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**SUBSTITUTE SENATE BILL 5921**

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**State of Washington**

**62nd Legislature**

**2011 Regular 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 economic security department,  
16 the office of financial management, and the state board for community  
17 and technical colleges.

18 (iv) The task force shall choose co-chairs, 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. It  
17 shall report its initial findings and recommendations to the governor  
18 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 section will expire on 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 act are  
15 expressly mandated in accordance with RCW 41.06.142(3) and shall not be  
16 subject to any other provisions of that act.

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 subcabinet 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. The method that is chosen must interface smoothly with the  
36 payment system for subsidized child care payments. No later than

1 December 31, 2011, both departments shall provide an update to the  
2 legislature of implementation issues and timelines.

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

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

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

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

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

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

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

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

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

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

27 (a) Taverns licensed under RCW 66.24.330;

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

29 (c) Nightclubs licensed under RCW 66.24.600;

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

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

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

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

35 (h) Adult entertainment venues with performances that contain  
36 erotic material where minors under the age of eighteen are prohibited  
37 under RCW 9.68A.150; and

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

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

9       (4) Violation of subsection (1) or (3) of this section constitutes  
10 a gross misdemeanor.

11       (a) The department shall notify, in writing, all recipients of  
12 electronic benefit cards that any violation of subsection (1) or (3) of  
13 this section could result in civil or criminal legal proceedings and,  
14 for recipients, the forfeiture of all cash public assistance.

15       (b) Whenever the department receives notice that a person has  
16 violated subsection (1) or (3) of this section, the department shall  
17 notify the person in writing that the violation could result in civil  
18 or criminal legal proceedings and, for recipients, the forfeiture of  
19 all cash public assistance.

20       (c) The department shall assign a protective payee to the person  
21 receiving public assistance who violates subsection (1) or (3) of this  
22 section.

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

25       The board shall immediately suspend the license of a business that  
26 has been issued a license under RCW 66.24.330, 66.24.371, or 66.24.600  
27 if the board receives information that the business has not complied  
28 with RCW 74.08.580(2). If the licensee has remained otherwise eligible  
29 to be licensed, the board may reinstate the suspended license when the  
30 business has complied with RCW 74.08.580(2).

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

33       (1) The state liquor control board shall accept bank credit card  
34 and debit cards for purchases in state liquor stores, under such rules  
35 as the board may adopt. The board shall authorize contract liquor

1 stores appointed under RCW 66.08.050 to accept bank credit cards and  
2 debit cards for liquor purchases under this title, under such rules as  
3 the board may adopt.

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

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

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

22 NEW SECTION. Sec. 14. A new section is added to chapter 18.300  
23 RCW to read as follows:

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

30 NEW SECTION. Sec. 15. A new section is added to chapter 18.185  
31 RCW to read as follows:

32 The director shall immediately suspend any license issued under  
33 this chapter if the director receives information that the license  
34 holder has not complied with RCW 74.08.580(2). If the license holder  
35 has otherwise remained eligible to be licensed, the director may

1 reinstate the suspended license when the holder has complied with RCW  
2 74.08.580(2).

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

5 (1) Any licensee authorized under this chapter is prohibited from  
6 allowing the use of public assistance electronic benefit cards for the  
7 purpose of participating in any of the activities authorized under this  
8 chapter.

9 (2) Any licensee authorized under this chapter shall report to the  
10 department of social and health services any known violations of RCW  
11 74.08.580.

12 (3) Any licensee authorized under this chapter is required to  
13 comply with RCW 74.08.580(2). If the licensee fails to comply with RCW  
14 74.08.580(2), its license shall be immediately suspended until it  
15 complies with RCW 74.08.580(2). If the licensee remains otherwise  
16 eligible to be licensed, the commission may reinstate the license once  
17 the licensee has complied with RCW 74.08.580(2).

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

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

27 The definitions in this section apply throughout this chapter  
28 unless the context clearly requires otherwise.

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

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



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

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

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

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

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

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

27 (a) Report directly to the secretary; and

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

33 (3) The office shall:

34 (a) Conduct independent and objective investigations into  
35 allegations of fraud and abuse, make appropriate referral to law  
36 enforcement when there is substantial evidence of criminal activity,

1 and recover overpayment whenever possible and to the greatest possible  
2 degree;

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

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

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

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

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

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

29 (2) Subpoenas issued in adjudicative proceedings are governed by  
30 RCW 34.05.588(1).

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

35 (4) When a judicially approved subpoena is required by law, the  
36 secretary or designee may apply for and obtain a superior court order  
37 approving and authorizing a subpoena in advance of its issuance. The

1 application may be made in the county where the subpoenaed person  
2 resides or is found, or in the county where the subpoenaed documents,  
3 records, or evidence are located, or in Thurston county. The  
4 application must:

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

6 (b) Adequately specify the documents, records, evidence, or  
7 testimony; and

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

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

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

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

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

36 (2) Information gathered by the department, the office or the fraud  
37 ombudsman shall remain confidential as required by state or federal

1 law. Whenever information or assistance requested under subsection (1)  
2 of this section is, in the judgment of the director, unreasonably  
3 refused or not provided, the director of the office of fraud and  
4 accountability must report the circumstances to the secretary  
5 immediately.

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

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

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

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

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

25 (1) The auditor shall appoint a fraud ombudsman to audit the work  
26 of the office of fraud and accountability within the department of  
27 social and health services. The ombudsman shall review the fraud  
28 investigative work done by the office including cases filed with local  
29 prosecuting authorities. The ombudsman shall also have authority to  
30 investigate citizen complaints made to the auditor's office related to  
31 fraud or abuse in any public assistance program. The department of  
32 social and health services shall provide the ombudsman with access to  
33 any relevant records it has in its possession related to a fraud or  
34 abuse investigation as determined by the fraud ombudsman, including  
35 access to electronic benefit transfer card transaction data.

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

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

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

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

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

22 (d) The response from the office of fraud and accountability to any  
23 of the report findings, recommendations, or information provided in the  
24 report;

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

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

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

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

37 No later than January 1, 2012, the department shall establish an

1 employee incentive program pilot for those employees who work directly  
2 with participants in the WorkFirst program. The pilot shall provide  
3 for eight hours of paid annual leave per year, in addition to the  
4 annual leave the employee normally accrues, for those employees who  
5 assist participants in meeting certain outcomes to be established by  
6 the department. The outcomes established must be of significance for  
7 the participant and can include achieving unsubsidized employment or  
8 the removal of a significant barrier to unsubsidized employment. The  
9 department shall report to the legislature by January 1, 2013, on the  
10 implementation of the pilot project, including how many employees  
11 received paid annual leave, what outcomes were achieved, and the  
12 savings associated with the achievement of the outcomes.

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

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