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SENATE BILL 5921

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State of Washington

62nd Legislature

2011 Regular Session

By Senators Regala and Carrell

Read first time 04/07/11. Referred to Committee on Ways & Means.

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) From July 1, 2011, through June 30, 2012, the WorkFirst  
7 subcabinet will continue the work begun in 2010 on the redesign of the  
8 WorkFirst program. In addition to the responsibilities of the  
9 subcabinet listed in subsection (11) of this section, the subcabinet  
10 should explore using veteran WorkFirst recipients as mentors for new  
11 WorkFirst program participants, the impact of adverse childhood  
12 experiences on a participant's employability, and significant education  
13 barriers such as low literacy levels and learning disabilities.

14 (10)(a) The WorkFirst subcabinet is comprised of the following  
15 members:

16 (i) The director of the office of financial management;

17 (ii) The secretary of the department of social and health services;

18 (iii) The commissioner of the employment security department;

19 (iv) The director of the department of commerce;

20 (v) The executive director of the state board for community and  
21 technical colleges;

22 (vi) The director of the department of early learning;

23 (vii) Two members of the senate appointed by the president of the  
24 senate from the two largest caucuses of the senate; and

25 (viii) Two members of the house of representatives appointed by the  
26 speaker from the two largest caucuses of the house of representatives.

27 (b) The subcabinet shall meet at least monthly and the office of  
28 financial management shall notify the public of the date, time, and  
29 place of the meetings. The director of financial management, and one  
30 legislative member chosen by the subcabinet, shall chair the meetings.

31 (c) The work of the subcabinet shall be staffed jointly by the  
32 office of financial management and the legislature.

33 (11) The subcabinet shall have the following responsibilities:

34 (a) Assist the department in developing and implementing a  
35 comprehensive family assessment to be used at program entry. The  
36 assessment is to be designed so that it can be used by other private  
37 and public agencies which may provide services to the applicant or  
38 recipient and his or her family. The primary purpose of the assessment

1 is to determine the applicant's or recipient's readiness for  
2 employment, including full consideration of factors that are critical  
3 to obtaining stable and sustainable employment such as availability of  
4 child care, history of family violence, history of substance abuse,  
5 mental illness, chronic medical conditions, and learning disabilities  
6 and other education barriers;

7 (b) Assist the department in developing and implementing an  
8 evaluation to be used after completion of the family assessment which  
9 is designed to identify the appropriate work preparation activities and  
10 service levels for the recipient;

11 (c) Assist the department in selecting or developing and  
12 implementing a predictive modeling tool to be used to identify risk  
13 factors relating to a recipient's participation in the temporary  
14 assistance for needy families program and his or her employability.  
15 The tool selected or developed must be designed to assist the  
16 department in identifying recipients who are at high risk to remain in  
17 or return to the temporary assistance for needy families program and  
18 those at low risk to remain and are likely to exit the program and not  
19 return;

20 (d) Assist the department in developing and implementing  
21 appropriate outcomes and outcome measures by which contractors  
22 providing WorkFirst services under performance-based contracts will be  
23 evaluated.

24 (12) In meeting its responsibilities, the subcabinet's overall goal  
25 is to ensure that the WorkFirst program: (a) Uses the tools necessary  
26 to assess a family's strengths and needs as well as the adult  
27 participant's skills, interests, and employability; (b) matches the  
28 participants to social programs, education, training, or work  
29 activities that are likely to lead the family towards self-sufficiency;  
30 and (c) evaluate the participant's progress and make adjustments to the  
31 mix of activities based upon that progress.

32 (13) The subcabinet shall issue a report on its activities under  
33 subsections (9), (10), and (11) of this section by June 30, 2012.

34 (14) Subsections (8) through (13) of this section expire June 30,  
35 2013.

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

1           (1) (~~It is the intent of the legislature that~~) On or before  
2 January 1, 2012, the department (~~is authorized to~~) shall engage in  
3 competitive contracting using performance-based contracts to provide  
4 all WorkFirst work activities (~~authorized in chapter 58, Laws of 1997,~~  
5 ~~including the job search component authorized in section 312 of this~~  
6 ~~act~~)).

7           (2) The department (~~may~~) shall use competitive performance-based  
8 contracting to select (~~which vendors will participate~~) the public or  
9 private vendors to provide services in the WorkFirst program.  
10 WorkFirst services provided by partner agencies shall also be pursuant  
11 to performance-based contracts. Performance-based contracts shall be  
12 awarded based on factors that include but are not limited to the  
13 criteria listed in RCW 74.08A.410, past performance of the contractor,  
14 demonstrated ability to perform the contract effectively, financial  
15 strength of the contractor, and merits of the proposal for services  
16 submitted by the contractor. Contracts shall be made without regard to  
17 whether the contractor is a public or private entity.

18           (3) The department (~~may~~) shall contract for an evaluation of the  
19 competitive contracting practices and outcomes to be performed by (~~an~~  
20 ~~independent entity with expertise in government privatization and~~  
21 ~~competitive strategies~~) the Washington state institute for public  
22 policy. The evaluation shall include (~~quarterly~~) annual progress  
23 reports to the appropriate policy and fiscal committees of the  
24 legislature and to the governor, starting (~~at the first quarter after~~  
25 ~~the effective date of the first competitive contract and ending two~~  
26 ~~years after the effective date of the first competitive contract~~) June  
27 30, 2012.

28           (4) The department shall work with the WorkFirst subcabinet to  
29 develop appropriate outcomes by which the contractors performance will  
30 be measured. The outcomes shall be developed no later than November  
31 30, 2011.

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

1        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 74.12 RCW  
2 to read as follows:

3        The department may adopt rules establishing income eligibility for  
4 temporary assistance for needy families benefits for a child, other  
5 than a foster child, who lives with a caregiver other than his or her  
6 parents.    The department shall establish a sliding scale benefit  
7 standard for a child when the income of the child's caregiver is above  
8 two hundred percent but below three hundred percent of the federal  
9 poverty level based on family size.    A caregiver with an income above  
10 three hundred percent of the federal poverty level shall not be  
11 eligible for temporary assistance for needy families benefits for a  
12 child, not a foster child, who is residing with that caregiver.

13        NEW SECTION.    **Sec. 5.**    A new section is added to chapter 74.08A RCW  
14 to read as follows:

15        In determining the income eligibility of an applicant or recipient  
16 for temporary assistance for needy families or WorkFirst, the  
17 department shall not count the federal supplemental security income  
18 received by a household member.

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

21        (1) A family that includes an adult who has received temporary  
22 assistance for needy families for sixty months after July 27, 1997,  
23 shall be ineligible for further temporary assistance for needy families  
24 assistance.    For purposes of this section, "adult" includes  
25 undocumented parents receiving temporary assistance for needy families  
26 on behalf of their biological children.

27        (2) For the purposes of applying the rules of this section, the  
28 department shall count any month in which an adult family member  
29 received a temporary assistance for needy families cash assistance  
30 grant unless the assistance was provided when the family member was a  
31 minor child and not the head of the household or married to the head of  
32 the household.

33        (3) The department shall refer recipients who require specialized  
34 assistance to appropriate department programs, crime victims' programs  
35 through the department of (~~community, trade, and economic~~

1 development)) commerce, or the crime victims' compensation program of  
2 the department of labor and industries.

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

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

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

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

24 (1) Whenever the department receives an application for public  
25 assistance on behalf of a child, or the department or the department of  
26 early learning receives an application for subsidized child care  
27 services or working connections child care services, the department or  
28 the department of early learning shall take appropriate action under  
29 the provisions of this chapter, chapter 74.20A RCW, or other  
30 appropriate statutes of this state to establish or enforce support  
31 obligations against the parent or other persons owing a duty to pay  
32 support moneys.

33 (2) The secretary may accept a request for support enforcement  
34 services on behalf of persons who are not recipients of public  
35 assistance and may take appropriate action to establish or enforce  
36 support obligations against the parent or other persons owing a duty to  
37 pay moneys. Requests accepted under this subsection may be conditioned

1 upon the payment of a fee as required by subsection (6) of this section  
2 or through regulation issued by the secretary. The secretary may  
3 establish by regulation, reasonable standards and qualifications for  
4 support enforcement services under this subsection.

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

20 (4) The department may take action to establish, enforce, and  
21 collect a support obligation, including performing related services,  
22 under this chapter and chapter 74.20A RCW, or through the attorney  
23 general or prosecuting attorney for action under chapter 26.09, 26.18,  
24 26.20, 26.21A, or 26.26 RCW or other appropriate statutes or the common  
25 law of this state.

26 (5) Whenever a support order is filed with the Washington state  
27 support registry under chapter 26.23 RCW, the department may take  
28 appropriate action under the provisions of this chapter, chapter 26.23  
29 or 74.20A RCW, or other appropriate law of this state to establish or  
30 enforce the support obligations contained in that order against the  
31 responsible parent or other persons owing a duty to pay support moneys.

32 (6) The secretary, in the case of an individual who has never  
33 received assistance under a state program funded under part A and for  
34 whom the state has collected at least five hundred dollars of support,  
35 shall impose an annual fee of twenty-five dollars for each case in  
36 which services are furnished, which shall be retained by the state from  
37 support collected on behalf of the individual, but not from the first

1 five hundred dollars of support. The secretary may, on showing of  
2 necessity, waive or defer any such fee or cost.

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

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

15 (9) The secretary shall adopt rules conforming to federal laws,  
16 including but not limited to complying with section 7310 of the federal  
17 deficit reduction act of 2005, 42 U.S.C. Sec. 654, and rules and  
18 regulations required to be observed in maintaining the state child  
19 support enforcement program required under Title IV-D of the federal  
20 social security act. The adoption of these rules shall be calculated  
21 to promote the cost-effective use of the agency's resources and not  
22 otherwise cause the agency to divert its resources from its essential  
23 functions.

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

26 (1) Whenever public assistance is paid under a state program funded  
27 under Title IV-A of the federal social security act as amended by the  
28 personal responsibility and work opportunity reconciliation act of  
29 1996, and the federal deficit reduction act of 2005, each applicant or  
30 recipient is deemed to have made assignment to the department of any  
31 rights to a support obligation from any other person the applicant or  
32 recipient may have in his or her own behalf or in behalf of any other  
33 family member for whom the applicant or recipient is applying for or  
34 receiving public assistance, including any unpaid support obligation or  
35 support debt which has accrued at the time the assignment is made.

36 (2) Payment of public assistance under a state-funded program, or

1 a program funded under Title IV-A, IV-E, or XIX of the federal social  
2 security act as amended by the personal responsibility and work  
3 opportunity reconciliation act of 1996 shall:

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

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

7 (3) Payment for subsidized child care services or working  
8 connections child care services shall constitute an authorization to  
9 the department to provide the recipient of the subsidy with support  
10 enforcement services. The department is authorized to collect, but not  
11 retain, child support payments under this subsection.

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

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

24 (1) The department shall establish and implement policies in the  
25 working connections child care program to promote stability and quality  
26 of care for children from low-income households. Policies for the  
27 expenditure of funds constituting the working connections child care  
28 program must be consistent with the outcome measures defined in RCW  
29 74.08A.410 and the standards established in this section intended to  
30 promote continuity of care for children.

31 (2) As a condition of receiving a child care subsidy or a working  
32 connections child care subsidy, the applicant or recipient must seek  
33 child support enforcement services from the department of social and  
34 health services under chapter 74.20 RCW.

35 (3) An applicant or recipient of a child care subsidy or a working  
36 connections child care subsidy is eligible to receive that subsidy for

1 up to six months before having to recertify his or her income  
2 eligibility.

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

9 ((+3)) (5) The department, in consultation with the department of  
10 social and health services, shall report to the legislature by  
11 September 1, 2011, with:

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

15 (b) Recommendations for expanding the application of the twelve-  
16 month authorization period to additional populations of children in  
17 care.

18 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.215  
19 RCW to read as follows:

20 The department and the department of social and health services  
21 shall jointly explore different options to track subsidized child care  
22 attendance, including methods using a land line or cellular telephone,  
23 a computer, a point of sale system, or some combination of these  
24 methods. The method that is chosen must interface smoothly with the  
25 provider one computer system currently being implemented by the  
26 department of social and health services. No later than December 31,  
27 2011, both departments shall report their recommended system to the  
28 legislature. The report shall address implementation issues, including  
29 an implementation timeline, the child care providers to which the  
30 system would apply, whether the system would affect the payment  
31 process, and any other issues.

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

34 (1) Any person receiving public assistance is prohibited from using  
35 electronic benefit cards or cash obtained with electronic benefit  
36 cards:

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

3 (b) For the purpose of parimutuel wagering authorized under chapter  
4 67.16 RCW; ((~~or~~))

5 (c) To purchase lottery tickets or shares authorized under chapter  
6 67.70 RCW;

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

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

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

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

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

20 (a) Taverns licensed under RCW 66.24.330;

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

22 (c) Nightclubs licensed under RCW 66.24.600;

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

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

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

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

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

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

33 (3) Only the recipient or the recipient's authorized representative  
34 may use an electronic benefit card or the benefit and such use shall  
35 only be for the respective benefit program purposes. The recipient  
36 shall not sell, or attempt to sell, exchange, or donate an electronic  
37 benefit card or any benefits to any other person or entity.

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

3       (a) The department shall notify, in writing, all recipients of  
4 electronic benefit cards that any violation of subsection (1) or (3) of  
5 this section could result in civil or criminal legal proceedings and,  
6 for recipients, the forfeiture of all cash public assistance, and for  
7 business establishments, the temporary suspension of their business  
8 license.

9       (b) Whenever the department receives notice that a person has  
10 violated subsection (1) or (3) of this section, the department shall  
11 notify the person in writing that the violation could result in civil  
12 or criminal legal proceedings and, for recipients, the forfeiture of  
13 all cash public assistance, and for business establishments, the  
14 temporary suspension of their business license.

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

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

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

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

28       (1) The state liquor control board shall accept bank credit card  
29 and debit cards for purchases in state liquor stores, under such rules  
30 as the board may adopt. The board shall authorize contract liquor  
31 stores appointed under RCW 66.08.050 to accept bank credit cards and  
32 debit cards for liquor purchases under this title, under such rules as  
33 the board may adopt.

34       (2) If a contract liquor store chooses to use credit or debit cards  
35 for liquor purchases, the board shall provide equipment and  
36 installation and maintenance of the equipment necessary to implement

1 the use of credit and debit cards. Any equipment provided by the board  
2 to a contract liquor store for this purpose may be used only for the  
3 purchase of liquor.

4 (3) It is the board's responsibility to ensure that the equipment  
5 used by the contract liquor stores to accept debit or credit cards  
6 complies with the requirements of RCW 74.08.580(2) with regard to  
7 point-of-sale machines.

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

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

18 The department of licensing shall immediately suspend any license  
19 under this chapter if the department receives information that the  
20 license holder has not complied with RCW 74.08.580(2). If the license  
21 holder has remained otherwise eligible to be licensed, the department  
22 may reinstate the suspended license when the holder has complied with  
23 RCW 74.08.580(2).

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

26 The director shall immediately suspend any license issued under  
27 this chapter if the director receives information that the license  
28 holder has not complied with RCW 74.08.580(2). If the license holder  
29 has otherwise remained eligible to be licensed, the director may  
30 reinstate the suspended license when the holder has complied with RCW  
31 74.08.580(2).

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

34 (1) Any licensee authorized under this chapter is prohibited from

1 allowing the use of public assistance electronic benefit cards for the  
2 purpose of participating in any of the activities authorized under this  
3 chapter.

4 (2) Any licensee authorized under this chapter shall report to the  
5 department of social and health services any known violations of RCW  
6 74.08.580.

7 (3) Any licensee authorized under this chapter is required to  
8 comply with RCW 74.08.580(2). If the licensee fails to comply with RCW  
9 74.08.580(2), its license shall be immediately suspended until it  
10 complies with RCW 74.08.580(2). If the licensee remains otherwise  
11 eligible to be licensed, the commission may reinstate the license once  
12 the licensee has complied with RCW 74.08.580(2).

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

20 NEW SECTION. Sec. 18. A new section is added to chapter 74.04 RCW  
21 to read as follows:

22 The definitions in this section apply throughout this chapter  
23 unless the context clearly requires otherwise.

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

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

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

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

34 (5) "Public assistance" or "public assistance programs" means  
35 public aid to persons in need including assistance grants, food  
36 assistance, work relief, disability lifeline benefits, temporary

1 assistance for needy families, and, for purposes of this section,  
2 working connections child care subsidies. This definition excludes  
3 medicaid and other medical programs as defined in chapter 74.09 RCW,  
4 and fraud and abuse committed by medical providers and recipients of  
5 medicaid and other medical program services.

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

8 (1) There is established ((a—unit)) an office of fraud and  
9 accountability within the department for the purpose of detection,  
10 investigation, and prosecution of any act prohibited or declared to be  
11 unlawful in the public assistance programs administered by the  
12 department. The secretary will employ qualified supervisory, legal,  
13 and investigative personnel for the program. Program staff must be  
14 qualified by training and experience.

15 (2) The director of the office of fraud and accountability is the  
16 head of the office and is selected by the secretary and must  
17 demonstrate suitable capacity and experience in law enforcement  
18 management, public administration, and criminal investigations. The  
19 director of the office of fraud and accountability shall:

20 (a) Report directly to the secretary; and

21 (b) Ensure that each citizen complaint, employee complaint, law  
22 enforcement complaint, and agency referral is assessed and, when risk  
23 of fraud or abuse is present, is fully investigated, and is referred  
24 for prosecution or recovery when there is substantial evidence of  
25 wrongdoing.

26 (3) The office shall:

27 (a) Conduct independent and objective investigations into  
28 allegations of fraud and abuse, make appropriate referral to law  
29 enforcement when there is substantial evidence of criminal activity,  
30 and recover overpayment whenever possible and to the greatest possible  
31 degree;

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

36 (c) Analyze cost-effective, best practice alternatives to the

1 current cash benefit delivery system consistent with federal law to  
2 ensure that benefits are being used for their intended purposes; and

3 (d) Use best practices to determine appropriate utilization and  
4 deployment of investigative resources, ensure that resources are  
5 deployed in a balanced and effective manner, and use all available  
6 methods to gather evidence necessary for proper investigation and  
7 successful prosecution.

8 (4) By December 31, 2011, the office shall report to the  
9 legislature on the development of the office, identification of any  
10 barriers to meeting the stated goals of the office, and recommendations  
11 for improvements to the system and laws related to the prevention,  
12 detection, and prosecution of fraud and abuse in public assistance  
13 programs.

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

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

22 (2) Subpoenas issued in adjudicative proceedings are governed by  
23 RCW 34.05.588(1).

24 (3) Subpoenas issued in the conduct of investigations required or  
25 authorized by other statutory provisions or necessary in the  
26 enforcement of other statutory provisions shall be governed by RCW  
27 34.05.588(2).

28 (4) When a judicially approved subpoena is required by law, the  
29 secretary or designee may apply for and obtain a superior court order  
30 approving and authorizing a subpoena in advance of its issuance. The  
31 application may be made in the county where the subpoenaed person  
32 resides or is found, or in the county where the subpoenaed documents,  
33 records, or evidence are located, or in Thurston county. The  
34 application must:

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

36 (b) Adequately specify the documents, records, evidence, or  
37 testimony; and

1        (c) Include a declaration made under oath that an investigation is  
2 being conducted for a lawfully authorized purpose related to an  
3 investigation within the department's authority and that the subpoenaed  
4 documents, records, evidence, or testimony are reasonably related to an  
5 investigation within the department's authority.

6        (5) When an application under subsection (4) of this section is  
7 made to the satisfaction of the court, the court must issue an order  
8 approving the subpoena. When a judicially approved subpoena is  
9 required by law, an order under this subsection constitutes authority  
10 of law for the agency to subpoena the documents, records, evidence, or  
11 testimony.

12        (6) The secretary or designee may seek approval and a court may  
13 issue an order under this section without prior notice to any person,  
14 including the person to whom the subpoena is directed and the person  
15 who is the subject of an investigation. An application for court  
16 approval is subject to the fee and process set forth in RCW  
17 36.18.012(3).

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

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

29        (2) Information gathered by the department, the office or the fraud  
30 ombudsman shall remain confidential as required by state or federal  
31 law. Whenever information or assistance requested under subsection (1)  
32 of this section is, in the judgment of the director, unreasonably  
33 refused or not provided, the director of the office of fraud and  
34 accountability must report the circumstances to the secretary  
35 immediately.

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

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

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

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

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

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

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

35       (3) The fraud ombudsman must submit a report summarizing its  
36 auditing activities of the office of fraud and accountability to the  
37 appropriate committees of the legislature by November 30, 2012, and

1 biennially thereafter. The office of fraud and accountability shall  
2 assist the ombudsman to the fullest extent practicable in producing  
3 this report. The report shall contain only information consistent with  
4 the requirements of chapter 42.56 RCW and any other applicable state or  
5 federal laws, including:

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

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

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

16 (d) The response from the office of fraud and accountability to any  
17 of the report findings, recommendations, or information provided in the  
18 report;

19 (e) A summary of matters referred to prosecuting authorities during  
20 the reporting period and the charges filed and convictions entered  
21 during the reporting period that have resulted from referrals by the  
22 office of fraud and accountability; and

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

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

28 No later than July 1, 2011, the economic services administration  
29 within the department shall establish an employee incentive program  
30 pilot for those employees who work directly with participants in the  
31 WorkFirst program. The pilot shall provide for eight hours of paid  
32 annual leave per year, in addition to the annual leave the employee  
33 normally accrues, for those employees who assist participants in  
34 meeting certain outcomes to be established by the economic services  
35 administration. The outcomes established must be of significance for  
36 the participant and can include achieving unsubsidized employment or  
37 the removal of a significant barrier to unsubsidized employment. The

1 department shall report to the legislature by January 1, 2013, on the  
2 implementation of the pilot project, including how many employees  
3 received paid annual leave, what outcomes were achieved, and the  
4 savings associated with the achievement of the outcomes.

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

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