
STATE SENATOR ANDY HILL

Windows into the Budget #2:

Reform Works

Welcome to the second installment of "Windows into the Budget," a series designed to inform and engage the public about critical budget issues in Olympia.

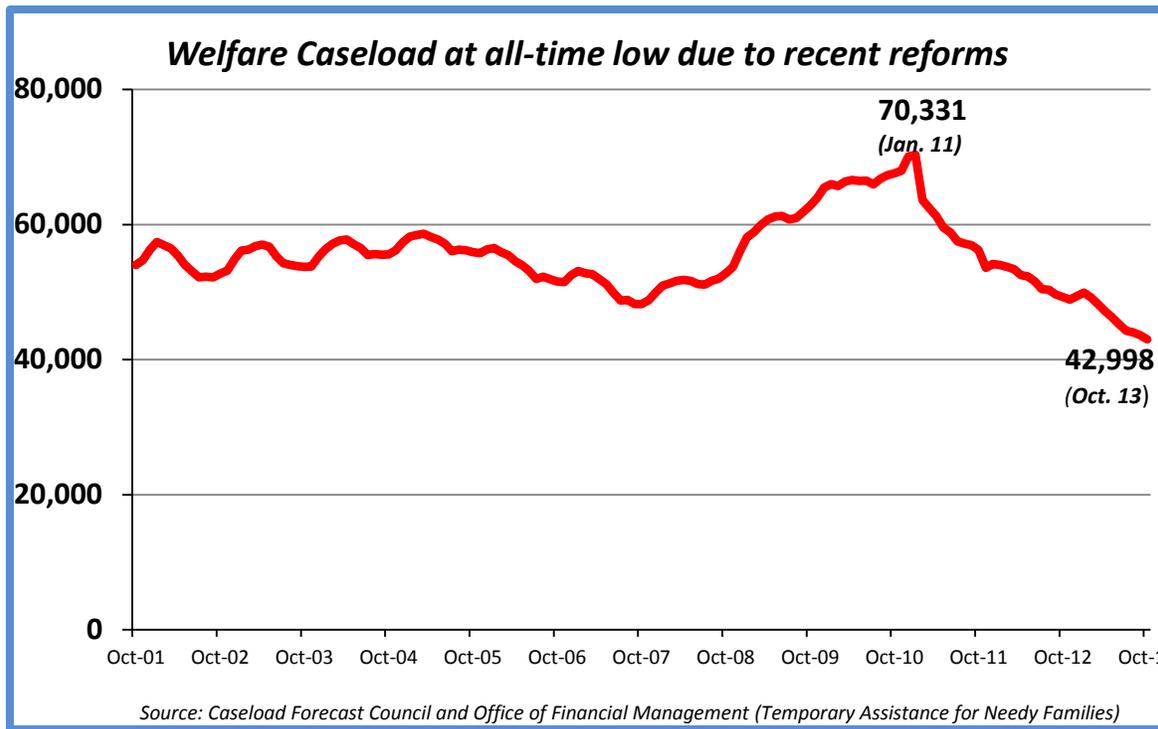
This month welfare caseloads hit an all-time low in our state.

This is due in large part to reform efforts led by the late Sen. Mike Carrell in 2011, prompted by numerous suggestions from dedicated state employees.

Savings to taxpayers are expected to reach \$600 million through the biennium.

1. Welfare caseload: all-time low

Last week, the state's latest welfare caseload was released and the result was an all-time low. The savings to taxpayers are significant. Had caseloads remained at the peak levels recorded in January 2011, the state would have spent \$600 million more on welfare throughout the biennium.¹



2. Genesis of Reform: Reaching out to State Employees

The genesis for the change dates to late 2010 when former Sens. Joe Zarelli (R) and Margarita Prentice (D) reached out in a bipartisan way to state employees, seeking their ideas for how to improve state government.

The response was overwhelming, with thousands of ideas submitted by state employees. Foremost among the ideas, in both volume and eyebrow-raising anecdotes, was the need to reform welfare. Workers relayed story after story of welfare fraud, ranging from using electronic benefit transfer (EBT) cards at casinos to failure to adequately verify assets and resources. Concerns were also raised about the ease with which the state granted exceptions to the 60-month time limit. At this time, welfare caseloads were increasing precipitously – and the frustration from state workers, who wanted to see resources go to those truly in need, was palpable.²

It was those responses that prompted Sen. Mike Carrell to seek reform.

3. Reforms put in place

In many pieces of legislation, which were ultimately consolidated into SB 5921 (2011), Sen. Carrell pushed for several reforms to reflect state employee input and better utilize taxpayer dollars. Among the welfare-related reforms in SB 5921:

- Prohibiting EBT card usage at taverns, nightclubs, gambling establishments, strip clubs, and tattoo parlors;

- Establishing an Office of Fraud and Accountability within the state Department of Social and Health Services to detect, investigate and prosecute any act that constitutes fraud or abuse in public assistance programs;
- Applying a time-limit for citizen children whose parents are non-citizens – previously, no time limit applied to their benefits whereas a time limit did apply to citizen families;
- Permanent disqualification for adults who have been found to be in non-compliance with work requirements on multiple occasions;
- More stringent and uniform application of the 60-month lifetime limit for welfare benefits; and
- Prohibition on selling an EBT card to another person, including civil infractions if found to have violated this provision.³

These reforms were overwhelmingly passed by the Legislature, a tribute to Sen. Carrell's dedication and ability to work across the aisle.⁴

4. Lessons learned

As a relatively new committee chair, I take several lessons from this reform success:

- First, it is important to reach out to those on the front lines for their ideas. None of this would have been possible but for the tremendous input of state employees. The volume and detail of their ideas spurred reform.
- Second, "reform" does not need to be a partisan word. Legislators, public workers, and taxpayers all want to see taxpayer dollars put to their best and most effective use. While sometimes there will be disagreement on how to do that, oftentimes it becomes clear that reform is necessary.
- Third, these are the sorts of efforts voters expect from legislators. Intuitively voters believe there are ways to better spend dollars, achieve better outcomes, and make government more efficient. And, frankly, they are right.
- Fourth, a tribute and acknowledgement to my former colleagues Mike Carrell, Joe Zarelli, and Margarita Prentice. While in many ways they could not be more different, they personified truly great legislators who worked extraordinarily hard to improve state government.

5. More to accomplish: addressing child-care fraud

Finally, there is still more to be done. One of the other prime areas that state workers mentioned was child-care fraud. Particularly concerning was repeated mention of child-care scams in which providers care for each other's children (or purport to) while getting paid by the state.⁵

A recent state audit supports these anecdotes, finding:

- More than 4,800 parents whose children were enrolled in Working Connections Child Care also had provider billing numbers.
- Over 500 instances of multiple providers billing from the same address, although as the audit notes some of these were central billing locations.
- More than 2,000 instances in which providers were paid for care despite a parent's Social Security number being invalid.
- Over 50 cases in which providers were paid for care despite a parent's submitted SSN belonging to a deceased person.
- In the audit sample, there were also providers being paid without attendance records or, in some instances, attendance records that had fraudulent parental signatures.⁶

All told, the state auditor found that over 90% of the risk-adjusted billings reviewed were improper in one way or another. Not surprisingly, the audit found that the state Department of Early Learning had inadequate safeguards to prevent improper billing and that the agency ultimately reconciles less than 1% of payments.⁷ State-subsidized child-care payments run into the hundreds of millions of dollars each biennium.

The Window's Reflection

Reform is a vital component of state budgeting. The recent success of welfare reform efforts have resulted in the lowest caseload on record and saved hundreds of millions of dollars.

There are lessons to be learned and carried forward, including the Legislature following up on state employee recommendations and state auditor findings by addressing child care fraud in a meaningful and thoughtful way, ensuring that taxpayer dollars are going to those truly in need.

References

1. Senate Ways & Means staff estimate. Projected cost avoidance of \$680 million through the 13-15 budget, based on enacted budget.
2. "Reset Washington: Fraud", Nov. 2010
<http://www.youtube.com/watch?v=NCL5gf1tYoc&feature=youtu.be>
3. SB 5921 (Bill Report & Bill Text) <http://wsldocs/2011-12/Pdf/Bill%20Reports/Senate/5921-S.E%20SBR%20FBR%2011%20E1.pdf>
<http://wsldocs/2011-12/Pdf/Bills/Session%20Laws/Senate/5921-S.SL.pdf> (Predecessor bills -- SB 5327 & SB 5329)
4. Final Roll Call: 44-0 Senate; 70-10 House. <http://aor/billssummary/default.aspx?bill=5921&year=2011>
5. See footnote #2.
6. Audit of State Payment to Child Care Providers, Sept. 2011
<http://www.sao.wa.gov/auditreports/auditreportfiles/ar1006484.pdf>
7. Id., p. 28