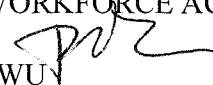


EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Unemployment Insurance
	CORRESPONDENCE SYMBOL OUI/DUIO
	DATE NOVEMBER 17, 2016

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 2 - 17

TO: STATE WORKFORCE AGENCIES

FROM: PORTIA WU 
 Assistant Secretary

SUBJECT: Changes to the North American Industry Classification System (NAICS)
 Codes for Calendar Year 2017

1. Purpose. This Unemployment Insurance Program Letter (UIPL) provides information to state workforce agencies about changes to NAICS coding for calendar year (CY) 2017 and requests states to update industry codes on employer unemployment insurance (UI) accounts.

2. References.

- UIPL No. 31-11, *Changes to the North American Industry Classification System (NAICS) Codes for Calendar Year 2012*;
- UIPL No. 09-01, *Required Preparations for Final Implementation of the North American Industry Classification System (NAICS) Coding*;
- North American Industry Classification System – Revision for 2017 – Notice, 81 Fed. Reg. 52584 (Aug. 8, 2016);
- North American Industry Classification System (NAICS)—Updates for 2017- Notice, 80 Fed. Reg. 46480 (Aug. 4, 2015);
- 2017 North American Industry Classification System (NAICS) Revision – Notice, 79 Fed. Reg. 46558 (Aug. 8, 2014); and
- 2012 North American Industry Classification System (NAICS) – Updates for 2017- Notices, 79 Fed. Reg. 29626 (May 22, 2014).

3. Background. The NAICS is a system for classifying business establishments (individual business locations) by type of economic activity in Canada, Mexico and the United States. Its purposes are: (1) to facilitate the collection, tabulation, presentation, and analysis of data relating to establishments; and (2) to promote uniformity and comparability in the presentation and analysis of statistical data describing the North American economy. NAICS is used by Federal statistical agencies that collect or publish data by industry. States must have NAICS codes on their files for the Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) program, as well as for other statistical and reporting programs.

RESCISSIONS UIPL No. 31-11	EXPIRATION DATE Continuing
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To ensure the relevance, accuracy, and timeliness of the classifications, NAICS is reviewed every five years to determine what, if any, changes are required. Such a review has recently been completed, and revisions to NAICS codes have been made for 2017. Herein the new codes are referred to as “NAICS 2017”. The BLS QCEW program, also known as the ES-202, will implement NAICS 2017 in the first quarter of CY 2017. Consequently, all state workforce agencies must convert the NAICS codes on existing UI accounts by January 1, 2017, and assign NAICS 2017 codes to new UI accounts beginning January 1, 2017.

4. Information. Prior to NAICS 2017, NAICS codes were summarized in the 2012 U.S. NAICS manual. The BLS 2012 and 2017 codes are available at the “Download” Tab of the BLS website: http://www.bls.gov/cew/bls_naics/bls_naics_app.htm.

The NAICS 2017 United States Manual will be available in early 2017. The manual will include definitions for each industry, background information, changes between 2012 and 2017, and a comprehensive index. A summary of the NAICS 2017 changes may be found at http://www.census.gov/eos/www/naics/federal_register_notices/notices/fr08au16.pdf and http://www.census.gov/eos/www/naics/federal_register_notices/notices/fr04au15.pdf.

The BLS Web site currently provides a Comma Separated Values (CSV) file with a list of valid NAICS 2017 codes including titles and descriptions at the “Download” Tab http://www.bls.gov/cew/bls_naics/bls_naics_app.htm. The CSV file is easily loaded into Microsoft Excel or other applications. Several files are available from the “Download” tab. Please use the file labeled "BLS NAICS 2017 Titles and Descriptions."

The BLS NAICS 2017 Titles and Descriptions file should be used as a validation mechanism to ensure that only these codes are assigned to UI accounts for employers in state UI tax files on computer systems. NAICS codes that are not listed in the BLS NAICS 2017 Titles and Descriptions file should be treated as invalid and rejected from state UI tax files. State Information Technology (IT) staff with questions regarding the NAICS 2017 code files can obtain help from BLS QCEW staff by sending a request to NAICS_QCEW@bls.gov.

5. Implementation. State Labor Market Information (LMI) staff or other state staff involved in industry classification have received NAICS 2017 codes previously and have converted all codes on LMI files for the QCEW report to NAICS 2017. States that maintain industry codes on UI tax files (as opposed to LMI files) must ensure that codes on UI tax files are NAICS 2017 codes and that they agree with codes on LMI files for the same employer. State staff responsible for assigning NAICS codes to employer UI accounts must convert existing UI accounts on tax systems to the new NAICS 2017 codes by January 1, 2017, and assign the NAICS 2017 codes to all new UI accounts on tax systems beginning January 1, 2017.

State staff seeking guidance for assigning new NAICS 2017 codes should consult and work cooperatively with their state LMI office or other state staff involved in industry classification coding to ensure that the coding is consistent, accurate, and timely.

A number of states use industrial classification to establish both new and maximum employer tax rates. NAICS 2017 includes changes that may affect the assignment of UI tax rates in these

states. Therefore, states that assign tax rates based on industry coding should be cognizant of these changes.

6. Action Requested. In addition to what is described above, State Administrators are requested to provide copies of this UIPL to the appropriate staff.

7. Inquiries. As noted above, state IT staff with questions regarding the NAICS 2017 code files can obtain help from BLS QCEW staff by sending a request to NAICS_QCEW@bls.gov. All other inquiries should be directed to the appropriate ETA Regional Office.