
ENGROSSED SUBSTITUTE SENATE BILL 5921

State of Washington 62nd Legislature 2011 1st Special Session

By Senate Ways & Means (originally sponsored by Senators Regala and Carrell)

READ FIRST TIME 04/18/11.

1 AN ACT Relating to social services; amending RCW 74.08A.260,
2 74.08A.290, 74.08A.010, 74.20.040, 74.20.330, 43.215.135, 74.08.580,
3 66.16.041, 9.46.410, 74.04.012, 43.20A.605, and 49.60.210; adding a new
4 section to chapter 74.12 RCW; adding a new section to chapter 74.08A
5 RCW; adding a new section to chapter 43.215 RCW; adding a new section
6 to chapter 66.24 RCW; adding a new section to chapter 18.300 RCW;
7 adding a new section to chapter 18.185 RCW; adding new sections to
8 chapter 74.04 RCW; adding a new section to chapter 43.09 RCW; adding a
9 new section to chapter 43.20A RCW; creating new sections; prescribing
10 penalties; providing an effective date; providing an expiration date;
11 and declaring an emergency.

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

13 NEW SECTION. **Sec. 1.** The legislature finds that stable and
14 sustainable employment is the key goal of the WorkFirst and temporary
15 assistance for needy families programs. Achieving stable and
16 sustainable employment is a developmental process that takes time,
17 effort, and engagement. In times of fiscal challenge, temporary
18 assistance for needy families and WorkFirst resources must be invested

1 in program elements that produce the best results for low-income
2 families and the state of Washington.

3 The legislature further finds that the core tenets that are the
4 foundation of Washington state's WorkFirst program are: (1) Achieving
5 stable and successful employment; (2) recognizing the critical role
6 that participants play in their children's development, healthy growth,
7 and promotion of family stability; (3) developing strategies founded on
8 the principle that WorkFirst is a transitional, not long-term, program
9 to assist families on the pathway to self-sufficiency while holding
10 them accountable; and (4) leveraging resources outside the funding for
11 temporary assistance for needy families is crucial to achieving
12 WorkFirst goals. It is the intent of the legislature, using evidence-
13 based and research-based practices, to develop a road map to self-
14 sufficiency for WorkFirst participants and temporary assistance for
15 needy families recipients.

16 **Sec. 2.** RCW 74.08A.260 and 2009 c 85 s 2 are each amended to read
17 as follows:

18 (1) Each recipient shall be assessed after determination of program
19 eligibility and before referral to job search. Assessments shall be
20 based upon factors that are critical to obtaining employment, including
21 but not limited to education, availability of child care, history of
22 family violence, history of substance abuse, and other factors that
23 affect the ability to obtain employment. Assessments may be performed
24 by the department or by a contracted entity. The assessment shall be
25 based on a uniform, consistent, transferable format that will be
26 accepted by all agencies and organizations serving the recipient.

27 (2) Based on the assessment, an individual responsibility plan
28 shall be prepared that: (a) Sets forth an employment goal and a plan
29 for maximizing the recipient's success at meeting the employment goal;
30 (b) considers WorkFirst educational and training programs from which
31 the recipient could benefit; (c) contains the obligation of the
32 recipient to participate in the program by complying with the plan; (d)
33 moves the recipient into full-time WorkFirst activities as quickly as
34 possible; and (e) describes the services available to the recipient
35 either during or after WorkFirst to enable the recipient to obtain and
36 keep employment and to advance in the workplace and increase the
37 recipient's wage earning potential over time.

1 ~~((2))~~ (3) Recipients who are not engaged in work and work
2 activities, and do not qualify for a good cause exemption under RCW
3 74.08A.270, shall engage in self-directed service as provided in RCW
4 74.08A.330.

5 ~~((3))~~ (4) If a recipient refuses to engage in work and work
6 activities required by the department, the family's grant shall be
7 reduced by the recipient's share, and may, if the department determines
8 it appropriate, be terminated.

9 ~~((4))~~ (5) The department may waive the penalties required under
10 subsection ~~((3))~~ (4) of this section, subject to a finding that the
11 recipient refused to engage in work for good cause provided in RCW
12 74.08A.270.

13 ~~((5) In implementing this section, the department shall assign the
14 highest priority to the most employable clients, including adults in
15 two-parent families and parents in single-parent families that include
16 older preschool or school-age children to be engaged in work
17 activities.))~~

18 (6) In consultation with the recipient, the department or
19 contractor shall place the recipient into a work activity that is
20 available in the local area where the recipient resides.

21 (7) Assessments conducted under this section shall include a
22 consideration of the potential benefit to the recipient of engaging in
23 financial literacy activities. The department shall consider the
24 options for financial literacy activities available in the community,
25 including information and resources available through the financial
26 ~~((literacy))~~ education public-private partnership created under RCW
27 28A.300.450. The department may authorize up to ten hours of financial
28 literacy activities as a core activity or an optional activity under
29 WorkFirst.

30 (8) From July 1, 2011, through June 30, 2012, subsections (2)
31 through (6) of this section are suspended for a recipient who is a
32 parent or other relative personally providing care for a child under
33 the age of six years. This suspension applies to both one and two
34 parent families. Beginning July 1, 2012, the department shall phase in
35 the work activity requirements that were suspended, beginning with
36 those recipients closest to reaching the sixty-month limit of receiving
37 temporary assistance for needy families under RCW 74.08A.010(1). The
38 phase in shall be accomplished so that a fairly equal number of

1 recipients required to participate in work activities are returned to
2 those activities each month until the total number required to
3 participate is participating by June 30, 2013. Nothing in this
4 subsection shall prevent a recipient from participating in the
5 WorkFirst program on a voluntary basis.

6 (9)(a) A legislative task force overseeing the WorkFirst program is
7 established, with members as provided in this subsection.

8 (i) The president of the senate shall appoint one member from each
9 of the two largest caucuses of the senate.

10 (ii) The speaker of the house of representatives shall appoint one
11 member from each of the two largest caucuses of the house of
12 representatives.

13 (iii) The governor shall appoint members representing the
14 department of social and health services, the department of early
15 learning, the department of commerce, the employment security
16 department, the office of financial management, and the state board for
17 community and technical colleges.

18 (iv) The task force shall choose cochairs, one from among the
19 legislative members and one from among the executive branch members.
20 The legislative members shall convene the initial meeting of the task
21 force.

22 (b) The task force shall:

23 (i) Oversee the redesign of the WorkFirst program and the
24 implementation of the statutes and budget provisions controlling the
25 temporary assistance for needy families program;

26 (ii) Determine evidence-based outcome measures for the WorkFirst
27 program;

28 (iii) Establish strategies most likely to result in the achievement
29 of the outcome measures and the recipient's progress towards
30 self-sufficiency;

31 (iv) Develop accountability measures for the WorkFirst recipients
32 and the state agencies responsible for their progress toward self-
33 sufficiency;

34 (v) Develop and oversee, as part of the WorkFirst redesign, the
35 implementation of a comprehensive family assessment to be used at
36 program entry; the use of an evaluation after completion of the family
37 assessment which is designed to identify the appropriate work
38 preparation activities and service levels for the recipient; and the

1 use of a predictive modeling tool to be used to identify risk factors
2 relating to a recipient's participation in the temporary assistance for
3 needy families program and his or her employability, and especially
4 identifying those recipients most likely to experience long stays on
5 the program as well as those recipients likely to experience short
6 stays on the program;

7 (vi) Improve the responsiveness of the WorkFirst program in meeting
8 the employment needs of Washington businesses;

9 (vii) Improve individual level outcomes; and

10 (viii) Support families in developing skills that lead to a stable
11 family environment and reduce intergenerational poverty.

12 (c) Staff support for the task force must be provided by senate
13 committee services and the house of representatives office of program
14 research.

15 (d) Between July 1, 2011, and June 30, 2012, the task force shall
16 meet monthly to focus on the redesign of the WorkFirst program. The
17 task force shall report its initial findings and recommendations to the
18 governor and the legislature no later than July 30, 2012.

19 (e) From July 1, 2012, to June 30, 2014, the task force will meet
20 quarterly. During this time period the responsibilities of the task
21 force shall be to:

22 (i) Provide ongoing review of the implementation of the WorkFirst
23 redesign process and modify the program to ensure that it is achieving
24 results for its clients;

25 (ii) Jointly decide how the temporary assistance for needy families
26 state and federal dollars will be spent;

27 (iii) Make recommendations to the governor and the legislature
28 regarding necessary changes to the program;

29 (iv) Receive regular reports from the partner agencies on the
30 impact of program reductions;

31 (v) Receive regular reports on the characteristics of the families
32 who have been unsuccessful on the program and have lost their benefits
33 either through sanction or the sixty-month time limit;

34 (vi) Review and make recommendations on the implementation of
35 federal changes to the temporary assistance for needy families program;
36 and

37 (vii) Issue annual reports regarding its work.

1 (f) During its tenure, the task force will receive regular reports
2 on the partner agencies' progress toward the outcome goals and it will
3 advise the governor and the legislature on child care and temporary
4 assistance for needy families policies to improve the effectiveness of
5 the WorkFirst program over time.

6 (g) This subsection (9) expires June 30, 2014.

7 **Sec. 3.** RCW 74.08A.290 and 1997 c 58 s 316 are each amended to
8 read as follows:

9 (1) ~~((It is the intent of the legislature that))~~ On or before July
10 1, 2012, the department ~~((is authorized to))~~ shall engage in
11 competitive contracting using performance-based contracts to provide
12 all WorkFirst work activities ~~((authorized in chapter 58, Laws of 1997,~~
13 ~~including the job search component authorized in section 312 of this~~
14 ~~act)).~~ All contracted services procured pursuant to this chapter are
15 expressly mandated in accordance with RCW 41.06.142(3) and shall not be
16 subject to the processes set forth in RCW 41.06.142 (1), (4), and (5).

17 (2) The department ~~((may))~~ shall use competitive performance-based
18 contracting to select ~~((which vendors will participate))~~ the public or
19 private vendors to provide services in the WorkFirst program.
20 WorkFirst services provided by partner agencies shall also be pursuant
21 to performance-based contracts. Performance-based contracts shall be
22 awarded based on factors that include but are not limited to the
23 criteria listed in RCW 74.08A.410, past performance of the contractor,
24 demonstrated ability to perform the contract effectively, financial
25 strength of the contractor, and merits of the proposal for services
26 submitted by the contractor. Contracts shall be made without regard to
27 whether the contractor is a public or private entity.

28 (3) The department ~~((may))~~ shall contract for an evaluation of the
29 competitive contracting practices and outcomes to be performed by ~~((an~~
30 ~~independent entity with expertise in government privatization and~~
31 ~~competitive strategies))~~ the Washington state institute for public
32 policy. The evaluation shall include ~~((quarterly))~~ annual progress
33 reports to the appropriate policy and fiscal committees of the
34 legislature and to the governor, starting ~~((at the first quarter after~~
35 ~~the effective date of the first competitive contract and ending two~~
36 ~~years after the effective date of the first competitive contract))~~ June
37 30, 2012.

1 (4) The department shall work with the WorkFirst task force to
2 develop appropriate outcomes by which the contractors performance will
3 be measured. The outcomes shall be developed no later than November
4 30, 2011.

5 (5) The department shall seek independent assistance in developing
6 contracting strategies to implement this section. Assistance may
7 include but is not limited to development of contract language, design
8 of requests for proposal, developing full cost information on
9 government services, evaluation of bids, and providing for equal
10 competition between private and public entities.

11 NEW SECTION. Sec. 4. A new section is added to chapter 74.12 RCW
12 to read as follows:

13 The department may adopt rules establishing income eligibility for
14 temporary assistance for needy families benefits for a child, other
15 than a foster child, who lives with a caregiver other than his or her
16 parents. The department shall establish a sliding scale benefit
17 standard for a child when the income of the child's caregiver is above
18 two hundred percent but below three hundred percent of the federal
19 poverty level based on family size. A caregiver with an income above
20 three hundred percent of the federal poverty level shall not be
21 eligible for temporary assistance for needy families benefits for a
22 child, not a foster child, who is residing with that caregiver.

23 NEW SECTION. Sec. 5. A new section is added to chapter 74.08A RCW
24 to read as follows:

25 In determining the income eligibility of an applicant or recipient
26 for temporary assistance for needy families or WorkFirst, the
27 department shall not count the federal supplemental security income
28 received by a household member.

29 **Sec. 6.** RCW 74.08A.010 and 2004 c 54 s 4 are each amended to read
30 as follows:

31 (1) A family that includes an adult who has received temporary
32 assistance for needy families for sixty months after July 27, 1997,
33 shall be ineligible for further temporary assistance for needy families
34 assistance. For __ purposes __ of __ this __ section, __ "adult" __ includes

1 undocumented parents receiving temporary assistance for needy families
2 on behalf of their biological children who are United States citizens.

3 (2) For the purposes of applying the rules of this section, the
4 department shall count any month in which an adult family member
5 received a temporary assistance for needy families cash assistance
6 grant unless the assistance was provided when the family member was a
7 minor child and not the head of the household or married to the head of
8 the household.

9 (3) The department shall refer recipients who require specialized
10 assistance to appropriate department programs, crime victims' programs
11 through the department of ~~((community, — trade, — and — economic~~
12 ~~development))~~ commerce, or the crime victims' compensation program of
13 the department of labor and industries.

14 (4) The department may exempt a recipient and the recipient's
15 family from the application of subsection (1) of this section by reason
16 of hardship or if the recipient meets the family violence options of
17 section 402(A)(7) of Title IVA of the federal social security act as
18 amended by P.L. 104-193. ~~((The number of recipients and their families~~
19 ~~exempted from subsection (1) of this section for a fiscal year shall~~
20 ~~not exceed twenty percent of the average monthly number of recipients~~
21 ~~and their families to which assistance is provided under the temporary~~
22 ~~assistance for needy families program.))~~

23 (5) The department shall not exempt a recipient and his or her
24 family from the application of subsection (1) of this section until
25 after the recipient has received fifty-two months of assistance under
26 this chapter.

27 (6) Beginning on October 31, 2005, the department shall provide
28 transitional food stamp assistance for a period of five months to a
29 household that ceases to receive temporary assistance for needy
30 families assistance and is not in sanction status. If necessary, the
31 department shall extend the household's food stamp certification until
32 the end of the transition period.

33 **Sec. 7.** RCW 74.20.040 and 2007 c 143 s 5 are each amended to read
34 as follows:

35 (1) Whenever the department receives an application for public
36 assistance on behalf of a child, or the department receives an
37 application for subsidized child care services or working connections

1 child care services, the department or the department of early learning
2 shall take appropriate action under the provisions of this chapter,
3 chapter 74.20A RCW, or other appropriate statutes of this state to
4 establish or enforce support obligations against the parent or other
5 persons owing a duty to pay support moneys.

6 (2) The secretary may accept a request for support enforcement
7 services on behalf of persons who are not recipients of public
8 assistance and may take appropriate action to establish or enforce
9 support obligations against the parent or other persons owing a duty to
10 pay moneys. Requests accepted under this subsection may be conditioned
11 upon the payment of a fee as required by subsection (6) of this section
12 or through regulation issued by the secretary. The secretary may
13 establish by regulation, reasonable standards and qualifications for
14 support enforcement services under this subsection.

15 (3) The secretary may accept requests for support enforcement
16 services from child support enforcement agencies in other states
17 operating child support programs under Title IV-D of the social
18 security act or from foreign countries, and may take appropriate action
19 to establish and enforce support obligations, or to enforce subpoenas,
20 information requests, orders for genetic testing, and collection
21 actions issued by the other agency against the parent or other person
22 owing a duty to pay support moneys, the parent or other person's
23 employer, or any other person or entity properly subject to child
24 support collection or information-gathering processes. The request
25 shall contain and be accompanied by such information and documentation
26 as the secretary may by rule require, and be signed by an authorized
27 representative of the agency. The secretary may adopt rules setting
28 forth the duration and nature of services provided under this
29 subsection.

30 (4) The department may take action to establish, enforce, and
31 collect a support obligation, including performing related services,
32 under this chapter and chapter 74.20A RCW, or through the attorney
33 general or prosecuting attorney for action under chapter 26.09, 26.18,
34 26.20, 26.21A, or 26.26 RCW or other appropriate statutes or the common
35 law of this state.

36 (5) Whenever a support order is filed with the Washington state
37 support registry under chapter 26.23 RCW, the department may take
38 appropriate action under the provisions of this chapter, chapter 26.23

1 or 74.20A RCW, or other appropriate law of this state to establish or
2 enforce the support obligations contained in that order against the
3 responsible parent or other persons owing a duty to pay support moneys.

4 (6) The secretary, in the case of an individual who has never
5 received assistance under a state program funded under part A and for
6 whom the state has collected at least five hundred dollars of support,
7 shall impose an annual fee of twenty-five dollars for each case in
8 which services are furnished, which shall be retained by the state from
9 support collected on behalf of the individual, but not from the first
10 five hundred dollars of support. The secretary may, on showing of
11 necessity, waive or defer any such fee or cost.

12 (7) Fees, due and owing, may be retained from support payments
13 directly or collected as delinquent support moneys utilizing any of the
14 remedies in chapter 74.20 RCW, chapter 74.20A RCW, chapter 26.21A RCW,
15 or any other remedy at law or equity available to the department or any
16 agencies with whom it has a cooperative or contractual arrangement to
17 establish, enforce, or collect support moneys or support obligations.

18 (8) The secretary may waive the fee, or any portion thereof, as a
19 part of a compromise of disputed claims or may grant partial or total
20 charge off of said fee if the secretary finds there are no available,
21 practical, or lawful means by which said fee may be collected or to
22 facilitate payment of the amount of delinquent support moneys or fees
23 owed.

24 (9) The secretary shall adopt rules conforming to federal laws,
25 including but not limited to complying with section 7310 of the federal
26 deficit reduction act of 2005, 42 U.S.C. Sec. 654, and rules and
27 regulations required to be observed in maintaining the state child
28 support enforcement program required under Title IV-D of the federal
29 social security act. The adoption of these rules shall be calculated
30 to promote the cost-effective use of the agency's resources and not
31 otherwise cause the agency to divert its resources from its essential
32 functions.

33 **Sec. 8.** RCW 74.20.330 and 2007 c 143 s 6 are each amended to read
34 as follows:

35 (1) Whenever public assistance is paid under a state program funded
36 under Title IV-A of the federal social security act as amended by the
37 personal responsibility and work opportunity reconciliation act of

1 1996, and the federal deficit reduction act of 2005, each applicant or
2 recipient is deemed to have made assignment to the department of any
3 rights to a support obligation from any other person the applicant or
4 recipient may have in his or her own behalf or in behalf of any other
5 family member for whom the applicant or recipient is applying for or
6 receiving public assistance, including any unpaid support obligation or
7 support debt which has accrued at the time the assignment is made.

8 (2) Payment of public assistance under a state-funded program, or
9 a program funded under Title IV-A, IV-E, or XIX of the federal social
10 security act as amended by the personal responsibility and work
11 opportunity reconciliation act of 1996 shall:

12 (a) Operate as an assignment by operation of law; and

13 (b) Constitute an authorization to the department to provide the
14 assistance recipient with support enforcement services.

15 (3) Payment for subsidized child care services or working
16 connections child care services shall constitute an authorization to
17 the department to provide the recipient of the subsidy with support
18 enforcement services. The department is authorized to collect, but not
19 retain, child support payments under this subsection.

20 (4) Effective October 1, 2008, whenever public assistance is paid
21 under a state program funded under Title IV-A of the federal social
22 security act as amended by the personal responsibility and work
23 opportunity reconciliation act of 1996, and the federal deficit
24 reduction act of 2005, a member of the family is deemed to have made an
25 assignment to the state any right the family member may have, or on
26 behalf of the family member receiving such assistance, to support from
27 any other person, not exceeding the total amount of assistance paid to
28 the family, which accrues during the period that the family receives
29 assistance under the program.

30 **Sec. 9.** RCW 43.215.135 and 2010 c 273 s 2 are each amended to read
31 as follows:

32 (1) The department shall establish and implement policies in the
33 working connections child care program to promote stability and quality
34 of care for children from low-income households. Policies for the
35 expenditure of funds constituting the working connections child care
36 program must be consistent with the outcome measures defined in RCW

1 74.08A.410 and the standards established in this section intended to
2 promote continuity of care for children.

3 (2) As a condition of receiving a child care subsidy or a working
4 connections child care subsidy, the applicant or recipient must seek
5 child support enforcement services from the department of social and
6 health services, division of child support, unless the department finds
7 that the applicant or recipient has good cause not to cooperate.

8 (3) Except as provided in subsection (4) of this section, an
9 applicant or recipient of a child care subsidy or a working connections
10 child care subsidy is eligible to receive that subsidy for six months
11 before having to recertify his or her income eligibility. The six-
12 month certification provision applies only if enrollments in the child
13 care subsidy or working connections child care program are capped.

14 (4) Beginning in fiscal year 2011, for families with children
15 enrolled in an early childhood education and assistance program, a head
16 start program, or an early head start program, authorizations for the
17 working connections child care subsidy shall be effective for twelve
18 months unless a change in circumstances necessitates reauthorization
19 sooner than twelve months.

20 ((+3)) (5) The department, in consultation with the department of
21 social and health services, shall report to the legislature by
22 September 1, 2011, with:

23 (a) An analysis of the impact of the twelve-month authorization
24 period on the stability of child care, program costs, and
25 administrative savings; and

26 (b) Recommendations for expanding the application of the twelve-
27 month authorization period to additional populations of children in
28 care.

29 NEW SECTION. Sec. 10. A new section is added to chapter 43.215
30 RCW to read as follows:

31 The department and the department of social and health services
32 shall jointly explore different options to track subsidized child care
33 attendance, including methods using a land line or cellular telephone,
34 a computer, a point of sale system, or some combination of these
35 methods and report their recommended method to the legislature no later
36 than December 31, 2011. Each department's recommendations must include
37 addressing any implementation issues and timelines. The legislature

1 shall review the recommendations and authorize implementation. The
2 method that is chosen must interface smoothly with the current and
3 future payment systems for subsidized child care payments.

4 **Sec. 11.** RCW 74.08.580 and 2002 c 252 s 1 are each amended to read
5 as follows:

6 (1) Any person receiving public assistance is prohibited from using
7 electronic benefit cards or cash obtained with electronic benefit
8 cards:

9 (a) For the purpose of participating in any of the activities
10 authorized under chapter 9.46 RCW;

11 (b) For the purpose of parimutuel wagering authorized under chapter
12 67.16 RCW; (~~or~~)

13 (c) To purchase lottery tickets or shares authorized under chapter
14 67.70 RCW;

15 (d) For the purpose of participating in or purchasing any
16 activities located in a tattoo, body piercing, or body art shop
17 licensed under chapter 18.300 RCW;

18 (e) To purchase cigarettes as defined in RCW 82.24.010 or tobacco
19 products as defined in RCW 82.26.010;

20 (f) To purchase any items regulated under Title 66 RCW; or

21 (g) For the purpose of purchasing or participating in any
22 activities in any location listed in subsection (2) of this section.

23 (2) On or before January 1, 2012, the businesses listed in this
24 subsection must disable the ability of ATM and point-of-sale machines
25 located on their business premises to accept the electronic benefit
26 card. The following businesses are required to comply with this
27 mandate:

28 (a) Taverns licensed under RCW 66.24.330;

29 (b) Beer/wine specialty stores licensed under RCW 66.24.371;

30 (c) Nightclubs licensed under RCW 66.24.600;

31 (d) Contract liquor stores defined under RCW 66.04.010;

32 (e) Bail bond agencies regulated under chapter 18.185 RCW;

33 (f) Gambling establishments licensed under chapter 9.46 RCW;

34 (g) Tattoo, body piercing, or body art shops regulated under
35 chapter 18.300 RCW;

36 (h) Adult entertainment venues with performances that contain

1 erotic material where minors under the age of eighteen are prohibited
2 under RCW 9.68A.150; and

3 (i) Any establishments where persons under the age of eighteen are
4 not permitted.

5 (3) The department must notify the licensing authority of any
6 business listed in subsection (2) of this section that such business
7 has continued to allow the use of the electronic benefit card in
8 violation of subsection (2) of this section.

9 (4) Only the recipient, an eligible member of the household, or the
10 recipient's authorized representative may use an electronic benefit
11 card or the benefit and such use shall only be for the respective
12 benefit program purposes. The recipient shall not sell, or attempt to
13 sell, exchange, or donate an electronic benefit card or any benefits to
14 any other person or entity.

15 (5) Violation of subsection (1) or (4) of this section constitutes
16 a gross misdemeanor.

17 (a) The department shall notify, in writing, all recipients of
18 electronic benefit cards that any violation of subsection (1) or (4) of
19 this section could result in civil or criminal legal proceedings and,
20 for recipients, the forfeiture of all cash public assistance.

21 (b) Whenever the department receives notice that a person has
22 violated subsection (1) or (4) of this section, the department shall
23 notify the person in writing that the violation could result in civil
24 or criminal legal proceedings and, for recipients, the forfeiture of
25 all cash public assistance.

26 (c) The department shall assign a protective payee to the person
27 receiving public assistance who violates subsection (1) or (4) of this
28 section.

29 NEW SECTION. Sec. 12. A new section is added to chapter 66.24 RCW
30 to read as follows:

31 The board shall immediately suspend the license of a business that
32 has been issued a license under RCW 66.24.330, 66.24.371, or 66.24.600
33 if the board receives information that the business has not complied
34 with RCW 74.08.580(2). If the licensee has remained otherwise eligible
35 to be licensed, the board may reinstate the suspended license when the
36 business has complied with RCW 74.08.580(2).

1 **Sec. 13.** RCW 66.16.041 and 2005 c 151 s 6 are each amended to read
2 as follows:

3 (1) The state liquor control board shall accept bank credit card
4 and debit cards for purchases in state liquor stores, under such rules
5 as the board may adopt. The board shall authorize contract liquor
6 stores appointed under RCW 66.08.050 to accept bank credit cards and
7 debit cards for liquor purchases under this title, under such rules as
8 the board may adopt.

9 (2) If a contract liquor store chooses to use credit or debit cards
10 for liquor purchases, the board shall provide equipment and
11 installation and maintenance of the equipment necessary to implement
12 the use of credit and debit cards. Any equipment provided by the board
13 to a contract liquor store for this purpose may be used only for the
14 purchase of liquor.

15 (3) It is the board's responsibility to ensure that the equipment
16 used by the contract liquor stores to accept debit or credit cards for
17 liquor purchases complies with the requirements of RCW 74.08.580(2)
18 with regard to point-of-sale machines.

19 (4) It is the contract liquor store's responsibility to comply with
20 the requirements of RCW 74.08.580(2) pertaining to the use of
21 electronic benefit transfer cards in ATM machines located on the
22 contract liquor store premises. The board shall immediately suspend
23 the contract it has with the contract liquor store if it receives
24 information that the store has not complied with RCW 74.08.580(2). The
25 board may reinstate the suspended contract when the contract liquor
26 store has complied with RCW 74.08.580(2).

27 NEW SECTION. **Sec. 14.** A new section is added to chapter 18.300
28 RCW to read as follows:

29 The department of licensing shall immediately suspend any license
30 under this chapter if the department receives information that the
31 license holder has not complied with RCW 74.08.580(2). If the license
32 holder has remained otherwise eligible to be licensed, the department
33 may reinstate the suspended license when the holder has complied with
34 RCW 74.08.580(2).

35 NEW SECTION. **Sec. 15.** A new section is added to chapter 18.185
36 RCW to read as follows:

1 The director shall immediately suspend any license issued under
2 this chapter if the director receives information that the license
3 holder has not complied with RCW 74.08.580(2). If the license holder
4 has otherwise remained eligible to be licensed, the director may
5 reinstate the suspended license when the holder has complied with RCW
6 74.08.580(2).

7 **Sec. 16.** RCW 9.46.410 and 2002 c 252 s 2 are each amended to read
8 as follows:

9 (1) Any licensee authorized under this chapter is prohibited from
10 allowing the use of public assistance electronic benefit cards for the
11 purpose of participating in any of the activities authorized under this
12 chapter.

13 (2) Any licensee authorized under this chapter shall report to the
14 department of social and health services any known violations of RCW
15 74.08.580.

16 (3) Any licensee authorized under this chapter is required to
17 comply with RCW 74.08.580(2). If the licensee fails to comply with RCW
18 74.08.580(2), its license shall be immediately suspended until it
19 complies with RCW 74.08.580(2). If the licensee remains otherwise
20 eligible to be licensed, the commission may reinstate the license once
21 the licensee has complied with RCW 74.08.580(2).

22 NEW SECTION. **Sec. 17.** The legislature finds that eliminating
23 waste, fraud, and abuse of public assistance benefits should be a top
24 priority of the department of social and health services, and this can
25 best be reflected in a newly organized, accountable, and proactive
26 fraud unit directly under the secretary's authority with the resources
27 necessary to combat fraud and to ensure the confidence of the public in
28 the critical social safety net programs it funds.

29 NEW SECTION. **Sec. 18.** A new section is added to chapter 74.04 RCW
30 to read as follows:

31 The definitions in this section apply throughout this chapter
32 unless the context clearly requires otherwise.

33 (1) "Abuse" means any use of public assistance resources that is
34 contrary to purposes specified in statute whether or not it is defined
35 as a criminal act.

1 (2) "Disclosable information" means public information that (a) is
2 not exempt from disclosure under chapter 42.56 RCW; and (b) does not
3 pertain to an ongoing investigation.

4 (3) "Fraud" means an intentional deception or misrepresentation
5 made by a person with the knowledge that the deception could result in
6 some unauthorized benefit to himself or herself or some other person.

7 (4) "Office" means the office of fraud and accountability.

8 (5) "Public assistance" or "public assistance programs" means
9 public aid to persons in need including assistance grants, food
10 assistance, work relief, disability lifeline benefits, temporary
11 assistance for needy families, and, for purposes of this section,
12 working connections child care subsidies. This definition excludes
13 medicaid and other medical programs as defined in chapter 74.09 RCW,
14 and fraud and abuse committed by medical providers and recipients of
15 medicaid and other medical program services.

16 **Sec. 19.** RCW 74.04.012 and 2008 c 74 s 3 are each amended to read
17 as follows:

18 (1) There is established ((a-unit)) an office of fraud and
19 accountability within the department for the purpose of detection,
20 investigation, and prosecution of any act prohibited or declared to be
21 unlawful in the public assistance programs administered by the
22 department. The secretary will employ qualified supervisory, legal,
23 and investigative personnel for the program. Program staff must be
24 qualified by training and experience.

25 (2) The director of the office of fraud and accountability is the
26 head of the office and is selected by the secretary and must
27 demonstrate suitable capacity and experience in law enforcement
28 management, public administration, and criminal investigations. The
29 director of the office of fraud and accountability shall:

30 (a) Report directly to the secretary; and

31 (b) Ensure that each citizen complaint, employee complaint, law
32 enforcement complaint, and agency referral is assessed and, when risk
33 of fraud or abuse is present, is fully investigated, and is referred
34 for prosecution or recovery when there is substantial evidence of
35 wrongdoing.

36 (3) The office shall:

1 (a) Conduct independent and objective investigations into
2 allegations of fraud and abuse, make appropriate referral to law
3 enforcement when there is substantial evidence of criminal activity,
4 and recover overpayment whenever possible and to the greatest possible
5 degree;

6 (b) Recommend policies, procedures, and best practices designed to
7 detect and prevent fraud and abuse, and to mitigate the risk for fraud
8 and abuse and assure that public assistance benefits are being used for
9 their statutorily stated goals;

10 (c) Analyze cost-effective, best practice alternatives to the
11 current cash benefit delivery system consistent with federal law to
12 ensure that benefits are being used for their intended purposes; and

13 (d) Use best practices to determine appropriate utilization and
14 deployment of investigative resources, ensure that resources are
15 deployed in a balanced and effective manner, and use all available
16 methods to gather evidence necessary for proper investigation and
17 successful prosecution.

18 (4) By December 31, 2011, the office shall report to the
19 legislature on the development of the office, identification of any
20 barriers to meeting the stated goals of the office, and recommendations
21 for improvements to the system and laws related to the prevention,
22 detection, and prosecution of fraud and abuse in public assistance
23 programs.

24 **Sec. 20.** RCW 43.20A.605 and 2009 c 549 s 5078 are each amended to
25 read as follows:

26 (1) The secretary or a designee shall have full authority to
27 administer oaths and take testimony thereunder, to issue subpoenas
28 requiring the attendance of witnesses before him or her together with
29 all books, memoranda, papers, and other documents, articles or
30 instruments, and to compel the disclosure by such witnesses of all
31 facts known to them relative to the matters under investigation.

32 (2) Subpoenas issued in adjudicative proceedings are governed by
33 RCW 34.05.588(1).

34 (3) Subpoenas issued in the conduct of investigations required or
35 authorized by other statutory provisions or necessary in the
36 enforcement of other statutory provisions shall be governed by RCW
37 34.05.588(2).

1 (4) When a judicially approved subpoena is required by law, the
2 secretary or designee may apply for and obtain a superior court order
3 approving and authorizing a subpoena in advance of its issuance. The
4 application may be made in the county where the subpoenaed person
5 resides or is found, or in the county where the subpoenaed documents,
6 records, or evidence are located, or in Thurston county. The
7 application must:

8 (a) State that an order is sought under this section;

9 (b) Adequately specify the documents, records, evidence, or
10 testimony; and

11 (c) Include a declaration made under oath that an investigation is
12 being conducted for a lawfully authorized purpose related to an
13 investigation within the department's authority and that the subpoenaed
14 documents, records, evidence, or testimony are reasonably related to an
15 investigation within the department's authority.

16 (5) When an application under subsection (4) of this section is
17 made to the satisfaction of the court, the court must issue an order
18 approving the subpoena. When a judicially approved subpoena is
19 required by law, an order under this subsection constitutes authority
20 of law for the agency to subpoena the documents, records, evidence, or
21 testimony.

22 (6) The secretary or designee may seek approval and a court may
23 issue an order under this section without prior notice to any person,
24 including the person to whom the subpoena is directed and the person
25 who is the subject of an investigation. An application for court
26 approval is subject to the fee and process set forth in RCW
27 36.18.012(3).

28 NEW SECTION. Sec. 21. A new section is added to chapter 74.04 RCW
29 to read as follows:

30 (1) In carrying out the provisions of this chapter, the office of
31 fraud and accountability shall have prompt access to all individuals,
32 records, electronic data, reports, audits, reviews, documents, and
33 other materials available to the department of revenue, department of
34 labor and industries, department of early learning, employment security
35 department, department of licensing, and any other government entity
36 that can be used to help facilitate investigations of fraud or abuse as

1 determined necessary by the director of the office of fraud and
2 accountability.

3 (2) Information gathered by the department, the office or the fraud
4 ombudsman shall remain confidential as required by state or federal
5 law. Whenever information or assistance requested under subsection (1)
6 of this section is, in the judgment of the director, unreasonably
7 refused or not provided, the director of the office of fraud and
8 accountability must report the circumstances to the secretary
9 immediately.

10 **Sec. 22.** RCW 49.60.210 and 1992 c 118 s 4 are each amended to read
11 as follows:

12 (1) It is an unfair practice for any employer, employment agency,
13 labor union, or other person to discharge, expel, or otherwise
14 discriminate against any person because he or she has opposed any
15 practices forbidden by this chapter, or because he or she has filed a
16 charge, testified, or assisted in any proceeding under this chapter.

17 (2) It is an unfair practice for a government agency or government
18 manager or supervisor to retaliate against a whistleblower as defined
19 in chapter 42.40 RCW.

20 (3) It is an unfair practice for any employer, employment agency,
21 labor union, government agency, government manager, or government
22 supervisor to discharge, expel, discriminate, or otherwise retaliate
23 against an individual assisting with an office of fraud and
24 accountability investigation under RCW 74.04.012, unless the individual
25 has willfully disregarded the truth in providing information to the
26 office.

27 NEW SECTION. **Sec. 23.** A new section is added to chapter 43.09 RCW
28 to read as follows:

29 (1) The auditor shall appoint a fraud ombudsman to audit the work
30 of the office of fraud and accountability within the department of
31 social and health services. The ombudsman shall review the fraud
32 investigative work done by the office including cases filed with local
33 prosecuting authorities. The ombudsman shall also have authority to
34 investigate citizen complaints made to the auditor's office related to
35 fraud or abuse in any public assistance program. The department of
36 social and health services shall provide the ombudsman with access to

1 any relevant records it has in its possession related to a fraud or
2 abuse investigation as determined by the fraud ombudsman, including
3 access to electronic benefit transfer card transaction data.

4 (2) The fraud ombudsman shall have access to persons within the
5 office of fraud and accountability for purposes of interviews and
6 evaluation.

7 (3) The fraud ombudsman must submit a report summarizing its
8 auditing activities of the office of fraud and accountability to the
9 appropriate committees of the legislature by November 30, 2012, and
10 biennially thereafter. The office of fraud and accountability shall
11 assist the ombudsman to the fullest extent practicable in producing
12 this report. The report shall contain only information consistent with
13 the requirements of chapter 42.56 RCW and any other applicable state or
14 federal laws, including:

15 (a) A description of significant fraud or abuse, and of
16 vulnerabilities or deficiencies relating to the prevention and
17 detection of fraud or abuse in public assistance programs, discovered
18 as a result of investigations completed during the reporting period;

19 (b) Recommendations for improving the activities of the office of
20 fraud and accountability with respect to the vulnerabilities or
21 deficiencies identified under (a) of this subsection;

22 (c) An identification of each significant recommendation described
23 in the previous reports on which corrective action has, or has not,
24 been completed;

25 (d) The response from the office of fraud and accountability to any
26 of the report findings, recommendations, or information provided in the
27 report;

28 (e) A summary of matters referred to prosecuting authorities during
29 the reporting period and the charges filed and convictions entered
30 during the reporting period that have resulted from referrals by the
31 office of fraud and accountability; and

32 (f) A description of the ease of access allowed by the office of
33 fraud and accountability to all necessary data and personnel for
34 purposes of conducting the audit.

35 (4) Information gathered by department staff, the office of fraud
36 and accountability, and the fraud ombudsman shall be safeguarded and
37 remain confidential as required by applicable state and federal law.

1 NEW SECTION. **Sec. 24.** A new section is added to chapter 43.20A
2 RCW to read as follows:

3 No later than January 1, 2012, the department shall establish an
4 employee incentive program pilot for those employees who work directly
5 with participants in the WorkFirst program. The pilot shall provide
6 for eight hours of paid annual leave per year, in addition to the
7 annual leave the employee normally accrues, for those employees who
8 assist participants in meeting certain outcomes to be established by
9 the department. The outcomes established must be of significance for
10 the participant and can include achieving unsubsidized employment or
11 the removal of a significant barrier to unsubsidized employment. The
12 department shall report to the legislature by January 1, 2013, on the
13 implementation of the pilot project, including how many employees
14 received paid annual leave, what outcomes were achieved, and the
15 savings associated with the achievement of the outcomes.

16 NEW SECTION. **Sec. 25.** This act is necessary for the immediate
17 preservation of the public peace, health, or safety, or support of the
18 state government and its existing public institutions, and takes effect
19 July 1, 2011.

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