

June 9, 2015

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

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

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

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

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

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

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

The Congressional Budget Office (CBO) estimates the cost for employers at hundreds of millions of dollars in the first year and the total cost would depend on the type of additional information employers would be required to provide. Enactment of Section 913 would create an unfunded federal mandate on all employers. With limited exceptions, U.S. employers have never been required by federal law to apply SOC codes to their workforces.

CBO also concluded that the provision would impose significant new administrative costs on state agencies administering unemployment insurance (UI) compensation programs because those agencies would need to increase

administrative staff to collect, code, maintain, and report on new occupational data, as well as to educate affected employers about the changes.

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

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

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

Alternative Risk Management  
American Payroll Association  
American Staffing Association  
Arkansas State Chamber of Commerce  
Associated Industries of Arkansas  
Associated Industries of Florida  
Association of Unemployment Tax Organizations  
Barnett Associates, Inc.  
California Association of Hospitals and Health Systems  
California Chamber of Commerce  
California Manufacturers and Technology Association  
Connecticut Business & Industry Association  
Colorado Association of Commerce & Industry

Colorado Hospital Association Financial Advisors  
Employers Edge  
Equifax Workforce Solutions  
The Georgia Association of Manufacturers  
HealthSmart  
Indiana Manufacturers Association  
Illinois Chamber of Commerce  
Illinois Manufacturers' Association  
Kansas Chamber of Commerce  
Kentucky Chamber of Commerce  
Laurdan Associates, Inc.  
Louisiana Association of Business and Industry  
Maryland Chamber of Commerce  
Massachusetts Chamber of Commerce  
Michigan Chamber of Commerce  
Michigan Manufacturers Association  
Michigan Health & Hospital Association  
Mississippi Hospital Association  
Mississippi Manufacturers Association  
Missouri Chamber of Commerce and Industry  
Montana Chamber of Commerce  
Montana Manufacturing Council  
National Association of Professional Employer Organizations  
National Federation of Independent Business  
Nebraska Chamber of Commerce & Industry  
The New Jersey Business & Industry Association  
New Jersey State Chamber of Commerce  
The Nonprofit Trust  
North Carolina Chamber of Commerce  
Ohio Chamber of Commerce  
Ohio Manufacturers' Association  
The State Chamber of Oklahoma  
Pennsylvania Chamber of Business and Industry  
People Systems  
Society for Human Resource Management (SHRM)  
Texas Association of Business  
UC Advantage

UCAP Services – Metropolitan Chicago Healthcare Council (MCHC)

UC Consultants

The Unemployment Services Trust

Unemployment Services of Florida, Inc.

US4U

UWC – Strategic Services on Unemployment & Workers' Compensation

Virginia Chamber of Commerce

Wisconsin Manufacturers & Commerce

WorldatWork