

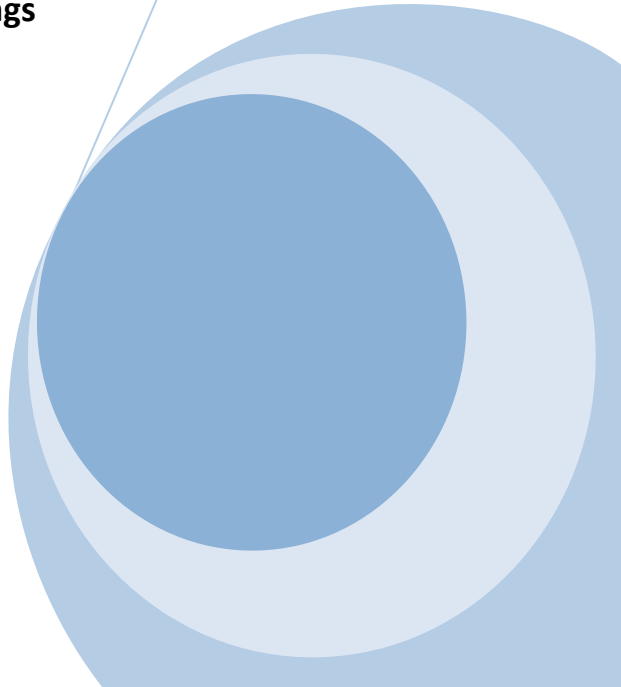


Enhancing Unemployment Insurance Wage Records Potential Benefits, Barriers, and Opportunities

A Summary of First-Year Study Activities and Findings



**Prepared for the Workforce Information Council by the
Administrative Wage Record Enhancement Study Group
September 2014**



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Executive Summary

In late 2012, the federal-state Workforce Information Council established an Administrative Wage Record Enhancement Study Group to examine the feasibility of adding variables to the quarterly wage record reports that employers submit to all states as part of the Unemployment Insurance (UI) Program. They began looking at the administrative records as an alternative source for improving local and state labor market information amid concerns over the adequacy of existing survey-based statistical data for state and local education and training program planning and accountability, economic analysis, career planning, and workforce program administration.

In its first year of investigation, the Study Group has surveyed state agencies responsible for UI wage record collections, user organizations that might benefit from wage record enhancement, and payroll services/software companies that compile and report the wage records for many employers. Those activities have resulted in some key findings and recommendations for future steps.

Key findings

The Study Group found several structural factors that could contribute favorably to wage record enhancement:

- *Growth in Electronic Reporting:* more states are requiring more employers to report electronically which facilitates modifications to the wage records and lowers the marginal costs of adding variables and collecting data.
- *Increased Reporting Frequency:* Illinois now requires some employers to report monthly which, if expanded to other states, could broaden the benefits and uses of the wage records.
- *Improvements in State UI Automated Systems:* many states have replaced decades-old technology with modern databases that are more flexible in handling modifications such as added wage variables.
- *Employers Already Report Enhanced Data:* twelve states collect one or more of ten different enhanced wage variables demonstrating that employers are capable of producing the desired data.
- *Payroll Service Providers Can Accommodate Enhanced Records:* a majority of payroll services firms contacted are capable of handling most of the enhanced wage record variables.
- *Wide Usage of Wage Records:* state UI agencies currently work with many potential customers/users that are calling for enhanced wage records.

- *Strong User Support:* user organizations across a wide spectrum are enthusiastic about the possible access to the enhanced wage records and the labor market information goals those records could help achieve.
- *Users Value the Potential Offered by Enhanced Wage Records:* the users surveyed indicated that enhanced wage records would be highly valued by their organizations and those they serve, and described many specific uses for the improved wage data.
- *Federal Statutes Support Enhanced Wage Records:* a number of current laws require employers to compile variables being considered for enhancement.
- *Enhanced Wage Records Could Reduce Employer Survey Burden and Improve Labor Market Statistics:* several federal statistical programs use surveys and reports to collect the same information that the enhanced wage records could provide. In addition, the geographic detail from the wage records would enable far greater precision and timeliness at the state and local level than current surveys.

The Study Group also found a number of current conditions that, without attention, could hinder wage record enhancement:

- *Lack of Coordination:* wage record enhancement costs are magnified when the states are not working together or with employers to develop solutions. Similarly the overall benefits are understated when all the different users and organizations involved are not recognizing and communicating their common needs.
- *Competing Priorities:* economic conditions and the need to deal with antiquated systems keep many states focused solely on paying benefits, not on enhancing the system.
- *Continued Use of Paper Transactions:* even as more employers are using electronic means to report wage data, a large number still rely on paper and fax, which makes wage record enhancement much more difficult and costly.
- *Lack of Adequate Employer Incentives for Complete, Accurate, and Timely Reporting:* requiring additional variables on the wage records is pointless unless employers report the data and do so correctly and timely.
- *Uncertainties Over Ongoing Funding Support:* to date, the costs of wage record enhancement have not been determined and no funding sources have been identified.
- *Data Security Concerns:* public concerns are possible with any increase in the compilation and storage of additional confidential information.
- *Inflexible State Systems:* Many states have not yet replaced legacy UI systems with technology that can handle additional wage record variables.
- *Inconsistent Definitions:* definitions for wage record elements often differ among the states and between states and the federal government; this increases the complexity and cost of reporting for employers and leads to inaccurate and late reports.

- *Lack of Occupational Coding Skills and Tools:* employers often do not understand the definitional distinctions in the Standard Occupational Classification structure and do not know how to access or use online tools to assign and maintain these codes.
- *Lack of Standard Coding to Reflect Variety in Compensation Packages:* current compensation options used by employers are complex and varied and there is not a standard method for coding employee compensation across states.

Next Steps and Recommendations

For the coming year, the Study Group has established plans to collect input directly from employers through the use of focus groups and state employer surveys, and document the considerations, costs, processes, and actions taken in states that have enhanced their wage records and those that are currently working through it.

Finally, the Study Group recommends the wider community of participants, including the Bureau of Labor Statistics, Employment and Training Administration, NASWA, and the states take the following steps:

- *Encourage Electronic Reporting:* develop incentives and assistance for states to increase the number of employers that report electronically.
- *Develop Tools to Assist Employers with Occupational and Geographic Coding:* build on tools developed by O*NET and the states that currently enhance their wage records and work with the payroll software companies to integrate systems that make it easier for employers to assign and maintain accurate codes.
- *Identify Financial Support for State UI Upgrades:* renew grants to states for modernization of UI tax systems, include incentives to work collaboratively and build systems that can accommodate wage record enhancement.
- *Establish a Wage Record Enhancement Practitioners' Working Group:* this would facilitate collaboration among states engaged in or planning for wage record enhancement.
- *Establish a Wage Record Enhancement Advisory Council* to recommend: 1) common data elements, definitions, and coding structures; 2) incentives for accurate, complete, and timely reporting; 3) alternative implementation strategies; 4) allowable and appropriate funding mechanisms; and 5) legislative actions required to implement universal wage record enhancement.

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Chapter One: Overview of the Study

Introduction

This report summarizes the initial year of investigation by the Workforce Information Council's Administrative Wage Record Enhancement Study Group into the potential benefits of, and barriers to, enhancing labor market information by adding data elements to the wage records collected by states as part of the administration of the Unemployment Insurance (UI) Program.

If enhanced wage record collection is to be successfully undertaken, many supporting entities will need to play a role: potential users, employer advocates, federal and state legislators, and state executives and staff, among others. Ultimately, however, three players are fundamental to the successful compilation of enhanced wage records: 1) individual employers, who compile, maintain and report wage records for their employees; 2) third-party service providers such as payroll services and software companies, who serve as intermediaries with UI agencies on behalf of many employers; and 3) state UI agencies, who must collect, edit, analyze, and distribute the information for it to have value. If any of these three entities does not have the resources and systems to perform their roles, enhanced wage record collection will fail.

Over the past year, to begin to examine the potential for wage record enhancement among these important players, the Study Group has surveyed state UI agencies, user organizations and payroll services/software companies. Three interim reports were prepared based on the results:

1. *Current Practices of Unemployment Insurance Wage Record Collection and Use*
2. *Current Views of User Organizations Regarding Enhanced Wage Record Collection and Use*
3. *Potential Barriers and Opportunities Regarding Enhanced Wage Record Collection and Use*

In this report, we will summarize information from those interim reports to describe the environment within which wage record enhancement is being considered, the opportunities that have been found—current conditions that might contribute favorably toward an implementation of wage record enhancement, and potential barriers that remain—current conditions that reflect ongoing challenges to adding variables to the wage records.

We will also present next steps the Study Group anticipates in the continuing exploration of this important topic. Finally, we will introduce suggested steps that other organizations

might take, that would have value with or without wage record enhancement, but that would boost the potential for wage record enhancement.

Background

Following the enactment of the Social Security Act in 1935, states established Unemployment Insurance programs for the purpose of providing wage stabilization during weak economic periods. In all states, payments to unemployed individuals are based on the individual's previous work. In order to establish that work history, all states collect a few basic data elements from employers about each employee, including their social security number and the amount of wages paid to them during the most recent quarter. Over the decades, these wage data records have become essential not only for the administration of the UI Program but also for many other purposes, which will be described in this report.

The last concerted effort by the U.S. Department of Labor (DOL) to explore the use of administrative wage data for labor market information (including evaluating the impact of training services on employment and wages) was presented at their New Tools for a New Era Symposium¹ in 2003. The Workforce Information Council and the Bureau of Labor Statistics sponsored this symposium as part of their Administrative Data Research and Evaluation Project, which was followed by a report in 2005². The report concluded that linked administrative reports offer states attractive opportunities for estimating the impact of the Workforce Investment Act (WIA) and its related services at a relatively low cost. The report also noted that administrators should strive to improve the quality and accessibility of these data while ensuring the appropriate privacy and confidentiality protections.

In a more recent publication by the Workforce Information Council³, it was noted that a wide range of individuals and organizations use labor market information (LMI) for personal, business, education, and government policy decisions. Sound decisions regarding careers, jobs, education, business expansion and contraction, and taxes and revenues all can hinge on accurate, valid LMI. Much of the available information supporting these decisions is produced by federal and state agencies based on surveys of employers and households. As federal and state budgets tighten, LMI surveys are often among the first activities curtailed—meaning less reliable information produced for fewer geographical areas. While the national statistics are based on surveys with large samples, much less reliable information is available for state and local areas.

¹ Kevin Hollenbeck, Christopher T. King, and Daniel Schroeder "Preliminary WIA Net Impact Estimates: Administrative Records Opportunities and Limitations"

² Kevin Hollenbeck, Christopher T. King, Wei-Jang Huang and Daniel Schroeder "Net Impact Estimates for Services Provided through the Workforce Investment Act

³ Labor Market Information Customers and Their Needs-- Customer-Oriented LMI Product Innovation-- <http://www.workforceinfocouncil.org/Documents/LMICustomersNeeds050812FINALEDITIONS.pdf>

To mitigate the effects of shrinking budgets, states and local jurisdictions must explore alternative sources if they are to continue to provide high quality information to support critical personal, business, and government policy decisions. One important alternative source is the employment and wage record data reported by employers for administration of the unemployment insurance (UI) programs in all states. These data, and the system used to collect them, offer an opportunity to enhance labor market information for state and local areas at a relatively low cost. Many states have begun using the UI wage records to enhance LMI and to measure program performance. Some states have begun to collect additional items with the wage records, including job titles, hours worked, and location of work. Some states are looking at accelerating the reporting time frame so that information can be made available more timely.

To assist state workforce agencies, the US Department of Labor, and labor market information producers and users better assess the potential of using enhanced administrative data to improve labor market information, the Workforce Information Council (WIC) established an Administrative Wage Record Enhancement Study Group. The Study Group was comprised of Labor Market Information Directors and staff from several states and representatives from the Department of Labor's Employment and Training Administration and Bureau of Labor Statistics, and the National Association of State Workforce Agencies. The WIC selected Raj Jindal, Director of Information Technology at the Louisiana Workforce Commission, as Chair of the Study Group. In addition the WIC hired a project coordinator to facilitate the work of the Committee.

This Study Group was charged with exploring the benefits and barriers to adding data elements to wage records collected in the administration of the Unemployment Insurance Program, as a source for enhanced labor market information. The Study Group will document current practices associated with collecting and using various wage record data elements to produce information that benefits a wide variety of users, determine if enhancements to those wage record data may provide even greater value, and identify potential barriers and opportunities for collecting such enhanced data.

Study Plan

This first year of this study has been comprised of the following four components:

- *Phase I described the current state practices for collecting and using UI wage records, and past research on UI wage record enhancement.*
- *Phase II documented the importance of workforce information goals that could be supported with enhanced wage records and the potential value that could be derived from enhancements to the wage record reporting system from the perspective of potential users.*

- *Phase III explored potential barriers to and opportunities for enhancement of the wage record reporting system from the perspective of state workforce agencies, payroll processing firms, and payroll software providers.*
- *Phase IV summarizes the first-year results in this final report.*

Chapter Two: Current State Practices for Unemployment Insurance Wage Record Collection and Use

Study Methods

This chapter summarizes the initial phase of investigation by the Administrative Wage Record Enhancement Study Group. In this initial phase, the work team:

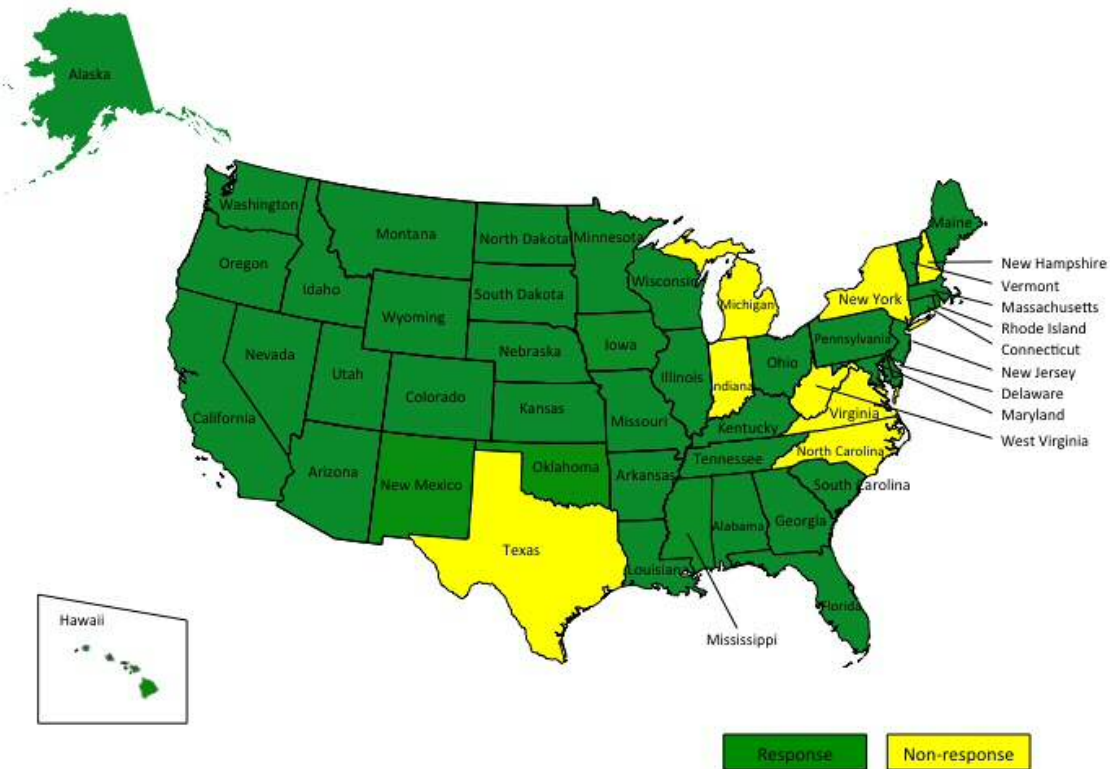
- *Inventoried states' UI wage record employer reporting requirements (including data collected, timing, and methods used)*
- *Identified and described wage record enhancements (beyond the norm) that states currently have in place and described the process by which those enhancements were added and the benefits/uses those states derive from each existing enhancement*
- *Solicited from states a list of current uses of the UI wage records in each state*
- *Conducted research on past and current work done by ETA, states, and research institutes on the laws and uses of administrative wage records for purposes other than states' administration of the UI Program*
- *Developed a central repository of all past and current research on wage record enhancement*

To collect the necessary information for this stage of the project, the project coordinator worked with the Study Group to develop a questionnaire that would be sent to all 50 states and three territories comprising the United States. The National Association of State Workforce Agencies (NASWA) conveyed the questionnaire to all states and territories using an e-mail and cover letter signed by then NASWA President Mark Henry and WIC State Co-Chair Rebecca Rust on July 9, 2013. The cover letter was directed to state workforce agency administrators and requested a response from each state by August 5, 2013. The director of each state's Unemployment Insurance Program and Labor Market Information Program were copied on the request. A copy of the cover letter and questionnaire are included in this report as Appendices A and B.

Following the mailing, members of the Workforce Information Council and the Study Group were asked to follow up with states in their respective regions to encourage state response to the survey. Repeated follow up contacts were made with states that had not responded by the originally requested date. NASWA sent a follow up request to all non-responding states on September 14, 2013. At the end of September 2013, the study team agreed to proceed with the first interim report. The final response was received December 4, 2013.

Results

Forty-two of the fifty states (84 percent) and two of three territories (Guam and the Virgin Islands) responded to the questionnaire. These states/territories comprise 75 percent of the business establishments, 73 percent of employment, and 71 percent of the wages paid in the U.S. A map of the responding states is shown below.



Employer Reporting Methods

States and territories were asked three questions about the methods employers use to report the wage records. First, they were asked about any existing requirements for employers to report wage records electronically.

- *Does your state mandate electronic reporting of UI wage records for any segment of employers? If so, what are the criteria (e.g., size of firm, industry)?*

Paper records require greater levels of staff involvement and error checking to process data. Electronic reporting of data enables more efficient processing of the wage records by state authorities and, potentially, would make it easier to handle collection of additional variables with the wage record data.

Of the 44 responding states and territories, 28 (64 percent)⁴ indicated they require electronic reporting of wage record data by some or all employers, while 16 (36 percent) did not. The legislature in at least one of the states that does not require electronic reporting was at the time considering such a mandate. The requirement to report electronically is generally based on the number of employees in the reporting firms but, in some cases, is also based on the amount of wages paid or, for payroll firms, the number of businesses for which they report. For example, one state set its threshold at 100 employees or more, but also required electronic reporting if the employer had \$1,000,000 or more in wages during the current or previous quarter. The table below depicts the distribution of the employment threshold requirements for electronic reporting among the responding states.

Table1
Electronic Reporting Requirements
in Responding States/Territories

Threshold # of Employees	Number of States in 2013	Number of States in 2014
1+	9	11
10+	2	2
25+	5	5
100+	6	5
250+	6	5
No Requirement	16	16

To give a sense of the share of employers in these states that may be asked to report electronically, and the amount of employment information that is captured by those electronic reports, Table 2 below displays the share of private U.S. firms and employment above certain employment thresholds. For example, U.S. firms that have 100 or more employees comprise just 2 percent of all private firms, yet they employ 63 percent of all private-sector employees in the nation.

⁴ Since the survey of states, more current information on electronic reporting requirements has been compiled. The revised data, depicting all states as of 2014, are shown in Chapter 5, on page 51.

Table 2
Cumulative Shares of U.S. Private Sector Firms
and Employment by Firm Size

Number of Employees	Share of U.S. Firms	Share of Total U.S. Nonfarm Employment
1+	100%	100%
5+	44%	95%
10+	25%	89%
20+	13%	82%
50+	5%	71%
100+	2%	63%
250+	1%	53%

States were also asked to provide percentage distributions of employers and wages reflecting the methods employers used to report the wage records.

- *What percentage of employers (or their agents) in your state report wage data using the following methods?*

Internet: _____ *Magnetic media (tape, computer disk, etc.):* _____

Paper/fax: _____ *Other (specify):* _____

- *What percentage of total wages reported in your state do the following reporting methods represent?*

Internet: _____ *Magnetic media (tape, computer disk, etc.):* _____

Paper/fax: _____ *Other (specify):* _____

States and territories that required electronic reporting tended to be larger and comprised a higher share of the employees and wages paid. The 28 respondents that required some level of electronic reporting (64 percent of the all respondents) comprised over 79 percent of the 6.6M business establishments and over 80 percent of the \$3.7 trillion in wages paid in the responding states and territories. Not surprisingly, as depicted in Table 3, these states/territories experienced higher rates of electronic reporting, as well.

Table 3
Methods Used by Employers to Report Quarterly Wages

Reporting Method	States with Some Required Electronic Reporting		States with No Required Electronic Reporting	
	Percent of Employers ^{5, 6}	Percent of Wages ⁴	Percent of Employers ^{4, 5}	Percent of Wages ⁴
Internet	52%	61%	44%	42%
Magnetic Media	9%	14%	10%	14%
Paper	31%	10%	34%	18%
Other ⁷	8%	15%	12%	26%

Some states included electronic forms of data delivery in the ‘Other’ category and provided a breakout of the ‘Other’ category that specified the percentage that was FTP⁶. Based on that information, we can get a good understanding of the share of all forms of electronic data transmission versus paper and staff-entered data. The following table depicts this distribution. The closeness of the percentages between states that required electronic reporting and those that did not seems to indicate that most employers prefer electronic reporting regardless of whether it is required or not. However, there is also a substantial minority of employers that opted for paper reporting, in states that allow it.

Table 4
Methods Used by Employers to Report Quarterly Wages

Reporting Method	States with Required Electronic Reporting		States without Required Electronic Reporting	
	Percent of Employers ⁴	Percent of Wages ⁴	Percent of Employers ⁴	Percent of Wages ⁴
Electronic Files	69%	90%	65%	82%
Paper/Staff Entry	31%	10%	35%	18%

⁵ Two states were not able to provide the percentage distribution based on employers. They represented three percent of all employers in the responding states. Six states were not able to provide the percentage distribution based on wages. They represented five percent of the total wages in the responding states.

⁶ The Bureau of Labor Statistics does not produce a count of firms by state; therefore, the number of establishments in each state was used as a proxy for the number of employers to calculate these shares.

⁷ Some states included a form of Internet reporting called File Transfer Protocol or “FTP” in the ‘Other’ or ‘Magnetic Media’ categories.

Frequency of Employer Reports

The states were next asked:

- *Does your state require any employers to report wage records more frequently than quarterly? If yes, what criteria are used to select those employers?*

Quarterly reporting has been the norm for UI wage record reporting for decades. As new information technology has been adopted, real-time sharing of large data files has become commonplace in the business world, and the potential for more timely collection of wage records is becoming more of a reality.

Virtually all states that responded continue to require quarterly wage file reporting, with Illinois being the one exception. At the time of the survey, Illinois employers with at least 100 employees were required to submit monthly reports. As of July 2014, Illinois employers with at least 25 employees are required to submit monthly reports. Illinois has made these changes to help enhance the integrity of the state's Medicaid Program by improving information for timely verification of client eligibility.

Uses of the Wage Records

- *Does your agency match the wage records with other administrative data (e.g., DMV, TANF) to add demographic characteristics (age, gender, income, residence address, etc.)?*

Any potential enhancement of the wage records should not duplicate existing administrative systems and, potentially, should eliminate redundant reporting. By coordinating administrative data collection, employer reporting burden and the processing cost to government might be reduced.

Federal and state UI laws, as well as other state laws, tightly restrict such matching to other databases. Only a handful of the responding states reported matching the wage records with other state administrative files to add demographic characteristics to the employee data. Most of those that did were relying on files from their Departments of Motor Vehicles to bring in variables such as age, gender, and residence address, although files from workforce programs and a unique state-specific program were also mentioned.

- *Who uses the wage data your agency collects for purposes other than direct UI administration? What are those purposes?*

Access to the wage records is generally limited to state and local personnel with a need to use the data for purposes outside of the UI Program as defined in state law. Even when state law prescribes an allowable use, specific use agreements are developed and signed to ensure proper protections for the confidentiality of the data.

The breadth of the types of use described make it clear that the wage records collected under the Unemployment Insurance Program have value to a far wider audience than originally envisioned. The wage records provide a timely and comprehensive tool for users to conduct the public's business, at far less cost than if each entity were to attempt to collect the data separately.

The following chart provides examples of the wide range of user organizations and their common applications of the wage record data. The responding states provided more than three hundred examples of use. These have been grouped by program type and use. The shading on the chart indicates the share of each user group for which the states listed the type of use: Most = 50+ percent; Some = 25 to 49 percent; Few = 1 to 24 percent.

Table 5
Examples of UI Wage Record Uses and User Programs Identified by States/Territories

	Primary Uses of Wage Record Information												
	Employment Verification	Income Verification	Fiscal Management	Investigations	Locating Individuals	Law Enforcement	Data Generation, Market and Policy Analysis	Program Administration	Eligibility Determination	Program Performance Assessment	Credit/Grant/Loan Making	Collection of Fines, Restitution, Penalties, Debts, Overpayments	Tax Collection
Programs Identified as Using the UI Wage Records													
Child Support	Some use	Most use		Few use	Few use	Most use	Few use	Some use	Few use			Most use	
Corrections	Most use	Most use		Few use	Few use	Some use	Few use	Most use		Most use			
Consumer Affairs				Most use	Most use	Most use				Most use			
Civil Rights Commission		Most use		Most use	Most use	Most use							
State & Local Government Administration	Some use	Some use		Some use	Some use	Some use		Some use	Few use		Few use	Few use	
Fish, Wildlife, and Parks				Most use	Most use	Most use							
Law Enforcement/Public Safety	Few use	Few use		Most use	Few use	Most use						Few use	
Crime Victims Restitution	Most use			Most use	Most use	Most use		Most use				Most use	
Emergency Management								Most use				Most use	Most use
BLS/Census/State Labor Market Information	Few use	Few use					Most use	Some use		Few use			
Private and Public Research Organizations										Most use			
Federal Reserve Bank							Most use						
Workforce Preparation	Few use	Some use		Few use	Few use	Few use		Most use	Few use	Most use	Few use		
Vocational Rehabilitation	Few use	Few use					Some use	Most use	Few use	Most use	Few use		
Employment Services	Some use	Most use		Few use	Few use	Few use		Most use	Some use	Most use			
Adult Basic, Career, and Higher Education	Most use	Most use				Few use	Some use	Most use	Few use	Most use	Few use		
Department of Commerce				Most use	Few use								
Economic Development	Few use			Few use		Some use	Most use	Some use	Few use	Few use			
National Farmworkers Jobs and Education Program	Most use	Most use							Most use				
Labor Standards, Worker Safety, Wage/Hour Agencies	Some use	Most use		Most use		Most use	Few use	Few use			Few use		

Most use:  Some use:  Few use:  No use mentioned: 

Table 5
Examples of UI Wage Record Uses and User Programs Identified by States/Territories

Programs and Agencies Identified as Using the UI Wage Records	Primary Uses of Wage Record Information												
	Employment Verification	Income Verification	Fiscal Management	Investigations	Locating Individuals	Law Enforcement	Data Generation, Market and Policy Analysis	Program Administration	Eligibility Determination	Program Performance Assessment	Credit/Grant/Loan Making	Collection of Fines, Restitution, Penalties, Debts, Overpayments	Tax Collection
Workers' Compensation				Most use		Most use							
Financial Institutions		Most use							Most use		Most use		
FMHA Loan Program		Most use									Most use		
HUD Assisted Housing Program		Most use						Most use	Most use				
State and Local Housing Programs		Most use						Some use	Most use				
Human Services Agencies		Most use		Some use				Some use	Most use				
Temporary Assistance for Needy Families (TANF)		Most use					Most use	Most use					
Supplemental Nutrition Assistance (Food Stamps)	Some use	Most use						Some use	Most use				
Public Assistance	Some use	Most use						Most use	Most use				
Utility Assistance		Most use							Most use				
USDA Rural Assistance		Most use						Some use	Most use				
Social Security		Most use						Most use	Most use				
Retirement Programs	Some use	Some use		Some use				Most use					
Health Care	Some use	Most use		Some use		Some use		Most use	Most use			Some use	
Health Insurance	Most use	Most use						Most use	Most use				
Mental Health		Most use						Most use	Most use	Some use			
Medicaid Assistance	Some use	Most use				Some use		Most use	Most use				
Disability Assistance	Most use	Most use		Some use		Some use		Most use	Some use	Some use			
Debt Collection Agencies						Most use						Most use	Most use
IRS and State Revenue Agencies		Some use		Some use		Some use						Some use	Most use

Most use:  Some use:  Few use:  No use mentioned: 

Current Enhancements to the Wage Records

Twelve of the responding states and territories enhanced the basic wage record, adding data elements to the information collected from employers about each individual employee. Slightly more than half of these states and territories relied upon state law to direct the enhancements and most have been collecting the enhanced data for many years.

Table 6
Current State Wage Record Enhancements

State/ Territory	When Started	Initiated by Statute or Rule	Enhanced Data Elements Collected About Each Employee
Alaska	Late 1980s	Rule	Standard Occupational Classification Code; geographic code (county equivalent) of principal worksite
Iowa	2000 2010	Rule	Bonuses Reporting unit (employee's principal worksite)
Minnesota	1995	Statute	Total hours worked in quarter and principal worksite number
New Jersey	1984	Statute	Base weeks (number of weeks in quarter the individual earned over \$140)
Ohio	1987	Statute	Total number of weeks worked in quarter
Oregon	1995	Statute	Total hours worked in quarter
Pennsylvania	1983	Statute	Total number of weeks worked in quarter
Rhode Island	2008	Rule	Total hours worked and number of weeks worked in quarter
Vermont	2001	Statute	Pay type: salary or hourly; hourly pay rate; gender
Virgin Islands	2005	Rule	Total hours worked in quarter; salary; job title; worksite street address, ZIP, and county; gender
Washington	1977	Statute	Total hours worked in quarter
Wyoming			Total hours worked in quarter, tips, and date of hire (collected as part of joint efforts with the Workers' Compensation Program)

Table 7
Current Enhancements by Type

Enhanced information type collected about each employee:	Number of states/territories
Hours worked	6
Primary worksite location	5
Weeks worked	4
Pay rate	2
Gender	2
Pay type	1
Occupation	1
Date of hire	1
Bonuses	1
Tips	1

Of the twelve responding states that enhanced the wage record, seven had some degree of electronic reporting required, including three states that required electronic reporting from all employers. This gives the impression that at least some employers and payroll service companies and software providers are capable of storing the enhanced data elements and delivering them electronically to the states. This question is explored further in Chapter 4.

Most states collecting enhanced data noted that issues of incompleteness or inaccuracy in the employer-reported enhanced data reduced the reliability of estimates derived from their application. Some states used hours or weeks worked in UI determinations and had found those data were more closely edited and reliable. In cases where the enhanced data were not used directly in the UI Program, more data gaps and inaccuracies were noted. Those collecting hours were able only to estimate gross hourly earnings without accounting for overtime pay.

Despite these challenges some states reported that the data were extremely helpful in estimating hourly earnings, understanding career progression from occupation to occupation, assessing the effectiveness of workforce training, and making occupational projections. One state pointed out that the employee worksite information eased other employer reporting burdens and helped with UI claim filing.

Consideration of Additional Enhancements

- *Has your state considered adding other data elements to the wage record requirements? If so, what and when? What was the intended purpose? What was the result?*
- *Do you know of organizations calling for your state to collect additional elements with the wage records? If so, which organizations and what enhancements/purposes?*

Fourteen states indicated that they have considered enhancements to their wage records, including four states with enhanced wage records looking at further enhancements. These considerations ranged from informal discussions among staffers in state agencies and legislatures, to task forces being established, to proposed legislation aimed at exploring possible enhancements. Some states were exploring enhancements to coincide with upcoming UI computer system redesigns.

Seven states reported that external organizations were calling for wage record enhancements, including business associations; economic development, education, and workforce agencies; and the Society of Professional Engineering Employees in Aerospace. Most were seeking enhanced collection of the number of hours worked, hourly wages, and occupation to evaluate state investment in education and training and aid economic development efforts. The Fair Labor Standards Act requires that employers maintain data on all of these variables.

Many states were working to develop longitudinal data systems that will facilitate the matching of student records to labor market outcomes. Partner organizations in those efforts were increasingly discussing the potential value of enhanced wage records. These desires are reflected in a number of publications by organizations interested in the use of wage records for education and training program evaluation, indicating the limitations imposed by the absence of the additional variables.

State UI Systems' Capabilities

As indicated in the introduction to this report, in order to assess the potential for wage record enhancement, it is fundamentally important to understand the ability of state Unemployment Insurance systems to receive, store, edit, and analyze the data.

- *Is your state's UI wage collection system flexible enough to collect additional data elements on the wage reports? Please describe any technical/fiscal/staffing constraints to adding elements.*

Of the 42 states and 2 territories that responded to the survey, thirteen (30 percent) indicated that their UI systems were at that time flexible enough to handle additional wage data elements, while 20 (45 percent) responded that their systems were not. Of

these 20, five stated that they expected to complete near-term installation of new systems that would provide the flexibility needed for wage record enhancement and two indicated new systems were being built but did not clearly state whether these would enable wage record enhancement.

Nine states (20 percent) did not state ‘yes’ or ‘no’ in response to the question but provided comments that indicated it was possible that their systems could handle the enhancements. Two respondents (5 percent) did not answer the question or provide comments.

The states provided a variety of comments on the technical/fiscal/staffing constraints to enhancing wage record collection. Even states that indicated that their systems could accommodate additional wage variables made it clear that many factors would have to be addressed before considering wage record enhancement. Table 8 summarizes the constraints mentioned by the responding states. A complete listing of the states’ comments is included as Appendix C.

Table 8
Summary of State Comments Received Regarding
Constraints to Enhanced Wage Record Reporting

Constraint Mentioned	# of States Mentioning
Extensive re-programming required	20
Inadequate funding	13
Current system rigidity	11
Potential employer burden	7
Changes required in forms used	6
Conflicting staffing priorities	5
Added processing costs	4
Size limits on forms used	2
Added effort	2
Law/rule changes required	2
Employer communications/education needed	2
Possible increase in incomplete, untimely reporting	2
No constraints mentioned	5

No direct information was gathered on the costs associated with adapting systems to collect enhanced wage records. Clearly, items such as the extensive re-programming mentioned by 20 states would carry a substantial cost which, when taken in the context of their other comments about inadequate available funding, begs the question as to where funding to support such an effort might be found. This topic will be touched upon in Chapter 6.

Previous Research into Enhancements to the Wage Records

The states were also asked:

- *Has anyone in your state prepared any reports on the benefits or monetary value of using wage records for purposes other than direct UI administration? If so, who can we contact to obtain a copy?*

Only one state reported having such a study, and it was nearly twenty years old. However, a number of reports that discuss the value of basic wage records and possible enhancements have been identified. These documents, identified to date, are listed in Appendix D. Work will continue to identify additional research.

Chapter Three: User Organizations' Views Regarding Enhanced Wage Record Collection and Use

Study Methods

The goal of Phase II of the study was to better understand how users might value the availability of additional variables that characterize the nature of work and compensation in local labor markets. This phase began with the development of a list of national and regional organizations that represent business, education, labor market research, and workforce preparation. The project coordinator compiled this initial list and submitted it to the Study Group for comment and augmentation. The list was then shared with the labor market information directors in all 53 states and territories for their review, comment, and augmentation. At the end of this process, 113 organizations were selected to include in a survey. A list of these organizations is included in Appendix E.

Next, the project coordinator worked with the Study Group to develop an online, web-based questionnaire to collect information about the user organizations' purpose and scope, and their views on the importance of LMI goals associated with wage record enhancement and on the value of adding variables to the UI wage records. The group also developed a cover e-mail to convey the request for participation in the survey. A copy of the cover e-mail and questionnaire are included in this report as Appendices F and G.

The request to complete the questionnaire was initially conveyed to the selected user organizations by e-mail from the WIC's Executive Director on April 16, 2014. The e-mail requested responses by May 2. In an attempt to maximize early response, follow-up e-mails were sent on April 25 and May 7.

As responses slowed after an initial burst, members of the study team sought the support of selected intermediary partner organizations by asking them to make personal contacts with non-responding organizations to encourage their participation. In addition, members of the Workforce Information Council, its wage study advisory committee, and the labor market information directors in all 53 states and territories were asked to follow up with non-responding organizations in their respective regions to encourage responses to the survey. In concert with these contacts, additional follow-up e-mails were sent to non-responding organizations between July 1 and August 7, 2014. In early August 2014, the study team agreed to proceed with the Phase II summary report. The final response was received August 27, 2014.

Results

Forty-seven (42 percent) of the one hundred thirteen user organizations contacted responded to the questionnaire.

Participant Characteristics

User organizations were asked three questions about the nature and scope of their organization. First, they were asked to assign a category designation to their organization.

- *Please select the description that best fits your organization.*
 - *Schools, Colleges, and Related*
 - *Business Association*
 - *Legislative*
 - *Research*
 - *Other (please specify)*
 - *Employment & Training*
 - *Trade Association*
 - *Human Services*
 - *Labor Association*
 - *Health Services*
 - *Professional Association*
 - *Government*

Nearly a quarter of the 47 respondents used the ‘Other’ category to describe their organization. Using the information provided, combined with a careful review of the responding organizations’ web sites, the respondents were grouped as follows.

- Business and Trade Associations—8
- Education, Workforce, and Related Support Organizations—6
- Government Research and Statistical Organizations—3
- Labor Associations—3
- Policy Development and Advocacy Organizations—5
- Private Consulting Research Organizations—8
- Professional Associations—8
- University-based Research Centers—6

Next, participants were asked to describe the size and scope of their organization.

- *Please describe the scope of your organization and its members, if any.*

Geography	Number of Members	Number of Individuals Served
○ <i>Local</i>	○ <i>0</i>	○ <i>< 1,000</i>
○ <i>Regional</i>	○ <i>1 - 4</i>	○ <i>1,000 to 9,999</i>
○ <i>Statewide</i>	○ <i>5 - 24</i>	○ <i>10,000 to 99,999</i>
○ <i>Multi-state</i>	○ <i>25 - 99</i>	○ <i>100,000 to 499,999</i>
○ <i>National</i>	○ <i>100 - 499</i>	○ <i>500,000 to 999,999</i>
	○ <i>500+</i>	○ <i>1,000,000+</i>

Of the 47 responding user organizations, 28 (62 percent) indicated they have a national scope, while 13 (28 percent) represent statewide or multi-state constituencies. Five respondents (10 percent) represented local or regional interests.

Table 9
Geographical Representation
of Responding User Organizations

Geography	Number	Percentage
Local	3	6%
Regional	2	4%
Statewide	8	17%
Multi-State	5	11%
National	29	62%

The majority of respondents represented more than 100 individual or organizational members, with forty percent having more than 500 members.

Table 10
Number of Members Represented
by Responding User Organizations

Number of Members	Number of Respondents	Percentage of Respondents
0	7	15%
1-4	3	6%
5-24	5	11%
25-99	5	11%
100-499	8	17%
500+	19	40%

In total, the responding user organizations indicated they served more than 20 million individuals. Over half of the respondents served more than 100,000 individuals.

Table 11
Number of Individuals Served by the
Responding User Organizations

Number of Individuals Served	Number of Respondents	Percentage of Respondents
<1,000	10	21%
1,000 to 9,999	5	11%
10,000 to 99,999	8	17%
100,000 to 499,999	2	4%
500,000 to 999,999	2	4%
1,000,000+	20	43%

As can be seen in Table 12 below, no direct correlation can be inferred from the membership size and the number of individuals served by the responding organizations. Some organizations with no members served large populations while some with large membership served relatively few individuals.

Table 12
Number of Individuals Served by the
Responding User Organizations

Number of Individuals Served	Number of Members					
	0	1-4	5-24	25-99	100-499	500+
<1,000	3		2	1	1	
1,000 to 9,999			1	1	1	2
10,000 to 99,999	1	3				7
100,000 to 499,999			1		1	
500,000 to 999,999						2
1,000,000+	3		1	3	5	8

The number of individuals the user organizations reported serving was distributed relatively evenly across organizational types.

Table 13
Number of Individuals Served by Type of
Responding User Organization

Type of Organization	Number of Individuals Served					
	<1,000	1,000 to 9,999	10,000 to 99,999	100,000 to 499,999	500,000 to 999,999	1,000,000+
Business and Trade Associations		1	1		1	5
Government						3
Labor Associations			2		1	
Policy Development and Advocacy Organizations	3		1			1
Private Consulting Research Organizations	3	1	2			2
Professional Associations	1	2	3			2
Education, Workforce, and Related Support Organizations		1		1		4
University-based Research Centers	3					3

Importance of Related Workforce Information Goals

The Study Group wished to assess the level of user organizations' support for workforce information goals that enhanced wage records would support.

- *Please rate the importance of the following workforce information goals to your organization and those it serves.*
 - *Helping to align education programs with employer needs*
 - *Enhancing information to support economic development efforts*
 - *Delivering accessible information on education and training program outcomes*
 - *Monitoring local, regional, and statewide economic trends*
 - *Assessing the effects from economic disruptions (recession, natural disaster, etc.)*
 - *Informing the community of economic and social needs*
 - *Reducing employer survey burden through better use of administrative data*
 - *Providing accurate information on employment opportunities available to job seekers*

Respondents were provided a four-point scale on which to rate the importance of each goal: 1 = not important, 2 = little importance, 3 = important, or 4 = very important.

Overall, the respondents indicated that all of the listed workforce information goals were important to very important to their organizations. Table 14, on the next page, displays the mean, median, and standard deviation of the importance scores assigned to these goals. The strongest support was expressed for 'helping to align education programs with employer needs' and 'delivering accessible information on education and training program outcomes,' with mean scores of 3.53 and 3.43, respectively. As indicated by the median scores, at least half of the respondents rated six of the eight goals as very important to their organizations and the other two as important.

Table 14
Overall Respondents' Rating of Workforce Information Goals

Workforce Information Goal	Mean Score	Median Score	Std. Dev.
Helping to align education programs with employer needs	3.53	4.0	0.77
Enhancing information to support economic development efforts	3.30	4.0	0.87
Delivering accessible information on education and training program outcomes	3.43	4.0	0.94
Monitoring local, regional, and statewide economic trends	3.40	4.0	0.79
Assessing the effects from economic disruptions (recession, natural disaster, etc.)	3.00	3.0	0.90
Informing the community of economic and social needs	3.21	4.0	1.01
Reducing employer survey burden through better use of administrative data	3.00	3.0	1.05
Providing accurate information on employment opportunities available to job seekers	3.13	4.0	1.12

In Table 15, on the following page, we break down these results to look at the mean and median ratings by type of user organization. Nearly all of the goals were rated as important or very important to the responding organizational types.

Table 15
Rating of Workforce Information Goals
by Type of Responding User Organization

Workforce Information Goal	Type of Organization (n)															
	Business and Trade Associations (8)		Education, Workforce, and Related (6)		Government Research and Statistics (3)		Labor Associations (3)		Policy Development and Advocacy (5)		Private Consulting Research (8)		Professional Associations (8)		University-based Research Centers (6)	
	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.
Helping to align education programs with employer needs	3.9	4.0	3.2	3.5	3.7	4.0	3.0	3.0	2.8	3.0	3.6	4.0	3.9	4.0	3.7	4.0
Enhancing information to support economic development efforts	3.5	4.0	3.3	3.5	3.0	3.0	3.7	4.0	2.0	3.0	3.5	4.0	3.5	3.0	3.5	3.5
Delivering accessible information on education and training program outcomes	3.8	4.0	3.5	4.0	3.3	4.0	3.7	4.0	2.4	2.5	3.3	4.0	3.8	4.0	3.5	4.0
Monitoring local, regional, and statewide economic trends	3.4	4.0	3.3	4.0	4.0	4.0	4.0	4.0	2.6	3.0	3.5	4.0	3.4	3.0	3.5	3.5
Assessing the effects from economic disruptions (recession, natural disaster, etc.)	3.1	3.0	3.0	3.5	3.3	2.0	3.3	4.0	2.2	2.0	2.8	3.0	3.0	3.0	3.5	4.0
Informing the community of economic and social needs	2.8	3.0	2.8	3.0	4.0	4.0	4.0	4.0	2.6	2.5	3.3	4.0	3.1	3.0	4.0	4.0
Reducing employer survey burden through better use of administrative data	3.1	3.0	2.7	2.5	3.3	4.0	2.7	3.0	2.4	2.5	3.4	3.5	3.0	3.0	3.2	3.5
Providing accurate information on employment opportunities available to job seekers	2.9	4.0	3.2	4.0	2.7	3.0	3.3	4.0	2.2	3.0	3.8	4.0	3.5	3.5	3.0	3.5

While most organizations scored all of the goals as important or very important, it is informative to look at how each type of organization ranked the goals, based on the mean score they assigned. Table 16 presents this view on the relative importance of the goals. For example, reflecting many previous studies, business’s interest in improved education programs is reflected in their top rankings for *‘helping to align education programs with employer needs’* and *‘delivering accessible information on education and training program outcomes.’* Interestingly, *‘monitoring local, regional, and statewide economic trends’* is ranked higher by most organization types than *‘delivering accessible information on education and training program outcomes,’* a result which contrasts with the overall mean scores discussed above.

Table 16 also presents both summed rankings across all organization types that are weighted and un-weighted to reflect the number of organizations in each organization type. Regardless of weighting, the top two ranked goals are *‘helping to align education*

programs with employer needs’ and ‘monitoring local, regional, and statewide economic trends.’

Table 16
 Ranked Scores of Workforce Information Goals
 Within Type of Responding User Organization

Workforce Information Goal	Ranking ⁸ by Type of Organization (n)								Overall Ranking	
	Business and Trade Associations (8)	Education, Workforce, and Related (6)	Government Research and Statistics (3)	Labor Associations (3)	Policy Development and Advocacy (5)	Private Consulting Research (8)	Professional Associations (8)	University-based Research Centers (6)	Un-weighted Overall Ranking ⁹	Weighted Overall Ranking ¹⁰
Helping to align education programs with employer needs	1	4	3	7	1	2	1	2	1	1
Enhancing information to support economic development efforts	3	2	7	3	8	3	3	3	4	4
Delivering accessible information on education and training program outcomes	2	1	4	3	4	6	2	3	3	3
Monitoring local, regional, and statewide economic trends	4	2	1	1	2	3	5	3	1	2
Assessing the effects from economic disruptions (recession, natural disaster, etc.)	5	6	4	5	6	8	7	3	7	7
Informing the community of economic and social needs	8	7	1	1	2	6	6	1	4	5
Reducing employer survey burden through better use of administrative data	5	8	4	8	4	5	7	7	8	8
Providing accurate information on employment opportunities available to job seekers	7	4	8	5	6	1	3	8	6	6

Value of Additional Variables

Wage record enhancements that have occurred in some states and have been discussed in others include adding some or all of the following variables:

- Hours worked
- Pay rate
- Occupation or job title
- Tips
- Primary worksite location
- Gender
- Date of hire
- Home address
- Weeks worked
- Pay type
- Bonuses

⁸ Ranking is based on the mean score assigned by each type of organization.

⁹ The Un-weighted Overall Ranking was calculated by summing the rankings by organization type and then ranking those sums.

¹⁰ The Weighted Overall Ranking was calculated by multiplying the rankings by organization type by the number of respondents by organization type, summing the results, and then ranking those sums.

Collecting these variables would enable the production of a wide variety of information types. The user organizations were next asked:

- *Please rate the potential value of each type of information below to your organization and those it serves. Also, please describe briefly the potential uses of any of the items that you rate as moderate or high value.*

Respondents were provided a list of information types that might be available with enhanced wage record data collection. They were given a four-point scale on which to rate the potential value of each information type: 1 = no value, 2 = little value, 3 = moderate value, or 4 = high value. For each information type, in addition to the rating scale, they were provided with space to record potential uses of that information type if they rated it of moderate or high value. Table 17 displays the mean, median and standard deviation of the value scores they assigned to each information type.

Table 17
Overall Respondents' Rating of the Value of
Potential Wage Record Enhancement Variables (n=47)

Potential Enhancement Information Types	Mean	Median	Std. Dev.
Occupations of individuals in local labor markets	3.64	4.0	0.70
Hourly wages of individuals in local labor markets	3.30	4.0	0.90
Hours worked by individuals in local labor markets	3.04	3.0	1.03
Hourly wages by occupation in local labor markets	3.30	4.0	0.92
Hours worked by occupation in local labor markets	3.00	3.0	1.03
Hourly wages paid in local industries	3.13	3.0	0.94
Employee hours worked in local industries	2.85	3.0	1.05
Gender of individuals in local industries and occupations	2.55	2.0	1.03
Principal work location of individuals in local labor markets	2.91	3.0	1.03
Industries in which graduates of specific education and training programs are employed	3.34	4.0	0.83
Occupations in which graduates from specific education and training programs are employed	3.47	4.0	0.79
Hourly earnings of graduates from specific education and training programs	3.09	3.0	1.01
Career paths of graduates from specific education and training programs	3.34	4.0	0.88
Commute patterns of individuals working in local labor markets	2.68	3.0	1.09

Table 18 breaks down the respondents' assessment of value by organizational type.

Table 18
Rating of the Value of Potential Wage Record Enhancement
Variables by Type of Responding User Organization (n=47)

Potential Enhancement Information Types	Type of Organization (n)															
	Business and Trade Associations (8)		Education, Workforce, and Related (6)		Government Research and Statistics (3)		Labor Associations (3)		Policy Development and Advocacy (5)		Private Consulting Research (8)		Professional Associations (8)		University-based Research Centers (6)	
	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.	Mean	Med.
Occupations of individuals in local labor markets	3.1	3.5	3.8	4.0	4.0	4.0	3.7	4.0	3.2	3.5	3.8	4.0	3.8	4.0	4.0	4.0
Hourly wages of individuals in local labor markets	2.9	3.5	3.3	4.0	4.0	4.0	2.7	3.0	2.8	3.0	3.5	4.0	3.6	4.0	3.5	3.5
Hours worked by individuals in local labor markets	2.4	2.0	3.3	4.0	3.0	3.0	2.7	3.0	3.0	3.0	2.9	3.0	3.3	4.0	3.8	4.0
Hourly wages by occupation in local labor markets	2.9	3.5	3.5	4.0	3.7	4.0	3.7	4.0	2.8	3.0	3.4	4.0	3.4	4.0	3.5	3.5
Hours worked by occupation in local labor markets	2.4	2.0	3.3	4.0	3.0	3.0	3.7	4.0	2.6	2.0	2.8	3.0	3.1	4.0	3.7	4.0
Hourly wages paid in local industries	2.8	3.0	3.0	3.5	3.0	3.0	2.7	3.0	2.8	3.0	3.5	4.0	3.4	4.0	3.5	3.5
Employee hours worked in local industries	2.3	2.0	3.0	3.5	3.0	3.0	2.7	3.0	2.6	2.0	2.6	3.0	3.1	4.0	3.7	4.0
Gender of individuals in local industries and occupations	1.8	2.0	2.2	2.0	2.7	2.0	3.0	3.0	2.4	2.0	2.4	3.0	3.0	3.0	3.5	3.5
Principal work location of individuals in local labor markets	2.4	2.0	2.8	3.0	3.0	2.0	2.3	2.0	2.4	2.5	3.1	4.0	3.4	4.0	3.5	4.0
Industries in which graduates of specific education and training programs are employed	3.5	4.0	3.3	3.0	3.7	4.0	3.7	4.0	2.4	3.0	3.4	4.0	3.5	3.5	3.3	3.5
Occupations in which graduates from specific education and training programs are employed	3.4	3.5	3.7	4.0	3.7	4.0	4.0	4.0	2.8	3.0	3.5	4.0	3.5	3.5	3.5	4.0
Hourly earnings of graduates from specific education and training programs	3.3	4.0	3.2	4.0	3.7	4.0	3.3	4.0	2.2	2.0	2.6	3.0	3.5	3.5	3.2	3.5
Career paths of graduates from specific education and training programs	3.5	3.5	3.0	3.0	3.7	4.0	4.0	4.0	2.2	2.5	3.4	4.0	3.5	3.5	3.7	4.0
Commute patterns of individuals working in local labor markets	2.5	3.0	2.5	2.5	3.0	2.0	2.7	2.0	1.8	2.0	2.9	3.0	2.9	3.0	3.2	3.5

As used earlier, we also ranked the value scores assigned to the information types. Table 19 presents rankings by organizational type and summed rankings across all organization types that are weighted and un-weighted to reflect the number of organizations in each

organization type. Regardless of weighting, the top three ranked information types are ‘occupations of individuals in local labor markets,’ ‘occupations in which graduates from specific education and training programs are employed,’ and ‘hourly wages of individuals in local labor markets.’ These three items would require collection of occupation and hours worked in addition to the currently collected wages paid. The second item would also require matching of wage records to student records.

Table 19
 Ranked Value of Potential Wage Record Enhancement
 Variables by Type of Responding User Organization (n=47)

Potential Enhancement Information Types	Ranking ¹¹ by Type of Organization (n)								Overall Ranking	
	Business and Trade Associations (8)	Education, Workforce, and Related (6)	Government Research and Statistics (3)	Labor Associations (3)	Policy Development and Advocacy (5)	Private Consulting Research (8)	Professional Associations (8)	University-based Research Centers (6)	Un-weighted Overall Ranking ¹²	Weighted Overall Ranking ¹³
Occupations of individuals in local labor markets	5	1	1	3	1	1	1	1	1	1
Hourly wages of individuals in local labor markets	6	4	1	9	3	2	2	6	3	3
Hours worked by individuals in local labor markets	10	4	8	9	2	9	10	2	8	8
Hourly wages by occupation in local labor markets	6	3	3	3	3	5	7	6	4	5
Hours worked by occupation in local labor markets	10	4	8	3	7	11	11	3	9	9
Hourly wages paid in local industries	8	9	8	9	3	2	7	6	7	7
Employee hours worked in local industries	13	9	8	9	7	12	11	3	11	12
Gender of individuals in local industries and occupations	14	14	14	8	9	14	13	6	14	14
Principal work location of individuals in local labor markets	10	12	8	14	9	8	7	6	12	11
Industries in which graduates of specific education and training programs are employed	1	4	3	3	9	5	3	12	6	6
Occupations in which graduates from specific education and training programs are employed	3	2	3	1	3	2	3	6	2	2
Hourly earnings of graduates from specific education and training programs	4	8	3	7	12	12	3	13	10	10
Career paths of graduates from specific education and training programs	1	9	3	1	12	5	3	3	5	4
Commute patterns of individuals working in local labor markets	9	13	8	9	14	9	14	13	13	13

¹¹ Ranking is based on the mean score assigned by each type of organization.

¹² The Un-weighted Overall Ranking was calculated by summing the rankings by organization type and then ranking those sums.

¹³ The Weighted Overall Ranking was calculated by multiplying the rankings by organization type by the number of respondents by organization type, summing the results, and then ranking those sums.

Non-Response Assessment

Whenever information is collected through a survey, the survey response rate is one of the major concerns. Many academic studies and web survey sites peg typical response rates for online surveys from 5 or 10 percent up to 30 or 40 percent, depending on many factors. According to the e-mail marketing firm Benchmark¹⁴—“Generally speaking, an email open rate of 15-20% is considered "good." However, not everyone who will open your email will participate in your survey. Therefore, you can expect the percentage of subscribers who respond to the survey to be even less than that.” Michael Braun Hamilton, Online Survey Analyst for SuperSurvey, indicates the median survey response for 199 surveys conducted using their software was 26 percent.¹⁵

Low response rates can raise questions as to whether the respondents are representative of the population as a whole—whether there is a non-response bias. With lower response rates, non-response bias must be considered. While the response rate in this study was on the higher end of response rate scale, we are nevertheless interested in assessing the potential for non-response bias.

One method used to test for non-response bias is to make concerted efforts to collect data from some of the non-respondents and compare their views to the earlier (perhaps more willing) responders. In this study, that approach was available because of the second wave of data collection efforts that consisted of focused outreach efforts by intermediaries and the state LMI directors. In the first wave of data collection, 26 organizations responded within the first four weeks. The second wave resulted in 21 additional responses from three to four months later. By comparing the early and late groups of responders, we may get a better sense of the potential for bias. If their responses are similar, we may be somewhat reassured that the views of the entire population are well represented.

Table 20 displays the mean and standard deviation of the scores assigned to the workforce information goals by the early and late groups.

¹⁴ <http://www.benchmarkemail.com/help-FAQ/answer/what-is-a-typical-survey-response-rate>

¹⁵ Michael Braun Hamilton, “Online Survey Response Rates and Times Background and Guidance for Industry”, Ipathia, Inc., 2009, http://www.supersurvey.com/papers/supersurvey_white_paper_response_rates.pdf

Table 20
 Early¹⁶ and Late¹⁷ Respondents' Rating of
 Workforce Information Goals Organization

Workforce Information Goal	26 Early Responders		21 Late Responders	
	Mean	Std. Dev.	Mean	Std. Dev.
Helping to align education programs with employer needs	3.8	0.4	3.2	1.0
Enhancing information to support economic development efforts	3.5	0.7	3.1	1.0
Delivering accessible information on education and training program outcomes	3.8	0.5	3.0	1.2
Monitoring local, regional, and statewide economic trends	3.3	0.7	3.5	0.9
Assessing the effects from economic disruptions (recession, natural disaster, etc.)	2.9	0.8	3.1	1.0
Informing the community of economic and social needs	3.2	1.0	3.2	1.1
Reducing employer survey burden through better use of administrative data	3.3	0.9	2.8	1.1
Providing accurate information on employment opportunities available to job seekers	3.4	1.0	2.8	1.2

While still rating most of the goals between important and very important, the later responders rated four of the goals at least 0.6 points lower. Many factors, including organizational type and small sample size, could explain these differences but they are worth considering.

To provide additional perspective, we have performed the same analysis on the ratings of the types of potential information enhancements. Table 21 below displays these findings.

¹⁶ "Early" responses were received between April 16 and May 15, 2014, with only e-mail follow-up.

¹⁷ "Late" responses were received between July 1 and August 27, 2014 following focused follow-up by intermediary organizations.

Table 21
 Early¹⁸ and Late¹⁹ Respondents Rating of the Value of
 Potential Wage Record Enhancement Variables

Potential Enhancement Information Types	26 Early Responders		21 Late Responders	
	Mean	Std. Dev.	Mean	Std. Dev.
Occupations of individuals in local labor markets	3.65	0.68	3.62	0.72
Hourly wages of individuals in local labor markets	3.23	0.85	3.38	0.95
Hours worked by individuals in local labor markets	3.08	1.00	3.00	1.07
Hourly wages by occupation in local labor markets	3.19	0.92	3.43	0.90
Hours worked by occupation in local labor markets	2.92	1.00	3.10	1.06
Hourly wages paid in local industries	3.15	0.86	3.10	1.02
Employee hours worked in local industries	2.77	1.01	2.95	1.09
Gender of individuals in local industries and occupations	2.50	0.89	2.62	1.17
Principal work location of individuals in local labor markets	2.92	0.96	2.90	1.11
Industries in which graduates of specific education and training programs are employed	3.46	0.69	3.19	0.96
Occupations in which graduates from specific education and training programs are employed	3.62	0.62	3.29	0.93
Hourly earnings of graduates from specific education and training programs	3.12	0.93	3.05	1.09
Career paths of graduates from specific education and training programs	3.50	0.57	3.14	1.12
Commute patterns of individuals working in local labor markets	2.62	1.08	2.76	1.11

In this case, there do not appear to be any material differences in the ratings of the two groups. Based on this information, non-response bias does not appear to be a significant concern.

¹⁸ “Early” responses were received between April 16 and May 15, 2014, with only e-mail follow-up.

¹⁹ “Late” responses were received between July 1 and August 27, 2014 following focused follow-up by intermediary organizations.

Potential Uses of the Enhanced Wage Record Data

The respondents were asked to describe how the enhanced items that they rated as moderate or high value might be used. Ten of the fourteen items listed in the questionnaire are different combinations made possible by adding five basic data elements to the wage record: occupation, hours worked, gender, primary work location, and residence location. Four of the questionnaire items deal with matching enhanced wage record data with education and training participation records. The 47 respondents provided more than 250 ideas about the uses of these data. The detailed responses regarding uses, by item and organizational type, can be found in Appendices H and I.

In general, the responses fell into a few broad categories, including:

- *Aligning education and workforce training supply with employer demands for labor*
- *Developing more effective education and training programs*
- *Providing consumer information for improved decision making*
- *Supporting more efficient labor markets*
- *Strengthening economic development efforts*
- *Helping businesses compete more effectively*
- *Improving corporate hiring/retention practices*
- *Promoting greater accountability in public spending on education and training programs*
- *Increasing knowledge and understanding about the dynamics of local, regional and statewide labor markets*
- *Supporting effective policy development to address economic and social challenges*
- *Evaluating public policies and programs related to labor markets and the workforce*

Additional Comments Provided by Respondents

The respondents were last offered an opportunity to provide any additional comments that they felt were relevant. Below are those comments, edited to remove any identifying organizational information.

- “Regarding those values that were selected as “not important,” while they are not necessarily critical to the work of (our national organization), they may indeed be of great importance to our state and regional members.”
- “All are important for community colleges—need at individual level for colleges to match to students served to assess programs’ abilities to provide value to the student and the community.”
- “Overall, this is very essential information. Thanks!”
- “It is essential to link longitudinal earnings gains and labor market attachment to training and credentialing to assess outcomes and impact of investments.”

- “Thank you for conducting this important survey. Our organization supports adding occupation and other data to UI wage records to better shape public policies to support workers and graduates.”
- “Our main interest in enhanced UI wage records is linking them to data on students & participants in workforce development programs to get info about their job quality for policymakers, educators, etc.”
- “We are most interested in the alignment of education and workforce data so that students graduate ready to enter and succeed in the workforce.”
- “Most interested in supplementing quarterly wages for specific individuals with hours and location of works. Occupation is not as important and is much harder to obtain.”
- “Very important to include additional individual demographic data. Frequently want to match academic records with employment and not all institutions have the SSN. Additional industry data necessary.”
- “While data points related to specific education and training programs would be valuable, that data could also be gained from data linkages if only occupation and hourly info was in wage records.”
- “Earnings changes due to changes in hours vs. changes in the hourly wage have very different labor market implications. Important to be able to distinguish between the two effects.”
- “I get (state) wages data for recent college graduates. The fly in the ointment is the absence of occupational titles and hours worked.”
- “Skill/competency assessment is critical to understanding skill gaps in various occupations/industries.”
- “My research uses individual level data for multi-variable and longitudinal statistical analyses to examine how personal, sectoral and local factors influence wages, earnings and employment outcomes.”
- “I express skepticism about our practical ability to align low-cost electronic collection of occupational information with the realities of business-specific position-specific responsibilities & changes.”
- “I’m responding as a university-based institution that does research/evaluates/designs employment and training programs.”
- “The information above is needed to enable workers, students, educators, trainers, and employers to make labor market decisions with a reasonable probability of success, and is required by USC29-4912.”
- “The survey discusses data that would significantly enhance both the BLS and Census programs that use administrative UI data. The relevant issue is the cost to report these data on a job basis.”

Chapter Four: Payroll Services/Software Companies' System Capabilities

Study Methods

To begin to get a view into employers' ability to report enhanced wage record variables, the work team attempted to survey firms in the payroll services/software industry. For a significant number of employers, these firms provide a range of services including everything from maintaining payroll records to filing taxes to providing payroll software. If these organizations have the capacity to store and report the desired data, then one of the potential barriers to enhanced wage record collection can be mitigated.

To obtain information from the payroll services/software industry, the work team developed an online, web-based questionnaire to collect information about the payroll services companies' size and scope, the current features of their systems regarding potential wage record enhancement variables, and the costs of adding any variables that were not in the list of current features.

Using the Internet, the project coordinator developed a list of 77 national and regional companies in the payroll services/software industry.

Because the work team did not have good e-mail addresses for many of the companies to be surveyed, the study group developed a cover letter to convey the request for survey participation. Copies of the initial cover letter and questionnaire are included in this report as Appendices J and K, respectively.

The cover letter, signed by the WIC's Executive Director, was sent to the selected payroll companies by U.S. Postal Service mail on May 15, 2014. The letter was generally sent to a top executive of the company and requested a response by May 30.

Seeking to increase the likelihood of obtaining survey responses, the study group reached out to a representative of the National Payroll Reporting Consortium, a non-profit trade association of organizations that provide payroll processing and employment tax services directly to employers. NPRC members serve more than 1.4 million employers with a combined total of more than 35 million employees, over one-third of the private-sector workforce. Their members tend to be among the larger payroll firms.

During a phone conference, several members of NPRC agreed to participate in the survey and provided contact information to the study team, including one firm that was not among the original 77 firms identified. This brought the total number of payroll services/software firms contacted to 78. A list of these firms is included in Appendix L. The WIC Executive Director conveyed the invitation e-mail to NPRC members on July 7, with reminders sent to non-respondents on July 17.

Attempting to encourage additional participation, an additional e-mail invitation was also sent to non-NPRC members that had been included in the original letter invitation. Valid e-mail addresses were obtained for 50 of the 77 original invitees. The WIC's Executive Director sent the e-mail invitation on July 8, 2014.

Results

Following the initial letter mail out, two responses were received within a few days but no additional responses came in. The e-mail invitation sent with the support of NPRC brought in seven more participants. The e-mail invitation to the 50 companies that had received the original letter invitation and reminder resulted in no responses. On July 28, 2014, the NPRC representatives informed the study team that no further response should be expected from their members. A total of only nine responses from all efforts had been received.

While the number of responses was below what had been hoped for, the responding companies serve a significant number of employers and offer an important glimpse into the capabilities of the industry as a whole.

Payroll Company Characteristics

The first question asked of the payroll companies was intended to determine if, in fact, the responding company participated in the wage record reporting process.

- *Does your company complete and file quarterly state unemployment compensation wage record reports on behalf of employers?*

If they answered affirmatively, they were presented with two additional questions:

- *In how many states do you file quarterly state unemployment compensation wage record reports?*
- *Roughly, for how many employers does your company file state unemployment compensation wage record reports?*

All nine responding firms indicated that they filed the quarterly UI wage record reports. Only one of the nine firms filed wage record reports in fewer than 50 states, and even that firm submitted reports in 48 states. All of the firms that participated in the survey can be considered nationwide firms.

Their nationwide scope is also reflected in the number of firms for which they filed quarterly wage records. The smallest firm filed reports for fewer than 1,000 employers, while the largest firms filed reports for more than one-half million employers. In total, the nine responding firms served nearly 1.2 million employers. The median number of employers served by these payroll firms was 28,000.

In the United States, there are approximately 5.7 million employers that operate in 7.4 million establishments (physical locations where business is conducted.)²⁰ Since the questionnaire did not explicitly state whether the respondents should reflect the number of entire firms or establishments in their response, it is possible that some counted establishments. Therefore, the 1.2 million total employers served by the respondents can best be described as between 16 and 21 percent of all U.S. employers.

Types of Media Used to Transmit Data

The questionnaire next probed the types of media that the payroll firms and the employers they serve use to transmit data. This is important because the greater the use of electronic transmission methods, the lower the marginal cost of adding data elements.

- *Of the...employers on whose behalf you file unemployment compensation wage reports, what percentage do you submit to the states using each of the following media?*

** Internet/FTP * Magnetic (tape, computer disk, etc.) * Paper/fax*

For each media type, the respondents were provided on-screen with a pull-down menu with the following choices:

- *0 to 4 percent*
- *5 to 19 percent*
- *20 to 39 percent*
- *40 to 59 percent*
- *60 to 79 percent*
- *80 to 94 percent*
- *95 to 100 percent*

Table 22 displays the distribution of responses within each reporting media type. Seven of the nine firms used the Internet or FTP for at least 60 percent of the reports they filed. The type of reporting systems supported by state UI agencies may influence this figure. Conversely, most of the responding firms used paper or fax only to a small degree in filing wage record reports with the states.

²⁰ U.S. Census Bureau, Statistics of U.S. Businesses, 2011, <https://www.census.gov/econ/susb/>

Table 22
Percent of Reports Filed by Payroll Services Firms Using Each Filing Method

Percent of Quarterly Reports Filed	Number of Firms by Filing Method		
	Internet/FTP	Magnetic (tape, computer disk, etc.)	Paper/fax
0 to 4 percent	1	4	6
5 to 19 percent	0	2	2
20 to 39 percent	1	2	1
40 to 59 percent	0	0	0
60 to 79 percent	3	0	0
80 to 94 percent	2	0	0
95 to 100 percent	2	1	0
Total	9	9	9

Perhaps more important than the number of firms that used each media type is the number of employer reports that were filed with each media type. Using the percentages reported in response to the question above and the reported figures on the number of employers served by the responding firms, it was possible to calculate²¹ low-end and high-end estimates of the number of employer reports that were filed using each media type. These are displayed in Table 23 on the next page. The responding firms used some form of digital file transmittal for 95 to 100 percent of the roughly 1.2 million employers' quarterly wage record reports they filed.

²¹ The low- and high-end estimates were calculated for each respondent by multiplying the number of employers they served by the low and high ends of the media percentage range they indicated. The results were then summed across all respondents by media type.

Table 23
 Ranges in Number of Employer Quarterly Reports Filed by
 Payroll Services Companies, by Filing Method

Filing Method	Number of Reports Filed	
	Low-End Estimate	High-End Estimate
Internet/FTP	615,560	687,062
Magnetic (tape, computer disk, etc.)	478,210	536,482
Paper/fax	4,310	60,407

The survey participants were also asked to describe how they received data from the employers they serve. This is important as a gauge of whether employers are using electronic or paper transmission methods to handle data. A higher incidence in the use of paper would likely indicate a higher potential cost of adding variables to the reports.

- *What percentage of your employer clients use the following media to transmit employee wages and other data to your firm to prepare their state unemployment compensation wage record reports?*

* *Internet/FTP* * *Magnetic (tape, computer disk, etc.)* * *Paper/fax*

Once again, they were provided with pull-down menus for each media type that offered the same percentage ranges from which to choose.

- *0 to 4 percent*
- *5 to 19 percent*
- *20 to 39 percent*
- *40 to 59 percent*
- *60 to 79 percent*
- *80 to 94 percent*
- *95 to 100 percent*

Table 24 summarizes the results. Of note, at least two firms received wage records from a high percentage of the employers they served in paper/fax form and very few employers used magnetic media to transmit the wage data to their payroll services provider. One respondent made the point that, in addition to the three media types listed on the questionnaire, 40 percent of their clients (fewer than 10,000) phoned data in. The absence of this option on the questionnaire introduced a gap in our summary, in that other respondents may have used that option for some percentage of their employers if it had been available. However, given that the sum of the percentages across the three categories reported by all of the other respondents approximated 100 percent, we believe the gap in our data is likely not large.

Table 24
Percent Distribution Among Filing Methods Used by Payroll Services Firms

	Filing Method		
	Internet/FTP	Magnetic (tape, computer disk, etc.)	Paper/fax
0 to 4 percent	1	9	4
5 to 19 percent	1	0	2
20 to 39 percent	0	0	1
40 to 59 percent	1	0	0
60 to 79 percent	0	0	0
80 to 94 percent	2	0	1
95 to 100 percent	4	0	1
Total	9	9	9

As was done with the payroll firms' reports to the states, we calculated low- and high-end estimates of the number of firms that used each media type to transmit wage data to the payroll firms for processing (see Table 25.) The respondents reported a surprisingly large number of firms used paper and fax to send payroll data to their service providers for processing. This may warrant further investigation into the size of firms using paper and fax, and whether alternative data transfer methods are feasible for them. Also, as noted above, some unknown numbers of employers transferred data to the payroll companies by telephone.

Table 25
Range in Number of Employers Providing Data to the Responding
Payroll Services Companies Using Different Data Transfer Methods

Data Transfer Method	Minimum Number of Employers	Maximum Number of Employers
Internet/FTP	598,660	710,020
Magnetic (tape, computer disk, etc.)	0	47,552
Paper/fax	468,400	574,902

Payroll Service Pricing Factors

To get a better sense of any potential cost increases to employers served by the payroll firms if additional variables were added to the quarterly reports, the respondents were asked to characterize how they set prices for their services.

- *Please indicate below the factors your company considers in setting a price for the service of submitting unemployment compensation wage record reports?*
 - *Number of wage records submitted*
 - *Frequency of wage record submittals*
 - *Number of variables submitted with each wage record*
 - *Total wages paid by the employer*
 - *Client’s recordkeeping and transmittal methods*
 - *Number of services provide to client*
 - *Market rates*
 - *Other (please specify) _____*

Respondents were allowed to select as many of the options they wished. The following are the responses received from the nine firms. It is interesting to note that only one firm indicated that they adjust their price based on the number of variables submitted with each wage record.

Table 26
Factors Included by Payroll Firms in Setting Prices
for Submitting Unemployment Compensation Wage Record Reports

Pricing Factor	# of Responses
Number of services provided to client	4
Market rates	3
Number of wage records submitted	2
Client’s recordkeeping and transmittal methods	1
Frequency of wage record submittals	1
Number of variables submitted with each wage record	1
Other: Client billed for payroll processing only—no charge for quarter end preparation	1
Other: Flat dollar amount per payroll processed	1
Other: How many times we have to make adjustments	1
Other: Part of basic service	1
Other: This service is part of our overall tax payment\ filing service so there are no separate fees for filing SUI reports	1

Payroll Software Sales and Use

Also of interest to the study team was whether the payroll firms sold separate software systems that enabled employers to file their own quarterly wage record reports.

- *Does your company sell software that directly supports employers' capability to file their own quarterly state unemployment compensation wage record reports?*

If they indicated that they did sell such software, they were asked to estimate, roughly, the number of employers that used software to file their state unemployment compensation wage record reports.

Two firms indicated that they did sell payroll software and that, in total, fewer than 3,000 employers used that software. Given that only two firms responded, and relatively few employers were involved, we have not provided any break out of other questions based on this information.

Capacity to Store and Report Wage Record Enhancements

Next, the respondents were asked to assess the current capacity of their systems to collect, maintain, and report twenty different variables that have been discussed as possible enhancements to wage record reporting. The participants were also asked to reflect on the cost of adding variables that their systems didn't currently support, and the nature of those costs. The questions posed and the responses are in Table 27. In this table, a column has been added to reflect the average (mean) cost of adding variables. This is a calculated field. The cost factors of low, medium, and high were assigned values of 1, 2, and 3, respectively, to calculate the average. Not all respondents that did not have a feature provided a response on the cost of adding that feature. The averages reflect the responses received.

The variables that were least often a feature of the respondents' systems were '*residuals paid in the quarter*', '*piece-work amounts paid in the quarter*', and '*county*' of principal work location.

The respondents that didn't currently have the capability to store various elements of the employee's occupation and principal work location indicated that adding those items would be most costly.

A few of the respondents seemed to indicate that the costs associated with adding many of these items would be ongoing costs, not a one-time cost associated with modifying current systems. Why these firms see these costs as ongoing once systems have been designed to accept the data is something that may warrant further exploration.

Table 27
Current Capacity of, and Cost of Additions to, Responding Payroll Services/Software Companies'
to Accommodate Possible Enhanced Wage Record Variables

All states require employers or their agents to submit quarterly reports that detail each employee's name, Social Security Number and wages paid during the quarter. A few states require additional data elements to be reported with the quarterly wage record reports. Please indicate which of the following data elements your systems are currently capable of storing and reporting. Also, please rate the cost of adding any of the items that your systems currently do not support and indicate whether these would be one-time and/or ongoing costs.

	Current Feature		Cost of Adding, If Not a Current Feature				Nature of Added Cost		
	Yes	No	High Cost	Medium Cost	Low Cost	Mean ²²	One-time	Ongoing	One-time, Ongoing
Employee's Quarterly Hours and Earnings									
Regular hours worked in quarter	9	0	0	0	0	NA	0	0	0
Overtime hours worked in quarter	6	3	1	1	1	2.0	0	2	0
Weeks worked in quarter	8	1	0	0	1	1.0	0	0	0
Salary paid in quarter	9	0	0	0	0	NA	0	0	0
Regular (straight-time) wages paid in quarter	7	2	0	2	0	2.0	0	2	0
Overtime wages paid in quarter	6	3	1	1	1	2.0	0	2	0
Commissions paid in quarter	5	4	1	2	1	2.0	0	3	0
Bonuses paid in quarter	5	4	1	2	1	2.0	0	3	0
Tips paid in quarter	8	1	0	1	0	2.0	0	1	0
Residuals paid in quarter	3	6	1	4	1	2.0	1	3	0
Piece-work amounts paid in quarter	3	6	1	4	1	2.0	1	3	0
Employee's Occupation									
Job title	5	4	3	1	0	2.8	1	2	1
Standard Occupational Classification (SOC) Code	4	5	3	1	1	2.4	1	2	1
Both Job Title and SOC Code ²³	3	6							
Employee's Principal Work Location									
Street address	4	5	2	2	0	2.5	1	3	0
City	4	5	2	2	0	2.5	1	3	0
ZIP	4	5	2	2	0	2.5	1	3	0
County	3	6	3	2	0	2.6	1	3	1
State	5	4	2	1	0	2.7	1	2	0
Employer site number	5	4	2	1	0	2.7	1	1	1
Employee's Gender	9	0	0	0	0	NA	0	0	0

²² This item was calculated from the responses. The cost factors of low, medium, and high were assigned values of 1, 2, and 3, respectively, to calculate the average. Not all respondents that did not have a feature provided a response on the cost of adding that feature. The averages reflect the responses received.

²³ This item was compiled from the responses but was not a question explicitly asked of the respondents.

It is noteworthy that some of the responding firms indicated that they have systems in place to handle most of the possible enhancement data variables. In fact, two firms had the current capacity to handle 19 of the 20 variables being considered, one missing the ‘*Standard Occupational Classification codes*’ and the other missing ‘*weeks worked in the quarter*’.

Table 28
Current Capabilities of Responding Firms’ Systems
(Out of 20 Possible Data Elements)

Number of Data Elements That are Current Features	Number of Responding Firms
19	2
14	2
12	2
11	1
6	1
5	1

In reviewing the information in tables 27 and 28, readers should be cautious to not interpret current capacity as a feature that is being used. Some providers have systems that could support a particular data element but are not currently receiving that information element from their employer clients. (The Workforce Information Council anticipates including an assessment of employers’ information systems and interest in enhanced wage record reporting in future phases of this study.) Most of the 20 data elements included in this question are not required by any state. However, the capacity of payroll providers’ systems is one factor in assessing the feasibility of and necessary future steps toward enhancing the wage record reporting.

Factors Contributing to High Costs for Additional Variables

The respondents were asked to provide explanatory information that would help us understand why some of the additions would be so costly.

- *If you identified items above that would be high-cost additions to your systems, please list some of the important factors contributing to the high cost*

Five respondents provided the following comments.

- ❖ *We have multiple systems needing updating with additional fields. One system is vendor-supplied, so we are dependent on vendor. We use third-party tax filing software—customization comes at high cost.*

- ❖ *Training...clients and...employees how these codes should be assigned and stored. These are costs that are in addition to programming data capture and validation.*
- ❖ *We provide tax filing processing for 30+ different payroll systems. We do not provide the payroll system, thus there are additional costs to coordinate payroll development and tax filing support.*
- ❖ *Clients do not regularly provide this level of detail information to a payroll-processing vendor.*
- ❖ *All of the elements above are not an issue with the following exceptions: bonuses, commissions, residuals and piecework earnings—these are challenging to get at since the client often calls the data in.*

Other Comments

Finally, the respondents were asked to comment on any factors that might make enhancing the wage records more or less difficult.

- *Please describe briefly any other factors that would aid or hinder your firm's ability, or the ability of businesses using your software, to report the additional wage record information described above.*

Their comments are listed below.

- ❖ *Re-train staff on processes to request such data and maintain any changes. Time to coordinate would be lengthy and other priorities for limited IT resources.*
- ❖ *Diverse definitions exponentially increase complexity and burden; e.g., hours/weeks worked. Titles or SOC codes would require extensive training and systems development. Components of wages (OT, bonus, commission etc.) are not separately stored. Many employees now work in multiple locations within.*
- ❖ *In addition to first time programming, ongoing system development, maintenance and storage would be required to provide support.*
- ❖ *The cost to add these to our software is minimal. The cost to our clients to modify their interfaces to include additional elements is quite large and many employers would be unable to comply.*
- ❖ *Antiquated software with limited storage and functionality.*
- ❖ *Information on job title, work location, etc. would need to be provided by the client on an ongoing basis, which sometimes proves to be difficult.*
- ❖ *In most cases our payroll system supports the ability to store and report the data elements listed on that last page of the survey, so we answered yes. However, in some instances we do not use those data elements even though they are available to us, usually due to the complexity in getting the data from clients and a lack of*

need to use the data for reporting purposes. An example is worksite IDs....we can store them, but we do not do multiple-worksite reporting on behalf of our clients so those fields are not populated in the database. In order to actually begin using that functionality we would have to create some mechanism for clients to provide that information, likely via development on the front-end web application, which would be costly and would take time to test and implement. So, the survey response may be misleading in that our system “supports” it, but from a business standpoint we do not support it as part of our product offering. Another consideration is that we do not create our quarterly wage reporting from our payroll system, but from a completely separate tax system, which may not have the same features and functionality. In some cases we would have to work with our vendor to make enhancements to the tax system in order to report the data that is stored in payroll.

In addition the comments received on the questionnaire, during our call with the National Payroll Reporting Consortium, they stressed the importance addressing, in any wage record enhancement effort, the issue of inconsistent definitions used by states and the federal government within and across various programs. For example, if state UI programs use differing definitions of “wages,” then employers that report to those states must tailor the quarterly UI reports to reflect each state’s unique situation. If the Affordable Care Act requires uses definitions of hours worked that are different than the UI Program, then separate systems must be created to prepare those reports. The work team agrees that these inconsistencies add cost, complexity, and confusion, and make comparing data across states and programs problematic.

NPRC also provided more extensive follow-up comments to help inform the Study Group about potential issues. Those comments, contained in a letter from NPRC President Pete Isberg, can be found in Appendix M, and introduce important concepts to consider if and when a discussion occurs to contemplate wage record enhancement.

Chapter Five: Summary of Findings

It is clear at this point in our research that the nation’s employers and their agents, and the state UI shops are not yet prepared for universal enhancement of the wage records. A number of challenging factors, at least at present, hinder widespread enhancement.

Despite the barriers, some states and some employers are taking the next steps to enhance their wage records. Through the surveys of payroll services companies, state UI agencies, and information user organizations, as well as related background research, we have identified a number of conditions that represent positive steps toward preparedness; factors that support further enhancement of the wage records.

If we can find ways to support continued progress on the positive findings and work together to address the challenges, it is reasonable to foresee a not-too-distant point in the future when nationwide wage records enhancement, based on a common approach, is possible. In this chapter we discuss the encouraging and challenging factors.

Findings That Support Wage Record Enhancement

Growth in Electronic Reporting

An important trend that will facilitate wage record enhancement is the increasing amount of electronic reporting of the wage records. As of 2014, 40²⁵ states and territories now require electronic wage record reporting for some employers. And a growing number of states are lowering the employment threshold at which employers are required to report electronically; as of 2014, at least 12 states require it for all employers.

Historically, all wage reports were prepared manually and transmitted to the states on paper. Under those circumstances, asking employers to double the amount of information transcribed onto the paper forms represented an unacceptable additional burden, not to mention that the limited amount of space on the paper forms simply couldn’t accommodate additional fields. Paper records also require substantially more state staff effort to enter the data and check for

Table 29
Electronic Reporting Requirements in All States/Territories with UI Programs (N=52)

Threshold # of Employees ²⁴	Number of States/Territories
1+	12
5+	2
10+	3
25+	5
50+	3
100+	6
200+	3
250+	6
No Requirement	12

²⁴ One state bases their threshold on \$100,000 of wages during the year rather than on the number of employees. They have been included with the 5+ category.

²⁵ This figure has been updated since the survey of states and includes all 52 states and territories that have a UI Program. Source: *The Bridge: Tax*, Web. <https://thebridge.adp.com/community/tax>, September 2014.

errors. Electronic reporting of data enables more efficient processing of the wage records, and substantially lowers the marginal cost of handling additional wage record variables.

Even in states where electronic reporting is not mandatory, most employers transmit the data electronically. States responding to the survey indicated that over two-thirds of employers—covering nearly 90 percent of wages paid—report electronically. Not surprisingly, given advances in technology and changing state requirements, these numbers continue to grow.

Increased Reporting Frequency

Another interesting development is Illinois' requirement to report wage records monthly rather than quarterly, as part of Medicaid reform. Their "SMART" Act was "designed to root out waste, fraud and abuse in the State's Medicaid program." It requires monthly UI wage records from employers who are required to submit their contribution and wage reports electronically, currently those with 25 or more employees. This change in reporting frequency could only be accommodated with the advances in electronic data management and reporting.

More timely reporting of these data will not only assist with Illinois' efforts to improve health care administration but will also increase the usefulness of the data for other purposes such as more timely economic analysis, something users often seek; for alternative base period calculations in the UI Program; as a possible replacement for monthly employment surveys conducted by the BLS; or for more timely follow-up on training participants' work outcomes under the Workforce Innovation and Opportunity Act.

Improvements in State UI Automated Systems

Bolstered by federal grants, more states are replacing legacy UI computer systems, built in the 1970s and 1980s, with modern flexible databases, ones that can accommodate additional variables more easily. According to NASWA, 23 states have completed or are actively working on modernization of their UI benefits and tax systems. Five others are making similar progress on their UI tax systems alone, the most important element from the standpoint of enhancing the enhanced wage records.

Of the 42 states and territories responding to our survey in late 2013, 18 indicated that their systems were, or would be soon, capable of handling enhanced wage records. In addition, another 10 states indicated that they might be able to accommodate wage record enhancements. A few states have indicated that they plan to enhance their wage records in some fashion and 14 states indicated that they have considered it.

Employers Already Report Enhanced Data

Twelve states already enhance their wage records with one or more of the ten variables displayed in Table 30. This is important as it indicates that employers with employees in

those states, and their agents, have been able to purchase, build or adapt systems to report those additional variables.

Table 30
Current Wage Record Enhancement

Enhanced Information Type Collected About Each Employee:	Number of States/Territories:
Hours worked	6
Primary worksite location	5
Weeks worked	4
Pay rate	2
Gender	2
Pay type	1
Occupation	1
Date of hire	1
Bonuses	1
Tips	1

Payroll Service Providers Can Accommodate Most Enhanced Variables

Thirteen of the 20 possible data elements are already featured in the majority of the responding payroll service companies’ technology systems. And for those that are not, most companies indicated that adding them would not be a high cost. Also, for most companies, handling more wage record variables did not seem to affect the price they charge clients.

Wide Usage of Wage Records

The state survey illustrated that a very broad range of organizations currently use the wage records for a vast number of purposes including performance assessment, eligibility determination, and economic analysis. These organizations serve as a ready customer base for the enhanced wage record information, and may be willing to pay for its availability.

Broad User Support Exists

The user groups surveyed expressed strong support for the LMI goals, shown on the next page, that are related to wage record enhancement. The diverse array of responding user organizations, from business and trade associations to organized labor to educational agencies, uniformly found achieving these goals either important or very important to their organizations and those they serve. The goals are:

- *Helping to align education programs with employer needs*
- *Enhancing information to support economic development efforts*
- *Delivering accessible information on education and training program outcomes*
- *Monitoring local, regional, and statewide economic trends*
- *Assessing the effects from economic disruptions (recession, natural disaster, etc.)*
- *Informing the community of economic and social needs*
- *Reducing employer survey burden through better use of administrative data*
- *Providing accurate information on employment opportunities available to job seekers*

The forty-seven national, state, and local entities that responded not only represented a wide array of user types but also served over 20 million individuals. Support from these kinds of organizations could be extremely important if and when federal legislation is needed to enact wage record enhancement.

Users Value the Potential Offered by Enhanced Wage Records

When asked about the value of 14 information types made possible by wage record enhancement, all but one were rated of high value to at least one organization type. The responding organizations assigned the highest value to knowing the occupation and hourly earnings of individual workers. The lowest rated items were gender and commute information, although even these were rated of moderate value overall by the respondents.

In addition to indicating value, the user organizations were able to identify specific applications for the enhanced data. In general, these uses fell along the following lines (their more specific comments are included in appendices H and I):

- *Aligning education and workforce training supply with employer demands for labor*
- *Increasing knowledge and understanding about the dynamics of local, regional and statewide labor markets*
- *Developing more effective education and training programs*
- *Providing consumers information for improved decision making*
- *Supporting more efficient labor markets*
- *Strengthening economic development efforts*
- *Helping businesses compete more effectively*
- *Improving corporate hiring/retention practices*
- *Promoting greater accountability in public spending on education and training programs*
- *Supporting effective policy development to address economic and social challenges*
- *Evaluating public policies and programs related to labor markets and the workforce*
- *Better benchmarking of national survey-based statistics*

Federal Statutes Support Enhanced Wage Records

The question of employer reporting burden is often expressed about wage record enhancement, assuming that employers are not already maintaining the data. However, federal statutes require employers to compile such data.

- Fair Labor Standards Act (FLSA); 29 C.F.R. 516.2-516.8, 570.6
- Age Discrimination in Employment Act (ADEA); 29 C.F.R. 1627.3(a)
- Family and Medical Leave Act of 1993 (FMLA); 5 C.F.R. 630.1211; 20 C.F.R. 825.500
- Equal Pay Act of 1963 (EPA); 29 U.S.C. 206; 29 C.F.R. 1620.1, 1620.32

All of the above federal laws require employers to maintain records that contain some or all of the following: name, address, social security number, date of birth, date of hire, date of termination, gender, occupation, rate of pay, basis on which wages are paid (hourly, commission, piecemeal), total weekly earnings broken out by straight time and overtime premium, wages paid during each pay period, dates of payment and pay period covered.

These laws don't specify how the records are to be maintained or that they are to be reported but the fact that employers must have these data means there should not be additional costs to employers to compile the data. This does not mean that wage record enhancement will not add to employers' costs, only that costs of gathering those data should not be attributed to enhanced reporting.

Enhanced Wage Records Could Reduce Employer Survey Burden and Improve Labor Market Statistics

The BLS, states, educational institutions, training agencies, and the US Equal Employment Opportunity Commission (EEOC), among others, use reports and surveys to gather information from employers on employees' occupations, hours worked, work location, gender, etc. It is likely that these data could be collected more efficiently through the wage records. This would reduce the data collection cost to these organizations and to the employers who must complete those reports and surveys.

For example, under the Civil Rights Act of 1964 as amended by the Equal Employment Opportunity Act of 1972, the EEOC collects the following information from most public and private employers: firm information on location, ownership, industry, single vs. multiple establishment, and total employment; and individual employee data on occupation in 10 SOC-based categories and race/ethnicity by establishment location. The Paycheck Fairness Act requires the EEOC to collect from employers pay information regarding the sex, race, and national origin of employees for use in the enforcement of federal laws prohibiting pay discrimination.

BLS and the states collect information on employee occupations, work locations, gender, and work hours through millions of surveys annually in the Current Employment Statistics, Occupational Employment Statistics, and Employment and Payroll programs. The payroll

firm ADP uses data they receive monthly from their client employers to produce an alternative estimate of monthly national job growth—that compares to the Bureau’s Current Employment Statistics Program.

The surveys at the state and local level are often subject to large sampling and non-sampling error, and volatility due to small sample sizes and non-response. Collecting data on the wage records could dramatically improve the accuracy and detail of these labor market statistics. In addition, some of these surveys are conducted over many months; using the wage records could improve the timeliness of the resulting data.

Findings That May Hinder Wage Record Enhancement

Lack of Coordination

One of the difficulties in building a case for wage record enhancement is that often there is little communication or coordination among the potential users of the data. Individual organizations assume that their needs alone will not justify the expense and effort to build a new system. They work in their silo and don’t look at other organizations that may have different purposes for the data. For example, the Equal Employment Opportunity Commission, health care organizations, education and training institutions, and workers’ compensation insurance companies all use occupational information about individuals, and all have independent means of obtaining them, likely at a much higher cost and at lower quality than if they worked together. There is not a forum for communication among federal, state, local and private organizations that use the kinds of data that could come from wage record enhancements.

This lack of coordination also exists among states that are considering improvements to their UI and LMI systems. The cost and complexity rise because the development of solutions is often not shared among potential beneficiaries.

Competing Priorities

In many states, if not most, UI Program staff have been overwhelmed since the Great Recession simply trying to pay unemployment benefits to an extremely high number of unemployed workers, while at the same time attempting to adapt or replace decades-old technology systems. Having the time to step back to look at new ways to produce quality labor market information, or help education and training agencies better achieve their goals has not been a luxury many have had. It certainly hasn’t been their highest priority. Some might question whether those should be goals for the UI Program at all. Exploring the idea that wage record enhancement might improve the economy, thereby reducing unemployment, has not been at the forefront of thought for many.

Continued Use of Paper Transactions

Despite growth in the amount of data employers submit using electronic formats, there are still many, especially smaller, employers that use paper or fax to send wage record

information to states or to their payroll service providers. To achieve universal wage record enhancement, all of these employers would need to adopt new methods, which may increase their costs in the short run. We have not yet had direct discussions with employer groups to ascertain the degree to which this may be true.

Lack of Adequate Incentives for Complete, Accurate, and Timely Reporting

Even in states that currently enhance the wage records, many employers, and in some cases the majority of employers do not report accurately, completely, or timely. In some cases this occurs when the state fails to enforce their own requirements. In other cases, instructions from service providers can lead them astray. For example, the State of Alaska requires a work site code for each employee. Yet, a major payroll software company's website instructs their clients regarding Alaska reporting: "You do not need to enter a geographic code into our payroll service. We determine the code for this report automatically from the company (headquarters) address you enter." When improper or incomplete reporting occurs, either the costs to the state rise because of increased follow-up efforts to collect and clean the data, or they use the data they receive but accept lower quality and reliability in their estimates, or they simply ignore the data, meaning that some employers are wasting their time reporting it. Unless, the states and/or the federal government can work with employers and their agents to determine incentives that result in high quality data being reported, there won't be value in enhancing the wage records.

Uncertainties Over Ongoing Funding Support

Some have questioned from where funding for wage record enhancement should come. Some state and ETA representatives have stated the UI Program funds cannot be used for such activities unless the state UI Program law specifically requires the additional variables in UI Program administration. Whether a case can be made that the data contribute to economic improvement and that such improvement benefits the UI or Job Service programs is unknown. Whether UI laws permit UI tax rates to be adjusted, as a possible incentive to employers that report accurate, complete, and timely wage records is also unknown to the study group. No clear solution has been suggested.

Data Security Concerns

The public is ever more concerned about breaches of data systems that contain confidential information about individuals. While the agencies involved in wage record collection have systems in place to protect the confidential data they already have, any attempt to increase the amount and/or detail of that information may face resistance.

Inflexible State Systems

While many states have succeeded in modernizing their old legacy UI systems, many others have not. Estimates of the cost to replace these old, inflexible systems range into the billions, often without an identified funding source. Without more modern

technology, wage record enhancement would be impractical and extremely costly for both UI Program staff and employers working in those states.

Inconsistent Definitions

One point highlighted by the National Payroll Reporting Consortium was the recordkeeping complexities and costs resulting from the fact that states and the federal government often use differing definitions for wage record elements, such as employer, employment, and wages in different programs and jurisdictions. An example was shared by the NPRC: the hours an employee is on paid vacation are excluded from hours worked in the state of Oregon, but included in Washington State. These inconsistent definitions add to employer burden and provide a dis-incentive to report more data or to report accurately. They also would reduce the utility of labor market information generated with the enhanced wage records, as uncertainty of meaning would be introduced into any comparison across states.

Lack of Occupational Coding Skills and Tools

Enabling employers to maintain accurate records on each employee's job title and occupational code may be challenging. Electronic tools exist that can assist in translating employer job titles into Standard Occupation Codes. However, today not all employers have access to these tools or knowledge of how to use them appropriately. Thought would have to be given as to how to make such tools widely available and easy to use. In addition, new approaches would need to be developed to ensure that employers were maintaining up-to-date codes for their employees.

Lack of Standard Coding to Reflect Variety in Compensation Packages

For many employees, compensation may come in a variety of cash and non-cash forms. For example, some may receive health benefits or transportation or housing allowances in addition to their regular wages or salary. All forms of compensation are important to understanding the labor market and in calculating benefits for programs such as unemployment insurance. In order to achieve universal wage record enhancement at a reasonable cost to employers, a standard structure of record coding and reporting would need to be developed that captured the various types of compensation.

Chapter Six: Next Steps and Recommendations

Much work remains to fully understand the issues surrounding wage record enhancement and to prepare employers and states to implement it effectively. The Study Group intends to pursue some of this work in the coming year. Other activities will need the attention of a broader assembly of organizations to effectively address. Below, we discuss the immediate plans of the study group; followed by a few recommendations for the wider producer/user community.

Next Steps for the Study Group

Convene an Employer Focus Group

In 2014-15, the Study Group plans to convene at least one employer focus group. These face-to-face forums will provide an opportunity to get a deeper understanding of employers shared concerns about, and possible support for, wage record enhancement.

The forums will bring together individual employers and/or employer associations for facilitated discussions of the pros/cons of enhancing wage record reporting. We anticipate seeking employer views on the potential benefits to employers from wage record enhancement. These might include improving the alignment of education with employer needs resulting in an improved labor supply, accessing more detailed information with which to monitor labor market conditions, reducing the number of surveys in which they are asked to participate, eliminating duplicative/similar data requests from different programs at the state and/or federal level, and standardizing reporting requirements across states.

We also plan to explore employers' concerns about wage record enhancement, including such items as not having the requested data, needing to merge data across multiple in-house systems, adapting to required electronic reporting, funding any additional effort and cost, dealing with inconsistency across states, and/or needing better technical support.

Finally, we would like to get employers input and reactions regarding possible incentives to encourage more accurate, complete, and timely reporting.

A summary report will be produced documenting the discussions.

Conduct Employer Surveys

The forums will provide a broad view of employer concerns and support. The Study Group also hopes to gather specific employer information through surveys conducted in several states. These surveys will be designed to collect information on employer record keeping and reporting practices, the costs for enhancing wage records, and employer perceptions

of wage record enhancement. We will attempt to gather information on both the staff and information technology costs associated with provided additional wage record variables. This work will build on study conducted for the Employment and Training Administration in 2004²⁶.

The Study Group plans to build a Web-based employer survey instrument and repository for employer responses. This tool will enable the Study Group to collect direct responses from individual employers. Employers' access to the survey will be based on a survey key that will allow the employer to remain anonymous, thus ensuring confidentiality while enabling a non-confidential national summary of results and disaggregation of responses into state and industry cohorts. The state-specific data will be returned to individual states for their analysis while allowing a non-confidential analysis at the national level.

Document State Enhancement Processes

The WIC plans to solicit states that have already enhanced their wage records or that are currently undertaking wage record enhancement to share their experiences. This effort would document the steps involved, considerations made, costs incurred, barriers encountered, solutions developed, and actions taken by these states. It would attempt to capture the reasoning behind their decisions, the benefits they perceive, the data uses they hope for, and the costs and funding for enhancement. These case studies would assist other states that are entertaining the possibility of enhancement.

Recommendations for Broader Action

Encourage Electronic Reporting

States not yet requiring electronic reporting for all employers should develop incentives to encourage reporting through electronic and magnetic media. A 2011 study²⁷ conducted by Ernst and Young for the National Payroll Reporting Consortium suggested offering electronic filers additional features such as confirmation of filing receipt and electronic account access.

Develop Tools to Assist with Occupational and Geographic Coding

One of the more challenging aspects of wage record enhancement will be equipping employers to accurately assign and maintain occupation and work location codes for their employees. Some states that currently require these codes have developed tools to assist with this task. O*NET OnLine has a working occupational coding tool. ETA, NASWA and the states should work together with employer organizations, payroll software providers to ensure that the options are easy to use, incorporate any suggested improvements, and are integrated into the payroll systems used by employers.

²⁶ "Employer Costs for Additional Unemployment Insurance Wage Report Elements," Final Report, DTI Associates, October 2004

²⁷ "Business Processes and Considerations in Meeting Employee Wage Reporting Deadlines," Ernst & Young, September 2011,

Identify Financial Support for State UI Upgrades

ETA should identify supplemental financial support for states to upgrade their UI tax systems and provide incentives to ensure that all states adopt common system standards and have the flexibility to handle additional variables.

Establish a State Practitioners Working Group

NASWA should create a state wage record enhancement practitioners group—for those states that have enhanced their wage records, those working on it, and those interested in pursuing it. The practitioners group should include UI, IT, and LMI representatives. The group should share innovative practices, address common issues, and develop uniform approaches to reporting enhanced variables.

Establish a Wage Record Enhancement Advisory Council

In response to the new Workforce Innovation and Opportunity Act, the Secretary of Labor will be forming a Workforce Information Advisory Council. The Department of Labor should ask the Council to make recommendations regarding the development of an enhanced wage record reporting system. Specifically, the Council should consult with representatives of state UI and LMI programs, employers, and the payroll industry, as well as potential federal, state, and local user organizations to develop recommendations on:

- *Common data elements, definitions, and coding structure*—standardizing reporting definitions and requirements across states would go a long way toward making the system easier for employers, thus increasing compliance and reducing the likelihood of inaccurate and late reports. It also increases information comparability across geographic areas.
- *Appropriate employer incentives for accurate, complete, and timely reporting*—these might take the form of penalties or rewards. For example, employers reporting correctly could be excused from selected federal surveys. Or, states could assess a ‘collection-and-cleaning’ fee on employers that do not report accurate, complete, and timely wage records. Such a fee could be assessed based on the number of wage records submitted and be waived for those employers that provide clean files.
- *Alternative implementation strategies*—such as starting with larger employers or specific industries or payroll services firms.
- *Allowable and appropriate funding mechanisms*—these might include fees assessed on employers as mentioned above or on programs that would benefit from wage record enhancement such as those mandated by the Carl D. Perkins Career and Technical Education Act, Trade Adjustment Assistance Extension Act, Wagner-Peyser Act, FUTA, or Civil Rights Act. The Wagner-Peyser Act and the Carl Perkins Act have specific language allowing funding for labor market information.
- *Legislative actions required for universal wage record enhancement.*

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Appendices

- Appendix A – Cover Letter to States/Territories Requesting Response to Survey
- Appendix B – Questionnaire for All States
- Appendix C – State Comments Regarding UI Systems’ Flexibility to Incorporate Enhanced Wage Record Elements Now and in the Future
- Appendix D – Bibliography of Research on Enhanced Wage Records
- Appendix E – List User Organizations Selected for Survey
- Appendix F – E-mail Invitation Requesting User Organizations to Complete Questionnaire
- Appendix G – Online Questionnaire for Potential Users of Enhanced Data Collection
- Appendix H – User Organizations’ Comments on Potential Uses of Enhanced Wage Record Variables, by Organization Type
- Appendix I – User Organizations’ Comments on Potential Uses of Enhanced Wage Record Variables, by Information Type and Organization Type
- Appendix J – Invitation Letter Requesting Payroll Companies to Complete Questionnaire
- Appendix K – Online Questionnaire for Payroll Services/Software Companies
- Appendix L – List of Payroll Services/Software Firms Contacted to Request Survey Participation
- Appendix M – Comments Received from the National Payroll Reporting Consortium

Appendix A
Cover Letter to States/Territories Requesting Response to Survey



444 N. Capitol Street NW, Suite 142, Washington, DC 20001
202-434-8020 fax 202-434-8033 www.naswa.org

July 9, 2013

Dear Administrator,

This message is to request your assistance in a study being conducted by the Workforce Information Council (WIC), with the support of NASWA and the U.S. Department of Labor's Employment and Training Administration (ETA) and Bureau of Labor Statistics (BLS).

The Secretary of Labor established the WIC, pursuant to the Workforce Investment Act (WIA) of 1998, to guide the development of the nation's employment statistics system. The WIC is investigating the potential benefits from better use of the wage record data that all states collect from employers as part of the administration of the Unemployment Insurance Program. Also, the WIC is interested in determining whether the administratively collected wage records might be enhanced to improve the alignment of education and training with the needs of business and the overall usefulness of labor market information for national, state, and local decision makers.

The first step in this study is to describe the current system for collection and use of wage record-related data. The attached questionnaire is intended to gather information about the wage record data your state collects, your collection methods, who currently uses the data, and how they use the data. A few questions will help us learn about organizations in your state that have been or are supportive of the collection of enhanced wage record data.

Basic wage record information, collected every quarter by all states, includes (by employer) each employee's name, social security number, and the total amount of wages paid for the quarter. These data are used in many states for purposes other than UI administration, such as measuring WIA training program outcomes, assessing employment outcomes of graduates from educational institutions, and conducting economic analyses.

A few states "enhance" the wage records by collecting additional data elements on each employee. For example, some states collect the employee's hours worked, gender, job title, or primary work location. Some of the questions on the questionnaire pertain only to these states.

Your state's response to the attached questionnaire will help the WIC provide all states with information on the benefits derived from the current wage record data system and the collection of enhanced wage records. Your responses will be aggregated and summarized in a national report and will not be highlighted without your prior permission.

Appendix A
Cover Letter to States/Territories Requesting Response to Survey

July 9, 2013

Page 2

Please e-mail your completed response (and direct any questions) to the project coordinator, Steve Saxton, at WICwagestudy@surewest.net. We would appreciate your response by August 1, 2013. Thank you for your assistance with this important effort.

Sincerely,



Mark Henry, President
National Association of State Workforce Agencies



Rebecca Rust
Workforce Information Council, Co-Chair
Florida Department of Economic Opportunity
Labor Market Information Director

cc: UI Director
LMI Director

Appendix B
Questionnaire for All States

1. State name: _____

2. Contact person: _____
Title: _____

3. Phone: _____ E-mail: _____

4. Does your state mandate electronic reporting of UI wage records for any segment of employers? If so, what are the criteria (e.g., size of firm, industry)?

5. What percentage of employers (or their agents) in your state report wage data using the following methods?

• Internet: _____ Magnetic media (tape, computer disk, etc.): _____

• Paper/fax: _____ Other (specify): _____

6. What percentage of total wages reported in your state do the following reporting methods represent?

Internet: _____ Magnetic media (tape, computer disk, etc.): _____

Paper/fax: _____ Other: _____

7. Does your state require any employers to report wage records more frequently than quarterly? If yes, what criteria are used to select those employers?

Appendix B
Questionnaire for All States

8. *Does your agency match the wage records with other administrative data (e.g., DMV, TANF) to add demographic characteristics (age, gender, income, residence address, etc.)?*

• <i>Characteristic</i>	• <i>Source</i>

9. *Describe the restriction(s) your state places on using wage records for non-UI purposes?*

•

10. *Who uses the wage data your agency collects for purposes other than direct UI administration? What are those purposes?*

• <i>Organization</i>	• <i>Purpose</i>

•

11. *Has anyone in your state prepared any reports on the benefits or monetary value of using the wage records for purposes other than direct UI administration? If so, who can we contact to obtain a copy?*

•

12. *In addition to the basic UI wage record (name, SSN, and total wages), does your state collect any of the following enhanced data elements from employers on the wage records for each employee?*

Appendix B
Questionnaire for All States

Hours worked: Total hours _____ Regular hours _____ Overtime hours _____
Weeks worked: _____
Pay by type: Salary _____ Hourly _____ Commission _____ Bonus _____ Piece _____
Occupation: Job title _____ SOC code _____
Employee's primary work location: Street address _____ ZIP _____ County _____
Employer reporting site number: _____
Gender: _____
Other (specify): _____

If you checked any of the above enhancement categories, please continue with question 13. If not, please skip to question 25.

13. Do you collect the enhanced data elements on a quarterly or other frequency basis?

Quarterly _____ Other (specify) _____

14. When did your state begin collecting the enhanced data elements?

15. Was legislation required to collect the enhanced data elements? If so, please provide a copy or a link.

16. Why did your state decide to collect the enhanced wage data elements?

**Appendix B
Questionnaire for All States**

17. What organizations' were most influential in your state's decision to enhance the wage records?

•

18. Initially, what organizations supported the collection of enhanced data? Do they still?

• Organization	• Still support?
	Yes _____ No _____
	Yes _____ No _____
	Yes _____ No _____
	Yes _____ No _____

19. Initially, what organizations opposed the collection of enhanced data? Do they still?

• Organization	• Still oppose?
	Yes _____ No _____
	Yes _____ No _____
	Yes _____ No _____
	Yes _____ No _____

20. Are there currently other organizations that are strong supporters or opponents of the enhanced wage data collection?

•

21. Has anyone estimated the additional costs (in dollar or percentage terms) of collecting the enhanced elements? If so, who can we contact to obtain a copy?

•

22. What collection issues, if any, have you encountered with the enhanced data elements?

•

23. What recommendations do you have for improving the collection of your enhanced wage records?

**Appendix B
Questionnaire for All States**

-
- 24. *What issues have you encountered in analyzing the enhanced wage records?*

-
- 25. *Has your state considered adding other data elements to the wage record requirements? If so, what and when? What was the intended purpose? What was the result?*

-
- 26. *Do you know of organizations calling for your state to collect additional elements with the wage records? If so, which organizations and what enhancements/purposes?*

• Organization	• Enhancement/Purpose

27. *What additional enhancements do you believe would add the most value? Why?*

28. *Is your state's UI wage collection system flexible enough to collect additional data elements on the wage reports? Please describe any technical/fiscal/staffing constraints to adding elements?*

- *Thank you for your assistance in this effort to study the use of UI wage records.*

Please e-mail your completed questionnaire to WICWageStudy@surewest.net

Appendix C
State Comments Regarding UI Systems' Flexibility to Incorporate
Enhanced Wage Record Elements Now and in the Future

Now²⁸	Future²⁹	State Comments³⁰
Yes	Yes	We would have to contract technical developers to create the enhancements and develop support mechanism for new data elements.
		Adding any additional elements would not be easy. Paper and electronic forms would have to be changed and there would also be significant programming work involved. With enough time, money, and political will it would, of course, be possible, but given that [our state] already has one of the key enhancements being considered, our response to this question will be less useful than other states'.
		[Our state's] UI wage collection system is flexible enough to collect additional data elements should they be added to the wage report. The constraints would be primarily related to resources. Programming costs and possible staffing levels would need to be increased to the appropriate costing level to effectively integrate additional data elements. Unless additional federal funding was provided these costs would be borne by the UI administrative grant, which historically does not provide sufficient amounts for IT enhancements.
		Yes, but it still comes down to funding for administration and burden on employer issues that need to be addressed.
		It will require some effort but the benefits outweigh the staffing constraints. [Our agency] is currently in programming for Phase 2 of a new 3-phase integrated system (UI/workforce development). The wage collection system is in phase 3 – currently set to go live by April 2015. As we document requirements for the system, we will have the latitude to add data elements to the wage-reporting vehicle.
		The system needs to be flexible to allow for changes in the law.
		But programming would be required at a cost that is currently not supported by existing administrative funding.
		Our system is flexible; however, the additional data elements will require extensive program logic changes. This effort would require a major investment in funds, IT resources as well as staff. Furthermore, additional staffing resources would be needed to educate the employers for the need of the additional elements. Currently our IT staff is limited as well as our funding.
		Yes, but would require reprogramming of our data capture process and reporting methods.

²⁸ This column reflects the state's response given to the question on current UI flexibility to add wage variables.

²⁹ This column was determined based on the comments each state provided.

³⁰ The comments have been edited for clarity and to remove any identifying state information.

Appendix C
State Comments Regarding UI Systems' Flexibility to Incorporate
Enhanced Wage Record Elements Now and in the Future

Now	Future	State Comments
Yes	Yes	<p>The degree of flexibility would depend on the type of new data elements that are to be collected, where this information would be sent, how it would be sent, any need for an interface, etc. The degree of flexibility would in turn determine the technical/fiscal/staffing constraints [our state's] UC Modernization System (UCMS) might encounter. Since this would be "new" to UCMS, there would be added fees charged by [our contractor] to make necessary program changes, extra administrative costs, and there would be significant time spent testing and trouble shooting. As this would be a very labor-intensive project, it would probably require experienced, temporary staff. In the past, [our state] has turned to retired annuitants for this type of work.</p>
		<p>Our system is flexible enough. The main difficulty would be fitting the extra fields on the reporting forms.</p>
		<p>With sufficient funding, it would be possible. Given the current budgetary constraints of our department, it is not feasible to modify the wage form, reprogram the OCR scanner, modify various applications, and multiple database tables to capture this data.</p>
		<p>Changes in data elements will involve module updates and change control processes in the application environment.</p>
No	Yes	<p>Currently not, but the ability to collect additional data elements will be part of our new computer system due to be operational in 2016.</p>
		<p>Our current system is not flexible enough at this time to collect additional data elements; however, a new server based system is being developed that will allow for the collection of additional data elements.</p>
		<p>The Division's 45+-year old legacy computer system is not flexible. Because of constant modifications over the years, it is very complicated to maintain. The legacy system is expected to be replaced in 2015, and, as much as possible, resources are being directed toward building the new system. Collecting and storing additional data elements from wage reports on the existing legacy system would require diverting much time and money from building the future system to modifying a system that will only remain in use for a short time. The new system will be flexible enough to collect additional data elements.</p>
		<p>[Our state] is close to implementing a modernized and new UI system that will include benefits, appeals, and tax. To add additional data elements beyond what is currently required at this time would require additional technical staff for programming and funds to achieve any alterations to the system.</p>
		<p>In the future when our 4-state UI upgrade system consortium launches. (Expected by December 2016, joint project with [four states])</p>

Appendix C
State Comments Regarding UI Systems' Flexibility to Incorporate
Enhanced Wage Record Elements Now and in the Future

Now	Future	State Comments
No	No	[Our state's] UI wage collection system would face significant limitations to collect additional data, such as, space availability on the form; burden on the employers to re-program their systems to report the data; [our department's] cost to re-program its system to capture the data; and [our department's] additional cost to process the data elements, etc.
		Not at this time as it would require a significant effort in our UI business.
		The collection of any additional elements would require us to build a new tax system.
		<ul style="list-style-type: none"> • Extensive system modifications involving business and IT • Redevelopment of internet, mag media and paper reporting mechanisms, communication of and adoption by employer community. • Communication and lead-time required by employers (especially small employers) to begin use. • Communication and lead time for vendors such as payroll services to make systems available to [our state's] employers • Rule changes making reporting mandatory.
		[Our state's] quarterly wage system is very old and could not withstand additional data elements without a whole system redesign.
		Our current UI wage collection system has severe legacy constraints to the collection of additional data elements. One option for the collection of the aforementioned data elements is for a state to receive its employers' native electronic HR files and assume responsibility for conversion to a usable format.
		We are still operating our Tax system on a mainframe system, and its technology is over 40 years old. We would be limited on what if any additional data we could collect. The system has limited fields all of which are full.
		Our web, IVR and electronic file formats would all have to be redesigned and coded. Employers, agents and 3rd party payroll providers would all have to obtain additional data for each SSN they report and update their file formats.
		[Our state] does not have the resources in IT or on the front lines to develop, manually input or maintain other data elements that are not directly related to the administration of the UI program.
		Not at this time. Implementation of additional elements would be very expensive – what agency would absorb this cost?

Appendix C
State Comments Regarding UI Systems' Flexibility to Incorporate
Enhanced Wage Record Elements Now and in the Future

Now	Future	State Comments
No	No	<p>There are concerns associated with compelling mandatory compliance to have employers report workers occupational titles and hours worked in connection with the current UI Wage report. While it is recognized that many benefits can be derived for the education community and [our agency] from capturing such information, this should be weighed against some of the costs associated with mandating this. The most obvious concern would be the additional burden and cost placed on employers; even in many highly automated large businesses, an employee's wage data is in a payroll system and the employee's occupational title is in a human resource system. If the employer submits "unidentifiable" occupational titles it may require the department to follow-up with the employer to get acceptable occupational information. This could impact timeliness delays.</p> <p>Probably not due to limited storage capacity within our legacy UI system.</p>
No	Maybe	<p>Our legacy UI business system is not flexible enough to handle collecting new data elements. The database structure is archaic and current business and information technology resources are unlikely to permit investment in the old system. However, we are requiring all employers to submit wage records electronically for UI purposes as of the 1st calendar quarter 2014. At that time, the web interface and other forms of data submission may be flexible enough to siphon off the new data elements without burdening the UI business systems or resources.</p> <p>Current UI Tax and Benefits are transitioning to new technology.</p>
No Answer	Maybe	<p>We have not had discussions around this topic. The IT and technical constraints would depend on the complexity and the type of additional data elements being considered.</p> <p>Technical elements affecting [our state] to collect data are programming the quarterly report to gather data, programming wage record file and programming the benefit system to accept data. Fiscal and staffing are the same issue. There would be an additional number of FTE's to accomplish this task. Our employer base does not always report the required information currently and we have 2 FTE's that follow up on missing data. When new elements are required to be supplied, additional FTE's would be needed to gather missing data. The state has created a small business impact bill requiring analysis of new laws passed. This could be potentially a roadblock for such data to be collected.</p> <p>Would require adding fields to file and updating all wage input systems.</p>

Appendix C
State Comments Regarding UI Systems' Flexibility to Incorporate
Enhanced Wage Record Elements Now and in the Future

Now	Future	State Comments
No Answer	Maybe	As designed, the system would have to be altered in order to accommodate additional data elements. System modifications would include technical programming of our internet application, FTP process, magnetic tape process, mainframe database and emulator, document templates and EDMS system. On the surface it appears that a significant change to the information collected would be a major project.
		Not without additional IT changes. Our paper and electronic reporting mechanisms would have to be updated to accept additional information. IT resources are scarce for the state and would require prioritization with other projects.
		The first hurdle is to get statutory authority. Then, in addition to the expected technical, fiscal and staffing constraints that are involved in programming, there are concerns about the impacts on timely tax reporting. The extra burden on employers and service providers of including information, which is not on the company's payroll system, may contribute to lower and slower compliance. The 2013-2014 budget, directs the [several education and workforce departments to work] on a data sharing system.
		It is difficult to say whether our system is "flexible" enough to collect additional data on the wage reporting systems. To do so would mean modifying all of our existing ancillary systems, EAMS, FastTax, WebTax, ICESA and paper, to accept additional information. Additionally, our new tax system just now coming on line would need to be modified to accept and store new fields, and due to the warranty period, this work could be done no earlier than February 2015. The cost of changing these systems to handle these new data elements cannot be accurately estimated this early, but due simply to the number of systems impacted, we expect these to be significant as well. Such changes would also require employers' systems to be modified to be able to report the data, and legislation would be required to add any enhancements.
		[Our state] recently implemented a UI Tax and Claims system that changed the file structure for wage reports. This required many employers and TPA's with automated systems to enhance their systems in coordination with [our state's] implementation. Any change to our structure would have a negative appeal to our customers and would put a strain on limited IT and funding resources.
		Adding data elements would require substantial computer programming expense and each added element would require additional staff time for data entry and data correction.

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Appendix E

List User Organizations Selected for Survey

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|---|--|
| <ul style="list-style-type: none"> • <i>ACT</i> • <i>AFL-CIO</i> • <i>American Association of Community Colleges (AACC)</i> • <i>American Association of State Colleges and Universities (AASCU)</i> • <i>American Council on Education (ACE)</i> • <i>American Economic Association</i> • <i>American Educational Research Association (AERA)</i> • <i>American Hospital Association</i> • <i>American Public Human Services Association</i> • <i>American Statistical Association</i> • <i>Association for the Study of Higher Education (ASHE)</i> • <i>Association for University Business and Economic Research</i> • <i>Beacon Economics</i> • <i>Bill and Melinda Gates Foundation</i> • <i>Building Your Career</i> • <i>Burning Glass</i> • <i>C2ER—Council for Community and Economic Research</i> • <i>California Community Colleges Chancellor's Office</i> • <i>California Hospital Association</i> • <i>California Manufacturers & Technology Association</i> • <i>California State University Chancellor's Office</i> • <i>California Workforce Association</i> • <i>California Workforce Investment Board</i> • <i>Center for Strategic Economic Research</i> • <i>Center for the Continuing Study of the California Economy</i> • <i>Charleston Chamber of Commerce</i> • <i>Council for Adult & Experiential Learning (CAEL)</i> • <i>CVS Caremark</i> • <i>Data Quality Campaign</i> • <i>Development Research Partners</i> • <i>Employment & Economic Information Center of New Mexico</i> • <i>Fairfield Index</i> | <ul style="list-style-type: none"> • <i>Federal Reserve Bank of Atlanta</i> • <i>Federal Reserve Bank of Boston</i> • <i>Federal Reserve Bank of Chicago</i> • <i>Federal Reserve Bank of Cleveland</i> • <i>Federal Reserve Bank of Dallas</i> • <i>Federal Reserve Bank of Kansas City</i> • <i>Federal Reserve Bank of Minneapolis</i> • <i>Federal Reserve Bank of New York</i> • <i>Federal Reserve Bank of Philadelphia</i> • <i>Federal Reserve Bank of Richmond</i> • <i>Federal Reserve Bank of San Francisco</i> • <i>Federal Reserve Bank of St. Louis</i> • <i>Florida Council of 100</i> • <i>Georgetown University Center on Education and the Workforce</i> • <i>Goodwill Industries International</i> • <i>Houghton Mifflin Harcourt</i> • <i>HR Policy Association</i> • <i>Industry Workforce Needs Council</i> • <i>Institute for Educational Leadership</i> • <i>Institute for Research on Labor and Employment (IRLE)</i> • <i>Institute for Work and Employment Research (IWER)</i> • <i>International Association of Workforce Professionals</i> • <i>Jacob France Institute</i> • <i>Jobs for the Future</i> • <i>Kuder, Inc.</i> • <i>Lumina Foundation</i> • <i>Massachusetts Workforce Board Association</i> • <i>Michigan Works! Association</i> • <i>Minnesota Workforce Council Association</i> • <i>Monster Government Solutions</i> • <i>National Alliance of Community Development Organizations</i> • <i>National Association of Counties</i> • <i>National Association of Development Organizations</i> • <i>National Association of Manufacturers</i> • <i>National Association of Workforce Boards</i> |
|---|--|

Appendix E

List User Organizations Selected for Survey

- | | |
|---|---|
| <ul style="list-style-type: none"> • <i>National Association of Workforce Development Professionals</i> • <i>National Bureau of Economic Research</i> • <i>National Career Development Association</i> • <i>National Center for College & Career Transitions (NC3T)</i> • <i>National Center for Competency Testing</i> • <i>National Center for Education Statistics</i> • <i>National Center for Health Workforce Analysis</i> • <i>National Collaborative on Workforce and Disability for Youth</i> • <i>National Conference of State Legislatures</i> • <i>National Council for Workforce Education</i> • <i>National Governor's Association</i> • <i>National Human Resources Association</i> • <i>National League of Cities</i> • <i>National Skills Coalition</i> • <i>National Workforce Association</i> • <i>New Horizons Economic Research</i> • <i>Optimal Resume</i> • <i>Partnership for 21st Century Skills</i> • <i>Professionals in Human Resources Association</i> • <i>San Diego Association of Governments</i> • <i>Society for Human Resource Management (SHRM)</i> • <i>Society of Professional Engineering Employees in Aerospace</i> • <i>State Higher Education Executive Officers Association (SHEEO)</i> • <i>Texas Association of Workforce Boards</i> | <ul style="list-style-type: none"> • <i>The Association for Career and Technical Education</i> • <i>The Center for Law and Social Policy</i> • <i>The Communication Workers of America</i> • <i>The Conference Board</i> • <i>The Department for Professional Employees, AFL-CIO</i> • <i>The George Washington University Institute of Public Policy</i> • <i>The Information Technology & Innovation Foundation</i> • <i>The International Federation of Professional and Technical Engineers</i> • <i>The National Association of State Directors of Career Technical Education Consortium</i> • <i>The National Employment Law Project</i> • <i>U.S. Chamber of Commerce Foundation</i> • <i>UCLA Anderson School of Management</i> • <i>UCLA Center for Labor Research and Education</i> • <i>UCLA Luskin School of Public Affairs</i> • <i>University of Texas Ray Marshall Center</i> • <i>UPD Consulting</i> • <i>Urban Institute</i> • <i>Wanted Analytics</i> • <i>Washington Workforce Association</i> • <i>WE Upjohn Institute for Employment Research</i> • <i>Workforce Alliance</i> • <i>Workforce Arizona Council</i> • <i>Workforce Data Quality Campaign</i> |
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Appendix F
E-mail Invitation Requesting User Organizations to Complete Questionnaire



For the attention of Dr. James Smith, Executive Director,
Sample Organization Name

Dear Labor Market Information User,

This note is to request your assistance in a study being conducted by the Workforce Information Council (WIC), in cooperation with the National Association of State Workforce Agencies, state labor agencies and the U.S. Department of Labor.

The WIC is an advisory body comprised of state and federal representatives involved in the production of labor market information. The Secretary of Labor established the WIC, pursuant to the Workforce Investment Act (WIA) of 1998, to guide the development of the nation's employment statistics system.

The WIC is investigating the potential benefits from better use of the wage record data that all states collect from employers as part of the administration of the Unemployment Insurance (UI) Program. The WIC also is interested in determining whether the administratively collected wage records might be enhanced to provide data that would help improve the alignment of education and training with the needs of business.

Basic wage record information, collected from employers every quarter by all states, includes each employee's name, social security number, and wages paid for the quarter. These data are used in many states for purposes other than UI administration, such as assessing the employment outcomes of graduates from educational institutions and training programs, and conducting economic analyses.

A few states "enhance" the wage records by collecting additional data elements on each employee. For example, some states collect the employee's hours worked, gender, job title, and/or primary work location.

A critical step in this study is to determine the value users might derive if more states enhanced the quarterly wage reports. We have developed a brief questionnaire intended to provide your organization an opportunity to tell us whether this type of information would be of value, and how your organization might use this information. We estimate this questionnaire will take

Appendix F
E-mail Invitation Requesting User Organizations to Complete Questionnaire

approximately 5 minutes to complete. Please complete the questionnaire by August 8.

In order to participate, you may either:

1. [Click on this link](#)

or

2. Copy-paste the entire following link between quote marks (NOT including the quote marks) in a web browser

" <http://www.sogosurvey.com/sample link> "

or

3. Click on the following URL and enter the login information provided below:

<http://www.sogosurvey.com/static/samplesurveykey>

Key: sampleQVXxYZz

Your organization's response will be kept strictly confidential. However, your feedback will help the WIC provide all states with summary information on the benefits potentially derived from the collection of enhanced wage records.

Thank you very much for your assistance in this important effort.

Sincerely,

Gary Crossley, Executive Director
Workforce Information Council
<http://www.workforceinfocouncil.org>

Appendix G
Online Questionnaire for Potential Users of Enhanced Data Collection



*** Required Information**

The Workforce Information Council, in cooperation with the National Association of State Workforce Agencies, state labor agencies and the U.S. Department of Labor, is conducting a study to determine the potential benefits of adding required data elements to employers' quarterly state unemployment insurance wage record reports in order to produce more accurate and localized information on the labor market. We are interested in your views on the value of making such changes. There are no current plans to implement such changes to state wage record report requirements. Individual responses to this questionnaire will be kept strictly confidential; only summarized data will be released.

*** 1. Organization name:**

*** 2. Contact person name and title:**

3. Contact phone number:

*** 4. Contact e-mail:**

*** 5. Please select the description that best fits your organization.**

- Schools, Colleges, and Related*
- Employment & Training*
- Health Services*
- Consulting Research*
- Business Association*
- Trade Association*
- Professional Association*
- Labor Association*
- Legislative*
- Human Services*
- Government*
- Other (please specify) _____*

*** 6. Please describe the scope of your organization and its members, if any.**

Geography	Number of Members	Number of Individuals Served
<input type="radio"/> <i>Local</i>	<input type="radio"/> <i>0</i>	<input type="radio"/> <i><1,000</i>
<input type="radio"/> <i>Regional</i>	<input type="radio"/> <i>1-4</i>	<input type="radio"/> <i>1,000 to 9,999</i>
<input type="radio"/> <i>Statewide</i>	<input type="radio"/> <i>5-24</i>	<input type="radio"/> <i>10,000 to 99,999</i>
<input type="radio"/> <i>Multi-state</i>	<input type="radio"/> <i>25-99</i>	<input type="radio"/> <i>100,000 to 499,999</i>
<input type="radio"/> <i>National</i>	<input type="radio"/> <i>100-499</i>	<input type="radio"/> <i>500,000 to 999,999</i>
	<input type="radio"/> <i>500+</i>	<input type="radio"/> <i>1,000,000+</i>

Appendix G
Online Questionnaire for Potential Users of Enhanced Data Collection

*** 7. Please rate the importance of the following workforce information goals to your organization and those it serves:**

Importance of Workforce Information Goals	Not Important	Little Importance	Important	Very Important
<i>a. Helping to align education programs with employer needs</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>b. Enhancing information to support economic development efforts</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>c. Delivering accessible information on education and training program outcomes</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>d. Monitoring local, regional, and statewide economic trends</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>e. Assessing the effects from economic disruptions (recession, natural disaster, etc.)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>f. Informing the community of economic and social needs</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>g. Reducing employer survey burden through better use of administrative data</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>h. Providing accurate information on employment opportunities available to job seekers</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*** 8. Please rate the potential value of each type of information below to your organization and those it serves. Also, please describe briefly the potential uses of any of the items that you rate as moderate or high value.**

Value of Enhancement	No Value	Low Value	Moderate Value	High Value
<i>a. Occupations of individuals in local labor markets</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>b. Hourly wages of individuals in local labor markets</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>c. Hours worked by individuals in local labor markets</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>d. Hourly wages by occupation in local labor markets</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>e. Hours worked by occupation in local labor markets</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>f. Hourly wages paid in local industries</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>g. Employee hours worked in local industries</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>h. Gender of individuals in local industries and occupations</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>i. Principal work location of individuals in local labor markets</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>j. Industries in which graduates of specific education and training programs are employed</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>k. Occupations in which graduates from specific education and training programs are employed</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>l. Hourly earnings of graduates from specific education and training programs</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>m. Career paths of graduates from specific education and training programs</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>n. Commute patterns of individuals working in local labor markets</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Please describe the potential uses of any items that you rate as moderate or high value:

10. Additional comments?

Appendix H
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Business and Trade Associations	Determining if local educational organizations are aligned with local firms' needs
	Promoting education accountability through program outcomes
	Benchmarking college completers
	Understanding sector, career technical education (CTE) alignment and funding
	Determining if program completers are employed in field—colleges need individual level data for matching
	Helping community college systems target where programs are delivered
	Assisting colleges in program development
	Demonstrating specific vocational needs in local areas
	Demonstrating how critical vocational courses are to our workforce
	Demonstrating the value of manufacturing jobs to the middle class and to local areas
	Developing specific content and leveraging those graduates in specific industries
	Identifying and focusing our resources in geographic locations
	Improving Census OnTheMap data
	Improving description of earnings; better detail than quarterly earnings
	Looking at part-time employment
	Managing talent pipeline

Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Assessing the full-time/part-time split in employment by education
	Assessing the occupational diversity of local labor markets
	Assessing the relationship between academic major and field of work
	Assessing the relative worth of a degree
	Assessing the wages earned variability within and between occupations
	Enhancing postgraduate accountability
	Providing consumer information
	Providing information for postgraduate accountability
	Understanding alignment between education/training to employment outcomes
	Understanding career pathways and career advancement opportunities
	Understanding economic impact of education/training programs
	Understanding part-time employment trends (i.e., working learners)
	Understanding relationship between occupations and career advancement opportunities
Understanding underemployment and career advancement opportunities	

Appendix H
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Government	Analyzing economic trends
	Analyzing local economic structure & work force
	Assessing educational capacity of the community
	Assessing labor market outcomes of education program completers
	Assessing policies
	Assessing the effectiveness of educational programs
	Determining returns to schooling
	Developing job ladder models
	Improving understanding of demand for skills and possible mismatches
	Improving understanding of labor force utilization
	Improving understanding of local wage pressures on inflation and productivity growth
	Measuring earnings growth
	Measuring quality of matches between jobs and workers
	Promoting diversity
	Studying commuting patterns and extent of local labor markets
Studying possible skill mismatch	
Supporting national statistics on large metro areas	
Understanding how adults navigate education and work to acquire and use skills	
Labor Associations	Allowing students and current workers see where current and future jobs are
	Comparing wages of each gender
	Determining if students got jobs in the fields they majored in, and if not, why
	Determining going pay for particular occupations in a given labor market
	Giving a broader view of the going labor market wage in an industry
	Helping students and current workers see where the jobs are
	Improving understanding of the density of particular occupations in an given market
	Influencing corporate hiring/retention practices
Shaping good workforce development policies	
Policy Development and Advocacy Organizations	Answering policy and research questions
	Assessing education/training program outcomes
	Contributing to policy-making based on economic and labor market analysis
	Helping students make choices about programs, loans, etc.
	Improving accountability and alignment of education/training with employer needs
	Informing career counselors, students & workers about earnings prospects
Understanding job quality of education/training program graduates	

Appendix H
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Private Consulting Research Organizations	Assessing mobility of specific postsecondary programs
	Assessing poverty and its causes
	Assessing reasons for variation in returns to postsecondary training
	Assessing the value of training
	Comparing our market with competitor locations in economic development efforts
	Correlating gains in earnings to source of gains
	Determining how returns to postsecondary training differ by gender other things constant
	Determining value of postsecondary training to different industries
	Determining whether postsecondary program participants get training-related jobs
	Examining pre/post training gains from education
	Improving training decisions
	Informing local decision makers in education, workforce, and economic development
	Informing participants of federal and state workforce programs
	Making more informed decisions about training options, career choices, and career paths
	Providing more detailed and current information for analysis
Providing supply/demand information for training decisions	
Understanding dynamics of local labor markets	
Professional Associations	Adding occupational detail to local labor market information
	Allowing education/training programs to determine related placement
	Demonstrating post-college employment value to students
	Deriving industry by occupation data, ideally reported by individual job
	Determining which individuals are full and part time
	Developing labor market models
	Developing life cycle models and aggregate demand over time
	Developing local transportation models
	Disentangling two components of quarterly earnings: effort (hours worked) vs. hourly wage
	Enhancing placement efforts
	Forecasting labor market demand and supply
	Gauging where in the labor market growth/contraction is occurring
	Identifying any structural change in the employer-employee relationship over time
	Identifying changes in the structure of the workforce
	Improving program services
Improving understanding of the average payoff of programs	
Providing a more accurate quantity measure	
Providing a very important price measure	

Appendix H
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Professional Associations (cont'd)	Providing more specific detail than industry data
	Resolving who works at any location (now an inference)
	Useful to identify any structural change in the employer-employee relationship over time
University-based Research Centers	Analyzing and reporting of return on investment from public and private investments
	Analyzing and reporting of transportation planning and economic development
	Analyzing and reporting on equity issues and their dynamics over time
	Assessing relationships between formal and informal learning pathways
	Assessing relevance of career ladder and career lattice concepts
	Assessing travel burden and implications for urban planning
	Determining value of formal and informal learning
	Developing insights into economic returns to education and training
	Developing insights into industry specific outcomes—individual data
	Developing insights on the gender gap
	Evaluating and designing effective programs
	Examining levels of labor market attachment and participation
	Examining occupational change and mobility
	Examining productivity factors (wage=value of labor per hour)
	Improving policy (but secondary to adding occupation)
	Matching education and career pathways
	Preparing reports and briefings for legislators, public, and counselors
Providing information on travel burden and implications for urban planning	
Relating occupations to education and training programs of study and industry based certifications	
Understanding labor flows/needs	

Appendix I
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Potential Uses of Data on Occupation

Business and Trade Associations	Demonstrating specific vocational needs in local areas
	Providing prospecting firms with potential labor pool information
	Understanding sector, career technical education (CTE) alignment and funding
	Determining if program completers are employed in field—colleges need individual level data for matching
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Assessing the occupational diversity of local labor markets
	Enhancing postgraduate accountability
	Providing consumer information
Government	Understanding career pathways and career advancement opportunities
	Assessing educational capacity of the community
	Analyzing local economic structure & work force
	Measuring quality of matches between jobs and workers
Labor Associations	Influencing corporate hiring/retention practices
	Helping shape good workforce development policies
	Improving understanding of the density of particular occupations in an given market
Policy Development and Advocacy Organizations	Informing career counselors, students & workers about earnings prospects
	Answering policy and research questions
	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organizations	Determining whether postsecondary program participants get training-related jobs
	Providing supply/demand information for training decisions
	Comparing our market with competitor locations in economic development efforts
	Understanding dynamics of local labor markets
Professional Associations	Demonstrating post-college employment
	Allowing education/training programs to determine related placement
	Gauging where in the labor market growth/contraction is occurring
	Adding occupational detail to local labor market information
University-based Research Centers	Examining occupational change and mobility
	Preparing reports and briefings for legislators, public, and counselors
	Understanding labor flows/needs
	Evaluating and designing effective programs
	Relating occupations to education and training programs of study and industry based certifications

Potential Uses of Data on Hourly Wages

Business and Trade Associations	Providing prospecting firms with potential labor cost information
	Providing better detail than quarterly earnings
	Looking at part-time employment
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Understanding underemployment and career advancement opportunities

Appendix I
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Government	Assessing the effectiveness of educational programs
	Analyzing economic trends
	Measuring earnings growth
Labor Associations	Determining pay for particular occupations in a given labor market
Policy Development and Advocacy Organizations	Informing career counselors, students & workers about earnings prospects
	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organizations	Examining pre/post training gains from education
	Understanding local labor markets
	Comparing our market with competitor locations in economic development efforts
	Assessing poverty and its causes
Professional Associations	Demonstrating post-college employment value to students
	Improving understanding of the average payoff of programs
	Disentangling two components of quarterly earnings: effort (hours worked) vs. hourly wage
	Providing a very important price measure
University-based Research Centers	Examining productivity factors (wage=value of labor per hour)
	Understanding labor flows/needs
	Evaluating and designing effective programs

Potential Uses of Data on Hours Worked

Business and Trade Associations	Improving description of earnings
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Providing information for postgraduate accountability
	Providing consumer information
	Understanding part-time employment trends (i.e., working learners)
Government	Analyzing economic trends
	Improving understanding of labor force utilization
Labor Associations	Determining pay for particular occupations in a given labor market
Policy Development and Advocacy Organizations	Assessing education/training program outcomes
	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organizations	Examining pre/post training gains from education
	Informing local decision makers in education, workforce, and economic development
	Assessing poverty and its causes
Professional Associations	Determining which individuals are full and part time
	Disentangling two components of quarterly earnings: effort (hours worked) vs. hourly wage
	Providing a more accurate quantity measure
University-based Research Centers	Examining levels of labor market attachment and participation
	Understanding labor flows/needs
	Evaluating and designing effective programs

Appendix I
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Potential Uses of Data on Hourly Wages by Occupation

Business and Trade Associations	Providing prospecting firms with potential labor cost info
	Improving description of earnings
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Assessing the wages earned variability within and between occupations
	Understanding underemployment and career advancement opportunities
Government	Supporting national statistics on large metro areas
	Analyzing local economic structure and workforce
	Improving understanding of labor force utilization
Labor Associations	Influencing corporate hiring/retention practices
	Helping shape good workforce development policies
	Determining the labor market wages of particular occupations
Policy Development and Advocacy Organizations	Informing career counselors, students & workers about earnings prospects
	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organizations	Informing participants of federal and state workforce programs
	Comparing our market with competitor locations in economic development efforts
	Assessing poverty and its causes
Professional Associations	Useful to identify any structural change in the employer-employee relationship over time
	Adding occupational detail to local labor market information
	Providing a very important price measure
	Providing a more accurate quantity measure
University-based Research Centers	Understanding labor flows/needs
	Evaluating and designing effective programs

Potential Uses of Data on Hours Worked by Occupation

Business and Trade Associations	Improving description of earnings
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Assessing the full-time/part-time split in employment by education
	Understanding part-time employment trends (i.e., working learners)
Government	Analyzing local economic structure & work force
	Improving understanding of labor force utilization
Labor Associations	Influencing corporate hiring/retention practices
	Helping shape good workforce development policies
	Determining the going labor market wages of given occupations
Policy Development and Advocacy Organizations	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organizations	Making more informed decisions about training options, career choices, and career paths
	Assessing poverty and its causes

Appendix I
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Professional Associations	Identifying any structural change in the employer-employee relationship over time
	Adding occupational detail to local labor market information
	Providing a very important price measure
	Providing a more accurate quantity measure
University-based Research Centers	Understanding labor flows/needs

Potential Uses of Data on Hourly Wages Paid in Local Industries

Business and Trade Associations	Demonstrating the value of manufacturing to local areas
	Assessing labor cost, better than no data, but in a single industry—e.g., manufacturing—including janitor to CEO, it would be hard compare
	Benchmarking college completers
	Providing consumer information by program
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Understanding underemployment and career advancement opportunities
Government	Analyzing economic trends
	Improving understanding of local wage pressures on inflation and productivity growth
Labor Associations	Giving a broader view of the going labor market wage in an industry
Policy Development and Advocacy Organizations	Informing career counselors, students & workers about earnings prospects
	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organizations	Correlating gains in earnings to source of gains
	Improving training decisions
	Providing more detailed and current information for analysis
	Comparing our market with competitor locations in economic development efforts
Professional Associations	Assessing poverty and its causes
	Identifying changes in the structure of the workforce
University-based Research Centers	Deriving industry by occupation data, ideally reported by individual job
	Developing insights into industry specific outcomes—individual data
	Understanding labor flows/needs
	Evaluating and designing effective programs

Potential Uses of Data on Hours Worked in Local Industries

Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Understanding part-time employment trends (i.e., working learners)
Government	Analyzing economic trends
	Improving understanding of local wage pressures on inflation and productivity growth
Labor Associations	Giving a broader view of the going labor market wage in an industry
Policy Development and Advocacy Organizations	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organizations	Assessing poverty and its causes

Appendix I
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Professional Associations	Identifying changes in the structure of the workforce
	Deriving industry by occupation data, ideally reported by individual job
University-based Research Centers	Developing insights into industry specific outcomes—individual data
	Understanding labor flows/needs
	Evaluating and designing effective programs

Potential Uses of Data on Gender

Government	Analyzing local economic structure & work force
	Promoting diversity
Labor Associations	Comparing wages of each gender
Policy Development and Advocacy Organizations	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organizations	Determining how returns to postsecondary training differ by gender other things constant
Professional Associations	Developing labor market models
University-based Research Centers	Developing insights on the gender gap
	Analyzing and reporting on equity issues and their dynamics over time
	Understanding labor flows/needs
	Evaluating and designing effective programs

Potential Uses of Data on Principal Work Location

Business and Trade Associations	Improving Census commuting pattern data (OnTheMap); only see value if also know their residence
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Providing postgraduate accountability and consumer information
Government	Analyzing economic trends
	Studying commuting patterns and extent of local labor markets
Policy Development and Advocacy Organizations	Contributing to policy-making based on economic and labor market analysis
Private Consulting Research Organization	Assessing mobility of specific postsecondary programs
Professional Associations	Demonstrating post-college employment
	Resolving who works at any location (now an inference)
University-based Research Centers	Providing information on travel burden and implications for urban planning
	Analyzing and reporting of transportation planning and economic development
	Understanding labor flows/needs
	Evaluating and designing effective programs

Appendix I
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Potential Uses of Data on Industries in Which Graduates of Specific Education and Training Programs Work

Business and Trade Associations	Determining if local educational organizations are aligned with local firms' needs
	Determining if individuals are using their degrees
	Promoting education accountability through program outcomes
	Identifying and focusing our resources in those locations
	Benchmarking data
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Providing postgraduate accountability and consumer information
	Understanding alignment between education/training to employment outcomes
Government	Assessing labor market outcomes of educational program completers
	Assessing policies
	Studying possible skill mismatch
Labor Associations	Influencing corporate hiring/retention practices
	Helping shape good workforce development policies
	Helping students and current workers see where the jobs are
Private Consulting Research Organizations	Determining value of postsecondary training to different industries
	Assessing value of training
Professional Associations	Demonstrating post-college employment
	Improving program services
	Enhancing placement efforts
	Forecasting labor market demand
University-based Research Centers	Analyzing and reporting of return on investment from public and private investments
	Understanding labor flows/needs
	Improving policy (but secondary to adding occupation)

Potential Uses of Data on Occupations in Which Graduates of Specific Education and Training Programs Work

Business and Trade Associations	Demonstrating how critical vocational courses are to our workforce
	Assessing if individuals are using their degrees; assessing if local educational organizations are aligned with local firms' needs
	Managing talent pipeline
	Marketing our content to specific industries
	Benchmarking data
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Assessing the relationship between academic major and field of work
	Providing postgraduate accountability and consumer information
	Understanding alignment between education/training to employment outcomes
Government	Assessing labor market outcomes of education program completers
	Assessing policies
	Improving understanding of demand for skills and possible mismatches

Appendix I
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Labor Associations	Influencing corporate hiring/retention practices
	Shaping good workforce development policies
	Allowing students and current workers see where current and future jobs are
Policy Development and Advocacy Organizations	Improving accountability and alignment of education/training with employer needs
Private Consulting Research Organizations	Determining whether postsecondary program participants get training-related jobs
	Assessing the value of training
Professional Associations	Demonstrating post-college employment
	Providing more specific detail than industry data
	Enhancing placement efforts
	Improving program services
	Forecasting labor market demand
University-based Research Centers	Understanding labor flows/needs
	Evaluating and designing effective programs
	Matching education and career pathways

Potential Uses of Data on Hourly Earnings of Graduates of Specific Education and Training Programs

Business and Trade Associations	Demonstrating the value of manufacturing jobs to the middle class
	Promoting education accountability through program outcomes
	Critical need for community colleges to be able to do this
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Assessing the relative worth of a degree
	Understanding economic impact of education/training programs
Government	Assessing labor market outcomes of education program completers
	Assessing policies
	Determining returns to schooling
Labor Associations	Influencing corporate hiring/retention practices
	Shaping good workforce development policies
Policy Development and Advocacy Organizations	Understanding job quality of education/training program graduates
Professional Associations	Demonstrating post-college employment and value to students
	Enhancing placement efforts
	Improving program services
	Forecasting labor market supply
University-based Research Centers	Developing insights into economic returns to education and training
	Understanding labor flows/needs
	Evaluating and designing effective programs
	Determining value of formal and informal learning

Appendix I
Specific Comments Received Regarding Potential Uses of Information
Based on Enhanced Wage Records, by Information Type and Organization Type

Potential Uses of Data on Career Paths of Graduates from Specific Education and Training Programs

Business and Trade Associations	Demonstrating how critical vocational courses are to our workforce
	Determining if individuals are using their degrees
	Promoting education accountability through program outcomes
	Developing specific content and leveraging those graduates in specific industries
	Assisting colleges in program development
Education, Workforce, and Related Support Organizations	Aiming training and job placement to support career navigation
	Providing postgraduate accountability and consumer information
	Understanding relationship between occupations and career advancement opportunities
Government	Understanding how adults navigate education and work to acquire and use skills
	Assessing policies
	Developing job ladder models
Labor Associations	Influencing corporate hiring/retention practices
	Shaping good workforce development policies
	Determining if students got jobs in the fields they majored in, and if not, why
Policy Development and Advocacy Organizations	Helping students make choices about programs, loans, etc.
Private Consulting Research Organizations	Assessing reasons for variation in returns to postsecondary training
Professional Associations	Demonstrating post-college employment
	Enhancing placement efforts
	Improving program services
	Developing life cycle models and aggregate demand over time
University-based Research Centers	Assessing relevance of career ladder and career lattice concepts
	Understanding labor flows/needs
	Evaluating and designing effective programs
	Assessing relationships between formal and informal learning pathways

Potential Uses of Data on Commute Patterns

Business and Trade Associations	Improving Census OnTheMap data
	Helping community college systems target where programs are delivered
Government	Analyzing economic trends
	Developing job ladder models
Professional Associations	Developing local transportation models
University-based Research Centers	Assessing travel burden and implications for urban planning
	Understanding labor flows/needs
	Evaluating and designing effective programs

Appendix J
Invitation Letter Requesting Payroll Companies to Complete Questionnaire



May 15, 2014

«Contact_person», «Contact_title»

«Company_Name»

«Address», «City», «State» «ZIP»

«Salutation»:

I am writing this letter to request your assistance in a study being conducted by the Workforce Information Council (WIC), in cooperation with the National Association of State Workforce Agencies, state labor agencies and the U.S. Department of Labor.

The WIC is an advisory body comprised of state and federal representatives involved in the production of labor market information. The Secretary of Labor established the WIC, pursuant to the Workforce Investment Act (WIA) of 1998, to guide the development of the nation's employment statistics system. The WIC is investigating whether the wage record data that all states collect from employers as part of the administration of the Unemployment Insurance (UI) Program might be enhanced to provide data that would help improve the alignment of education and training with the needs of business. It is important to note, there are **no current plans** to enhance the quarterly wage reports.

As you know, basic wage record information, collected from employers every quarter by all states, includes each employee's name, social security number, and wages paid for the quarter. These data are used for many important purposes beyond UI administration, such as assessing the employment outcomes of graduates from educational institutions and training programs, and conducting economic analyses.

A few states "enhance" the wage records by collecting additional data elements on each employee. For example, some states collect the employee's hours worked, gender, job title, and/or primary work location. A critical step in this study is to determine the degree to which employers and their agents have systems in place that can provide these additional data.

PHONE: 843.452.4121

WWW.WORKFORCEINFOCOUNCIL.ORG

We have developed a brief questionnaire to help us understand the capabilities of organizations such as yours. To complete the questionnaire, enter password «Survey_Key» at:

<http://www.sogosurvey.com/static/customkey.aspx?csid=XXXXXXX>.

We estimate that this questionnaire will take approximately 10 minutes to complete. We would greatly appreciate your participation by May 30, 2014.

Your organization's response will remain confidential but will help the WIC provide all states with information on the potential barriers and opportunities associated with the collection of enhanced wage records.

Thank you for your assistance in this important effort.

Sincerely,

Gary Crossley
Executive Director
843.452.4121

Appendix K
Online Questionnaire for Payroll Services/Software Companies



*** Required Information**

The Workforce Information Council, in cooperation with the National Association of State Workforce Agencies, state labor agencies and the U.S. Department of Labor, is conducting a study to determine the feasibility of adding data elements to the current state unemployment insurance wage record reports. There are no current plans to implement such changes to state wage report requirements. Individual responses to this questionnaire will be kept strictly confidential; only summarized data will be released.

- * 1. Organization name:
- * 2. Contact person name:
- * 3. Contact phone number:
- * 4. Contact e-mail:
- * 5. Does your company complete and file quarterly state unemployment compensation wage record reports on behalf of employers?
 - Yes *[If yes, display 5a and 5b and move respondent to question 5a]*
 - No *[If no, move respondent to question 9]*

-
- * 5a. In how many states do you file quarterly state unemployment compensation wage record reports?
 - * 5b. Roughly, for how many employers does your company file state unemployment compensation wage record reports?

Appendix K
Online Questionnaire for Payroll Services/Software Companies

*** 6. Of the roughly [pull answer from question 5b] employers on whose behalf you file unemployment compensation wage reports, what percentage do you submit to the states using each of the following media?**

- | Internet/FTP | Magnetic (tape, computer disk, etc.) | Paper/fax |
|---|---|---|
| <input type="radio"/> 0 to 4 percent | <input type="radio"/> 0 to 4 percent | <input type="radio"/> 0 to 4 percent |
| <input type="radio"/> 5 to 19 percent | <input type="radio"/> 5 to 19 percent | <input type="radio"/> 5 to 19 percent |
| <input type="radio"/> 20 to 39 percent | <input type="radio"/> 20 to 39 percent | <input type="radio"/> 20 to 39 percent |
| <input type="radio"/> 40 to 59 percent | <input type="radio"/> 40 to 59 percent | <input type="radio"/> 40 to 59 percent |
| <input type="radio"/> 60 to 79 percent | <input type="radio"/> 60 to 79 percent | <input type="radio"/> 60 to 79 percent |
| <input type="radio"/> 80 to 94 percent | <input type="radio"/> 80 to 94 percent | <input type="radio"/> 80 to 94 percent |
| <input type="radio"/> 95 to 100 percent | <input type="radio"/> 95 to 100 percent | <input type="radio"/> 95 to 100 percent |

*** 7. What percentage of your employer clients use the following media to transmit employee wages and other data to your firm to prepare their state unemployment compensation wage record reports?**

- | Internet/FTP | Magnetic (tape, computer disk, etc.) | Paper/fax |
|---|---|---|
| <input type="radio"/> 0 to 4 percent | <input type="radio"/> 0 to 4 percent | <input type="radio"/> 0 to 4 percent |
| <input type="radio"/> 5 to 19 percent | <input type="radio"/> 5 to 19 percent | <input type="radio"/> 5 to 19 percent |
| <input type="radio"/> 20 to 39 percent | <input type="radio"/> 20 to 39 percent | <input type="radio"/> 20 to 39 percent |
| <input type="radio"/> 40 to 59 percent | <input type="radio"/> 40 to 59 percent | <input type="radio"/> 40 to 59 percent |
| <input type="radio"/> 60 to 79 percent | <input type="radio"/> 60 to 79 percent | <input type="radio"/> 60 to 79 percent |
| <input type="radio"/> 80 to 94 percent | <input type="radio"/> 80 to 94 percent | <input type="radio"/> 80 to 94 percent |
| <input type="radio"/> 95 to 100 percent | <input type="radio"/> 95 to 100 percent | <input type="radio"/> 95 to 100 percent |

*** 8. Please indicate below the factors your company considers in setting a price for the service of submitting unemployment compensation wage record reports?**

- Number of wage records submitted
- Frequency of wage record submittals
- Number of variables submitted with each wage record
- Total wages paid by the employer
- Other (please specify) _____
- Client's recordkeeping and transmittal methods
- Number of services provide to client
- Market rates

*** 9. Does your company sell software that directly supports employers' capability to file their own quarterly state unemployment compensation wage record reports?**

- Yes [If yes, display 9a and move respondent to question 9a.]
- No [If no and question 5 was no, move respondent to exit, otherwise if no, move respondent to question 10]

*** 9a. Roughly, how many employers use your software to file their state unemployment compensation wage record reports?**

Current Feature			Cost of Adding, if Not a Current Feature			Nature of Added Cost	
Employee's Principal Work Location	Yes	No	Low Cost	Medium Cost	High Cost	One-time	Ongoing
* (n) Street address	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* (o) City	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* (p) ZIP	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* (q) County	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* (r) State	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* (s) Employer site number	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee's Gender	Yes	No	Low Cost	Medium Cost	High Cost	One-time	Ongoing
* (t) Employee's Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>* 11. If you identified items above that would be high-cost additions to your systems, please list some of the important factors contributing to the high cost.</p> <p>* 12. Please describe briefly any other factors that would aid or hinder your firm's ability, or the ability of businesses using your software, to report the additional wage record information described above.</p>							

Appendix L

List of Payroll Services/Software Firms Contacted to Request Survey Participation

- *A Plus Payroll*
- *AccountantsWorld*
- *Accuchex*
- *ACH of America*
- *ADP*
- *Advantage Payroll Services*
- *AdvantageHR*
- *AlphaStaff*
- *AmCheck*
- *Apex Payroll*
- *Ascentis*
- *Associated Data Services*
- *BambooHR*
- *BBSI*
- *BenefitMall*
- *BestPay*
- *Big Fish Payroll*
- *Casa Payroll Services*
- *Ceridian*
- *CheckpointHR*
- *Coastal Human Resource Group*
- *Corporate Payroll Services*
- *Datapay*
- *dmDickason Personnel Services*
- *Dominion Payroll Services*
- *Empower Software Solutions™*
- *Employers Resource*
- *eSmartPayroll*
- *Execupay*
- *Extensis*
- *Fidelity Employer Services*
- *Greenshades Software*
- *GTM Payroll Services*
- *Insperty*
- *Intuit*
- *IOI Pay*
- *Kronos*
- *MasterTax*
- *MyPayrollHR*
- *National Payroll Specialists*
- *National Payroll Systems*
- *Netchex*
- *Novatime*
- *NuViewHR*
- *ONPAY*
- *Ovation Payroll*
- *Padgett Payroll Services*
- *Paychex*
- *Paycom Payroll*
- *Paycor*
- *Paylocity*
- *Paymaster*
- *Payroll and Benefit Solutions*
- *Payroll People*
- *Payroll Resource Group*
- *PaySmart*
- *Paysystems.net*
- *PayUSA*
- *Pinpay Payroll Express*
- *Precision Payroll of America*
- *PrimePay*
- *ProPayroll*
- *QTI Group*
- *Resource Management*
- *Sage HRMS*
- *SBF Payroll*
- *Sure Payroll*
- *Target CW*
- *TelePayroll*
- *Thompson Reuters*
- *TriNet*
- *TruPay*
- *Ultimate Software*
- *USA Payroll*
- *Valiant Solutions*
- *Wells Fargo Business Payroll Services*
- *XCELHR*
- *ZPAY Payroll Systems*

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National Payroll Reporting Consortium

PO Box 850 ★ Henrietta, NY 14467-0850 ★ www.NPRC-Inc.org

August 22, 2014

Ms. Rebecca Rust, Chief
Bureau of Labor Market Statistics
Florida Department of Economic Opportunity
107 E. Madison Street
Caldwell Building, MSC G-020 Tallahassee, FL 32399

Dear Ms. Rust:

Members of the National Payroll Reporting Consortium (NPRC) appreciate the opportunity to offer input to the Administrative Wage Record Enhancement Study group. We understand that the group is conducting a feasibility study of enhancing wage reporting, which includes consideration of various changes and new data elements to wage reports, including:

- Weeks worked, hours worked
- Geographic code (work location)
- Standard occupation codes/titles
- Pay rate
- Expanding electronic filing mandates
- Increasing the frequency of wage reports to monthly

NPRC is policy-neutral concerning proposals affecting employer reporting, but serves to provide constructive expertise on such matters. We appreciate the opportunity to assist in documenting key issues, such as feasibility, employer burden and cost related to the proposed enhancements to wage reports.

Generally, such information exists within various administrative systems. However, it is critical to note that existing data may be defined by other laws, and consequently may not be useful for LMI purposes. For example, large employers are newly required by the Affordable Care Act to track employee hours of service, but the definitions, exceptions and attribution rules vary from state and Federal Unemployment Insurance and Wage and Hour laws. The study group should assume that any new reporting elements would require employers to establish entirely new sets of records specifically for such reporting.

Automatic Data Processing ★ Ceridian Corporation ★ CompuPay
Empower Software Solutions ★ Fidelity Employer Services Company LLC ★ Intuit ★ Paychex
Paycor ★ PayCycle ★ Paylocity ★ Payroll People ★ PrimePay ★ Ultimate Software

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The discussion points below offer recommendations related to the following factors:

1. Standard definitions would be necessary to avoid state variations, which may necessitate changes to existing state laws and/or regulations.
2. Standard occupational titles and codes may be difficult to establish and maintain with appropriate accuracy.
3. Elements such as pay rate may be conceptually simple (e.g., for hourly workers); yet may be complex in practice. The U.S. workforce is increasingly compensated with regular wages plus various benefits, commissions, bonuses, equity and other compensation. Sometimes those components are greater than the regular wage rate.
4. Geographic location: The U.S. workforce is increasingly mobile, in terms of traveling employees and telecommuters. It may complicate wage reporting if it becomes necessary to separately report wages associated with multiple worksites within a quarterly time period.
5. Monthly wage reporting may be costly for employers, due to increased workload to gather elements of reportable wages that aren't already in payroll systems (generally the value of taxable benefits and non-cash compensation...). We have attached a study report produced by Ernst & Young of employer costs to comply with more frequent wage reporting.

Each of these elements is discussed in more detail below:

Standard definitions

Standard definitions are perhaps the most critical element of the study at hand, both from the perspective of employers (for whom diverse definitions create complexity in recordkeeping systems), and for the national Labor Market Information system, which is also faced with complexity and uncertainty if core elements are defined differently by the states.

For example, for wages to be reportable on a UI quarterly tax and wage report, they must have been paid to an employee working in covered employment for an employer. Each of these terms is defined in FUTA and state laws. Many differences exist in the definitions of employer, employment, and wages within these state laws. The Simplified Tax and Wage Report Study (STAWRS) reported that there are over 100 definitional differences between state UI laws, the Federal Unemployment Tax Act (FUTA), the Federal Insurance Contributions Act (FICA), and Income Tax Withholding laws.

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For the most part, states currently collect the following data on tax and wage reports:

1. Name of each worker (truncated in some states)
2. Social Security Number
3. Quarterly Wage amount
4. Calendar Quarter
5. Employer name
6. Employer state UI account number
7. Employer FEIN
8. Employer address

Several states already administer reporting of “hours worked”, but definitions vary between the states. Even *within* some states (e.g., Oregon) employers must keep two sets of records for hours worked, because workers’ compensation and Unemployment Insurance definitions are different.

Employers struggle to understand extensive guidance on what constitutes an hour worked for the many types of workers that are paid on any basis other than hourly. We have attached two examples of state guidance to employers. There are several differences between the two state rules. For example, paid time off/leave hours are excluded in Oregon, but included in Washington.

Large employers (generally with 50 or more full-time employees) are also currently facing entirely separate rules defining hours of service for the purpose of distinguishing full-time employees for the Affordable Care Act. However, definitions and attribution rules are likely inconsistent with Labor Market Information systems, and we believe that the LMI system would not be able to accept hours worked as defined by the relevant ACA regulations. (For details, see <http://www.gpo.gov/fdsys/pkg/FR-2014-02-12/pdf/2014-03082.pdf>).

“Weeks worked,” currently collected in some states, would similarly be facilitated by standard definitions as to what constitutes a week worked (given various forms of leave/paid time off, jury duty, on-call arrangements, educational institutions and the like.)

One source of errors, as an example, is that the agencies that require reporting of weeks worked generally must announce annually the maximum number of weeks reportable in a quarter (e.g., 13 or 14), and employers occasionally report numbers in excess of the maximum.

It would seem necessary to establish federal definitions to avoid such state variations, both to facilitate employer compliance and to ensure that the results, when aggregated at the national level, are consistent. This may necessitate changes to existing state laws and/or regulations.

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Occupational titles and codes

NPRC appreciates the significance and importance of this information to the LMI system, educational institutions and the U.S economy. We are concerned, however, whether employers can realistically be expected to establish and maintain accurate occupational codes/titles for each employee.

Employers that use a payroll service provider may benefit from improved software to require and facilitate occupational coding for each employee with drop-down menus and other support. But accuracy will depend upon the knowledge and information available to the person who is using the system. It may be difficult to capture within a drop-down menu system the body of knowledge contained in the U.S. Bureau of Labor Statistics' Standard Occupational Classification and Coding definitions document (January 2013), which exceeds 200 pages. Alaska's Occupational Coding manual for employers is 99 pages. Without full knowledge of the nuanced distinctions between different occupations, inaccurate codes may become a problem.

State Workforce agencies and their software developers have developed effective occupation coding systems within the UI and workforce training systems, so perhaps employers may benefit from similar automated systems. However, for the system to produce useful data, it will be critical to study, understand and address knowledge requirements from the perspective of the people handling the data entry, whose primary concern is likely to be timely completion of the next payroll.

Maintenance may be an even bigger concern. Software can require that certain fields be completed, but once populated, it may not always be apparent to the system that an employee has changed job duties. Over time, occupational codes are likely to become outdated. The NPRC discussed this issue at length without arriving at a useful suggested solution.

Pay rate appears conceptually simple, with respect to hourly workers. As mentioned above, the U.S. workforce is increasingly compensated with regular wages plus various benefits, commissions, bonuses, equity and other compensation, which are not likely to be reflected in the regular rate of pay. The Labor Market Information system would probably want "pay rate" to include all compensation.

If so, it may be necessary to develop guidance related to certain industries and categories of employment and compensation that may need special attribution or estimation rules.

Geographic Location

Today's workforce is increasingly mobile, and geocoding may become complex to capture workers with multiple worksites within a time period. As with definitions, Federal rules are required to distinguish employees that telecommute or work in more than one location without making wage

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reporting overly complex.

We would suggest reliance on the U.S. DOL's longstanding guidance concerning "localization of services," which are contained in UIPL 20-14, Localization of Work Provisions, most recently revised on May 10, 2004 (first issued as UIPL 291 in 1952). Multistate employers understand these rules, which generally result in employment being reported to the principal state of employment. The following excerpt explains the concepts in brief:

The objective of "localization of work" provisions in state unemployment insurance laws is to cover under one state law all of the service performed by an individual for one employer, wherever it is performed. The following principles provide a guide for applying the states' statutory provisions relating to "localization of work." All of the examples provided are actual state decisions or have been taken from state manuals of interpretation or instruction.

The following language was included in the September 1950 edition of the Manual of State Employment Security Legislation and similar language now appears in all state laws:

(1) Service that is localized within a state: The term "employment" shall include an individual's entire service, performed within, or both within and without, this state if the service is localized in this state. Service shall be deemed to be localized within a state if:

- (A) the service is performed entirely within such state; or*
- (B) the service is performed both within and without such state but the service performed without such state is incidental to the individual's service within the state; for example, is temporary or transitory in nature or consists of isolated transactions.*

(2) Service not localized in any state: The term "employment" shall include an individual's entire service, performed within, or both within and without this state if the service is not localized in any state but some of the service is performed in this state, and;

- (A) the individual's base of operations is in this state; or*
- (B) if there is no base of operations, the place from which such service is directed or controlled is in this state; or*
- (C) the individual's base of operations or place from which such service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.*

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If, after applying all of the above tests to a given set of circumstances, the individual's service is found not to be subject to any one state, under most state laws the employer may elect to cover all of the individual's service in one state, either under a provision for election of coverage or under the Interstate Reciprocal Coverage Arrangement. Under the reciprocal coverage arrangement, the service may be covered in any one of the following states: (1) a state in which some part of the individual's service is performed, (2) the state in which he lives, or (3) a state in which the employer maintains a place of business.

More Frequent (Monthly) Wage Reporting

NPRC recently sponsored a study by Ernst & Young of the costs and other issues related to more frequent wage reporting. In a nutshell, more frequent reporting would create substantial new costs for employers, primarily due to the additional workload to gather elements of reportable wages that aren't already in payroll systems (generally taxable benefits and non-cash compensation). Large employers in particular offer as many as fifty different types of reportable compensation, many of which are either administered by third parties or must be periodically evaluated to determine the monetary value (e.g., personal use of a company car, value of lodging provided by the employer.)

Please refer to the E&Y study (attached) for details and additional explanation.

Interpretation of Survey Responses

NPRC members expressed some concerns about the survey administered by the Administrative Wage Record Enhancement Study group, in the sense that permitted responses may be misleading. This relates primarily to questions asking whether software supports collection of the data of interest. In many cases, data fields are available on a voluntary basis; however it would be an entirely different matter if such data would be required (i.e., generally such fields are not populated). An excerpt of one response follows:

In most cases our payroll system supports the ability to store and report the data elements listed on that last page of the survey, so we answered yes. However, in some instances we do not use those data elements even though they are available to us, usually due to the complexity in getting the data from clients and a lack of need to use the data for reporting purposes. An example is worksite IDs....we can store them, but we do not do multiple worksite reporting on behalf of our clients so those fields are not populated in the database. In order to actually begin using that functionality we would have to create some mechanism for clients to provide that information, likely via development on the front-end web application, which would be costly and would take time to test and implement. So, the survey response may be misleading in that our

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system “supports” it, but from a business standpoint we do not support it as part of our product offering. Another consideration is that we do not create our quarterly wage reporting from our payroll system, but from a completely separate tax system which may not have the same features and functionality. In some cases we would have to work with our vendor to make enhancements to the tax system in order to report the data that is stored in payroll.

We hope that this information is helpful to the Administrative Wage Record Enhancement Study group in understanding and documenting the practical considerations and costs in enhancing wage records with additional elements. Our aim in providing the information was to contribute a balanced assessment to realistically summarize some of the key components of employer costs and complexity, and to make relevant suggestions for the group.

Thank you for allowing our participation and input into your study of this very important process. We would be happy to discuss this information if it would be helpful.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pete Isberg", is positioned to the right of the word "Sincerely,".

Pete Isberg
National Payroll Reporting Consortium
909 971-7670
Pete.Isberg@adp.com
Pete_Isberg@nprc-inc.org www.nprc-inc.org

Cc: Ms. Raj Jindal, Louisiana (Co-Chair)
Mr. Steve Saxton, California

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[Appendix: Oregon and Washington Guidance as to Reportable Hours Worked](#)

Oregon Rules: Hours Worked

OR Workers Benefit Fund assessment and Wage Report hours worked

Box 9. Like wages, report hours in the quarter that they are paid. Total all full and partial hours worked by all paid individuals (workers, owners, officers) subject to Oregon's Workers' Compensation law or covered by workers' compensation insurance through personal election.

Enter the total hours rounded down to the nearest whole (no fractions or decimals). If you have no hours to report for the quarter, enter "0."

Note: The hours you report for the WBF assessment won't necessarily equal the hours you report for UI tax purposes on Form 132. In part, this is because there may be differences in who is subject to which tax.

Visit www.oregon.gov/dcbs/fabs/wbf.shtml or call 503-378-2372, for more information.

Oregon combined payroll tax report
150-211-155 (Rev. 12-10)

Determining Hours Worked

9. What is the definition of hours worked?

An hour worked is an hour in which the covered (or not covered but subject) worker, owner, or officer is engaged in a work activity. The WBF assessment is based on hours or parts of hours worked. (See below for how to treat partial hours worked.)

10. How are hours calculated?

Employers who track actual hours worked must use those records to determine actual hours and parts of an hour worked. Not all employers of individuals who are salaried, paid on commission, paid "by the piece," or who work on an honor system, track actual hours worked and are not required to do so exclusively for purposes of calculating the WBF assessment. If hours are not tracked, choose the method that ensures the most reasonable estimate of hours worked:

Employers who have information available showing hours worked, such as a contract, should use this information to determine or reasonably estimate hours worked.

Employers who estimate hours worked using a flat-rate calculation should use 173.33 hours per month, 40 hours per week, or 8 hours per day (prorated for part-time).

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If any method other than actual tracking or the flat-rate calculation without adjustment is used to determine a reasonable estimate of hours worked, the employer must document the method used in case of an audit.

11. Are overtime hours included?

It depends. If actual hours worked are tracked:

Include overtime hours.

If hours worked are determined using the flat-rate calculation:

If a tracking system is available for recording overtime hours, add the overtime hours to the calculated total.

If no tracking system is available to track overtime hours, use the calculated total with no adjustment for overtime hours.

Any time you are calculating overtime hours, use only actual hours worked and not hours paid (e.g. two hours overtime paid at twice the hourly wage is calculated as two hours worked, not as four hours paid).

12. Are leave (vacation, sick leave, paid time off (“PTO”), or holiday) hours included?

It depends. If actual hours worked are tracked:

Do not include leave (vacation, sick leave, PTO, and holiday) hours. If hours worked are determined using the flat-rate calculation:

If a tracking system is available for recording leave (vacation, sick leave, PTO, or holiday) hours, subtract leave hours from the calculated total.

If no tracking system is available to track leave hours, use the calculated total with no adjustment for leave hours.

13. Are training hours and orientation hours included?

If the individual is required by the employer to attend, include hours attending orientation or training.

14. Is standby or on-call time included?

As with leave hours, it depends.

If actual hours worked are tracked, “on call” or “standby” hours (even if paid) are not included in the sum of hours worked.

If hours worked are determined using the flat-rate calculation:

o If a tracking system is available for recording “on call” or “standby” hours, subtract these hours from the calculated total.

o If no tracking system is available to track “on call” or “standby” hours, use the

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calculated total with no adjustment for the “on call” or “standby” hours.

15. Workers work part-time. How are hours worked calculated?

Either track actual hours worked or, only if hours are not tracked; use the appropriate fraction of the appropriate flat rate to calculate hours worked. For example, for half-time workers paid weekly or biweekly, use a flat rate of half of 40 hours per week to calculate hours worked. For half-time workers paid monthly or semi-monthly, use half or one-quarter of 173.33 hours per month as a flat calculation. Document the calculation method.

16. Employer has both part-time and full-time workers. Can the flat rate be used for the full-time workers and actual hours be tracked for the part-time employees?

IMPORTANT! The flat rate may **not** be used for anybody, full- or part-time, whose hours are tracked. However, the employer is not required to use same method for everybody. For example, if hours are not tracked for full-time workers but are tracked for part-time workers, use the flat rate for full-time workers and the actual hours tracked for part-time workers.

17. Employer has monthly salaried employees working overtime. Must hours be tracked or may the flat rate be used?

The flat rate may be used if the employer has no way to estimate reasonably the overtime hours worked. Nothing in the law or administrative rules requires employers to track hours exclusively for the purpose of calculating the WBF assessment. However, whatever method is used to calculate workers’ withholdings must also be used for the employer’s contributions and vice versa.

18. Workers are paid a biweekly salary. Workers track their hours, but report them to the employer subsequent to each pay period. (In other words, the employer pays ahead.) Where hours are tracked but reported after pay, can the flat rate be used to calculate the assessment or must the tracking method be used?

If an employer is paying by the hour before timesheets are collected, payment must be calculated on base hours worked, with adjustments for overtime or leave time made in the subsequent pay period. The assessment can be calculated the same way. The assessment may be based on the base hours assumed worked during a pay period, and any adjustment to actual hours worked may be used to calculate the assessment in the following pay period.

Calculating the Assessment

19. What is a pay period?

The assessment is based on hours or parts of an hour worked in a pay period. Use the same pay period used to calculate the workers’ state and federal withholding tax. Whatever pay period is used to compute the workers’ withholding must be used to calculate the WBF assessment.

20. At the change of a calendar year, what assessment rate is used for payroll earned in the last quarter of one year, but not paid until the first quarter of the next year?

Use the assessment rate that applies to the period in which the payroll is paid, not earned. For

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example, the assessment rate changed from .030 for 2006 to .028 for 2007. For payroll earned in December 2006, but not paid until January 2007, the assessment rate used is that which is in effect when the payroll is paid (.028).

21. How are fractions of an hour treated in the assessment calculation?

Fractions of hours worked are not rounded. For example, if a worker works 37.5 hours in a pay period, the assessment calculation would be 37.5 hours x \$.028.

22. How are fractions of a cent dealt with as a deduction?

When reporting the WBF assessment, "total hours worked by all workers during the reporting period" times "the assessment rate" (which is the worker and employer rate combined) is the amount due. Fractions of hours worked by each worker may **not** be rounded when calculating each worker's assessment amount due. However, when completing the reporting form (Form OQ or Form OA Domestic), the sum of all workers' hours should be rounded down to the nearest whole, and the total amount due (the product of hours worked times the assessment rate) should be rounded down to the nearest whole cent.

In addition, when calculating the worker portion to be deducted from wages, it is inevitable that fractions of a cent will result. Therefore, the product of "hours worked" multiplied by "the assessment rate" may be rounded at the employer's discretion. For example: for a worker who worked 173.33 hours, $173.33 \times .028 = \$4.85$ (the total assessment due rounded down to the nearest whole cent). Half of this may be collected from the worker's wages: Half of $\$4.85 = \2.427 or $\$2.42$ (if the employer chooses to drop the fraction of a cent) or $\$2.43$ if rounded up. The math formula is equivalent to $(\text{hours} \times \text{rate})/2$.

If the fraction of a cent is dropped when deducting the workers' half, a rounding error may result in a slight difference between amounts contributed by the workers and the employer. Of course, the more workers there are, the larger the difference will be. Therefore, the total of all workers' "hours worked" reported may be rounded at the employer's discretion. Employers need to determine which method (dropping the fraction of a cent, or rounding up or down using a 4/5 split) will come closest to each contributing half.

Reporting

Employers report and pay the WBF assessment (not workers' compensation insurance premiums) directly to the state. Employers who are subject to quarterly reporting of state withholding taxes, unemployment insurance taxes and/or TriMet or Lane Transit District (LTD) taxes report their WBF assessment quarterly with these other payroll taxes on the Oregon Quarterly Tax Report (Form OQ) or its electronic equivalent.

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Employers who are subject only to the WBF assessment report quarterly, and complete only the WBF Assessment portion of the Oregon Quarterly Tax Report (Form OQ) or its electronic equivalent.

Source: <http://www.oregon.gov/DCBS/FABS/docs/assessment.pdf> (7/11/2014)

Oregon Form 132 Instructions

Column 4. Hours worked during this quarter. Enter the number of hours each employee worked in the quarter. If you don't track hours for a full time employee, use 520 hours for the report. For fractions or portions of an hour worked by an employee, round up any portion of an hour to the nearest whole hour. Report the actual number of hours worked, both straight time and overtime. Don't report hours paid for sick leave, vacation leave, or any other hours paid where no work was performed. Even though these hours aren't reported in column 4, wages paid are still included in the subject wages in column 5. Although you report wages in the quarter they are paid, report hours in the quarter they are worked. Note: The hours you report for UI tax purposes on Form 132 won't necessarily equal the hours you report for the WBF assessment on Form OQ, box 9. In part, this is because there may be differences in who is subject to which tax. Also, hours for the WBF assessment should be reported, like wages, in the quarter they are paid. The hours for UI tax purposes should be reported in the quarter they are worked. Enter "0" for an employee who didn't work during the quarter but received wages.

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Hours Worked – Washington (WAC 192-310-040)

How should employers report hours worked? (RCW [50.12.070](#).)

This section defines the hours that employers must include on the quarterly tax and wage report.

(1) Vacation pay. Report the number of hours an employee is on paid leave. Do not report payments made in place of vacation time as hours worked.

(2) Sick leave pay. As provided in RCW 50.04.330(1), any payments made to an employee under a qualified plan for sickness or accident disability, insurance or annuities, medical or hospitalization expenses in connection with sickness or accident disability, death or retirement are not considered wages or compensation. Do not report these as hours or wages. For payments under a nonqualified plan, report both wages and hours.

(3) Overtime. Report the number of hours actually worked for which overtime pay or compensatory time is provided, without regard to the amount of wages or compensation paid.

(4) Commissioned or piecework employees. Report the actual number of hours worked by employees paid by commission or by piecework. If there are no reliable time keeping records, report a full-time commissioned or piecework employee for forty hours worked for each week in which any of their duties were performed.

(5) Wages in lieu of notice. When an employee is paid wages in lieu of notice of termination, report the actual number of hours for which they were paid. Wages in lieu of notice of termination pays the employee whose services have been terminated by the employer for the amount of wages they would have earned during the notice period.

(6) Employees on salary. If a salaried employee works other than the regular forty-hour week, report the actual number of hours worked. If there are no reliable time keeping records, report forty hours for each week in which a full-time salaried employee worked.

(7) Faculty employees. Faculty members of community and technical colleges must teach at least fifteen classroom or laboratory hours to be considered full-time. A teaching load of less than fifteen hours of instruction is considered part-time.

(a) If there is no reliable hourly information, report the hours of instruction as part-time based on fifteen credits as a full-time teaching load and thirty-five hours as full-time employment for a week. For example, an instructor teaches twelve credits per week. Twelve divided by fifteen equals eighty percent. Thirty-five hours times eighty percent equals twenty-eight hours. The employer should report the twenty-eight hours to the department on the employer's quarterly tax and wage report.

(b) Any part-time salaried instructor who does not establish a valid claim because of this formula may provide the department with evidence of hours worked that exceeds the hours reported by the employer.

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(8) Severance pay. Do not report additional hours for severance pay. Report only the dollar amount paid to the employee. Severance pay is taxable because it is based on past service and compensates the employee upon job separation.

(9) Payment in kind. Report the actual hours worked for performing services which are compensated only by payment in kind.

(10) Bonuses, tips and other gratuities. Do not report additional hours for bonuses, tips or other gratuities if they are received by an employee who is working regular hours if bonuses, tips and gratuities are the only sources of compensation.

(11) Fractions of hours. If the employee's total number of hours for the quarter results in a fraction amount, round the total to the next higher whole number.

(12) Practice, preparation, and rehearsal time. If an employee who is part of a performing group is paid for a performance, but is also required by the employer to attend practice, preparation, and rehearsal on an organized group basis, report the hours spent in the required practice, preparation, and rehearsal as well as the performance.

(13) On-call and standby hours. Do not report hours if an employee is paid for a shift of on-call or standby hours in which the employee was not actually called in and did not perform services. If the employee was called in or performed services, report the hours actually worked. If the employer has no records of the number of hours actually worked, report the duration of the shift up to eight hours per day.

[Statutory Authority: RCW [50.12.010](#), 50.12.040. WSR 10-23-064, § 192-310-040, filed 11/12/10, effective 12/13/10; WSR 07-23-127, § 192-310-040, filed 11/21/07, effective 1/1/08. Statutory Authority: Chapters [34.05](#) and [50.12](#) RCW, RCW [50.12.070](#) and 50.04.330(1). WSR 99-20-141, § 192-310-040, filed 10/6/99, effective 11/6/99.]

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Prepared for the
Workforce Information Council
by the
Administrative Wage Record
Enhancement Study Group



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