

Supporting Statement to Request for OMB Approval Multiple Worksite Report and the Report of Federal Employment and Wages

Terms of Clearance from the previous OMB Approval on 08/11/2016:

Collection is approved on the condition that the next full clearance submission will include a data quality assessment that includes an evaluation of unit and item nonresponse, considering the effect of mandatory vs. voluntary collection requirements at the state level, the effect of other state level policies such as procedures for filings by Multisite Professional Employer Organizations, the effect of collection mode (mail vs web), and other relevant factors.

This ICR includes information responding to the clearance terms in the supplementary documents section of this submission.

A. Justification

1. Necessity of the Information Collection

The purpose of this request is to obtain clearance for the Bureau of Labor Statistics (BLS) Multiple Worksite Report (MWR) and Report of Federal Employment and Wages (RFEW). The collection is unchanged except for minor updates to cost and burden hours and the continued shift towards more electronic collection.

The Quarterly Census of Employment and Wages (QCEW) program, once known as the ES-202 program, is a Federal/State cooperative effort that compiles monthly employment data, quarterly wages data, and business identification information from employers subject to State Unemployment Insurance (UI) laws. These data are collected from State Quarterly Contribution Reports (QCRs) submitted to State Workforce Agencies (SWAs). Similar data for Federal Government employees covered by the Unemployment Compensation for Federal Employees (UCFE) program are also included in each State report. All 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands submit micro-level employment and wages data, supplemented with the names, addresses, and business identification information of these employers to the BLS. The BLS then summarizes these data to produce totals for the Nation, States, metropolitan statistical areas (MSAs), and counties. These data are used to create the BLS sampling frame and constitute the longitudinal QCEW data.

The QCEW program is a comprehensive and accurate source of monthly employment and quarterly wages data, by industry, at the National, State, MSA, and county levels. Several States publish QCEW data at the city or town level. The QCEW Report, produced for each calendar quarter, provides a virtual census of nonagricultural employees and their wages, with approximately 49 percent of the workers in agriculture covered as well. As the most complete universe of monthly employment and quarterly wages information by industry and detailed geography, QCEW data are used in evaluating labor trends and major and detailed industry

developments, conducting time-series analyses and industry comparisons, and conducting special studies such as analyses of wages by size of establishment and firm.

As part of the QCEW program, the States send micro-level employment and wages data, supplemented with the names, addresses, and business identification information of these employers to the BLS. These States' data are linked across quarters to create a longitudinal history for each establishment. These data, referred to as the longitudinal QCEW data, represent the best source of detailed industrial and geographical data on employers and are used as the sampling frame for most BLS surveys. The longitudinal QCEW data include the individual employer employment and wages data along with associated business identification information that is maintained by each State to administer the UI program as well as the UCFE program.

The micro data that constitute the longitudinal QCEW data, which are also the basis for the QCEW Report, are fundamentally a byproduct of the UI accounting system in each State. The States receive a Quarterly Contributions Report (QCR) from all private sector employers as well as State and local governments covered under the UI program. Along with these accounting reports, employers also provide funds for their contributions payable, which finance the UI benefits system in each State. Federal government employers provide statistical reports containing only employment and wages data for each of their installations within each State. Normally, private sector employers submit one contribution report covering all of their economic activities conducted in that State. For employers having only a single physical location or worksite in the State and, thus, operating under a single industry and geographic code, the data from the accounting file are sufficient for statistical purposes.

However, such data are inadequate for statistical purposes for those employers having multiple establishments or engaged in different industrial activities within the State. In these cases, the employer's QCR reflects only statewide employment and wages and is not disaggregated by establishment or worksite. Although these levels of data are sufficient for many purposes of the UI program, more detailed information is required to create a sampling frame and to meet the needs of several ongoing Federal/State statistical programs. The QCEW Report containing employer name and address information serves as a sampling frame for BLS establishment-based surveys, such as the National Compensation Survey, the Current Employment Statistics program, the Employment Cost Index, the Injuries, Illness, and Fatalities program, the Job Openings and Labor Turnover Survey, and the Occupational Employment Statistics program. These detailed data are also required by the Bureau of Economic Analysis (BEA) to determine personal income estimates at the county, State, and National levels.

The MWR is designed for non-Federal businesses subject to State UI laws and the RFEW is designed for Federal establishments covered under the UCFE program. Both the MWR and RFEW are essentially the same. The MWR/RFEW forms are designed to collect employment and wages data for each establishment of a multi-establishment employer. In addition, these reports aid in the development and maintenance of business identification information by establishment for multi-establishment employers.

Because of the data captured by the MWR and RFEW, improved establishment business identification data elements have been incorporated into and maintained by the longitudinal

QCEW database. Establishment identification data elements that are included in the longitudinal QCEW data are a physical location address, trade name, and reporting unit description (store number, plant name or number, etc.) for each worksite of multi-establishment employers. As noted earlier, using the administrative records of the SWA works well for single-worksite employers but creates problems for multi-establishment employers. Prior to using these reports, the SWAs would repeat the name (usually the legal name) and address on the UI file of covered employers for each establishment that the employer operated in the State. No other address or business identification information was available. Completion of the MWR is required by State law in a total of 31 States and territories.

Each employer is requested to supply this business identification information when completing the MWR/RFEW initially. Thereafter, the information appears on the forms each quarter. The employer is requested only to verify the accuracy of this business identification information and to provide the employment and wages for each worksite for that quarter. By using a standardized form in each State, the reporting burden on many large employers, especially those engaged in multiple economic activities at various locations across numerous States, has been reduced.

The design and utilization of identical forms for use nationwide has reduced the actual burden on employers as they are completing a standard form rather than, as in some cases in the past, 53 separate forms.

2. Uses and Users of the Information

The QCEW data are used by a variety of BLS programs. They serve as the basic source of benchmark information for employment by industry and by size class for the Current Employment Statistics (CES) and the Occupational Employment Statistics (OES) programs. The preliminary (estimated) employment data from these programs could not be benchmarked for accuracy without the data collected on the MWR and RFEW forms. As mentioned previously, the longitudinal QCEW data are also used as the sampling frame for the following BLS establishment-based surveys: the National Compensation Survey, the CES program, the Employment Cost Index, the Injuries, Illness, and Fatalities program, the Job Openings and Labor Turnover Survey, and the OES. Since the QCEW provides a near universe of businesses, these programs can select a statistically accurate sample by geography, industry, and size. The employment and wages data from the QCEW program represent the best and most current source of detailed industrial and geographical data used by businesses as well as by public and private research organizations. QCEW data are published within 6 months of the end of the reference quarter. For additional information and background on the QCEW program, please see the BLS Handbook of Methods which describes the program in more detail. (The BLS Handbook of Methods is available online at <https://www.bls.gov/pub/ohm/cew/pdf/cew.pdf>.)

The QCEW data have also been used to improve the accuracy of other Federal statistical products. Since 1991, BLS has supplied industrial classification codes for "Unclassified" units to the Census Bureau for updating their Business Register. At the direction of OMB, BLS began sharing industry codes, physical location addresses, and other information with the Census Bureau. This BLS/Census Industry Coding Project helps improve statistical applications, such as the Census Business Register (BR), all programs using the Census BR, and the Economic Census and County

Business Patterns. By sharing codes and other information, the consistency of BLS and Census products is enhanced, Census costs are reduced, and respondent burden is decreased. In FY 2017, BLS provided Census with information on 4.48 million units where Census was missing or had only partial information.

The BLS and the Census Bureau signed a Memorandum of Understanding (MOU) in 2012 to share selected business data on multi-location companies. Both the BLS and the Census Bureau compile and maintain censuses of business establishments that contain economic and administrative data for nearly all businesses in the United States. The BLS and the Census Bureau can enhance the quality of their data and reduce costs and respondent burden through increased data sharing. Such sharing will improve the quality and the reliability of information for multi-location businesses by developing consistent industrial and geographical classifications for these businesses.

The MOU stated that the BLS would provide the Census Bureau with multi-location company data from the QCEW program. The Census Bureau would provide the BLS with data from the 2007 and 2012 Economic Censuses, with updates from the Annual Company Organization Survey, the Annual Survey of Manufactures, and the Service Annual Surveys. With these Census data, the BLS would conduct several research projects on the following topics: generating enterprise-level business dynamics data, using detailed product codes to help assess their utility for industrial coding, and measuring employment and wages for the non-profit sector.

Additionally, the QCEW program provides data necessary to both the Employment and Training Administration and the SWAs in administering the UI program. The data accurately reflect the extent of coverage of the State UI laws and are used to measure UI revenues; National, State, and local area employment; and total and taxable wage trends. The information is used as input for actuarial studies, determination of experience ratings, maximum benefit levels, and areas needing Federal assistance. It also assists in determining the solvency of UI trust funds.

The BEA uses QCEW data as a base for developing the wage and salary component of personal income, part of the National Income and Product Accounts. Personal income is instrumental in determining Federal allocation of program grants to State and local governments. QCEW wages accounted for 47.3 percent of total personal income and 94.3 percent of the wage and salary component of personal income in 2017. QCEW data are also incorporated into estimates of gross domestic product. The Social Security Administration and State governments also use QCEW data in updating economic assumptions and forecasting trends in their taxable wage base.

BLS has also created a longitudinal database from these QCEW program micro-level data to measure gross job gains and gross job losses. This database, which contains current as well as historical data, uses the establishment-level data from the program to study the labor dynamics of our economy. Without the MWR data, all openings and closings of worksites as well as expansions and contractions of multi-establishment employers would be unknown. BLS began publishing these data at the National level in late 2003 on a quarterly basis as the Business Employment Dynamics (BED) data series. Since then, BED has expanded the data to include gross job gains and gross job losses by major industry sectors and firm size classes as well as by State. The quarterly data include the number and percent of gross jobs gained by opening and

expanding establishments, and the number and percent of gross jobs lost by closing and contracting establishments. The data also include the number and percent of establishments that are classified as openings, closings, expansions and contractions.

The QCEW data are a major input to the Census Bureau's Longitudinal Employer Household Dynamics (LEHD) program. The LEHD uses the QCEW data matched with wage records and other information to provide new economic data. The QCEW data provide the crucial linkage between the wage records and the industry and geography detail that supports this program. Further, the Employer Identification Numbers in the QCEW data allow some linkages across Federal data sets. In this way, improvements in the QCEW program support improvements in the LEHD program.

Finally, businesses and public and private research organizations find the QCEW program one of the best sources of detailed employment and wages statistics. Data users appreciate the detail provided by the QCEW program at the industrial and geographical (county and State) levels. Please see the chart that illustrates the myriad uses of the QCEW program data in more detail.

3. Use of Electronic Collection Methods

BLS continuously pursues reporting options to reduce employer burden. For example, computer listings of comparable data are accepted in lieu of a paper MWR if this is more convenient for the employer. The States can accept electronic submittal of MWR and RFEW data. Electronic and web-based filing can significantly reduce costs for large and mid-sized employers.

In 1995, the BLS established the Electronic Data Interchange (EDI) Collection Center in Chicago to improve and to expedite the MWR collection process. Employers who complete the MWR for multi-location businesses submit employment and wages information on electronic medium directly to the data collection center instead of providing separate forms or files to each individual State agency. The data collection center edits these data and then forwards them to the respective State agencies. The EDI Center is geared toward firms that meet certain size thresholds. Typically, employers with hundreds of worksites transmit their employment and wages information on electronic media to the EDI Center. Because of their size and the fact that these employers operate in so many States, the EDI Center collects one additional data element not collected on the paper MWR. That data element, the Federal Employer Identification Number (EIN), helps facilitate the collection and processing of employer data.

BLS also offers MWRweb for employers with a smaller number of worksites. This reporting option features a secure website that allows employers to submit employment and wages data, to update administrative fields and physical location addresses, and to add new worksites in an easy-to-use, interactive manner. All eligible States are now participating in MWRweb and BLS has seen much greater utilization of MWRweb. Web-based collection has reduced the costs of data collection (printing forms, outbound and return postage, and staff handling).

More recently, BLS developed a new initiative to decrease printing, mailing, and processing costs as well as to reduce respondent burden. A pilot program began in 2015 with one State participating, the Florida Department of Economic Opportunity. With the mailing of MWR forms

for the 3rd Quarter of 2015 data collection, some Florida employers received an MWRweb letter rather than the MWR form itself. That letter included a User ID and password along with instructions for reporting online. The letters encouraged employers to report via the Bureau's secure website (<https://idcf.bls.gov>). If the employers opted not to report on the web or if there were no responses to the MWRweb letter, respondents were sent a paper MWR form with the follow-up mailing. The employers that received the letters were those identified as being non-responsive or those that did not utilize the MWR forms themselves; providing printouts of their data instead. Respondents were asked to furnish the same information as they always had. Ultimately, respondents are given the choice of reporting information on the website or by paper form, whichever they find most convenient. This pilot program resulted in employers utilizing MWRweb more frequently, so BLS made this web letter option available for use by other States on a voluntary basis. For the 4th Quarter of 2018, there were 23 States participating in the program with roughly 14,000 MWRweb letters sent. Many respondents providing their data electronically obviates the need for mailing paper forms. This saves paper, postage, and their associated costs and burdens.

As of the 3rd Quarter of 2018, approximately 1.4% of employers file the MWR. However, MWR data account for more than 17% of the Nation's worksites and approximately 41% of National employment and wages. Approximately 56% of MWR data is reported electronically, nearly 10% through the EDI Center and 46% via MWRweb.

BLS strongly encourages Professional Employer Organizations (PEOs) to submit MWR data electronically. PEOs are unique, co-employer arrangements. PEOs establish an employer relationship with employees at the client's worksite and contractually assume certain employer rights, responsibilities, and risks. PEOs assist clients with the management of human resources, employee benefits, payroll, and workers' compensation.

Some States, like Texas and Utah, require PEOs to report each client under the client's existing UI account number and EIN. In this manner, none of the separate clients' industry or location information is lost. However, some PEOs file tax and contributions data using the PEO's own UI account number and EIN. This results in consolidating the employment and wages of the different clients rather than reporting by individual establishments or worksites.

Without a listing of individual PEO clients, industry and location of employment and wages are inaccurate for statistical purposes. Among other problems, this can create misallocations of State funding and inaccurate bond ratings in States. Due to the unique nature of the PEO industry, it is crucial to maintain accurate reports for the employment and wages of distinct PEO clients.

An increase in the number of PEOs reporting MWR data electronically has facilitated more accurate identification of employment and wages by industry and location. Electronic filing of the MWR provides convenient data elements such as clients' former EINs, industry codes, and others that may be useful for UI purposes. In addition, electronic filing of the MWR offers a less burdensome way for PEOs to provide States and BLS with the correct geographic location for employment and wages.

The BLS staff often participated in the annual conference of the American Payroll Association (APA). At those conference, BLS staff explained how employers could convert from paper reporting to electronic reporting. BLS staff also participated in conferences of the Independent Payroll Processors Association (IPPA) and the National Association of Professional Employer Organizations (NAPEO).

BLS has also worked with several payroll/tax-filing firms that prepare employer payroll and tax reports for a fee. BLS has requested that these firms offer to submit their clients' MWR data in an electronic medium directly to the BLS. Moreover, BLS has worked with numerous payroll/tax-filing software developers to include the capability for the electronic submittal of the MWR directly to the BLS in their systems.

For well over a decade, BLS has conducted a concerted effort to improve the quality of the employment and wages data received from Federal agencies. The four major Federal payroll processing centers include the Department of Defense's Defense Finance and Accounting Service (DFAS), the Department of Interior's National Business Center (NBC), the Department of Agriculture's National Finance Center (NFC), and the General Services Administration's National Payroll Center (NPC). They provide employment and wages data each month electronically and these data are used for the CES and RFEW programs. Although DFAS, NBC, NFC, and NPC are part of their respective Departments, they process payrolls and statistical reports for a large number of Federal agencies, including most of the cabinet-level Departments. These four processing centers now handle the payroll and tax reporting for most Federal agencies. Very few Federal agencies report RFEW data on paper.

4. Efforts to Identify Duplication

No other data source currently collects establishment-level monthly employment and wages (as defined by each SWA) data on a quarterly basis for the private sector of the economy and State and local government entities that could be used for statistical and UI purposes. Furthermore, no other standardized report is currently available to collect installation-level Federal monthly employment and wages data by SWAs for statistical purposes on a quarterly basis.

5. Impact on Small Businesses

States request employers with more than one establishment reporting under the same UI account number within the State to complete the MWR if the sum of the employment in all of their secondary establishments is 10 or greater. The primary worksite is defined as the establishment with the greatest number of employees. Therefore, some small businesses are asked to complete the MWR if they have multiple locations within a State. However, States are not required to contact multi-establishment employers with a sum of less than 10 employees for their secondary worksites.

6. Consequences of Less Frequent Conduct of the Study

Semi-annual or annual reporting would not provide sufficient data needed to administer UI, UCFE, and statistical programs at the local, State, and National levels. SWAs have been collecting this information quarterly for several decades. Major users, such as the BEA, rely on accurate quarterly employment and wages data to produce important economic indicators, such as State and county-level personal income estimates. The MWR/RFEW is more critical now to the operation of the QCEW program since multi-establishment employers account for about 41% of the total employment and wages data collected. In addition, the expanded use of these data to study the job creation and job destruction process requires that they be updated each quarter as opposed to some other longer time period, such as annually.

7. Special Circumstances

There are no special circumstances that would cause this information to be collected in a manner other than the manner specified in 5 CFR 1320.5.

8. Federal Register Notice and Outside Consultation

No comments were received as a result of the Federal Register notice published at 84 FR 10550 on March 21, 2019.

BLS is in constant contact with the SWAs on the administration of the QCEW program, such as:

1. Daily contact between BLS Regional Office and SWA officials.
2. Field visits by BLS Washington and Regional Office staff members to SWA offices.
3. A QCEW Policy Council established by BLS in 2000. The Council is composed of State and BLS staff members that provide ongoing technical expertise and research as well as assist in the prioritization of program enhancements.
4. Periodic meetings with members of the National Association of State Workforce Agencies (NASWA).
5. Consultation with members of the Federal Data Users Advisory Committee (DUAC).
6. Attendance at some conferences conducted by the APA and NAPEO.

BLS works closely with a number of Federal agencies which use BLS data, including the Regional Income Division, Bureau of Economic Affairs, U.S. Department of Commerce, contact: Mr. Mauricio Ortiz, Chief; and the Office of Unemployment Insurance, Employment and Training Administration, U.S. Department of Labor, contact: Ms. Gay Gilbert, Administrator.

BLS has a continuing dialogue with the APA. The members of that organization are businesses that prepare UI payroll reports, process UI reports, and/or provide payroll software for other businesses.

Furthermore, BLS has been participating in meetings of the Wiesbaden Group on Business Registers. This international expert group promotes the exchange of new techniques used by the participating countries in their development of universe files and collection of employer data using new alternative strategies. BLS staff also present papers and participate in the International Conference on Establishment Statistics and American Statistical Association conferences where

emerging technologies for collecting data from employers and lowering respondent burden are discussed in great detail.

9. Payment or Gifts to Respondents

None.

10. Assurance of Confidentiality

The Confidential Information Protection and Statistical Efficiency Act (CIPSEA) safeguards the confidentiality of individually identifiable information acquired under a pledge of confidentiality for exclusively statistical purposes by controlling access to, and uses made of, such information. CIPSEA includes fines and penalties for any knowing and willful disclosure of individually identifiable information by an officer, employee, or agent of the BLS.

BLS policy on the confidential nature of respondent identifiable information (RII) states that “RII acquired or maintained by the BLS for exclusively statistical purposes and under a pledge of confidentiality shall be treated in a manner that ensures the information will be used only for statistical purposes and will be accessible only to authorized individuals with a need-to-know.”

This policy remains in effect; however, since the MWR data are collected by SWAs, the MWR forms have been modified to reflect the fact that the extent of confidentiality maintained within each State varies in accordance with the laws of each State. For this reason, the statement on the form makes no promise of confidentiality. However, once the QCEW data are furnished to the Bureau, and in the Bureau's possession, the data are considered confidential and are covered by CIPSEA. BLS considers the maintenance of the confidentiality of data collected under a pledge of confidentiality to be critical to MWR/RFEW program integrity.

11. Justification for Sensitive Questions

No sensitive questions are asked.

12. Estimates of the Hour Burden of the Information Collection

Multiple Worksite Employer Respondents for States with Mandatory Reporting:

a. Number of respondents:	86,161
b. Frequency of response:	Quarterly
c. Estimated time per response	22.2 minutes
d. Annual burden:	127,518 hours
e. Estimation of burden:	Based on 2018/3 Quarterly Unemployment Insurance Address Files Record Counts

Multiple Worksite Employer Respondents for States with Voluntary Reporting:

- a. Number of respondents: 58,348
- b. Frequency of response: Quarterly
- c. Estimated time per response 22.2 minutes
- d. Annual burden: 86,355 hours
- e. Estimation of burden: Based on 2018/3 Quarterly
Unemployment Insurance
Address Files Record Counts

Federal Respondents:

- a. Number of respondents: 2,630
- b. Frequency of response: Quarterly
- c. Estimated time per response 22.2 minutes
- d. Annual burden: 3,892 hours
- e. Estimation of burden: Based on 2018/3 QCEW
Quarterly Micro-Data Records

Estimated total burden hours are $(127,518 + 86,355 + 3,892)$ 217,765.

Estimated total annual responses are $((86,161*4) + (58,348*4) + (2,630*4))$ 588,556.

The estimated cost to the respondents is \$5,975,472. This amount was derived by multiplying the total annual burden hours to complete the form by the wages and salaries for workers in a representative occupation that completes the survey. The wages for Office and Administrative Support occupations was obtained from the BLS National Compensation Survey, Employer Costs for Employee Compensation program. This rate was \$27.44/hour based on September 2018 data (<https://www.bls.gov/news.release/pdf/ecec.pdf>).

Calculation: $\$27.44 \times 217,765 \text{ hours} = \$5,975,472$

13. Estimate of the Annual Cost Burden to Respondents

There are no capital or start-up costs associated with the MWR or the RFEW.

There are no costs to SWAs for collecting information on the MWR or the RFEW above the money funded by the BLS as part of the overall QCEW program.

14. Annualized Cost to the Federal Government

Listed below are the rounded FY 2019 Federal government costs for the QCEW program. Costs associated with other QCEW-related forms previously approved by OMB are included.

Personnel	\$14,000,000
Other	\$14,000,000
SWA funding	<u>\$30,000,000</u>

TOTAL \$58,000,000

15. Changes in Respondent Burden

The MWR/RFEW is a census and the increase of total hours requested, from 210,980 to 217,765, is due to the availability of more recent information on the expansion in the total number of private-sector businesses in the U.S. economy with multiple-worksite locations.

16. Publication Plans

BLS will not publish or release the confidential employment and wages micro-data. Nine BLS reports from the QCEW program as well as the BLS website (<https://www.bls.gov/>) will receive data from the Multiple Worksite Report:

- (A) Quarterly news releases on county and National employment and wages with industry detail are usually issued 6 months after the reference quarter.
- (B) Quarterly news releases on Business Employment Dynamics at the National and State level are published approximately 7 months after the reference quarter. Currently, the quarterly news release covers National private sector data job creation and destruction by industry and establishment and firm size class, State total private data, and data on business births and deaths.
- (C) An annual comprehensive bulletin is published about 9 months after the reference year. This web-only publication, Employment and Wages Online, is the successor to the annual print bulletin, Employment and Wages. In March 2010, the 2008 edition of the Employment and Wages bulletin was the final issued on paper.
- (D) Quarterly employment and wages data with industry detail at the National, State, MSA, and county levels are released on the BLS website 6 months after the reference quarter.
- (E) Annual employment and wages data with industry detail at the National, State, MSA, and county levels are released on the BLS website 6 months after the reference year.
- (F) SWAs issue quarterly and/or annual reports on QCEW data in an aggregate form.

17. Request Not to Display Expiration Date

BLS is again requesting OMB approval for permission to suppress the expiration date on the BLS 3020 MWR and BLS 3021 RFEW paper forms. A waiver has been granted in the past allowing the BLS not to print the expiration and it is requested that this waiver be extended. The waiver is necessary to reduce the significant costs associated with printing new paper forms because of a change in the expiration date. However, the expiration date will appear on the MWRweb screens and on PDF versions of the MWR forms posted on the BLS public website.

18. Exception to Certification Statement

There are no exceptions to the “Certification for Paperwork Reduction Act Submissions.”