

Date of Hearing: April 17, 2024

ASSEMBLY COMMITTEE ON INSURANCE

Lisa Calderon, Chair

AB 2358 (Low) – As Amended March 21, 2024

SUBJECT: Employment Development Department: disclosure of wage information: qualified third-party vendors

SUMMARY: Requires the Employment Development Department (EDD) to release an employee's wage information to a qualified third-party vendor, as provided. Specifically, **this bill:**

- 1) Requires EDD to allow, at the request of the employee, the electronic transmission of the employee's wage information directly to or through a qualified third-party vendor for permissible uses, as defined.
- 2) Requires the employee to provide EDD written permission for the release of wage information.
- 3) Defines permissible use to mean verifying an employee's wages or using the employee's wage information for credit granting and related account maintenance, residential leasing, employment screening, or insurance or government transactions, consistent with federal law, as specified.
- 4) Provides that all wage information reported to EDD and provided to a qualified third-party vendor shall remain confidential, as specified, and cannot be resold or disclosed by a subscriber.
- 5) Prohibits EDD from expending any additional state funds to execute the terms of the agreement with a qualified third-party vendor.
- 6) Provides that any person who knowingly accesses, uses, or discloses any information made confidential by this bill's provisions is guilty of a misdemeanor, as provided.

EXISTING LAW:

- 1) Provides that information obtained in the administration of the Unemployment Insurance (UI) Code is confidential, not open to the public, and shall be for the exclusive use and information of the Director of EDD. (Unemployment Insurance Code (UI) Section 1094)
- 2) Requires the director to permit the use of any information in the director's possession to the extent necessary to carry out certain enumerated purposes, including to enable federal, state, or local governmental departments or agencies, to verify or determine the eligibility or entitlement of any applicant for, or a recipient of, public social services, as specified, when the verification or determination is directly connected with, and limited to, the administration of public social services. (UI Section 1095)
- 3) Provides that all personal information received from EDD shall at all times be subject to applicable privacy and information security-related requirements arising under federal and state law. (Government Code Section 100503.9(b)(5))

FISCAL EFFECT: Unknown

COMMENTS:

1) *Purpose.* According to the author:

The state of California is fully aware of the housing situation in our region, including the increasing number of unhoused people. As a legislative body, we are responsible for reducing the barriers that prevent Californians from accessing financial essentials. This proposed bill aims to improve the accessibility of existing accommodations to those who would benefit from it.

2) *Discussion.* Millions of Californians are considered to be “credit invisible.” This makes it difficult for these individuals to access certain economic opportunities that require a credit report, including employment verification and tenant screenings. This bill seeks to use wage and employment data already collected by EDD as another way to verify past and current income and job history.

The provisions this bill would enact, to require EDD to release authorized employee wage information to a qualified third-party vendor, are allowable under existing federal and state law and federal rules require this service be cost neutral to the implementing state. Additionally, the safeguards contained in this bill related to the confidentiality of wage information are consistent with federal law. (See 20 CFR Part 603 related to the confidentiality and disclosure of state unemployment compensation information)

This bill would require opt-in by the individual and information would not be shared without an individual’s consent. If an individual opts-in and consents the information would only be shared with the third-party vendor that has directly contracted with EDD. This information is not reported to additional credit reporting bureaus and is only intended to be used for specified background screenings that require employment and wage verification.

REGISTERED SUPPORT / OPPOSITION:

Support

Cameo - California Association for Micro Enterprise Opportunity
End Poverty in California (EPIC)
Policy and Economic Research Council

Opposition

None on file.

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