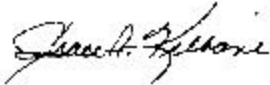


U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL
	DATE May 15, 2000

DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO.24-00

TO: : STATE EMPLOYMENT SECURITY AGENCIES

FROM : GRACE A. KILBANE 
 Administrator
 Office of Workforce Security

SUBJECT : Revised Coding Instructions for Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Data Collection Instrument (DCI)

1. Purpose. To provide State Employment Security Agencies with instructions for using the North American Industry Classification System (NAICS) to code industry data elements and the 1998 Standard Occupation Classification (SOC) / Occupational Information Network (O*NET) to code occupation data elements in the BAM DCI.

2. References. Federal Register Notice, April 9, 1997, 62 FR 17287; Federal Register Notice, September 30, 1999, 64 FR 53135; Benefit Accuracy Measurement State Operations Handbook, ET Handbook No. 395; and Benefits Quality Control ADP User Guide, ET Handbook No. 400.

3. Background. The Office of Management and Budget (OMB), Executive Office of the President, published the final notice of decision for the adoption of NAICS in 62 FR 17287 (April 9, 1997). NAICS is a new economic classification system that classifies establishments by type of economic activity. NAICS replaces the 1987 Standard Industrial Classification (SIC) for statistical purposes. According to the OMB notice, Federal statistical data published for reference years beginning on or after January 1, 1997, are to be published using the new NAICS United States codes.

OMB published the final notice of decision for the adoption of the 1998 SOC in 64 FR 53135 (September 30, 1999). The new SOC serves as the framework for information collected through the Department of Labor Employment and Training Administration's (ETA) O*NET, which will replace the Dictionary of Occupational Titles (DOT) codes. According to the OMB final notice of decision, all Federal agencies that collect occupational data will use the 1998 SOC; and all State and local government agencies, as well as private sector organizations, are strongly encouraged to use this system, which provides a common language for categorizing occupations in the work place.

RESCISSIONS None	EXPIRATION DATE May 31, 2001
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4. NAICS. National statistics agencies in the United States, Mexico, and Canada collaborated on NAICS to make the industrial statistics produced in the three countries comparable. NAICS is the first industry classification system developed in accordance with the principle that producing units that use similar production processes should be grouped together in the classification. NAICS addresses the need for a more comprehensive approach to industry classification due to the signing of the North American Free Trade Agreement and also reflects the enormous changes in technology and the growth and diversification of services that have occurred in recent years.

NAICS is organized in a hierarchical structure. NAICS employs a 6-digit coding system in which the first two digits designate the sector (the NAICS term "sector" replaces the term "division" used in the 1987 SIC), the third digit designates the subsector, the fourth digit designates the industry group, the fifth digit represents the NAICS industry (the most detailed level at which comparable data will be available for Canada, Mexico, and the United States), and the sixth digit designates individual country-level national industries. The number of classifications established at the five levels of aggregation are:

Sector (2 digits): 20 sectors have been established in NAICS;
Subsector (3 digits): 96 subsectors have been established in NAICS;
Industry Group (4 digits): 311 industry groups have been established in NAICS;
NAICS industry (5 digits): 721 NAICS industry groups have been established; and
National Industry (6 digits): there are 1,170 U. S. industries in NAICS.

BAM collects information on the industry group of the UI benefit recipient's last employer (d8), and primary base period employer (e17) in the b_master table in the UI database. Since the beginning of the BAM program in 1987, these data elements have been coded using the 1987 SIC classifications. Given the current structure of the BAM database, which allocates four positions for the current SIC code, NAICS can be implemented at the Industry Group level. Given the BAM sample sizes, this is an appropriate level of aggregation.

5. SOC / O*NET. The 1998 SOC was developed in response to a growing need for an occupational classification system that all Federal Government agencies and other collectors of occupational information would adopt. Despite the existence of the 1980 SOC, a variety of Government agencies continued to collect and use occupational data based on unique classification systems designed for their individual needs. Persuaded that a reconciliation was in order, OMB invited all Federal agencies with occupational classification systems to join together to revise the SOC and chartered the SOC Revision Policy Committee (SOCRPC) in October 1994. The SOCRPC included representatives from several Federal agencies with interests in the outcome of the SOC revision. The SOCRPC solicited public comments on the structure of the new occupational classification system in several Federal Register notices that preceded and formed the basis for the notice of final decision in 64 FR 53135.

Each item in the SOC hierarchy is designated by a six-digit code. The first two digits represent the major group; the third digit represents the minor group; the fourth and fifth digits represent the broad occupation; and the sixth digit represents the detailed occupation. The 1998 SOC contains 822 detailed occupations, aggregated into 452 broad occupations. These broad occupations are grouped into 98 minor groups, that are, in turn, clustered into the 23 major groups. The O*NET coding structure uses a two-digit numeric suffix, in addition to the six-digit SOC codes, which defines a linkage from the SOC to the O*NET occupational units.

Currently, there are three data elements in the BAM database affected by the new occupational coding structure. BAM collects data on the occupation of the UI benefit recipient's last job (data element b6), usual job (b7), and the type of work the claimant is seeking (b9) in the b_master table of the UI database. Since the beginning of the BAM program in 1987, these data elements have been coded using the DOT classifications. Given the current structure of the BAM database, which allocates three positions for the current DOT code, the 1998 SOC can be implemented at the minor group level. As is the case with NAICS, this is an appropriate level of aggregation, given the BAM sample sizes.

6. Additional Resources. The NAICS Internet site at the U. S. Bureau of the Census – www.census.gov/epcd/www/naics.html includes a file of the NAICS codes (ASCII format), which can be downloaded at www.census.gov/epcd/naics/naicscod.txt. SIC-to-NAICS and NAICS-to-SIC crosswalks, which can be downloaded in ASCII, comma-delimited, dBase III+, Word Perfect (v. 5.1), and PDF formats are available at www.census.gov/epcd/www/naicstab.htm. The NAICS Internet site also has Frequently Asked Questions (FAQs) and links to Federal Register notices and other background material on NAICS.

Information on the 1998 SOC can be obtained via the Bureau of Labor Statistics Internet site at stats.bls.gov/soc/soc_home.htm. The 1998 SOC structure can be downloaded in PDF format at stats.bls.gov/pdf/socstruc.pdf. This site also has links to the SOC User Guide, which includes FAQs, and links to Federal Register notices and other background material on the 1998 SOC.

Information on O*NET is available at the Department of Labor ETA Internet site at www.doleta.gov/programs/onet. Two resources are scheduled for release in the Spring of 2000:

1. The O*NET 3.0 Database, which uses the SOC / O*NET classification system, will be released as a text (ASCII) file that can be easily converted by applications developers and database programmers to any database format needed. The O*NET 3.0 database will be made available for free download from the National O*NET Consortium Web site at www.onetcenter.org. Users may link to the National O*NET Consortium Web site from the ETA O*NET Web site at www.doleta.gov/programs/onet.
2. O*NET OnLine is an application that enables users to view, search, and sort the information in the O*NET 3.0 database. O*NET OnLine will be Web-based and have a Web-type

interface. Announcements of its release will be made on the O*NET Web sites, and links to O*NET OnLine will be available from the National Consortium Web site and the ETA O*NET Project Office Web site.

The Department will also revise the Benefit Accuracy Measurement State Operations Handbook, ET Handbook No. 395, and the Benefits Quality Control ADP User Guide, ET Handbook No. 400, to reflect the new coding structures.

7. Effective Date. State BAM units should begin to use the new NAICS and SOC / O*NET coding systems for all BAM cases signed off by the BAM investigator and supervisor or reopened on or after January 1, 2001. BAM supervisors must ensure that all cases signed off or reopened on or after January 1, 2001, are coded using the new NAICS and SOC / O*NET coding systems.

The industry and occupation data elements in all BAM cases in the State's UI database with supervisor sign-off dates (data element h10 in the b_master table) on or before December 31, 2000, and no reopen date after December 31, 2000 will be retroactively converted to the new coding structures by the Department of Labor, and uploaded to the National Office's UI database.

8. Action Required. State Administrators are requested to provide copies of these instructions to the appropriate staff.

9. Inquiries. Questions should be directed to the appropriate ETA Regional Office.