
SENATE BILL 6401

State of Washington

62nd Legislature

2012 Regular Session

By Senators Tom, Hill, Kilmer, Becker, and Shin

Read first time 01/20/12. Referred to Committee on Higher Education & Workforce Development.

1 AN ACT Relating to creating efficiencies for institutions of higher
2 education; amending RCW 43.19.1906, 43.88.160, and 41.04.240; and
3 reenacting and amending RCW 39.29.011 and 41.06.133.

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

5 **Sec. 1.** RCW 43.19.1906 and 2011 1st sp.s. c 43 s 210 are each
6 amended to read as follows:

7 Insofar as practicable, all purchases and sales shall be based on
8 competitive bids, and a formal sealed, electronic, or web-based bid
9 procedure, subject to RCW 43.19.1911, shall be used as standard
10 procedure for all purchases and contracts for purchases and sales
11 executed by the director and under the powers granted by RCW 43.19.190
12 through 43.19.1939. This requirement also applies to purchases and
13 contracts for purchases and sales executed by agencies, including
14 educational institutions, under delegated authority granted in
15 accordance with provisions of RCW 43.19.190 or under RCW 28B.10.029.
16 However, formal sealed, electronic, or web-based competitive bidding is
17 not necessary for:

18 (1) Emergency purchases made pursuant to RCW 43.19.200 if the

1 sealed bidding procedure would prevent or hinder the emergency from
2 being met appropriately;

3 (2) Direct buy purchases and informal competitive bidding, as
4 designated by the director of enterprise services. The director of
5 enterprise services shall establish policies annually to define
6 criteria and dollar thresholds for direct buy purchases and informal
7 competitive bidding limits. These criteria may be adjusted to
8 accommodate special market conditions and to promote market diversity
9 for the benefit of the citizens of the state of Washington;

10 (3) Purchases which are clearly and legitimately limited to a
11 single source of supply and purchases involving special facilities,
12 services, or market conditions, in which instances the purchase price
13 may be best established by direct negotiation;

14 (4) Purchases of insurance and bonds by the risk management office
15 under RCW 43.19.769;

16 (5) Purchases and contracts for vocational rehabilitation clients
17 of the department of social and health services: PROVIDED, That this
18 exemption is effective only when the director of enterprise services,
19 after consultation with the director of the division of vocational
20 rehabilitation and appropriate department of social and health services
21 procurement personnel, declares that such purchases may be best
22 executed through direct negotiation with one or more suppliers in order
23 to expeditiously meet the special needs of the state's vocational
24 rehabilitation clients;

25 (6) Purchases by universities for hospital operation or biomedical
26 teaching or research purposes and by the director of enterprise
27 services, as the agent for state hospitals as defined in RCW 72.23.010,
28 and for health care programs provided in state correctional
29 institutions as defined in RCW 72.65.010(3) and veterans' institutions
30 as defined in RCW 72.36.010 and 72.36.070, made by participating in
31 contracts for materials, supplies, and equipment entered into by
32 nonprofit cooperative hospital group purchasing organizations;

33 (7) Purchases for resale by institutions of higher education to
34 other than public agencies when such purchases are for the express
35 purpose of supporting instructional programs and may best be executed
36 through direct negotiation with one or more suppliers in order to meet
37 the special needs of the institution;

1 (8) Purchases by institutions of higher education under RCW
2 43.19.190(2), direct buy purchases, and informal competitive bidding,
3 as designated by the director of enterprise services; (~~and~~)

4 (9) Purchases by institutions of higher education not exceeding one
5 hundred thousand dollars. However, for purchases between ten thousand
6 dollars and one hundred thousand dollars, quotations must be secured
7 from at least three vendors to assure establishment of a competitive
8 price and may be obtained by telephone or written quotations, or both.
9 For purchases between ten thousand dollars and one hundred thousand
10 dollars, each institution of higher education shall invite at least one
11 quotation each from a certified minority and a certified woman-owned
12 vendor that otherwise qualifies to perform the work. A record of
13 competition for all such purchases made from ten thousand dollars to
14 one hundred thousand dollars must be documented for audit purposes; and

15 (10) Off-contract purchases of Washington grown food when such food
16 is not available from Washington sources through an existing contract.
17 However, Washington grown food purchased under this subsection must be
18 of an equivalent or better quality than similar food available through
19 the contract and be able to be paid from the agency's existing budget.
20 This requirement also applies to purchases and contracts for purchases
21 executed by state agencies, including institutions of higher education,
22 under delegated authority granted in accordance with RCW 43.19.190 or
23 under RCW 28B.10.029.

24 Beginning on July 1, 1995, and on July 1st of each succeeding odd-
25 numbered year, the dollar limits specified in this section shall be
26 adjusted as follows: The office of financial management shall
27 calculate such limits by adjusting the previous biennium's limits by
28 the appropriate federal inflationary index reflecting the rate of
29 inflation for the previous biennium. Such amounts shall be rounded to
30 the nearest one hundred dollars.

31 As used in this section, "Washington grown" has the definition in
32 RCW 15.64.060.

33 **Sec. 2.** RCW 39.29.011 and 2011 1st sp.s. c 43 s 522 and 2011 c 358
34 s 4 are each reenacted and amended to read as follows:

35 All personal service contracts shall be entered into pursuant to
36 competitive solicitation, except for:

37 (1) Emergency contracts;

- 1 (2) Sole source contracts;
- 2 (3) Contract amendments;
- 3 (4) Contracts between a consultant and an agency of less than
- 4 twenty thousand dollars. However, contracts of five thousand dollars
- 5 or greater but less than ten thousand dollars shall have documented
- 6 evidence of competition. Contracts of ten thousand dollars or greater,
- 7 but less than twenty thousand dollars, shall have documented evidence
- 8 of competition, which must include agency posting of the contract
- 9 opportunity on the state's common vendor registration and bid
- 10 notification system except for institutions of higher education as
- 11 defined in RCW 28B.10.016. For institutions of higher education, the
- 12 limit shall be one hundred thousand dollars, however, for contracts of
- 13 ten thousand dollars or greater but less than one hundred thousand
- 14 dollars, institutions of higher education must document evidence of
- 15 competition. Agencies shall not structure contracts to evade these
- 16 requirements; and
- 17 (5) Other specific contracts or classes or groups of contracts
- 18 exempted from the competitive solicitation process by the director of
- 19 the department of enterprise services when it has been determined that
- 20 a competitive solicitation process is not appropriate or cost-
- 21 effective.

22 **Sec. 3.** RCW 43.88.160 and 2006 c 1 s 6 are each amended to read as
23 follows:

24 This section sets forth the major fiscal duties and
25 responsibilities of officers and agencies of the executive branch. The
26 regulations issued by the governor pursuant to this chapter shall
27 provide for a comprehensive, orderly basis for fiscal management and
28 control, including efficient accounting and reporting therefor, for the
29 executive branch of the state government and may include, in addition,
30 such requirements as will generally promote more efficient public
31 management in the state.

32 (1) Governor; director of financial management. The governor,
33 through the director of financial management, shall devise and
34 supervise a modern and complete accounting system for each agency to
35 the end that all revenues, expenditures, receipts, disbursements,
36 resources, and obligations of the state shall be properly and
37 systematically accounted for. The accounting system shall include the

1 development of accurate, timely records and reports of all financial
2 affairs of the state. The system shall also provide for central
3 accounts in the office of financial management at the level of detail
4 deemed necessary by the director to perform central financial
5 management. The director of financial management shall adopt and
6 periodically update an accounting procedures manual. Any agency
7 maintaining its own accounting and reporting system shall comply with
8 the updated accounting procedures manual and the rules of the director
9 adopted under this chapter. An agency may receive a waiver from
10 complying with this requirement if the waiver is approved by the
11 director. Waivers expire at the end of the fiscal biennium for which
12 they are granted. The director shall forward notice of waivers granted
13 to the appropriate legislative fiscal committees. The director of
14 financial management may require such financial, statistical, and other
15 reports as the director deems necessary from all agencies covering any
16 period.

17 (2) Except as provided in chapter 43.88C RCW, the director of
18 financial management is responsible for quarterly reporting of primary
19 operating budget drivers such as applicable workloads, caseload
20 estimates, and appropriate unit cost data. These reports shall be
21 transmitted to the legislative fiscal committees or by electronic means
22 to the legislative evaluation and accountability program committee.
23 Quarterly reports shall include actual monthly data and the variance
24 between actual and estimated data to date. The reports shall also
25 include estimates of these items for the remainder of the budget
26 period.

27 (3) The director of financial management shall report at least
28 annually to the appropriate legislative committees regarding the status
29 of all appropriated capital projects, including transportation
30 projects, showing significant cost overruns or underruns. If funds are
31 shifted from one project to another, the office of financial management
32 shall also reflect this in the annual variance report. Once a project
33 is complete, the report shall provide a final summary showing estimated
34 start and completion dates of each project phase compared to actual
35 dates, estimated costs of each project phase compared to actual costs,
36 and whether or not there are any outstanding liabilities or unsettled
37 claims at the time of completion.

1 (4) In addition, the director of financial management, as agent of
2 the governor, shall:

3 (a) Develop and maintain a system of internal controls and internal
4 audits comprising methods and procedures to be adopted by each agency
5 that will safeguard its assets, check the accuracy and reliability of
6 its accounting data, promote operational efficiency, and encourage
7 adherence to prescribed managerial policies for accounting and
8 financial controls. The system developed by the director shall include
9 criteria for determining the scope and comprehensiveness of internal
10 controls required by classes of agencies, depending on the level of
11 resources at risk.

12 Each agency head or authorized designee shall be assigned the
13 responsibility and authority for establishing and maintaining internal
14 audits following the standards of internal auditing of the institute of
15 internal auditors;

16 (b) Make surveys and analyses of agencies with the object of
17 determining better methods and increased effectiveness in the use of
18 manpower and materials; and the director shall authorize expenditures
19 for employee training to the end that the state may benefit from
20 training facilities made available to state employees;

21 (c) Establish policies for allowing the contracting of child care
22 services;

23 (d) Report to the governor with regard to duplication of effort or
24 lack of coordination among agencies;

25 (e) Review any pay and classification plans, and changes
26 thereunder, developed by any agency for their fiscal impact: PROVIDED,
27 That none of the provisions of this subsection shall affect merit
28 systems of personnel management now existing or hereafter established
29 by statute relating to the fixing of qualifications requirements for
30 recruitment, appointment, or promotion of employees of any agency. The
31 director shall advise and confer with agencies including appropriate
32 standing committees of the legislature as may be designated by the
33 speaker of the house and the president of the senate regarding the
34 fiscal impact of such plans and may amend or alter the plans, except
35 that for the following agencies no amendment or alteration of the plans
36 may be made without the approval of the agency concerned: Agencies
37 headed by elective officials;

1 (f) Fix the number and classes of positions or authorized employee
2 years of employment for each agency and during the fiscal period amend
3 the determinations previously fixed by the director except that the
4 director shall not be empowered to fix the number or the classes for
5 the following: Agencies headed by elective officials;

6 (g) Adopt rules to effectuate provisions contained in (a) through
7 (f) of this subsection.

8 (5) The treasurer shall:

9 (a) Receive, keep, and disburse all public funds of the state not
10 expressly required by law to be received, kept, and disbursed by some
11 other persons: PROVIDED, That this subsection shall not apply to those
12 public funds of the institutions of higher learning which are not
13 subject to appropriation;

14 (b) Receive, disburse, or transfer public funds under the
15 treasurer's supervision or custody;

16 (c) Keep a correct and current account of all moneys received and
17 disbursed by the treasurer, classified by fund or account;

18 (d) Coordinate agencies' acceptance and use of credit cards and
19 other payment methods, if the agencies have received authorization
20 under RCW 43.41.180;

21 (e) Perform such other duties as may be required by law or by
22 regulations issued pursuant to this law.

23 It shall be unlawful for the treasurer to disburse public funds in
24 the treasury except upon forms or by alternative means duly prescribed
25 by the director of financial management. These forms or alternative
26 means shall provide for authentication and certification by the agency
27 head or the agency head's designee that the services have been rendered
28 or the materials have been furnished; or, in the case of loans or
29 grants, that the loans or grants are authorized by law; or, in the case
30 of payments for periodic maintenance services to be performed on state
31 owned equipment, that a written contract for such periodic maintenance
32 services is currently in effect; and the treasurer shall not be liable
33 under the treasurer's surety bond for erroneous or improper payments so
34 made. When services are lawfully paid for in advance of full
35 performance by any private individual or business entity other than
36 equipment maintenance providers or as provided for by RCW 42.24.035,
37 such individual or entity other than central stores rendering such
38 services shall make a cash deposit or furnish surety bond coverage to

1 the state as shall be fixed in an amount by law, or if not fixed by
2 law, then in such amounts as shall be fixed by the director of the
3 department of (~~general administration~~) enterprise services but in no
4 case shall such required cash deposit or surety bond be less than an
5 amount which will fully indemnify the state against any and all losses
6 on account of breach of promise to fully perform such services. No
7 payments shall be made in advance for any equipment maintenance
8 services to be performed more than twelve months after such payment
9 except that institutions of higher education as defined in RCW
10 28B.10.016 may make payments in advance for equipment maintenance
11 services to be performed up to sixty months after such payment. Any
12 such bond so furnished shall be conditioned that the person, firm or
13 corporation receiving the advance payment will apply it toward
14 performance of the contract. The responsibility for recovery of
15 erroneous or improper payments made under this section shall lie with
16 the agency head or the agency head's designee in accordance with
17 (~~regulations~~) rules issued pursuant to this chapter. Nothing in this
18 section shall be construed to permit a public body to advance funds to
19 a private service provider pursuant to a grant or loan before services
20 have been rendered or material furnished.

21 (6) The state auditor shall:

22 (a) Report to the legislature the results of current post audits
23 that have been made of the financial transactions of each agency; to
24 this end the auditor may, in the auditor's discretion, examine the
25 books and accounts of any agency, official, or employee charged with
26 the receipt, custody, or safekeeping of public funds. Where feasible
27 in conducting examinations, the auditor shall utilize data and findings
28 from the internal control system prescribed by the office of financial
29 management. The current post audit of each agency may include a
30 section on recommendations to the legislature as provided in (c) of
31 this subsection.

32 (b) Give information to the legislature, whenever required, upon
33 any subject relating to the financial affairs of the state.

34 (c) Make the auditor's official report on or before the thirty-
35 first of December which precedes the meeting of the legislature. The
36 report shall be for the last complete fiscal period and shall include
37 determinations as to whether agencies, in making expenditures, complied
38 with the laws of this state. The state auditor is authorized to

1 perform or participate in performance verifications and performance
2 audits as expressly authorized by the legislature in the omnibus
3 biennial appropriations acts or in the performance audit work plan
4 approved by the joint legislative audit and review committee. The
5 state auditor, upon completing an audit for legal and financial
6 compliance under chapter 43.09 RCW or a performance verification, may
7 report to the joint legislative audit and review committee or other
8 appropriate committees of the legislature, in a manner prescribed by
9 the joint legislative audit and review committee, on facts relating to
10 the management or performance of governmental programs where such facts
11 are discovered incidental to the legal and financial audit or
12 performance verification. The auditor may make such a report to a
13 legislative committee only if the auditor has determined that the
14 agency has been given an opportunity and has failed to resolve the
15 management or performance issues raised by the auditor. If the auditor
16 makes a report to a legislative committee, the agency may submit to the
17 committee a response to the report. This subsection (6) shall not be
18 construed to authorize the auditor to allocate other than de minimis
19 resources to performance audits except as expressly authorized in the
20 appropriations acts or in the performance audit work plan. The results
21 of a performance audit conducted by the state auditor that has been
22 requested by the joint legislative audit and review committee must only
23 be transmitted to the joint legislative audit and review committee.

24 (d) Be empowered to take exception to specific expenditures that
25 have been incurred by any agency or to take exception to other
26 practices related in any way to the agency's financial transactions and
27 to cause such exceptions to be made a matter of public record,
28 including disclosure to the agency concerned and to the director of
29 financial management. It shall be the duty of the director of
30 financial management to cause corrective action to be taken within six
31 months, such action to include, as appropriate, the withholding of
32 funds as provided in RCW 43.88.110. The director of financial
33 management shall annually report by December 31st the status of audit
34 resolution to the appropriate committees of the legislature, the state
35 auditor, and the attorney general. The director of financial
36 management shall include in the audit resolution report actions taken
37 as a result of an audit including, but not limited to, types of

1 personnel actions, costs and types of litigation, and value of recouped
2 goods or services.

3 (e) Promptly report any irregularities to the attorney general.

4 (f) Investigate improper governmental activity under chapter 42.40
5 RCW.

6 (~~(g)~~) In addition to the authority given to the state auditor in
7 this subsection (6), the state auditor is authorized to conduct
8 performance audits identified in RCW 43.09.470. Nothing in this
9 subsection (6) shall limit, impede, or restrict the state auditor from
10 conducting performance audits identified in RCW 43.09.470.

11 (7) The joint legislative audit and review committee may:

12 (a) Make post audits of the financial transactions of any agency
13 and management surveys and program reviews as provided for in chapter
14 44.28 RCW as well as performance audits and program evaluations. To
15 this end the joint committee may in its discretion examine the books,
16 accounts, and other records of any agency, official, or employee.

17 (b) Give information to the legislature or any legislative
18 committee whenever required upon any subject relating to the
19 performance and management of state agencies.

20 (c) Make a report to the legislature which shall include at least
21 the following:

22 (i) Determinations as to the extent to which agencies in making
23 expenditures have complied with the will of the legislature and in this
24 connection, may take exception to specific expenditures or financial
25 practices of any agencies; and

26 (ii) Such plans as it deems expedient for the support of the
27 state's credit, for lessening expenditures, for promoting frugality and
28 economy in agency affairs, and generally for an improved level of
29 fiscal management.

30 **Sec. 4.** RCW 41.06.133 and 2011 1st sp.s. c 43 s 407 and 2011 1st
31 sp.s. c 39 s 5 are each reenacted and amended to read as follows:

32 (1) The director shall adopt rules, consistent with the purposes
33 and provisions of this chapter and with the best standards of personnel
34 administration, regarding the basis and procedures to be followed for:

35 (a) The reduction, dismissal, suspension, or demotion of an
36 employee;

37 (b) Training and career development;

1 (c) Probationary periods of six to twelve months and rejections of
2 probationary employees, depending on the job requirements of the class,
3 except as follows:

4 (i) Entry level state park rangers shall serve a probationary
5 period of twelve months; and

6 (ii) The probationary period of campus police officer appointees
7 who are required to attend the Washington state criminal justice
8 training commission basic law enforcement academy shall extend from the
9 date of appointment until twelve months from the date of successful
10 completion of the basic law enforcement academy, or twelve months from
11 the date of appointment if academy training is not required. The
12 director shall adopt rules to ensure that employees promoting to campus
13 police officer who are required to attend the Washington state criminal
14 justice training commission basic law enforcement academy shall have
15 the trial service period extend from the date of appointment until
16 twelve months from the date of successful completion of the basic law
17 enforcement academy, or twelve months from the date of appointment if
18 academy training is not required;

19 (d) Transfers;

20 (e) Promotional preferences;

21 (f) Sick leaves and vacations;

22 (g) Hours of work;

23 (h) Layoffs when necessary and subsequent reemployment, except for
24 the financial basis for layoffs;

25 (i) The number of names to be certified for vacancies;

26 (j) Subject to RCW 41.04.820, adoption and revision of a state
27 salary schedule to reflect the prevailing rates in Washington state
28 private industries and other governmental units. The rates in the
29 salary schedules or plans shall be increased if necessary to attain
30 comparable worth under an implementation plan under RCW 41.06.155 and,
31 for institutions of higher education and related boards, shall be
32 competitive for positions of a similar nature in the state or the
33 locality in which an institution of higher education or related board
34 is located. Such adoption and revision is subject to approval by the
35 director of financial management in accordance with chapter 43.88 RCW;

36 (k) Increment increases within the series of steps for each pay
37 grade based on length of service for all employees whose standards of
38 performance are such as to permit them to retain job status in the

1 classified service. From February 18, 2009, through June 30, 2013, a
2 salary or wage increase shall not be granted to any exempt position
3 under this chapter, except that a salary or wage increase may be
4 granted to employees pursuant to collective bargaining agreements
5 negotiated under chapter 28B.52, 41.56, 47.64, or 41.76 RCW, and except
6 that increases may be granted for positions for which the employer has
7 demonstrated difficulty retaining qualified employees if the following
8 conditions are met:

9 (i) The salary increase can be paid within existing resources;

10 (ii) The salary increase will not adversely impact the provision of
11 client services; and

12 (iii) For any state agency of the executive branch, not including
13 institutions of higher education, the salary increase is approved by
14 the director of the office of financial management;

15 Any agency granting a salary increase from February 15, 2010,
16 through June 30, 2011, to a position exempt under this chapter shall
17 submit a report to the fiscal committees of the legislature no later
18 than July 31, 2011, detailing the positions for which salary increases
19 were granted, the size of the increases, and the reasons for giving the
20 increases;

21 Any agency granting a salary increase from July 1, 2011, through
22 June 30, 2013, to a position exempt under this chapter shall submit a
23 report to the fiscal committees of the legislature by July 31, 2012,
24 and July 31, 2013, detailing the positions for which salary increases
25 were granted during the preceding fiscal year, the size of the
26 increases, and the reasons for giving the increases;

27 (l) Optional lump sum relocation compensation approved by the
28 agency director, whenever it is reasonably necessary that a person make
29 a domiciliary move in accepting a transfer or other employment with the
30 state. An agency must provide lump sum compensation within existing
31 resources. If the person receiving the relocation payment terminates
32 or causes termination with the state, for reasons other than layoff,
33 disability separation, or other good cause as determined by an agency
34 director, within one year of the date of the employment, the state is
35 entitled to reimbursement of the lump sum compensation from the person;

36 (m) Providing for veteran's preference as required by existing
37 statutes, with recognition of preference in regard to layoffs and
38 subsequent reemployment for veterans and their surviving spouses by

1 giving such eligible veterans and their surviving spouses additional
2 credit in computing their seniority by adding to their unbroken state
3 service, as defined by the director, the veteran's service in the
4 military not to exceed five years. For the purposes of this section,
5 "veteran" means any person who has one or more years of active military
6 service in any branch of the armed forces of the United States or who
7 has less than one year's service and is discharged with a disability
8 incurred in the line of duty or is discharged at the convenience of the
9 government and who, upon termination of such service, has received an
10 honorable discharge, a discharge for physical reasons with an honorable
11 record, or a release from active military service with evidence of
12 service other than that for which an undesirable, bad conduct, or
13 dishonorable discharge shall be given. However, the surviving spouse
14 of a veteran is entitled to the benefits of this section regardless of
15 the veteran's length of active military service. For the purposes of
16 this section, "veteran" does not include any person who has voluntarily
17 retired with twenty or more years of active military service and whose
18 military retirement pay is in excess of five hundred dollars per month.

19 (2) Rules adopted under this section by the director shall provide
20 for local administration and management by the institutions of higher
21 education and related boards, subject to periodic audit and review by
22 the director. For classifications the director has approved for
23 inclusion in higher education health care special pay, institutions of
24 higher education are authorized to implement compensation changes
25 including but not limited to increases in salary ranges, new top steps
26 in salary ranges, premium pay, and adjustments for community practice.
27 Institutions of higher education may also make such changes for other
28 health care classifications that the institutions may identify.
29 Institutions of higher education shall report annually to the director
30 changes they have made under the provisions of this section.

31 (3) Rules adopted by the director under this section may be
32 superseded by the provisions of a collective bargaining agreement
33 negotiated under RCW 41.80.001 and 41.80.010 through 41.80.130. The
34 supersession of such rules shall only affect employees in the
35 respective collective bargaining units.

36 (4)(a) The director shall require that each state agency report
37 annually the following data:

1 (i) The number of classified, Washington management service, and
2 exempt employees in the agency and the change compared to the previous
3 report;

4 (ii) The number of bonuses and performance-based incentives awarded
5 to agency staff and the base wages of such employees; and

6 (iii) The cost of each bonus or incentive awarded.

7 (b) A report that compiles the data in (a) of this subsection for
8 all agencies will be provided annually to the governor and the
9 appropriate committees of the legislature and must be posted for the
10 public on the office of financial management's agency web site.

11 (5) From February 15, 2010, until June 30, 2013, no monetary
12 performance-based awards or incentives may be granted by the director
13 or employers to employees covered by rules adopted under this section.
14 This subsection does not prohibit the payment of awards provided for in
15 chapter 41.60 RCW.

16 From July 1, 2011, until June 30, 2013, no performance-based awards
17 or incentives may be granted by the director or employers to employees
18 pursuant to a performance management confirmation granted by the
19 department of personnel under WAC 357-37-055.

20 **Sec. 5.** RCW 41.04.240 and 1977 ex.s. c 269 s 1 are each amended to
21 read as follows:

22 (1) Except with regard to institutions of higher education as
23 defined in RCW 28B.10.016, any official of the state or of any
24 political subdivision, municipal corporation, or quasi-municipal
25 corporation authorized to disburse funds in payment of salaries and
26 wages of employees is authorized upon written request of at least
27 twenty-five employees to pay all or part of such salaries or wages to
28 any financial institution for either: ((+1)) (a) Credit to the
29 employees' accounts in such financial institution; or ((+2)) (b)
30 immediate transfer therefrom to the employees' accounts in any other
31 financial institutions(~~(+3) PROVIDED, That~~)).

32 (2) In disbursing funds for payment of salaries and wages of
33 employees, institutions of higher education as defined in RCW
34 28B.10.016 are authorized to pay such salaries or wages to any
35 financial institution for either: (a) Credit to the employees'
36 accounts in such financial institution; or (b) immediate transfer
37 therefrom to the employees' accounts in any other financial

1 institutions. Institutions of higher education may also provide
2 alternate payment methods such as payroll cards for employees who do
3 not have an account in a financial institution.

4 (3) Nothing in this section shall be construed as authorizing any
5 employer to require the employees to have an account in any particular
6 financial institution or type of financial institution. A single
7 warrant may be drawn in favor of such financial institution, for the
8 total amount due the employees involved, and written directions
9 provided to such financial institution of the amount to be credited to
10 the account of an employee or to be transferred to an account in
11 another financial institution for such employee. The issuance and
12 delivery by the disbursing officer of a warrant in accordance with the
13 procedure set forth herein and proper indorsement thereof by the
14 financial institution shall have the same legal effect as payment
15 directly to the employee.

16 For the purposes of this section "financial institution" means any
17 bank or trust company established in this state pursuant to chapter 2,
18 Title 12, United States Code, or Title 30 RCW, and any credit union
19 established in this state pursuant to chapter 14, Title 12, United
20 States Code, or chapter 31.12 RCW, and any mutual savings bank
21 established in this state pursuant to Title 32 RCW, and any savings and
22 loan association established in this state pursuant to chapter 12,
23 Title 12, United States Code, or Title 33 RCW.

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