

HOUSE BILL REPORT

HB 2914

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

Title: An act relating to unemployment compensation administration.

Brief Description: Providing for unemployment compensation administration.

Sponsor(s): Representatives Heavey, Sprenkle, Fuhrman, Wineberry, Jones, Vance, Lisk, Silver and O'Brien; by request of Employment Security Department.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 6, 1992, DPS.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 10 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Fuhrman, Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; Vance; and Wilson.

Minority Report: *Without recommendation.* Signed by 1 member: Representative Lisk, Assistant Ranking Minority Member.

Staff: Chris Cordes (786-7117).

Background:

Employment Security Department Compliance and audit resolution

Federal compliance audits of federal programs administered by the Employment Security Department may result in charges to the state that must be repaid from nonfederal sources. The department's main source of nonfederal funds is the administrative contingency fund.

Unemployment insurance information access

The unemployment insurance system has confidentiality requirements for release of employer and claimant information. Claimant information is available only to the claimant's base year employers.

Summary of Substitute Bill:

Employment Security Department compliance and audit resolution

Money from the administrative contingency fund may be expended for resolving federal claims arising from compliance and audit issues requiring payment from nonfederal resources. In the following priority, federal claims may be resolved by: (1) providing services to eligible participants in federal grant programs, (2) substituting existing nonfederal program resources by operating programs with administrative contingency funds, or (3) making direct payment to the federal government.

Unemployment insurance information access

The commissioner of the Employment Security Department may grant an employer access to claimant information or a claimant access to employer information if the access is necessary for administration of the unemployment insurance system.

Substitute Bill Compared to Original Bill: The substitute bill deletes provisions in the original bill that permitted the Employment Security Department to impose a 1 percent interest penalty when a fraud overpayment assessment became final.

Fiscal Note: Available.

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

Testimony For: The Efficiency Commission recommended changing the way that interest penalties were charged for fraud overpayments. This would give the department funds to improve the collection process. The Employment Security Department also needs the flexibility to exchange information in some cases not now permitted under the law. If the state adopts the priorities for audit procedures outlined in the bill, the state will be in a better position to negotiate with the federal government to resolve audit disputes.

Testimony Against: The Employment Security Department is attempting to get approval of action that is now illegal.

Since only base year employers have charges against their account, they are the only employers who need access to claimant information. There are already adequate penalties for fraud in the law and further penalties are not needed.

Witnesses: (In favor) Marie Brillante and Graeme Sackrison, Employment Security Department. (Opposed) Martha Lindley, Unemployment Law Project.