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**Enhanced Unemployment Insurance Wage Records Subcommittee Expedited Recommendations**

**2020**

**Recommendation:** Enhance the Unemployment Insurance (UI) Wage Record by including Information on the Occupational Job Title(s), Hours Worked, and Job Site Location

We acknowledge that this improvement is a significant lift for states and employers in terms of resources and financial investment. It is also a substantial investment for implementation–people, training, and dollars would have to be successfully committed. While the upfront costs will be significant, we are confident this investment will reap exponential rewards.

**Importance of Enhancing the UI Wage Record:**

In general, a wage record consists of the employer information alongside an individual’s identifying information (e.g., name, Social Security number) and gross wages. Employers are required to report wage records on a regular basis to the state UI agency. This information is used to assess liability for unemployment taxes and to assess eligibility for unemployment benefits. But the information has also proven useful in developing vital workforce and labor market information products, particularly the Quarterly Census of Employment and Wages, as well as identifying employment and wage outcomes for individuals served through the public workforce development system. The enhanced UI wage record will provide even more valuable information with the addition of job title, hours worked, and location of job site.

The pandemic’s impact on the labor force was a reality check in that it revealed the importance of having more accurate workforce and labor market information (WLMI) at the local level. The enhanced UI wage record would allow us to address the labor force questions that we cannot currently answer, such as the following:

* The enhanced UI wage record enables us to answer questions on labor force participation by occupations; currently the information is being reported by industry only.
* The enhanced UI wage record distinguishes full-time from part-time positions to avoid misrepresentation of compensation inadequacies among the same job titles.
* The enhanced UI wage record permits us to evaluate the effectiveness of training programs and eligible training providers, apprenticeship training programs, and other credential programs to ensure they are delivering the technical skills that are aligned with the intended occupations. Educators and other WLMI users will have the ability to track career paths over time for businesses and employees.
* The enhanced UI wage record eliminates the need for the labor-intensive Occupational Employment Statistics (OES) survey of employers and would allow OES federal and state program staff to conduct quality control and analysis of the occupational information provided through the enhanced UI Wage Record.
* The enhanced UI wage record, when cross-matched with other data sources (e.g., higher education), will allow for greater insights into historic inequities and ways to address them.

A three-year-old U.S. Chamber of Commerce Foundation initiative is underway to promote enhancing UI wage records by adding more data fields, such as hours worked, occupation, and demographic information. This initiative demonstrates the importance of enhancing the UI wage record, and can serve as a valuable resource for gleaning best practices and learnings that would inform implementation of this recommendation. This may ultimately result in lower costs for DOL, state, and businesses, and would it facilitate broader adoption and acceptance to enhance the UI wage record for all parties.

**Concrete Steps for Implementation:**

The UI wage record enhancement process should begin as a pilot to get everything right before building to a national roll out in partnership with the Employment and Training Administration (ETA) and the Bureau of Labor Statistics (BLS).

There are many considerations to work out such as increased expectations of employers and third party administrators (TPAs). Employers will need to change their practice of reporting wage records to the state UI agency to include the new data elements. Employers may need to change or reprogram their personnel/human resources operating systems. Additionally, state agencies will need to provide education and training to employers and TPAs, as well as payroll software providers on how to comply with any new data elements or submission requirements.

There will also be expectations of states to modernize their computer systems and update their employer reports to accept the new UI wage record information. Across the country, state agencies have computer systems in varying degrees of modernization. Some states are operating with legacy systems that have not been updated in decades. As a result, updates necessary for enhanced UI wage records may not be as high of a priority for state UI agencies compared to other pending UI system IT needs. Additionally, many states have centralized information technology (IT) departments (i.e., shared IT services) that serve agencies across state government. Agencies must prioritize projects and compete for priority with other parts of government.

State agencies will need funding to enhance their computer systems, monitor employer compliance with reporting the additional elements, and standardize the data so it can serve as the foundation for meaningful analysis.

States may have to amend their UI laws and regulations to require that employers report these additional data elements. In general, this process takes both political capital and time to achieve.

In the future, sharing such data with parties that are best positioned to realize the expected benefits of adding these new data elements may conflict with existing data confidentiality federal regulations and state laws. Addressing these conflicts may require identifying the parties, the parameters around which such information may be shared, and likely amending state and federal laws to accommodate.