

# HOUSE BILL REPORT

## SHB 2308

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### As Passed Legislature

**Title:** An act relating to requiring employers to periodically report standard occupational classifications or job titles of workers.

**Brief Description:** Requiring employers to periodically report standard occupational classifications or job titles of workers.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Slatter, Tharinger, Wylie and Appleton).

#### Brief History:

##### Committee Activity:

Labor & Workplace Standards: 1/13/20, 1/23/20 [DP];

Appropriations: 2/3/20, 2/10/20 [DPS].

##### Floor Activity:

Passed House: 2/17/20, 60-38.

Passed Senate: 3/5/20, 34-14.

Passed Legislature.

#### Brief Summary of Substitute Bill

- Requires employers to include occupational data of its employees in the employer's quarterly tax reports to the Employment Security Department.

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### HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

**Majority Report:** Do pass. Signed by 4 members: Representatives Sells, Chair; Chapman, Vice Chair; Gregerson and Ormsby.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Mosbrucker, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Hoff.

**Staff:** Trudes Tango (786-7384).

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### HOUSE COMMITTEE ON APPROPRIATIONS

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**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Ormsby, Chair; Robinson, 1st Vice Chair; Bergquist, 2nd Vice Chair; Chopp, Cody, Dolan, Fitzgibbon, Hansen, Hudgins, Kilduff, Macri, Pettigrew, Pollet, Ryu, Senn, Steele, Sullivan, Tarleton and Tharinger.

**Minority Report:** Do not pass. Signed by 12 members: Representatives Stokesbary, Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Corry, Dye, Hoff, Kraft, Mosbrucker, Schmick, Sutherland and Ybarra.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Springer.

**Staff:** Michael Hirsch (786-7157).

### **Background:**

#### Employment Security Department Reports.

The Employment Security Department (ESD) administers the state's unemployment benefits program. Employers must file tax reports with the ESD every quarter. The reports must contain the name of all employees covered by unemployment insurance, their social security numbers, their wages, and the number of hours worked in the quarter.

Employers may file electronically or use paper forms. An employer is subject to escalating penalties for failing to file a report or for filing an incomplete report. The ESD issues a warning letter for the first violation. For subsequent violations, the penalties range from \$75 to \$250.

#### Workforce Training and Education Coordinating Board.

The ESD has data-sharing agreements with the Workforce Training and Education Coordinating Board (Workforce Board). The Workforce Board matches student-level records with the ESD's wage records to evaluate performance outcomes for a number of workforce and postsecondary education programs.

#### Standard Occupational Classification.

The Standard Occupational Classification (SOC) system is a federal system used by federal agencies to classify workers into occupational categories.

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

Employers must include the SOC or job title of each worker in their quarterly tax reports to the ESD. Reporting the SOC or job title of each worker is optional for employers until October 1, 2022.

An employer whose filing is incomplete due to failing to include SOCs or job titles must pay an incomplete report penalty only if the employer knowingly failed to report the SOC or job title of each worker.

The ESD, in coordination with the Workforce Board, must report to the Legislature by November 1, 2026, on how the collection of occupational data was used to evaluate educational investments, add or modify existing training programs, or improve job placement.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on October 1, 2021.

**Staff Summary of Public Testimony (Labor & Workplace Standards):**

(In support) This will ensure that students have accurate information when making decisions and preparing for their careers. Washington tracks training and education programs using labor market data and finding out which careers graduates enter into is key to data collection. The data is not publicly available and would remain confidential. Other states, like Alaska and Indiana, and other countries, already collect this data. This will help Washington businesses find the right talent.

(Opposed) The SOC has over a hundred pages of codes and descriptions. This will be onerous on the employers who have to figure out, especially when their employees do multiple tasks or are seasonal workers. It is unclear what process is in place if the Workforce Board disagrees with the way an employee is classified. There are concerns that the additional data being collected could lead to identity theft and fraud. This bill would require collecting data on employees whether or not they ever participated in a training program. This may not necessarily help employers fill positions.

(Other) Getting better access to occupational data is a priority for the Workforce Board. This is not included in the Governor's budget but it is a valuable policy. This policy was a recommendation from the Future of Work Task Force. Having this data will allow the Workforce Board to track whether students get a job in the field they were trained for. Current data is incomplete and inaccurate, which results in jobs in certain sectors not being accurately counted.

**Staff Summary of Public Testimony (Appropriations):**

(In support) This bill creates a new reporting field which allows for differentiation of job type within an industry cluster. This information allows for job placement and tracking of educational and certification workforce placements. It will provide better information to workers to make decisions about education and training. Employers will be able to identify where talent is in the labor market. Indiana and Alaska have implemented similar reporting. There is an option to put a job title instead of using a SOC code.

(Opposed) This bill creates additional work for the ESD that will cause a substantial increase of time and cost for every Washington employer. There are many pages of SOC codes employers would have to search through. It is not clear whether there is a fine or obligation

on employers when the ESD disagrees with a job code. The requirement is burdensome for seasonal employers.

**Persons Testifying** (Labor & Workplace Standards): (In support) Representative Slatter, prime sponsor.

(Opposed) Patrick Connor, National Federation of Independent Business.

(Other) Lisa Perry, Sierra Pacific; and Marina Parr and Dave Wallace, Workforce Training and Education Coordinating Board.

**Persons Testifying** (Appropriations): (In support) Abigail Blue, Pacific Mountain Workforce Development Council; Jenee Myers Twitchell, Washington STEM; and Chelsea Mason, IAM District 751.

(Opposed) Patrick Connor, National Federation of Independent Business.

**Persons Signed In To Testify But Not Testifying** (Labor & Workplace Standards): None.

**Persons Signed In To Testify But Not Testifying** (Appropriations): None.