in order to enroll in this program.

Attachments II and III serve as grant agreement and addendums, and create a legal framework within which states can temporarily operate a Federal STC program and receive funding for doing so. This agreement is similar to the agreements attached to the General STC UIPL and approximately 5 hours per document per state is a good estimate of the time burden states incur is using this form.

Attachment IV provides the text of the law itself and attachment V provides answers to questions that were asked by states prior to release of our guidance and as a result of two listening sessions (webinars) conducted shortly after the law was enacted. As with attachment I, these are not reporting items, or forms that must be returned, but rather guidance on how the program would need to be run should the state choose to do so.

It should be noted that at least two states have attempted to submit packages (in advance of guidance from ETA) and have had to be denied in writing, on the basis of the fact that we cannot receive applications (no PRA clearance) and their submittals cannot conform to guidance that has not been issued. We do take, however, from these unsolicited state submittals that the basic information is readily available and can be assembled into a package without weeks of work. Further, the state urgency in getting these applications submitted and approved underscores the emergency nature of this package.

Burden Hour Summary on an Annualized Basis

For the purpose of the burden estimates below, it is assumed that all states must provide the forms and sign the agreements attached to the General STC UIPL. This is because these UIPLs amend the Federal-state agreement and bring states into conformity with Federal law. The potential burden for the remaining two UIPLs is distributed among those states that have STC program and those that do not. Currently, 25 states (AZ, AR, CO, CA, CT, DC, FL, IA, KS, LA, MD, MA, ME, MN, MO, NH, NJ, NY, OK, OR, PA, RI, TX, VT, and WA) have authorizations in their law to operate an STC program. Those states would potentially be eligible for the grants described in the state STC grant UIPL. Those states that do not have current STC programs (the remaining 28 states that make up the UI system) would be the universe of respondents for the Federal STC system.

In addition, the burden estimates below are for those items that states will need to respond to. Please note that individual items are broken out strictly to provide OMB with an estimate of the burden associated with the task. ETA regards the entire UIPL, including attachments, as a single application, grant agreement and set of operational instructions, and the burden claimed includes states reviewing all materials within the UIPL.

Please note that only one item among the three UIPLs carries an ongoing burden: the quarterly narrative progress report which serves as both a monitoring instrument for state progress in implementation and also a grant tracking tool for expenditures. All other documents are one time collections in order to enable states to have the legal framework to operate these programs and be eligible for grants.

Category (BOLD) and Instruments	Respondents	Hours Per Response	Annualized Responses	Annualized Hours	Annualized Value of Respondent Time
States Coming Into Conformity With New Federal STC Law					
General STC UIPL: Attachment II – Text of Agreement	53	5	n/a	265	\$10,862.35
General STC UIPL: Addendum to FY2012 Annual Funding Agreement for UI Program	53	5	n/a	265	\$10,862.35
States With STC Programs Applying For Grants to Enhance or Promote Their Current Programs					
UIPL on state STC grants:	25	80	n/a	2000	\$81,980.00

Attachment 1—STC Proposal Outline for STC Applications					
UIPL on state STC grants: Attachment 2—STC Application Checklist	25	80	n/a	2000	\$81,980.00
UIPL on state STC grants: Attachment 3—Quarterly Narrative Progress Report	25	25	100	2,500	\$90,178.00
UIPL on state STC grants: Attachment 5 – STC Grant Agreement	25	5	n/a	125	\$5,123.75
States Without STC Programs Applying to Operate a Federal STC Program					
Attachment 1—Implementing and Operating Instructions for Federal STC Agreement	28	80	n/a	2240	\$91,817.60
Attachment 2—Federal-state Agreement (Draft)	28	5	n/a	140	\$6,353.45
UIPL on Federal STC: Attachment 3 —Federal-state Agreement (Draft)	28	5	n/a	140	\$6353.45
Unduplicated Totals	206			9,675	\$469,745.40

The hourly burden for states is estimated at \$40.99.

13. Burden Costs. There are no burden costs. See also section 14 below.
 14. Federal Annualized Costs. There are no anticipated Federal annualized costs.
 15. Changes in Burden. This is a new collection.
 16. Publication. There are no plans to publish the data collected from this project at this time.
 17. Display of OMB Approval and Expiration. ETA will display the OMB control number and expiration date, once provided through notice of action by OMB on each directive (UIPL) since it forms the source of the application materials, guidance, and statutory authority.
 18. Certification Exceptions. There are no exceptions.
- B. Collections of Information Employing Statistical Methods

Statistical methods are not employed for this report.