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HOUSE BILL 2359

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State of Washington

53rd Legislature

1994 Regular Session

By Representatives Cooke, Patterson, Mielke, Basich, Ballard, Linville, L. Thomas, Long, Horn, Sommers, Sehlin, Dorn, Brumsickle, Foreman, Wineberry, Brough, Talcott, Van Luven, Sheahan, Fuhrman, Edmondson, B. Thomas, Caver, Wood, Forner, Schoesler, Silver, Padden, Dyer, Dunshee, Backlund, Chandler, Quall, Jones, Shin, Eide, Tate and McMorris

Read first time 01/14/94. Referred to Committee on Human Services.

1 AN ACT Relating to job placement for recipients and noncaretaker  
2 parents of recipients of aid to families with dependent children, food  
3 stamp, or unemployment insurance; adding a new section to chapter 82.04  
4 RCW; adding a new chapter to Title 74 RCW; creating a new section; and  
5 providing a contingent expiration date.

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

7 NEW SECTION. **Sec. 1.** Unless the context clearly requires  
8 otherwise, the definitions in this section apply throughout this  
9 chapter.

10 (1) "Board" means the Washington full employment act advisory board  
11 established in section 5 of this act.

12 (2) "Department" means the department of social and health  
13 services.

14 (3) "Participants" means recipients and noncaretaker parents of aid  
15 to families with dependent children, food stamps, or unemployment  
16 insurance.

17 (4) "Pilot program" or "program" means the Washington full  
18 employment act pilot program established in section 2 of this act.

1 (5) "Washington full employment act" means the Washington full  
2 employment pilot program established in section 2 of this act.

3 NEW SECTION. **Sec. 2.** (1) In establishing and implementing a pilot  
4 program to be known as the Washington full employment act, it is the  
5 intent of the legislature to utilize the benefits of the job  
6 opportunities and basic skills program (JOBS) to promote greater  
7 economic self-sufficiency among families and workers by:

8 (a) Requiring all recipients and unemployed noncaretaker parents of  
9 aid to families with dependent children, and recipients of food coupons  
10 to participate in the program;

11 (b) Increasing the employability of participants who are unemployed  
12 and underemployed workers through on-the-job training;

13 (c) Increasing the ability of the public and private sector to work  
14 together to develop jobs;

15 (d) Ensuring that participants improve their work skills,  
16 education, and employability through worksite training, mentoring, job  
17 placement, and necessary support services that include child care,  
18 transportation, and health care; and

19 (e) Guaranteeing that participation in the Washington full  
20 employment act does not result in reductions of net income to  
21 participants.

22 (2) The Washington full employment act is created as a three-year  
23 pilot program in which residents of five selected counties shall, in  
24 lieu of receiving payments from the aid to families with dependent  
25 children program and coupons under the food stamp program, be provided  
26 jobs that promote self-sufficiency and encourage independence from  
27 public assistance.

28 (3) Recipients of unemployment insurance in the pilot counties also  
29 may be offered employment under the program.

30 NEW SECTION. **Sec. 3.** The governor and the department shall seek  
31 all exemptions and waivers from and amendments to federal statutes,  
32 rules, and regulations necessary to implement the program at the  
33 earliest possible date.

34 NEW SECTION. **Sec. 4.** (1) Upon obtaining all such exemptions,  
35 waivers, and amendments referred to in section 3 of this act, the

1 department, with the advice of the board, shall adopt changes to  
2 current rules as may be required to implement the program.

3 (2) The department, with the advice of the board, shall amend the  
4 state plans for the aid to families with dependent children program,  
5 the job opportunities and basic skills program, and the food stamp  
6 program to incorporate the programs into the Washington full employment  
7 act program for the pilot counties, and shall obtain federal approval  
8 of plan amendments.

9 (3) The department, with the advice of the board, shall obtain any  
10 exemptions and waivers from federal statutes and regulations necessary  
11 to qualify the program as a federally approved demonstration project  
12 under section 1115 (42 U.S.C. Sec. 1315) of the Social Security Act and  
13 section 17 (7 U.S.C. Sec. 2026) of the Food Stamp Act.

14 (4) The purpose of this section is to facilitate implementation of  
15 the pilot program at the earliest possible date and with maximum  
16 federal financial participation. Therefore, the department is directed  
17 to expedite the acquisition of federal waiver and amendment approvals,  
18 and the adoption of necessary statute amendments in close and  
19 continuous coordination with appropriate federal officials, and to  
20 prepare and submit completely and in a timely manner all forms and data  
21 required by those officials. The department, with the advice of the  
22 board, is authorized to make such changes to the program as are  
23 necessary to achieve federal waiver approval. Any such changes should  
24 be, in the judgment of the secretary of the department, the fewest  
25 necessary to achieve federal approval for the program. Such changes  
26 must maintain the general purpose and effect of the program described  
27 in section 2 of this act. If changes to the program required to gain  
28 waiver approval would be too extensive to maintain the general purpose  
29 and effect of the program, the department, with the advice of the  
30 board, shall seek the amendments to federal statutes that are required  
31 for implementation of the pilot program.

32 (5) The counties for the pilot program shall be chosen by the  
33 department with the assistance of the advisory board.

34 NEW SECTION. **Sec. 5.** (1) The Washington full employment act  
35 advisory board is established to advise the department in the direction  
36 and administration of the pilot program. The board shall have seven  
37 members, consisting of five representatives of the business community,  
38 one employed former recipient of the aid to families with dependent

1 children program, the food stamp program, or the unemployment insurance  
2 program, and one labor representative. Members shall serve three-year  
3 terms. The governor shall appoint the members and the chair.

4 (2) It is the intent of the legislature that the board shall meet  
5 monthly with the assistant secretary for economic services  
6 administration within the department.

7 (3) The board shall report at least annually to the governor and  
8 the legislature on the status and progress of the pilot program in  
9 meeting program goals and legislative intent. The chair of the board  
10 shall have the additional duty to work with and coordinate the local  
11 councils created in section 6 of this act.

12 NEW SECTION. **Sec. 6.** A Washington full employment act  
13 implementation council shall be established in each pilot county listed  
14 in section 4 of this act to assist the Washington full employment act  
15 advisory board and the department in the administration of the  
16 Washington full employment act and to allow local flexibility in  
17 dealing with the particular needs of each pilot county. Each council  
18 shall be primarily responsible for recruiting and encouraging  
19 participation of employment providers in the county. Each council  
20 shall be composed of seven members who shall be appointed by the county  
21 commissioners in each pilot county. Councilmembers shall be residents  
22 of the pilot county in which they are appointed and shall serve three-  
23 year terms. The council shall have one member who is a current or  
24 former recipient of the aid to families with dependent children  
25 program, the food stamp program, or the unemployment insurance program,  
26 one member who represents labor, and five members who represent the  
27 local business community.

28 NEW SECTION. **Sec. 7.** (1) The Washington full employment act  
29 special fund is created in the state treasury separate and distinct  
30 from the general fund. Moneys in the fund may be spent only after  
31 appropriation and shall be used exclusively to meet the necessary  
32 expenses of the program. The fund shall be held and administered by  
33 the state treasurer.

34 (2) All funds appropriated for expenditure by or apportioned to the  
35 department for operation of the aid to families with dependent children  
36 program, the job opportunities and basic skills program, the food stamp

1 program, and employment-related day care in the pilot counties shall  
2 accrue to the fund.

3 (3) All income earned on moneys in the fund shall be credited to  
4 and deposited in the fund to the extent permitted by state and federal  
5 law.

6 (4) Expenditures from the fund shall include pilot program wage  
7 reimbursements to participating employers, aid to families with  
8 dependent children cash grants, food stamp allotments, Washington full  
9 employment act payments, and employment-related day care payments to  
10 eligible residents of the pilot counties and administrative costs  
11 directly associated with the operation of the pilot program. At the  
12 end of the three-year pilot program, expenditures from the fund shall  
13 not exceed accruals to the fund.

14 (5) No less than quarterly, the department shall meet with the  
15 board to review the cost-effectiveness of the program and shall take  
16 any necessary action to modify or suspend the program to maintain cost  
17 neutrality.

18 (6) The individual education account is established in the  
19 Washington full employment act special fund in order to improve the  
20 position of Washington full employment act participants in the work  
21 force by increasing their access to continuing education. Employer  
22 contributions to the account under section 8(10) of this act shall be  
23 used to pay for further education.

24 (7)(a) There is hereby created the Washington full employment act  
25 unemployment wage fund. Such fund shall consist of moneys collected or  
26 received by the employment security department.

27 (b) The Washington full employment act unemployment wage fund is  
28 created in the state treasury, separate and distinct from the general  
29 fund.

30 (c) All income earned on moneys in the Washington full employment  
31 act unemployment wage fund invested by the state treasurer shall accrue  
32 to the fund. Any balance in the fund shall not lapse at any time.  
33 Moneys in the fund may be spent only after appropriation to the  
34 economic services administration of the department for the payment of  
35 wages and wage-related expenses of participants in the Washington full  
36 employment act who were otherwise eligible to receive unemployment  
37 insurance benefits. Such payments shall be made in the form of a  
38 reimbursement to the department, which shall be the central  
39 disbursement point for all employer-related financial transactions

1 under the provisions of this chapter. Contribution rates are based on  
2 the counties selected by the department.

3 (8) The economic services administration of the department is  
4 authorized to continue to make reimbursements as necessary from the  
5 Washington full employment act unemployment wage fund for a period not  
6 to exceed six months following the end of the three-year pilot program  
7 authorized under this chapter.

8 (9) In administering the fund, and consistent with other provisions  
9 of the pilot program and to the extent permitted by federal law, the  
10 department shall maximize the use of federal grants and apportionments  
11 of the aid to families with dependent children program, the job  
12 opportunities and basic skills program, the food stamp program, and  
13 employment-related child care.

14 (10) To the extent that additional moneys may be obtained for the  
15 program from sources other than state tax revenues, the additional  
16 moneys shall be appropriated to the fund.

17 NEW SECTION. **Sec. 8.** (1)(a) The department shall adopt by rule a  
18 method to determine which employers, including public and private  
19 sector employers, within this state shall have the opportunity to  
20 utilize pilot program participants. The department shall give priority  
21 in assigning pilot program participants to those employers located in  
22 the five pilot counties identified in section 4 of this act. No  
23 employer is required to participate in the Washington full employment  
24 act. In the event that there are unassigned participants whom no  
25 employer desires to utilize, they may be assigned to work for a public  
26 agency.

27 (b) The department by rule may:

28 (i) Establish criteria for excluding employers from participation  
29 for failure to abide by pilot program requirements or other  
30 demonstrated unwillingness to comply with the stated intent of the  
31 program;

32 (ii) Provide that employers that have shown a pattern of  
33 terminating participants prior to the completion of training without  
34 cause shall be ineligible to receive additional participants.

35 (2) The department shall assign in priority order individuals  
36 eligible for the pilot program who are:

37 (a) Two-parent families who are receiving aid to families with  
38 dependent children benefits;

1 (b) Single adults and caretaker relatives who are receiving aid to  
2 families with dependent children benefits;

3 (c) Unemployed noncaretaker parents of children who are receiving  
4 aid to families with dependent children benefits;

5 (d) Adult food stamp program recipients except as described in  
6 subsection (6)(b) (iv) and (vi) of this section; and

7 (e) Unemployment compensation recipients.

8 (3) The department shall ensure that jobs made available to pilot  
9 program participants shall:

10 (a) Not require work in excess of forty hours per week;

11 (b) Be in conformity with section 3304(a)(5) of the Federal  
12 Unemployment Tax Act;

13 (c) Not be used to displace regular employees nor to fill unfilled  
14 positions previously established; and

15 (d) Not pay a wage that is substantially less than the wage paid  
16 for similar jobs in the local economy with appropriate adjustments for  
17 experience and training.

18 (4) Failure of the participant to cooperate with the requirements  
19 of the Washington full employment act shall result in the participant's  
20 removal from the Washington full employment act and the removal of the  
21 needs of the adult or adults from the grant in accordance with  
22 Washington full employment act rules.

23 (5)(a) Individuals desiring work through the pilot program shall  
24 contact the nearest economic services administration office of the  
25 department serving the pilot county in which they reside if they are  
26 aid to families with dependent children program or food stamp program  
27 applicants or recipients. Unemployment insurance applicants or  
28 recipients shall gain access to the pilot program through their local  
29 employment security department office.

30 (b) With input from the participant, case workers shall prepare an  
31 employment development plan designed to assist the participant in  
32 removing barriers to employment, acquiring work skills, and obtaining  
33 unsubsidized employment. The case worker shall periodically review the  
34 employment development plan and assess participant progress in  
35 accordance with rules for the Washington full employment act.

36 (c) With the assistance of the local council and the board, the  
37 department shall develop a job inventory of sufficient size to  
38 accommodate all of the participants who desire to work in the program.  
39 In consultation with the participant, the department shall try to match

1 the profile of a participant with the needs of an employer when  
2 assigning a participant to work with the employer.

3 (d) Either the employer or the participant may terminate the  
4 assignment by contacting the appropriate department office. In such  
5 event, the department shall reassess the needs of the participant and  
6 assign the participant to another Washington full employment act  
7 placement or another Washington full employment act component and, at  
8 the employer's request, provide the employer with another participant.

9 (e)(i) If after six months in a placement, a participant has not  
10 been hired for an unsubsidized position, the employer shall allow the  
11 worker to undertake eight hours of job search per week. Participating  
12 employers shall consider such time as hours worked for the purposes of  
13 paying wages.

14 (ii) If after nine months in a placement, a participant has not  
15 been hired for an unsubsidized position, the placement shall be  
16 terminated, and the case worker shall reassess the participant's  
17 employment development plan.

18 (6)(a) Assignment of participants to available jobs shall be made  
19 first by employing nonworking parents of children receiving aid to  
20 families with dependent children, food stamp recipients, or  
21 unemployment compensation recipients, in that order.

22 (b) Pilot program jobs shall not be offered to the following groups  
23 of persons, irrespective of the priority referred to in (a) of this  
24 subsection:

25 (i) Teenage custodial parents working to receive their general  
26 education development certificate or high school diploma;

27 (ii) Persons determined by department rule to require substance  
28 abuse treatment prior to job placement;

29 (iii) Persons determined by department rule to be permanently or  
30 temporarily incapacitated and persons who are primary caregivers to  
31 such persons;

32 (iv) Food stamp applicants or recipients who are employed full time  
33 or are food stamp eligible college students enrolled full time in an  
34 institution of higher education or enrolled half time in an institution  
35 of higher education and working at least twenty hours per week;

36 (v) Teenage persons who have not received a general education  
37 development certificate or high school diploma;



1 (vi) Food stamp recipients in the pilot counties who are eligible  
2 for supplemental security income benefits or other ongoing state or  
3 federal maintenance benefits based on age or disability;

4 (vii) Persons for whom suitable child care arrangements are  
5 necessary but not available; and

6 (viii) Persons who would be required to commute for more than one  
7 hour each way without access to public or employer-sponsored  
8 transportation, in accordance with Washington full employment act  
9 rules.

10 (c) Unemployment compensation recipients may be referred to  
11 available work through the Washington full employment act if the  
12 qualifying base year wages used to establish the claim do not exceed  
13 ten thousand dollars. If referred, unemployment compensation  
14 recipients shall be referred to the Washington full employment act in  
15 accordance with the job referral process used to refer applicants to  
16 available work. When a pilot program job is offered to an unemployment  
17 insurance recipient and the job is refused, the employment security  
18 department shall investigate the refusal and identify and decide all  
19 issues arising from the refusal, including suspension of benefits.

20 (d) Aid to families with dependent children and food stamp benefits  
21 shall be suspended at the end of the calendar month in which an  
22 employer makes the first wage payment to a participant who is a  
23 custodial parent in a family that receives aid to families with  
24 dependent children or to any adult member of a household receiving food  
25 stamps.

26 (7)(a) Employers shall pay all participating individuals at least  
27 the hourly rate of the Washington minimum wage.

28 (b) Sick leave, holiday, and vacation absences shall conform to the  
29 individual employer's rules for new employees.

30 (c) Group health insurance benefits shall be provided by the  
31 employer to pilot program participants if, and to the extent that,  
32 state or federal law requires the employer to provide such benefits.

33 (d) All persons participating in the Washington full employment act  
34 shall be considered to be temporary employees of the individual  
35 employer providing the work and shall be entitled only to benefits  
36 required by state or federal law.

37 (e) Employers shall provide workers' compensation coverage for each  
38 Washington full employment act participant.

1 (8) In the event that the net monthly full-time wage paid to a  
2 participant would be less than the level of income from the aid to  
3 families with dependent children program and the food stamp benefit  
4 amount equivalent that the participant would otherwise receive, the  
5 department shall determine and pay a supplemental payment as necessary  
6 to provide the participant with that level of net income. The  
7 department by rule shall adopt an equivalency scale to be adjusted for  
8 household size and other factors. The purpose of this equivalency  
9 scale is to ensure that participants are not economically  
10 disadvantaged, in terms of net income, by accepting a job under the  
11 pilot program. The department shall determine and pay in advance  
12 supplemental payments to participants on a monthly basis as necessary  
13 to ensure equivalent net pilot program wages. Participants shall be  
14 compensated only for time worked.

15 (9) In addition to, and not in lieu of the payments provided for  
16 under subsections (7) and (8) of this section, participants shall be  
17 entitled to retain the full child support payments collected by the  
18 department.

19 (10)(a) After the participant has participated in the Washington  
20 full employment act for thirty days, in addition to the participant  
21 wage, the employer shall pay one dollar for each participant hour  
22 worked into the participant's individual education account.  
23 Contributions to such an account shall be tax deferred or tax exempt to  
24 the extent permitted by federal and state law. This contribution shall  
25 not be reimbursed by the Washington full employment act special fund  
26 except as provided in (b) of this subsection. The employer may provide  
27 individuals with additional training and education at the employers  
28 expense without any effect on the individual's education account.

29 (b) If the employer hires a participant in an unsubsidized position  
30 for at least one hundred twenty days, the Washington full employment  
31 act special fund shall reimburse one-half of the employer's  
32 contribution to the individual education account to the employer. This  
33 reimbursement shall not be subject to chapter 82.04 RCW.

34 (c) Any participant for whom an individual education account  
35 contribution is made shall be eligible for access to education benefits  
36 from that participant's individual education account at any time after  
37 the participant has left the Washington full employment act and has  
38 held a full-time, unsubsidized job for at least thirty days.

1 (d) When any participant has qualified for use of that  
2 participant's individual education account, an amount equal to that  
3 participant's individual education account balance shall be transferred  
4 for that participant's use. Only one individual education account  
5 shall be created for any participant. Each account shall be  
6 administered by the employment security department and shall be used  
7 for continuing education and training in any of the state's community  
8 colleges or institutions of higher education for the participant and  
9 the participant's immediate family.

10 (11) Pilot program participants who are eligible for federally and  
11 state-funded medical assistance at the time they enter the pilot  
12 program shall remain eligible as long as they continue to participate  
13 in the pilot program. In conformity with existing state and federal  
14 employment-related child care program regulations, child day care shall  
15 be provided for all pilot program participants who require it.

16 (12) Washington full employment act employers shall:

17 (a) Endeavor to make Washington full employment act placements  
18 positive learning and training experiences;

19 (b) Maintain health, safety, and working conditions at or above  
20 levels generally acceptable in the industry and no less than that of  
21 comparable jobs of the employer;

22 (c) Provide on-the-job training to the degree necessary for the  
23 participants to perform their duties;

24 (d) Recruit volunteer mentors from among their regular employees to  
25 assist the participants in becoming oriented to work and the workplace;  
26 and

27 (e) Sign an agreement for each placement outlining the specific job  
28 offered to the participant and agreeing to abide by all requirements of  
29 the pilot program, including the requirement that the pilot program not  
30 supplant existing jobs. All agreements shall include provisions noting  
31 the employer's responsibility to repay reimbursements in the event the  
32 employer violates pilot program rules.

33 (13) Pilot program participant wages shall be subject to federal  
34 and state income taxes, social security taxes, and unemployment  
35 insurance tax or reimbursement as applicable, which shall be withheld  
36 and paid in accordance with state and federal law. Supplemental  
37 payments made pursuant to subsection (8) of this section, to the extent  
38 allowed by federal law, shall not be subject to federal income taxes  
39 and social security taxes.

1 (14)(a) The department shall reimburse employers for the employer  
2 share of social security, unemployment insurance, and workers'  
3 compensation premiums paid on behalf of pilot program participants, as  
4 well as the minimum wage earnings paid to pilot program participants by  
5 the employer from the Washington full employment act special fund.

6 (b) If the department finds that an employer has violated any of  
7 the rules of the Washington full employment act, the department:

8 (i) Shall withhold any amounts due to employers under (a) of this  
9 subsection;

10 (ii) May seek repayment of any amounts paid to employers under (a)  
11 of this subsection.

12 (15) The existing Washington full employment act shall continue in  
13 the pilot counties and serve those currently eligible for Washington  
14 full employment act services who have not been placed in a Washington  
15 full employment act job.

16 NEW SECTION. **Sec. 9.** If approval is obtained from the federal  
17 government during the three-year pilot program established in this  
18 chapter, the department may distribute food stamp program benefits to  
19 any eligible person in the five pilot counties in the form of cash  
20 rather than coupons.

21 NEW SECTION. **Sec. 10.** (1) Six months prior to the completion date  
22 of the three-year test period of the pilot program, the department  
23 shall submit a written report to the legislature and the governor  
24 containing a full and complete analysis of the pilot program. The  
25 report shall include recommendations from the department and the board  
26 regarding appropriate revisions to the pilot program and the potential  
27 for its permanent implementation for the entire state.

28 (2) The evaluation of the pilot program shall be conducted by an  
29 independent evaluator using a combination of group comparison, survey  
30 and individualized event and attitude recording techniques.  
31 Performance in attaining pilot program goals in each pilot county shall  
32 be matched against performance using the traditional welfare and  
33 employment characteristics. In addition, the composite performance of  
34 the five pilot counties shall be compared to the rest of the state.  
35 The evaluation shall include measurements of whether program  
36 participation has improved the quality of life of program participants.  
37 In addition, as a part of the evaluation of the Washington full

1 employment act, the employment security department shall determine  
2 whether the pilot program has displaced unsubsidized employment  
3 opportunities that would otherwise have been available and whether the  
4 pilot program has had any discernible impact on the economies or wage  
5 levels in individual pilot counties.

6 (3) The target goals for the program are to reduce the Washington  
7 full employment act eligible aid to families with dependent children,  
8 food stamp, and unemployment compensation caseloads in the pilot  
9 counties by fifty percent by the end of the third year of the pilot  
10 program, and to reduce the costs associated with these caseloads by  
11 twenty-five percent over the three-year pilot period.

12 (4) Twelve months after the beginning of the Washington full  
13 employment act, the department shall present to the legislature a  
14 report on the cost neutrality projections of the pilot program. If it  
15 appears that the pilot program is not likely to achieve cost neutrality  
16 over the course of the three-year pilot period, the department shall  
17 also present a plan to modify or suspend the pilot program.

18 NEW SECTION. **Sec. 11.** In the event that the department is not  
19 able to obtain the necessary exemptions, waivers, or amendments  
20 referred to in section 3 of this act prior to January 1, 1997, this act  
21 shall expire on that date and shall have no further force or effect.  
22 Any unexpended and unobligated moneys remaining in the Washington full  
23 employment act unemployment wage fund on that date may not be spent and  
24 are subject to legislative appropriation.

25 NEW SECTION. **Sec. 12.** The appointment of the members of the board  
26 and the establishment of the Washington full employment act  
27 implementation council shall occur within sixty days after the  
28 effective date of this act.

29 NEW SECTION. **Sec. 13.** A new section is added to chapter 82.04 RCW  
30 to read as follows:

31 Amounts received under section 8(10)(b) of this act are not subject  
32 to tax under this chapter.

33 NEW SECTION. **Sec. 14.** Sections 1 through 12 of this act shall  
34 constitute a new chapter in Title 74 RCW.

1        NEW SECTION.    **Sec. 15.**    If any part of this act is found to be in  
2 conflict with federal requirements that are a prescribed condition to  
3 the allocation of federal funds to the state, the conflicting part of  
4 this act is inoperative solely to the extent of the conflict and with  
5 respect to the agencies directly affected, and this finding does not  
6 affect the operation of the remainder of this act in its application to  
7 the agencies concerned.    The rules under this act shall meet federal  
8 requirements that are a necessary condition to the receipt of federal  
9 funds by the state.

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