

## **Preliminary Cost-Benefit Analysis**

### **Transportation Network Companies – Benefit Charging for Employer Providing Part-Time Work and Voluntarily Quitting Due to a Reduction in Hours or Compensation of 25 Percent or More**

#### **Introduction**

Pursuant to RCW 34.05.328, the Employment Security Department (Department) hereby analyzes the costs and benefits of updating the Department's rules to reflect changes made in Substitute House Bill 1570 (2023) regarding relief of benefit charging for part-time employers and updating the Department's rules on voluntary quits for reduction in hours or compensation of 25 percent or more to reflect the nature of work for transportation network companies.

#### **Costs**

Only minimal costs are anticipated. SHB 1570 allows employers to be eligible for relief of benefit charges if they are continuing to provide part-time work in "substantially the same amount" to a claimant rather than providing part-time work only "on a regularly scheduled permanent" basis. This adds flexibility to these employers and does not impose additional costs to these employers if they seek relief of benefit charges.

The rulemaking also requires transportation network companies to report aggregate data on driver hours and compensation. The proposed rules specify that the reduction in hours or compensation will be measured by comparing a region's aggregate data in past quarters to recent quarters to determine whether a driver has good cause for voluntarily quitting work for a TNC. The approach of using aggregate data to determine a 25 percent or more in hours or compensation is necessary because, in general, drivers may work as much or as little as they choose; TNCs do not offer a certain number of hours or a specific amount of compensation. Therefore, using an individual driver's data may not show whether the total hours or compensation available to them was reduced. Comparing aggregate data from comparable quarters will provide a better picture of whether the hours and compensation available to a driver were reduced in that driver's region such that the driver had good cause to voluntarily quit. This reporting should impose a de minimus cost on the companies because it requires them to aggregate and submit data that they should have already collected and reported to the Department through regular wage reporting. The Department will review this information as part of its usual adjudication process.

#### **Benefits**

The proposed rulemaking will provide clarity on how the Department determines whether a claimant who left work as a driver for a transportation network company due to a reduction in hours or compensation qualifies for unemployment benefits. The rulemaking will also incorporate statutory changes in relief of benefit charges for employers offering part-time work into the Department's rules.

#### **Conclusion**

The proposed rulemaking will impose only de minimus costs. The probable benefits of the rules, as described above, are greater than its probable costs.