H-4778.1			
п-4//о.1			

HOUSE BILL 3193

State of Washington 60th Legislature 2008 Regular Session

By Representatives Ormsby, Chandler, Hunt, Kretz, Green, Armstrong, Kessler, Appleton, Hudgins, Dickerson, Kelley, Morrell, Sells, VanDeWege, Wood, Kenney, and Conway

Read first time 01/24/08. Referred to Committee on State Government & Tribal Affairs.

AN ACT Relating to state employee whistleblower protection; amending RCW 42.40.020, 42.40.040, 42.40.050, and 42.40.910; reenacting and amending RCW 49.60.230 and 49.60.250; adding a new section to chapter 42.40 RCW; creating a new section; and prescribing penalties.

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

6

7

8

9

1112

13

1415

16 17 NEW SECTION. Sec. 1. The legislature finds and declares that government exists to conduct the people's business, and the people remaining informed about the actions of government contributes to the oversight of how the people's business is conducted. The legislature further finds that many public servants who expose actions of their government that are contrary to the law or public interest face the potential loss of their careers and livelihoods for exposing wrongdoing in the agencies and political subdivisions where they are employed. As such, it is the intent of the legislature to protect from retaliation those public servants who step forward to inform the people about actions of their government that are contrary to the law or public interest. This act shall be broadly construed.

p. 1 HB 3193

Sec. 2. RCW 42.40.020 and 1999 c 361 s 1 are each amended to read 2 as follows:

As used in this chapter, the terms defined in this section shall have the meanings indicated unless the context clearly requires otherwise.

- (1) "Abuse of authority" means the use of power and authority in a manner that is arbitrary or capricious, coercive, or demeaning; willful malfeasance; or a willful failure to perform a duty and that failure to perform adversely affects the rights of another person or results in improper personal gain or advantage.
 - (2) "Auditor" means the office of the state auditor.

- 12 (((2))) <u>(3)</u> "Employee" means any individual employed or holding 13 office in any department or agency of <u>state government or any</u> 14 <u>individual in a position carrying out the responsibilities of any</u> 15 <u>department or agency of state government, excluding volunteers.</u>
 - (((3))) (4) "Good faith" means there is a reasonable basis in fact for the belief or communication and the employee has made a reasonable attempt to ascertain the correctness of the belief or communication. "Good faith" is lacking when the employee ((knows or reasonably ought to know that the report is malicious, false, or frivolous)) reports information that is knowingly false or frivolous or with reckless disregard for the truth.
 - ((4))) (5) "Gross mismanagement" means the arbitrary or capricious exercise of management responsibilities in a manner grossly deviating from the standard of care or competence that a reasonable person would observe in the same situation.
 - (6) "Gross waste of funds" means to spend or use funds or to allow funds to be used without valuable result in a manner grossly deviating from the standard of care or competence that a reasonable person would observe in the same situation.
- $((\frac{5}{}))$ $(\frac{7}{})$ (a) "Improper governmental action" means any action by an employee undertaken in the performance of the employee's official duties:
- 34 (i) Which is $(({\{a\}}))$ <u>a</u> gross waste of public funds or resources as defined in this section;
- 36 (ii) Which is in violation of federal or state law or rule, if the violation is not merely technical or of a minimum nature; ((or))

- 1 (iii) Which is of substantial and specific danger to the public 2 health or safety:
 - (iv) Which is gross mismanagement;

- (v) Which is an abuse of authority; or
- (vi) Which prevents the dissemination of scientific opinion or alters technical findings without scientifically valid justification, unless disclosure is prohibited by state law or a common law privilege. This provision is not meant to preclude the discretion of agency management to adopt a particular scientific opinion or technical finding from among differing opinions or findings to the exclusion of other scientific opinions or technical findings. Nothing in this provision requires the auditor to contract or consult with external experts regarding the scientific validity, invalidity, or justification of a finding or opinion.
 - (b) "Improper governmental action" does not include personnel actions, for which other remedies exist, including but not limited to employee grievances, complaints, appointments, promotions, transfers, assignments, reassignments, reinstatements, restorations, reemployments, performance evaluations, reductions in pay, dismissals, suspensions, demotions, violations of the state civil service law, alleged labor agreement violations, reprimands, claims of discriminatory treatment, or any action which may be taken under chapter 41.06 RCW, or other disciplinary action except as provided in RCW 42.40.030.
 - (((6))) <u>(8) "Public official" means the employee's direct or secondary supervisors, other agency managers, and the attorney general.</u>
 - (9) "Substantial and specific danger" means a risk of serious injury, illness, peril, or loss, to which the exposure of the public is a gross deviation from the standard of care or competence which a reasonable person would observe in the same situation.
 - (((7))) (10) "Use of official authority or influence" includes threatening, taking, directing others to take, recommending, processing, or approving any personnel action such as an appointment, promotion, transfer, assignment including but not limited to duties and office location, reassignment, reinstatement, restoration, reemployment, performance evaluation, determining any material changes in pay, provision of training or benefits, tolerance of a hostile work

p. 3 HB 3193

<u>environment</u>, or any adverse action under chapter 41.06 RCW, <u>reprimand</u> or other disciplinary action.

1 2

30

31

3233

34

3536

37

 $((\frac{8}{1}))$ (11) "Whistleblower" means an employee or an individual 3 with a current application for a position carrying out the 4 responsibilities of the department or agency of state government that 5 the complaint concerns who refuses to violate any federal, state, or 6 7 local law, or who in good faith reports or is perceived by the employer as reporting or about to report alleged improper governmental action, 8 unless public disclosure is prohibited by statute or executive order, 9 in which case the employee may disclose the information to the auditor, 10 initiating an investigation under RCW 42.40.040. For purposes of the 11 12 provisions of this chapter and chapter 49.60 RCW relating to reprisals 13 and retaliatory action, the term "whistleblower" also means: (a) An 14 employee who in good faith provides or is perceived by the employer as about to provide information to the auditor, a public official, or 15 both, in connection with an investigation under RCW 42.40.040 and an 16 17 employee who is believed by the employer about to or to have reported asserted improper governmental action to the auditor, a public 18 official, or both, or to have provided information to the auditor, a 19 public official, or both, in connection with an investigation under RCW 20 21 42.40.040 but who, in fact, was not about to or has not reported such 22 action or provided such information; or (b) an employee who in good faith identifies rules warranting review or provides information to a 23 public official including the rules review committee, and an employee 24 who is believed by the employer to have identified rules warranting 25 review or provided information to the rules review committee but who, 26 27 in fact, has not done so.

- 28 **Sec. 3.** RCW 42.40.040 and 1999 c 361 s 3 are each amended to read 29 as follows:
 - (1)(a) In order to be investigated, an assertion of improper governmental action must be provided to the auditor within one year after the occurrence of the asserted improper governmental action.
 - (b) The auditor has the authority to determine whether to investigate any assertions received. In determining whether to conduct either a preliminary or further investigation, the auditor shall consider factors including, but not limited to: The nature and quality of evidence and the existence of relevant laws and rules; whether the

action was isolated or systematic; the history of previous assertions regarding the same subject or subjects or subject matter; whether other avenues are available for addressing the matter; whether the matter has already been investigated or is in litigation; the seriousness or significance of the asserted improper governmental action; and the cost and benefit of the investigation. The auditor has the sole discretion to determine the priority and weight given to these and other relevant factors and to decide whether a matter is to be investigated. The auditor shall document the factors considered and the analysis applied.

- (c) The auditor also has the authority to investigate assertions of improper governmental actions as part of an audit conducted under chapter 43.09 RCW. The auditor shall document the reasons for handling the matter as part of such an audit.
- (d) Except as provided under RCW 42.40.910, the auditor also has the authority to investigate, within available resources, reports of improper governmental activities made by whistleblowers to any public official pursuant to RCW 42.40.050. Any public official receiving the report must submit a record of that report to the auditor within fifteen business days of receiving it.
- (2) Subject to subsection (5)(c) of this section, the identity or identifying characteristics of a whistleblower is confidential at all times unless the whistleblower consents to disclosure by written waiver or by acknowledging his or her identity in a claim against the state for retaliation.
- (3) Upon receiving specific information that an employee has engaged in improper governmental action, the auditor shall, within five working days of receipt of the information, mail written acknowledgement to the whistleblower at the address provided stating whether a preliminary investigation will be conducted. For a period not to exceed ((thirty)) sixty working days from receipt of the assertion, the auditor shall conduct such preliminary investigation of the matter as the auditor deems appropriate.
- (4) In addition to the authority under subsection (3) of this section, the auditor may, on its own initiative, investigate incidents of improper state governmental action.
- (5)(a) If it appears to the auditor, upon completion of the preliminary investigation, that the matter is so unsubstantiated that

p. 5 HB 3193

no further investigation, prosecution, or administrative action is warranted, the auditor shall so notify the whistleblower.

- (b) The written notification shall contain a summary of the information received and of the results of the preliminary investigation with regard to each assertion of improper governmental action.
- (c) <u>Before making such a determination</u>, the auditor shall provide <u>preliminary notification to the employee</u>, <u>summarizing where the allegations are deficient</u>, and provide a reasonable opportunity to reply.

In any case to which this section applies, the identity or identifying characteristics of the whistleblower shall be kept confidential unless the auditor determines that the information has been provided other than in good faith, or disclosure of the employee's identity is necessary because of an imminent danger to public health or safety or imminent violation of criminal law. If the auditor makes such a determination, the auditor shall provide reasonable advance notice to the employee.

- (d) With the agency's consent, the auditor may forward the assertions to an appropriate agency to investigate and report back to the auditor no later than sixty working days after the assertions are received from the auditor. The auditor is entitled to all investigative records resulting from such a referral. All procedural and confidentiality provisions of this chapter apply to investigations conducted under this subsection. The auditor shall document the reasons the assertions were referred.
- (6) During the preliminary investigation, the auditor shall provide written notification of the nature of the assertions to the subject or subjects of the investigation and the agency head. The notification shall include the relevant facts and laws known at the time and the procedure for the subject or subjects of the investigation and the agency head to respond to the assertions and information obtained during the investigation. This notification does not limit the auditor from considering additional facts or laws which become known during further investigation.
- $((\frac{1}{2}))(a)$ If it appears to the auditor after completion of the preliminary investigation that further investigation, prosecution, or administrative action is warranted, the auditor shall so notify the

нв 3193 р. 6

whistleblower, the subject or subjects of the investigation, and the agency head and either conduct a further investigation or issue a report under subsection (((10))) (9) of this section.

- (b) If the preliminary investigation resulted from an anonymous assertion, a decision to conduct further investigation shall be subject to review by a three-person panel convened as necessary by the auditor prior to the commencement of any additional investigation. The panel shall include a state auditor representative knowledgeable of the subject agency operations, a citizen volunteer, and a representative of the attorney general's office. This group shall be briefed on the preliminary investigation and shall recommend whether the auditor should proceed with further investigation.
- (c) If further investigation is to occur, the auditor shall provide written notification of the nature of the assertions to the subject or subjects of the investigation and the agency head. The notification shall include the relevant facts known at the time and the procedure to be used by the subject or subjects of the investigation and the agency head to respond to the assertions and information obtained during the investigation.
- $((\langle 8 \rangle))$ (7) Within sixty working days after the preliminary investigation period in subsection (3) of this section, the auditor shall complete the investigation and report its findings to the whistleblower unless written justification for the delay is furnished to the whistleblower, agency head, and subject or subjects of the investigation. In all such cases, the report of the auditor's investigation and findings shall be sent to the whistleblower within one year after the information was filed under subsection (3) of this section.
- ((+9+)) (8)(a) At any stage of an investigation under this section the auditor may require by subpoena the attendance and testimony of witnesses and the production of documentary or other evidence relating to the investigation at any designated place in the state. The auditor may issue subpoenas, administer oaths, examine witnesses, and receive evidence. In the case of contumacy or failure to obey a subpoena, the superior court for the county in which the person to whom the subpoena is addressed resides or is served may issue an order requiring the person to appear at any designated place to testify or to produce

p. 7 HB 3193

documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt thereof.

1 2

- (b) The auditor may order the taking of depositions at any stage of a proceeding or investigation under this chapter. Depositions shall be taken before an individual designated by the auditor and having the power to administer oaths. Testimony shall be reduced to writing by or under the direction of the individual taking the deposition and shall be subscribed by the deponent.
- (c) Agencies shall cooperate fully in the investigation and shall take appropriate action to preclude the destruction of any evidence during the course of the investigation.
- (d) During the investigation the auditor shall interview each subject of the investigation. If it is determined there is reasonable cause to believe improper governmental action has occurred, the subject or subjects and the agency head shall be given fifteen working days to respond to the assertions prior to the issuance of the final report.
- $((\frac{10}{10}))$ (9)(a) If the auditor determines there is reasonable cause to believe an employee or public official has engaged in improper governmental action, the auditor shall report, to the extent allowable under existing public disclosure laws, the nature and details of the activity to:
- (i) The subject or subjects of the investigation and the head of the employing agency; ((and))
- (ii) If appropriate, the attorney general or such other authority as the auditor determines appropriate:
- (iii) Electronically to the governor, secretary of the senate, and chief clerk of the house of representatives; and
- (iv) Except for information whose release is specifically prohibited by statute or executive order, the public through the public file of whistleblower reports maintained by the auditor.
- (b) The auditor has no enforcement power except that in any case in which the auditor submits an investigative report containing reasonable cause determinations to the agency, the agency shall send its plan for resolution to the auditor within fifteen working days of having received the report. The agency is encouraged to consult with the subject or subjects of the investigation in establishing the resolution plan. The auditor may require periodic reports of agency action until all resolution has occurred. If the auditor determines that

appropriate action has not been taken, the auditor shall report the determination to the governor and to the legislature and may include this determination in the agency audit under chapter 43.09 RCW.

1 2

3

4

5

6 7

8

9

11 12

18

19 20

21

22

23

(((11))) (10) Once the auditor concludes that appropriate action has been taken to resolve the matter, the auditor shall so notify the whistleblower, the agency head, and the subject or subjects of the investigation. The auditor shall not make the determination without first reviewing the whistleblower's comments on the adequacy of the report and any corrective action. If the resolution takes more than one year, the auditor shall provide ((annual)) quarterly notification of its status to the whistleblower, agency head, and subject or subjects of the investigation.

 $((\frac{(12)}{(12)}))$ (11) This section does not limit any authority conferred upon the attorney general or any other agency of government to investigate any matter.

NEW SECTION. Sec. 4. A new section is added to chapter 42.40 RCW to read as follows:

Governmental employees shall be provided annual notice of their rights under this chapter. Such reminders may be in agency internal newsletters, notices included with paychecks or stubs, e-mail notices sent to all employees, or other such means that are both cost-effective and reach all employees of the government agency, division, or subdivision.

- 24 Sec. 5. RCW 42.40.050 and 1999 c 283 s 1 are each amended to read 25 as follows:
- (1)(a) Any person who is a whistleblower, as defined in RCW 42.40.020, and who has been subjected to workplace reprisal or retaliatory action is presumed to have established a cause of action for the remedies provided under chapter 49.60 RCW.
- 30 <u>(b)</u> For the purpose of this section, "reprisal or retaliatory action" means but is not limited to <u>threatening</u>, <u>taking</u>, <u>directing</u> 32 <u>others to take</u>, <u>recommending</u>, <u>processing</u>, <u>or approving</u> any of the following <u>because of conduct protected by this chapter</u>:
- $((\frac{a}{a}))$ (i) Denial of adequate staff to perform duties;
- 35 (((b))) <u>(ii)</u> Frequent staff changes;
- (((+c))) (iii) Frequent and undesirable office changes;

p. 9 HB 3193

```
((<del>(d)</del>)) <u>(iv)</u> Refusal to assign meaningful work;
 1
 2
            ((\frac{(e)}{(v)})) Unwarranted and unsubstantiated letters of reprimand or
 3
      unsatisfactory performance evaluations;
            ((\frac{f})) <u>(vi)</u> Demotion;
 4
 5
            ((<del>(g)</del>)) <u>(vii)</u> Reduction in pay <u>or benefits</u>;
            ((<del>(h)</del>)) <u>(viii)</u> Denial of promotion;
 6
            ((\frac{(i)}{(i)})) (ix) Suspension;
 7
            ((\frac{(j)}{(j)})) (x) Dismissal;
 8
 9
            ((\frac{k}{k})) (xi) Denial of employment;
            ((<del>(1)</del>)) <u>(xii)</u> A supervisor or superior <u>creating a hostile work</u>
10
```

10 (((1))) <u>(xii)</u> A supervisor or superior <u>creating a hostile work</u>
11 <u>environment or</u> encouraging coworkers to behave in a hostile manner
12 toward the whistleblower; ((and)

(m))) (xiii) Transfer, reassignment, or a change in the physical location of the employee's workplace or a change in the responsibilities or basic nature of the employee's job, if either are in opposition to the employee's expressed wish:

(xiv) Removal from a pending assignment;

18 (xv) Denial of training;

13

14

15 16

17

22

2324

25

2627

28

29

3031

32

33

34

35

3637

38

19 <u>(xvi) Issuance of or attempt to enforce any nondisclosure policy,</u>
20 <u>form, or agreement in a manner that is inconsistent with prior</u>
21 practice; or

(xvii) Any other action that is inconsistent compared to actions taken before the employee engaged in conduct protected by this chapter, or compared to other employees who have not engaged in conduct protected by this chapter.

- (2) The agency presumed to have taken retaliatory action under subsection (1) of this section may rebut that presumption if it proves by ((proving by a preponderance of the)) clear and convincing evidence that the agency action or actions were justified by reasons unrelated to the employee's status as a whistleblower would have taken the same action for lawful, independent reasons if the whistleblower had not engaged in protected conduct.
- (3) Nothing in this section prohibits an agency from making any decision exercising its authority to terminate, suspend, or discipline an employee who engages in workplace reprisal or retaliatory action against a whistleblower. However, the agency also shall implement any order under chapter 49.60 RCW (other than an order of suspension if the agency has terminated the retaliator).

- (4) Nothing in this chapter precludes the availability of any other remedy, nor shall the availability of any other remedy prohibit the exercise of rights under this chapter.
 - Sec. 6. RCW 49.60.230 and 1993 c 510 s 21 and 1993 c 69 s 11 are each reenacted and amended to read as follows:
 - (1) Who may file a complaint:

- (a) Any person claiming to be aggrieved by an alleged unfair practice may, personally or by his or her attorney, make, sign, and file with the commission a complaint in writing under oath or by declaration. The complaint shall state the name of the person alleged to have committed the unfair practice and the particulars thereof, and contain such other information as may be required by the commission.
- (b) Whenever it has reason to believe that any person has been engaged or is engaging in an unfair practice, the commission may issue a complaint.
- (c) Any employer or principal whose employees, or agents, or any of them, refuse or threaten to refuse to comply with the provisions of this chapter may file with the commission a written complaint under oath or by declaration asking for assistance by conciliation or other remedial action.
- (2) Any complaint filed pursuant to this section must be so filed within six months after the alleged act of discrimination except that complaints alleging an unfair practice in a real estate transaction pursuant to RCW 49.60.222 through 49.60.225 must be so filed within one year after the alleged unfair practice in a real estate transaction has occurred or terminated <u>and a complaint alleging whistleblower retaliation</u> must be filed within two years of the alleged retaliation.
- 28 Sec. 7. RCW 49.60.250 and 1993 c 510 s 23 and 1993 c 69 s 14 are each reenacted and amended to read as follows:
 - (1) In case of failure to reach an agreement for the elimination of such unfair practice, and upon the entry of findings to that effect, the entire file, including the complaint and any and all findings made, shall be certified to the chairperson of the commission. The chairperson of the commission shall thereupon request the appointment of an administrative law judge under Title 34 RCW to hear the complaint and shall cause to be issued and served in the name of the commission

p. 11 HB 3193

a written notice, together with a copy of the complaint, as the same may have been amended, requiring the respondent to answer the charges of the complaint at a hearing before the administrative law judge, at a time and place to be specified in such notice.

- (2) The place of any such hearing may be the office of the commission or another place designated by it. The case in support of the complaint shall be presented at the hearing by counsel for the commission: PROVIDED, That the complainant may retain independent counsel and submit testimony and be fully heard. No member or employee of the commission who previously made the investigation or caused the notice to be issued shall participate in the hearing except as a witness, nor shall the member or employee participate in the deliberations of the administrative law judge in such case. Any endeavors or negotiations for conciliation shall not be received in evidence.
- (3) The respondent shall file a written answer to the complaint and appear at the hearing in person or otherwise, with or without counsel, and submit testimony and be fully heard. The respondent has the right to cross-examine the complainant.
- (4) The administrative law judge conducting any hearing may permit reasonable amendment to any complaint or answer. Testimony taken at the hearing shall be under oath and recorded.
- (5) If, upon all the evidence, the administrative law judge finds that the respondent has engaged in any unfair practice, the administrative law judge shall state findings of fact and shall issue and file with the commission and cause to be served on such respondent an order requiring such respondent to cease and desist from such unfair practice and to take such affirmative action, including, (but not limited to) hiring, reinstatement or upgrading of employees, with or without back pay, an admission or restoration to full membership rights in any respondent organization, or to take such other action as, in the judgment of the administrative law judge, will effectuate the purposes of this chapter, including action that could be ordered by a court, except that damages for humiliation and mental suffering shall not exceed ((ten)) twenty thousand dollars, and including a requirement for report of the matter on compliance. Relief available for violations of RCW 49.60.222 through 49.60.224 shall be limited to the relief specified in RCW 49.60.225.

(6) If a determination is made that retaliatory action, as defined in RCW 42.40.050, has been taken against a whistleblower, as defined in RCW 42.40.020, the administrative law judge may, in addition to any other remedy, require the respondent to transfer at the complainant's request and consent to any other available position for which the complainant is qualified; order restoration of benefits, back pay, and any increases in compensation that would have occurred, with interest; impose a civil penalty upon the retaliator of up to ((three)) five thousand dollars; and issue an order to the state employer to suspend the retaliator for up to thirty days without pay for discipline up to and including termination of the retaliator. At a minimum, the administrative law judge shall require that a letter of reprimand be placed in the retaliator's personnel file. Any order in the nature of a "gag" or nondisclosure order, policy, or agreement that precludes, undermines, obstructs, or otherwise adversely affects conduct, rights, or relief protected by this chapter shall be void ab initio, and no agency shall spend any funds to implement or enforce any such order, policy, or agreement. All penalties recovered shall be paid into the state treasury and credited to the general fund.

1 2

3

4

5

6 7

8

10

11 12

13

14

15

16 17

18

19 20

21

22

2324

25

2627

28

29

30

31

32

33

34

3536

37

- (a) Upon the whistleblower complainant's request, the administrative law judge shall conduct emergency proceedings and may provide interim relief to prevent or reverse any alleged retaliation if the employee is determined to be a whistleblower, as defined in RCW 42.40.020, or has reported the alleged occurrence of improper governmental action to a public official.
- (b) If the commission has not issued a final decision on the alleged whistleblower retaliation within one hundred eighty days, or within ninety days if the commission denied requested relief in whole or in part, the complainant may seek injunctive or final relief for the complaint by filing an action at law or equity for de novo review of the complaint in superior court, which at the request of either party shall be tried by a jury.
- (7) The final order of the administrative law judge shall include a notice to the parties of the right to obtain judicial review of the order by appeal in accordance with the provisions of RCW 34.05.510 through 34.05.598, and that such appeal must be served and filed within thirty days after the service of the order on the parties.

p. 13 HB 3193

(8) If, upon all the evidence, the administrative law judge finds that the respondent has not engaged in any alleged unfair practice, the administrative law judge shall state findings of fact and shall similarly issue and file an order dismissing the complaint.

1 2

3

45

6 7

8

- (9) An order dismissing a complaint may include an award of reasonable attorneys' fees in favor of the respondent if the administrative law judge concludes that the complaint was frivolous, unreasonable, or groundless.
- 9 (10) The commission shall establish rules of practice to govern, 10 expedite, and effectuate the foregoing procedure.
- 11 **Sec. 8.** RCW 42.40.910 and 1999 c 361 s 7 are each amended to read 12 as follows:
- 13 This act and chapter 361, Laws of 1999 ((does)) do not affect the jurisdiction of the legislative ethics board, the executive ethics board, or the commission on judicial conduct, as set forth in chapter 42.52 RCW. The senate, the house of representatives, and the supreme court shall adopt policies regarding the applicability of chapter 42.40 RCW to the senate, house of representatives, and judicial branch.

--- END ---