

# HOUSE BILL REPORT

## HB 1955

---

---

**As Reported By House Committee On:**  
Commerce & Labor

**Title:** An act relating to the transfer of data for operational, evaluation, and research purposes.

**Brief Description:** Providing support for collaborative efforts toward employment-related services and program evaluation.

**Sponsors:** Representatives McIntire, Clements and Conway.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 2/1/99 (Heard as HB 1290), 3/1/99 [DPS].

**Brief Summary of Substitute Bill**

- Clarifies the ability of the Employment Security Department (ESD) to share confidential employment data with the Department of Social and Health Services and other agencies involved in the WorkFirst program.
- Allows ESD to share confidential employment data with partners implementing One-Stop career centers.
- Allows ESD to share confidential employment data with state agencies to facilitate operations and evaluation of programs.
- Exempts confidential data provided by ESD to other agencies and individuals from inspection and copying under the Public Disclosure Act.
- Provides for a civil fine if anyone receiving confidential information from ESD misuses or improperly releases this information.

---

**HOUSE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk; McIntire and McMorris.

**Staff:** Pam Madson (786-7166).

**Background:**

With certain exceptions, the Employment Security Department (ESD) is obligated to keep records regarding individuals and employers confidential. As state and federal initiatives continue to change the way employment and training services are provided, the need increases for agencies to share information on clients and customers that use a combination of services. Information and employment records collected by ESD regarding individuals and employers are an integral component of these new initiatives.

Recent federal legislation promotes the continued development of the One-Stop career development system. This system seeks to provide access to a variety of services at a single physical or electronic location. One-Stop includes participation by partner agencies such as the ESD, the Department of Social and Health Services (DSHS), community and technical colleges, and local private industry councils. New federal and state legislation also encourages evaluation of employment and training programs for which employment data collected by the department is necessary.

Access by government agencies to confidential information held by ESD. A government agency may request information by submitting an application to the department stating the reason for the request. The need is verified by ESD. The requesting agency must notify the individual or employer that information is being sought. Consideration must be given to an individual's objection to the release of information before the information is released. This process works best when there are a limited number of individuals whose information is requested.

A limited number of exceptions to the policy of confidentiality have been enacted. The requirement to notify the individual or employer is eliminated where it would frustrate a criminal investigation, would prove too cumbersome for agencies trying to prepare a small business impact statement, and would frustrate attempts to cross-match information for comparison purposes to detect fraud or check tax payments. A recent exception allows ESD to share employment data with DSHS and Office of Financial Management (OFM) for evaluation of the WorkFirst program.

Access by private organizations to confidential information held by ESD. ESD may also share confidential information with private organizations assisting in the operation or management of the department and to fulfill contractual obligations where

information is collected under a contract with a private organization. Sanctions apply against a person who misuses or releases information without authorization.

Application of the Public Disclosure Act and sanctions for misuse of confidential information. Information that is shared with other governmental agencies may be subject to disclosure under the Public Disclosure Act. In some cases, sanctions apply against a person who misuses or releases information without authorization. Sanctions include a civil fine of \$5,000.

---

### **Summary of Substitute Bill:**

Sharing confidential information under the WorkFirst program. The scope of authority under which ESD shares client information with DSHS, OFM and other oversight agencies for the WorkFirst program is clarified. Any confidential information supplied to other agencies under this program is not subject to public inspection and copying.

Sharing confidential information with One-Stop partners and for state program evaluations. Two additional exceptions are created allowing confidential information to be shared by ESD with other agencies and private organizations.

The commissioner of ESD may enter into data-sharing contracts with partners in the One-Stop career development system. Partners may include both public agencies and private organizations. Government agency partners need not comply with the individual notification process generally required for government agencies.

The Commissioner may also enter into data-sharing contracts with other state agencies to facilitate the efficient operation and evaluation of state programs. Agencies receiving information need not comply with the individual notification process required generally of government agencies.

Exemptions under the Public Disclosure Act. Two exemptions are added to the list of information exempt from inspection and copying under the Public Disclosure Act. One exemption is confidential information maintained by ESD and provided to other individuals and organizations for purposes of operation, research or evaluation of programs. The other exception is for individually identifiable information received by the Workforce Training and Education Coordinating Board for research or evaluation purposes.

Sanctions. The misuse or unauthorized release of information by any person or organization to whom access is permitted may be subject to a civil fine of \$5,000 and other applicable penalties. The attorney general may bring suit to enforce the misuse

or unauthorized release of this information and may recover attorneys' fees. Any penalties collected must be placed in ESD's administrative contingency fund.

**Substitute Bill Compared to Original Bill:** Current law is reinstated relating to the receipt of data by the Department of Social and Health Services from the Employment Security Department for the WorkFirst program.

---

**Appropriation:** None.

**Fiscal Note:** Requested for HB 1290 and is available.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** (Public hearing on HB 1290): In One-stop centers around the country, the kind of information sharing supported by this bill is already happening including use of advanced data systems that reduce the amount of overhead and administrative time in moving people into jobs. In this state, different agencies must collect the same data from similar clients but cannot share the data with each other. The result will be improved services to clients and more efficient delivery of services. Now that multiple agencies are delivering services, protections for confidentiality of client information is very important. The bill maintains the protections that are in place now. If data is shared with another agency, any request for information made to the receiving agency is protected and the request would be directed back to the Employment Security Department for a decision regarding disclosure. Information collected by the Workforce Training and Education Coordinating Board is also protected from disclosure under the Public Disclosure Act.

**Testimony Against:** None.

**Testified:** (on HB 1290) Representative Jim McIntire, prime sponsor; Cindy Zender, Employment Security Department; Graeme Sackrison, Employment Security Department; and Wes Pruitt, Workforce Training and Education Coordinating Board.