

## FURNISHING OF WAGE INFORMATION TO STATE UNEMPLOYMENT COMPENSATION AGENCIES

JANUARY 18, 1945.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

### REPORT

[To accompany S. 184]

The Committee on Finance, to whom was referred the bill (S. 184) to amend the Social Security Act by authorizing the furnishing of wage-record information to State unemployment compensation agencies, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of the bill is to authorize the Social Security Board to furnish State unemployment commissions with wage data, including account numbers, upon the request of States and upon their agreement to reimburse the Federal Government for the actual cost of this service, either by direct payments or by authorizing deductions from grants for administrative expenses. The Board would be authorized to eliminate the charge in cases where the amount involved is too small, or the administrative inconvenience in determining the cost is too great, to warrant the making of a charge for the service.

Further explanation of the need for, and purposes of, the legislation are set forth in the following letter from the Acting Federal Security Administrator:

FEDERAL SECURITY AGENCY,  
OFFICE OF THE ADMINISTRATOR,  
Washington, January 4, 1945.

HON. HENRY A. WALLACE,  
President of the United States Senate,  
Washington, D. C.

MY DEAR MR. PRESIDENT: I am enclosing for your consideration a legislative proposal to authorize the Social Security Board to furnish old-age and survivors insurance wage-record information to State unemployment-compensation agencies.

The Bureau of Old-Age and Survivors Insurance of the Social Security Board has wage-record data for all persons covered under title II of the Social Security Act. The States also maintain records which contain this type of information for all employees covered by the State unemployment-compensation laws. Substantially all of the data in the State records is contained in the Federal records, the employer being required to furnish this information to both the Federal and State Governments.

## 2 WAGE INFORMATION TO STATE COMPENSATION AGENCIES

This procedure is burdensome for the employer and costly for the Federal Government, since State expenses for administering unemployment compensation are paid by the Federal Government.

During the last fiscal year the total expenditure of the 51 State agencies for the collection, processing, and use of State wage records amounted to approximately \$3,000,000. The Social Security Board can furnish reproduced wage cards to these agencies for approximately \$433,000 annually. While the States would have some continuing static cost with respect to the maintenance and use of wage records, it is estimated that the annual net saving in Federal grants of administrative funds to the State agencies would be between \$2,000,000 and \$2,500,000. There would be also an incalculable saving to employers from the elimination of the necessity of reporting wages to State agencies.

The principle of State compensation for the use of these Federal records was approved by the Interstate Conference of Employment Security Agencies in October 1944 in the following resolution:

"Whereas there are economies in the processing of reports by an exchange of services between bureaus of the Federal Government and State agencies: Now, therefore, be it

*Resolved*, That it is the sense of the conference that legislation is favored authorizing State agencies to accept Federal funds for services rendered Federal agencies and Federal agencies to accept reimbursement for services rendered State agencies."

The proposed bill would authorize the Social Security Board to furnish the State unemployment compensation commissions with wage data, including account numbers, upon the request of States and upon their agreement to reimburse the Federal Government for the actual cost of this service, either by direct payments or by authorizing deductions from grants for administrative expenses. The Board would be vested with the discretion to eliminate the charge when the amount involved was too small, or when the administrative inconvenience in determining the cost was too great to warrant the making of a charge for the service.

The proposal is, I believe, particularly timely because many of the State legislatures are expected to consider the enactment of measures this winter to extend employer coverage under the State unemployment compensation laws to employers of one or more, in line with the coverage under the old-age and survivors insurance system. If the States give retroactive wage credits to employees of these small employers, such employees will receive much-needed protection against the hazards of unemployment during the reconversion period. However, it would be both costly and impractical to require small employers to file wage reports for prior quarters. Use of old-age and survivors insurance transcripts in this interim period to determine the benefit rights of such employees would be highly desirable.

The proposal would also have the advantage of permitting the States to destroy old records which they are required to use only on rare occasions, thus saving costs of storage and maintenance. In cases of fire, moreover, such as occurred in the Montana agency, use of the Federal records offers the only adequate and economical solution.

I shall appreciate it if you will be good enough to refer the enclosed draft bill to the proper committee for action.

The Bureau of the Budget advises that there is no objection to the submission of this proposed bill to the Congress.

Sincerely yours,

WATSON B. MILLER,  
*Acting Administrator.*

