



Administrative Policy No. 19.40.32

Subject: Payments and Tax Reporting Requirements for Community Compensation

Information Contact: Office of Accounting Services
Chief, (360) 664-5716

Authorizing Source: [Second Substitute Senate Bill \(2SSB\) 5793](#)
[Community Compensation Guidelines](#)

Effective Date: NEW

Revised:

Approved By: Original approved by Richard Pannkuk
Assistant Secretary / Chief Financial Officer

Purpose

This policy outlines the accounting procedures and guidelines for compensating community compensation participants to ensure fair, transparent, and consistent practices across all administrations.

Scope

This policy applies to all administrations involved in compensating community compensation participants. It covers the methods of compensation such as state warrant (check), direct deposit (ACH), prepaid debit card, or gift card. Payments for travel reimbursements, dependent care reimbursements, reporting requirements, and guidelines are included.

Administrations should take into consideration the needs of each individual sharing their lived experience or who are low income when they choose a method to provide community compensation stipends.

Additional Guidance

State Administration & Accounting Manual (SAAM),
40.30.30.d
40.30.10

RCW [42.56.250](#)

[Second Substitute Senate Bill \(2SSB\) 5793](#)

[Federal poverty guidelines](#)

Washington State, Office of Equity

[Community Compensation Guidelines](#)

Definitions

Administrations means the affected DSHS programs, including the division, office, or staff designated by the assistant secretary or division director as being responsible for compliance with this policy.

Compensation refers to stipends and reimbursements provided to individuals participating in state government workgroups. Here are the key points:

- Stipends: Payments given to individuals for their time and efforts in participating in workgroup activities. Stipends are considered income and are tax reportable.
- Reimbursements: Financial reimbursements for costs incurred, such as travel, lodging, and child or adult care.
- Eligibility: Individuals must be low-income or have lived experience relevant to the workgroup's subject matter and not be otherwise compensated for their participation.
- Income verification: Methods include pay stubs, tax returns, or self-attestation to verify eligibility for compensation.
- Rates: The amount paid or reimbursed per hour, day, or occurrence. Please see the Washington State [Office Of Equity](#) community compensation guidelines for current rates.

Community compensation participant is an agency partner who is a part of historically excluded communities who have been disproportionately impacted by government decisions. The community compensation participant provides their lived experience perspective – their personal, direct experience related to the subject matter – to agency events and workgroups where activities, policies, processes and systems are being addressed. A community compensation participant is not a volunteer. They may be compensated for their work with a stipend and reimbursed for expenses, where applicable, in accordance with 2SSB 5793 and the office of equity and DSHS community compensation guidelines.

Designated submitter is an administration staff that has been assigned to the gift card program to collect and track the W9, spending, and submit quarterly reporting to the OAS tax desk.

Gift card is a prepaid card usually issued by a retailer to be used as an alternative to cash equivalent for purchases within a particular store or retail business or a prepaid debit card. A gift cards is not associated with a bank account. A gift card can be either a physical card or an electronic card.

Gift card manager oversees the administration of gift cards, including training staff on policies, enforcing procedures, conducting monthly inventories, and reporting lost or stolen cards to internal audit and consultation teams.

Gift card custodians are responsible for the secure storage, tracking, and distribution of gift cards. They maintain a detailed log of card information and ensure compliance with policies, including reporting any discrepancies and handling cards for client use and third-party distribution.

HRMS is the system of record for employee information and position details.

Official residence means the city, town, or other location where the traveler maintains their primary residence. For employees, this information is obtained from their personnel records. For non-employees, this information is obtained from form 09-415 (authorization for expenditures).

Official duty station means the city, town, or other location where the traveler's office is located, or the city, town, or location where their work is performed on a permanent basis. For the purposes of these travel regulations, Olympia, Tumwater, and Lacey are the same official station. A state official or employee's official station is to be designated by their appointing authority and is to be determined by the agency. It is not assigned because it is the home or preferred living area of a state official or employee.

Policy Requirements

- A.** The preferred method for compensating a community compensation participant is through a statewide vendor number. When a community compensation participant is paid with a statewide vendor number, the payment can be direct deposited or sent as a warrant. By making these payments, it reduces fraud and theft that is seen in gift cards.
- B.** If administrations choose to compensate a community compensation participant by gift cards, they must follow administrative policy 19.40.30 before they are dispersed.
 1. Gift cards must be equivalent to cash value (e.g., Visa or MasterCard) rather than retail-specific (e.g., Fred Meyer, Amazon).
 2. Gift cards must not incur any service or activation fees that reduce their value for community compensation participants. All activation fees should be covered by the administration.
- C.** Gift cards are vulnerable to theft and fraud, such as unauthorized copying and use. Their use is discouraged. If used, administrators must take precautions to prevent misuse.
- D.** All travel reimbursements or arrangements must adhere to all the chapter 19.10 administration policies. These requests must go through the administration accounting office for reimbursement through an A-19 form.
- E.** Dependent care reimbursement must go through the administration accounting office for reimbursement through an A-19 form.
 1. Reimbursement rates are determined by the Washington State Office of Equity

in their [community compensation guidelines](#).

- F.** All payments made for community compensation whether via gift card or statewide vendor number must be tracked and reported to the DSHS office of accounting services (OAS) [tax desk](#), regardless of the amount issued, or the expected issuance of additional payments.
1. Before issuing a gift card for stipends to a community compensation participant, the participant must complete a W9 form to the administration issuing the gift card for their participation.
 2. The gift card custodian must store the payment tracking template and W9 in a secure location as it has protected data contained in the template.
 3. On or before the due date, the gift card custodian must send the completed payment tracking template and all completed W9 via managed file transfer (MFT) to the OAS [tax team](#) to process. See AP 19.40.30 for MFT requirements.
 4. If the due date is on the weekend or holiday, the due date will be the next business day following the due date. The submission schedule is:
 - a. 1st quarter, Jan 1-Mar 31, due to OAS tax team by Apr 5th
 - b. 2nd quarter, Apr 1-June 30, due to OAS tax team by July 5th
 - c. 3rd quarter, July 1-Sept 30, due to OAS tax team by Oct 5th
 - d. 4th quarter, Oct 1-Dec 31, due to OAS tax team by Jan 5th
- G.** Additional requirements include administration accounting to complete the DSHS designated reporting form and adhere to the reporting deadlines and requirements set forth by the DSHS office of equity, access, and belonging