



Preliminary Cost-Benefit Analysis

Standard Occupational Classification Code Reporting

Introduction

Pursuant to RCW 34.05.328, the Employment Security Department (Department) hereby analyzes the costs and benefits of permanently adopting rules implementing the reporting requirements for Standard Occupational Classification (SOC) codes.

Costs

COSTS FOR THE DEPARTMENT

To implement the reporting requirements for Standard Occupational Classification (SOC) codes, the Employment Security Department (Department) anticipates the need for additional staff from the Department's Production Services, Data Architecture, Transformation & Analysis, and Tax and Wage teams. A breakdown of specific job classes is available in the [Fiscal Note for Substitute House Bill 2308 \(2020\)](#).

Additionally, implementing SOC code reporting will require IT systems updates, including updates to The Next Generation Tax System (NGTS), Employer Account Management Services (EAMS), the agency imaging systems (ILINX), and the Central Audit Management System (CAMS) audit program.

In total, the Department expects the rule to cost \$3.3 million to implement SOC code reporting over the first four years. Once implemented, the Department anticipates annual ongoing staffing costs of \$64,689 for Tax and Wage.

COSTS FOR THE PUBLIC

The anticipated cash receipts would be a minimal amount of money received from penalties related to employers submitting incomplete forms if they do not include job titles or SOC codes for their employees. The Department currently assesses approximately \$57,300.00 in incomplete report penalties annually. Not all the penalties are collected as almost 40% of penalized employers request waivers. The Department estimates approximately 50% of waiver requests are approved, which works out to approximately 80% of total cash receipts collected or \$45,840.

Benefits

Collecting SOC code data from employers will provide Washington residents with vital information that may be used to develop training and career path preparation. This data will allow the Department, employers, and employees to make informed decision regarding the needs of Washington's workforce.

Conclusion

The amended rules support the Department's mission to develop the nation's best and most future-ready workforce. The rules provide an avenue for the collection of workplace data that will benefit both employers and employees. Therefore, the Department concludes the probable benefits of the rules are greater than its probable costs.