§ 502. Wage reporting - findings and policy. The legislature hereby finds and declares that New York state is committed to developing the most efficient and effective system possible for administering the unemployment insurance system which, for more than a half century, has provided financial support to workers who have lost their jobs through no fault of their own.

Unlike all other states and territories, which administer their unemployment insurance systems pursuant to a wage reporting system whereby employers report employee wages on a regular basis, New York maintains a wage request system. In order to acquire the enormous amount of wage data necessary to calculate unemployment insurance benefits using such a system, the department is required to send out hundreds of thousands of wage requests to employers every year. These requests are for information which, in large part, is submitted by employers on a quarterly basis to the statewide wage reporting system administered by the department of taxation and finance.

Given the size and complexity of the unemployment insurance system, an increase in efficiency will necessarily result in significant improvements in the services provided to benefit claimants and employers. The improvements for benefit claimants that would result from the implementation of a wage reporting system include more timely and accurate entitlement and benefit rate determinations, a reduction in the need to rely upon a claimant's own tax and wage statements and a decrease in claimant overpayments which must be recovered at a later date. As for employers, they would, for the large majority of benefit claims filed, no longer be required to provide employee wage data upon request, which would remove a significant employer burden as well as the potential for a fifty dollar penalty each time a wage request is not answered in a timely manner. Wage reporting would also reduce the number of employers incorrectly charged for benefits.

Furthermore, the department is accountable under federal and state law to measure the success of training, employment and reemployment initiatives operated pursuant to such laws. The assessment of individual performance is the best way to measure program quality and to develop

program improvements. Job placement, employment duration and earnings are basic outcomes used to measure such performance. Information surveys, traditionally used to collect such data, have proved to be both expensive and unreliable because of low response rates and faulty recall by those who respond. Using the statewide wage reporting system to track such performance outcomes will avoid these problems and produce a reliable system of accountability while placing no additional burdens on employers.

Accordingly, for the above reasons, section one hundred seventy-one-a of the tax law is amended to provide the department with complete access to the wage reporting files maintained by the department of taxation and finance as the first stage in a transition to an unemployment insurance system based upon such wage reporting files, with the express requirement that the department shall design and operate such system so that an individual eligible for benefits under the current law would be eligible for the same amount of benefits under a new system based upon the wage reporting files. In addition, complete access to the wage reporting files is granted for administration of the department's employment security programs as well as for evaluation of the effect on earnings of participation in training programs with respect to which the department has reporting, monitoring or evaluating responsibilities.