



“The Voice of Business on Unemployment & Workers’ Compensation”

May 29, 2015

The Honorable Paul Ryan
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Orrin G. Hatch
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Ryan, Ranking Member Levin, Chairman Hatch, and Ranking Member Wyden:

We are writing to oppose an amendment included in Section 913 of S 1269 as passed by the United States Senate on May 14th. The amendment would impose billions of dollars of unfunded burden on employers and add significant additional administrative costs for state workforce agencies.

UWC – Strategic Services on Unemployment & Workers’ Compensation is a national organization focused on unemployment insurance legislation and policy that serves as the voice of business in unemployment insurance. UWC members include a broad cross section of large and small employers and their representatives that would be negatively impacted by this provision.

The provision would require all of the 7 million employers in the country to collect information necessary to provide a Standard Occupational Classification (SOC) code for every one of the 133 million employees whose wages they report quarterly.

The Congressional Budget Office (CBO) estimates the cost for employers at hundreds of millions of dollars in the first year and the total cost would depend on the type of additional information employers would be required to provide.

Enactment of Section 913 would create an unfunded federal mandate on all employers. With limited exceptions, U.S. employers have never been required by federal law to apply SOC codes to their workforces.

CBO also concluded that the provision would impose significant new administrative costs on state agencies administering unemployment insurance (UI) compensation programs because those agencies would need to increase administrative staff to collect, code, maintain, and report on new occupational data, as well as to educate affected employers about the changes. There would also be considerable cost to enforce the reporting requirement.

Many state agencies, especially those using older UI systems, would likely need to invest in new software systems or undertake major redesigns, as well as invest in additional data storage capacity. Depending on the extent to which state agencies would need to undertake those activities, CBO estimates that the new administrative costs to states could exceed \$50 million over the 2016-2025 period, with most of those costs in the early years as systems are adapted. We believe that this estimate significantly understates costs.

All of the 7 million employers in the United States would be obligated to train staff in how to determine SOC coding, and there would be significant system programming, software additions, changes in record layouts, costs of collecting additional information, and other systems related costs needed to accommodate the new SOC data elements. Employers would have to ensure there was correct alignment between job positions and an SOC code, which at times, depending on the company, industry, and size, would be extremely difficult. The cost of this additional classification would continue indefinitely and be significant for employers who do not possess the man power to execute such a task.

We urge you to remove the language in Section 913 of S 1269 or any similar language in “customs” legislation.

Sincerely,

Douglas J. Holmes
President