

STATE AUDITOR'S OFFICE PERFORMANCE AUDIT



Crime Victims Programs

Department of Commerce
Department of Labor & Industries
Department of Social and Health Services

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EXECUTIVE SUMMARY

Why we did this audit

Until the early 1970s, victims of violent crime and domestic violence in Washington were left to manage their own medical and other crime-related expenses while convicted offenders received state-paid services through the correctional system. Since then, Washington lawmakers have created nine separate programs in six agencies to help victims. Today, the state pays victims' medical benefits, replaces some of their lost wages, and provides other benefits and services, including payments to homicide victims' survivors and grants to a statewide network of service organizations. Washington State spent \$57 million on these programs in fiscal year 2010, including money appropriated by the Legislature and federal grants.

The state's largest victim assistance initiative, the Crime Victims Compensation (CVC) program at the Department of Labor & Industries (L&I), has faced major financial challenges, and lawmakers reduced victims' benefits in 2010 to improve its short-term outlook. In addition, the recent economic downturn has spurred interest in consolidating programs for victims of crime and domestic violence to reduce administrative costs and improve service delivery. Service providers have noted that grant programs operated by the departments of Commerce and Social and Health Services (DSHS) serve many of the same clients and perform many of the same activities.

To identify opportunities to cut costs, reduce duplication and improve service, we conducted a performance audit of the programs that account for 98 percent of the state's spending for victim services: The CVC program, the Office of Crime Victims Advocacy at Commerce, and two programs for victims of domestic violence at DSHS.

We designed the audit to answer the following questions:

- **What is the long-term financial stability of the CVC program at the Department of Labor & Industries? Does the state have opportunities to increase revenue or lower costs?**
- **Could consolidation or other reorganization of programs that serve victims of crime and domestic violence reduce administrative costs and/or improve services to victims?**

We focused primarily on the programs' operation during fiscal year 2010 and reviewed relevant state laws and comparable programs in other states. We interviewed dozens of Washington state agency administrators, crime victims advocates and local service providers in addition to several officials in other states. To evaluate financial options for the CVC program, we examined data beginning in fiscal year 2005 and projected its finances through 2017.

Audit results

We found the CVC program should be financially stable through the 2011-13 biennium, primarily because of lawmakers' decision in 2010 to temporarily reduce crime victim benefit levels. Legislation enacted in 2011 would make permanent the state benefit reductions and savings. However, a projected federal funding reduction in 2014 could increase future state funding requirements.

We identified opportunities for the state to further reduce program expenses and improve efficiency by capping certain benefits and simplifying L&I's benefit payment process.

We found significant overlap among the crime victims and domestic violence grant programs at Commerce and DSHS. Consolidating them at DSHS could improve their efficiency, reduce operating costs and streamline service to organizations that serve victims across the state.

It would be cost-prohibitive to merge the CVC program at L&I with the grant programs, especially in the current state budget environment. Agency officials project it would cost more than \$10 million to relocate staff and to integrate L&I's benefit payment system with DSHS systems.

Impact of 2011 crime victims legislation

While this audit was being completed, the Legislature and Governor enacted a bill (Substitute Senate Bill 5691) that addressed several of the issues we identified during our field work in 2010. The new law, which L&I supported, takes effect July 1, 2011. **Appendix O** contains a table comparing the new law's provisions with our recommendations.

As passed by the Legislature, SSB 5691 would have restored crime victims benefits to their pre-2010 levels in July 2015, which would have significantly increased future program costs. However, the Governor's partial veto was designed to make the reduced benefits permanent. The 2011 law capped total benefits at \$50,000 per claim but left in place a separate provision that would restore victims' medical benefits to \$150,000 in July 2015.

Summary of recommendations

The Legislature and the agencies that operate these programs should take steps beginning in the 2011-13 biennium to ensure the long-term financial stability of the CVC program and to consolidate grant programs for victims of crime and domestic violence.

Key recommendations to the Legislature

- **Extend or make permanent the 2010 crime victims benefit reductions.***
Preserving current benefits will prevent the need for the state to increase spending by \$3.6 million annually after July 2015. Washington's current maximum benefit of \$50,000 is the ninth highest among the 50 states. The Legislature should refine the new law so that all statutory references to benefit levels are consistent.

*This was mostly, but not completely, accomplished in recent legislation as described on page 4.
- **Authorize the L&I director to reduce benefit levels when CVC funding levels fall short.** Officials in other states said this authority was vital to effectively managing their programs. This would also maximize the number of crime victims who receive benefits.
- **Cap the amount paid for sexual assault exams.** The 2011 legislation eliminated permanent partial disability benefits, which will save about \$500,000 per year. In addition, we recommend capping the reimbursement rate for medical providers who perform sexual assault exams. Capping the reimbursement at \$800, consistent with other states' practices, could save an additional \$167,000 per year.
- **Consolidate the three grant programs** for victims of crime and domestic violence at Commerce and DSHS into a single program within DSHS. This merger would reduce program duplication and costs, better align program goals and agency missions, and unify budgeting and planning to maximize efficiency.

Key recommendations to the agencies

- **L&I should streamline the benefit claims process.** Lawmakers repealed the requirement that CVC benefits be processed in the same manner as they are for injured workers in the Workers' Compensation program. L&I projects that simplifying the process could save \$200,000 in fiscal year 2012 and \$300,000 annually thereafter.
- **L&I should automate the CVC program's medical billing system** and the process for updating reimbursement rates to reduce the amount of time employees spend manually entering medical bill information. Also, L&I and DSHS officials should work together to make it easier for CVC staff to use the DSHS information system to determine whether crime victims are receiving other public assistance benefits. If they are, L&I could redirect benefit dollars to serve other victims who are not eligible for other assistance.
- **If the Commerce and DSHS grant programs are consolidated,** DSHS staff should streamline the grant application process, develop a unified procedure manual and design a simplified monitoring process to improve efficiency and avoid duplication.
- **We recommend Commerce and DSHS officials communicate** with service providers and victim advocates to learn their ideas on how best to consolidate the grant programs and to provide information about any consolidation-related changes that will affect them.

What's next?

The Joint Legislative Audit and Review Committee (JLARC) reviews all performance audits of state programs and services. These audits are also reviewed by other legislative committees whose members wish to consider findings and recommendations on specific topics.

Representatives of the State Auditor's Office will review this audit with JLARC's Initiative 900 Subcommittee in Olympia. The public will have the opportunity to comment at this hearing.

The Legislature and the agencies whose programs we evaluated will decide whether to accept our recommendations. The State Auditor's Office conducts periodic follow-up evaluations to assess the status of recommendations and may conduct follow-up audits at its discretion.

INTRODUCTION

Audit overview

In 1972, a gun-wielding robber confronted a woman walking in the University of Washington Arboretum and demanded she give him her purse. He subsequently shot her in the neck and left her paralyzed. Several months later, she described her experience to the state Legislature. Meanwhile, newspaper editorials noted that convicts' personal expenses were met by the state correctional system while crime victims were left to pay their own medical bills and other expenses. In response, lawmakers in 1973 made Washington the ninth state to enact a Crime Victims Compensation program, and they provided benefits retroactive to January 1972.

The Legislature and Governor subsequently created several additional programs, described in **Appendix C**, to help victims of crime and domestic violence. Services include financial and medical assistance, counseling, emergency shelters and victim notification, at a total cost of about \$57 million per year. The various state programs are administered by six agencies.

The Crime Victims Compensation program has faced financial challenges in recent years, prompting questions about how to ensure its long-term financial stability. Further, state lawmakers and agency staff continue to look for new ways to streamline all government programs in order to maintain or improve service levels. Because several programs and agencies serve crime victims, questions have arisen about opportunities to reduce costs for crime victims programs through consolidation or reorganization.

This audit was designed to answer the following questions:

- What is the long-term financial stability of the Crime Victims Compensation program at the Department of Labor & Industries? Does the state have opportunities to increase revenue or lower costs?
- Could consolidation or other reorganization of programs that serve victims of crime and domestic violence reduce administrative costs and/or improve services to victims?

Audit scope and methodology

Six state agencies administer nine programs, described in **Appendix D**, that provide services to victims of crime and domestic violence. This audit focuses on the four programs that provide the majority of these services and spend the majority of available funds:

- **Crime Victims Compensation (CVC)** program at the Department of Labor & Industries (L&I).
- **Office of Crime Victims Advocacy (OCVA)** at the Department of Commerce (Commerce).
- **Domestic Violence Emergency Shelter** Program at the Department of Social and Health Services (DSHS).
- **Domestic Violence Services for Marginalized Populations** program at the DSHS.

These programs accounted for 98 percent of the \$57 million spent on services to victims of crime and domestic violence in fiscal year 2010.

To determine the long-term financial stability of the CVC program and examine opportunities to reduce costs or increase revenues, we analyzed the program's financial data and projections for fiscal years 2005-2017. We also reviewed state laws and analyzed the factors that periodically have required L&I to seek funding increases or benefit reductions. In addition, we interviewed agency executives and program managers from the CVC program and officials in other state crime victims compensation programs.

To determine if consolidation of the programs could help reduce administrative costs and improve services, we interviewed agency executives, program managers, legislators, service providers, advocacy groups and managers of similar programs in other states. We also analyzed program financial data, organizational structures, agency mission statements, agency and program functions and employee duties and responsibilities.

We conducted this performance audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with generally accepted governmental auditing standards prescribed by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained during the course of this audit provides a reasonable basis to support our audit findings, conclusions and recommendations.

Appendix A describes the provisions of Initiative 900 and how the audit addressed the law's specific elements. **Appendix B** describes our audit methodology in more detail.

Crime Victims Programs in Washington State

Programs for victims of crime and domestic violence have been established at several agencies. The four programs we reviewed provide benefit payments and services **directly** to crime victims or **indirectly** through grants or contracts with providers of medical assistance, counseling, shelter and other services. The programs are summarized below and in **Exhibit 1** on the following page.

L&I – Crime Victims Compensation Program:

- Provides compensation to victims of violent crime, including felonies and gross misdemeanors, and to the survivors of homicide victims. Compensation is provided through direct reimbursements to medical providers who treat victims, and benefit payments to individuals to cover temporary wage losses, long-term disability, funeral expenses and vocational rehabilitation.
- Acts as the payer of last resort, which means it pays expenses that are not covered by private or public insurance, such as Medicaid.
- Pays all costs for sexual assault exams to collect evidence for criminal prosecutions.

Commerce – Office of Crime Victims Advocacy. OCVA was established in statute to advocate on behalf of victims of crime and domestic violence, help communities plan and implement victim programs, and advise local and state government agencies on practices, policies, and priorities that impact victims. In addition to these activities, the Office:

- Awards federal and state grants to organizations that provide direct services to victims of domestic violence, sexual assault and other crimes such as assault, robbery, child abuse, and murder.
- Awards grants to 36 county prosecutors' offices that offer victim witness assistance to crime victims whose cases are being prosecuted.
- Provides information, referrals and direct services to victims through a toll-free telephone line.

Although the OCVA technically administers multiple programs, it is a single entity and we refer to it as a single program in this report.

DSHS – Domestic Violence Emergency Shelter Program, Domestic Violence Services for Marginalized Populations Program. Because domestic violence activities are not always considered crimes according to the law, not all victims of domestic violence are crime victims. Two programs were established specifically for domestic violence victims:

- The **Domestic Violence Emergency Shelter Program** contracts with a statewide network of domestic violence organizations to provide emergency shelter, advocacy and support services to victims of domestic violence.
- The **Domestic Violence Services for Marginalized Populations Program** contracts with organizations to provide **non-shelter**, community-based services for domestic violence victims from populations that have been under-served or unserved. Those organizations also serve children who have witnessed domestic violence. Services include advocacy, counseling, outreach, public awareness and victim support.

Funding for these programs comes from state and federal sources. In fiscal year 2010, \$33.9 million came from the state general fund and \$20.7 million from the federal government in the form of grants from the U.S. departments of Justice and Health & Human Services. Several programs also received federal funding under the American Recovery and Reinvestment Act of 2009. Details of federal funding appear in **Appendix E.**

Exhibit 1				
Programs Reviewed in This Audit				
Fiscal Year 2010				
	L&I	Commerce	DSHS	DSHS
	Crime Victims Compensation	Office of Crime Victims Advocacy¹	Domestic Violence Emergency Shelter	Domestic Violence Services, Marginalized Populations
Established	1973	1990	1979	2005
Victims served ³	8,267 ²	36,075	25,967	730
Staff (FTE)	40	16	1	0.4
Revenue				
Federal funding	\$ 4.5 M	\$11.4 M	\$4.8 M	
State general fund	\$16.1 M	\$11.7 M	\$6.1 M	\$43,800
Other funds	***			\$577,000
Total revenue	\$20.6 M	\$23.1 M	\$10.9 M	\$620,800
Expenditures				
Benefits/grants	\$16.2 M	\$23.2 M	\$10.5 M	\$607,427
Administration	\$3.4 M	\$1.6 M	\$0.2 M	\$107,857
Total spending	\$19.6 M	\$24.8 M	\$10.7 M	\$715,284
Source: Agency Financial Reporting System, Revised Code of Washington, Washington Session Laws and program officials.				
Notes: ¹ OCVA includes several programs under one director. In this report, we refer to it as one program.				
² This number includes all crime victims who received benefits during FY 2010, including those receiving on-going benefits from previous years’ claims and payments made on 3,839 sexual assault exams. The program processed 13,354 benefit claims and requests for sexual assault exam reimbursement during FY10, but did not approve them all.				
³ The total number of victims served statewide is likely to be overstated because victims may be counted multiple times if they receive services from more than one program.				
***The CVC program is also supported by the Crime Victims Compensation account. The account was new in FY 2010 and no expenditures were made during that year.				

AUDIT RESULTS, CVC PROGRAM

CVC program operation

The Legislature created the CVC program in 1973 “to provide a method of compensation and assistance to innocent victims of criminal acts which result in bodily injury or death.” Except for sexual assault exams, the program is a “payer of last resort,” which means it pays expenses that are not covered by other private or public insurance, such as Medicaid.

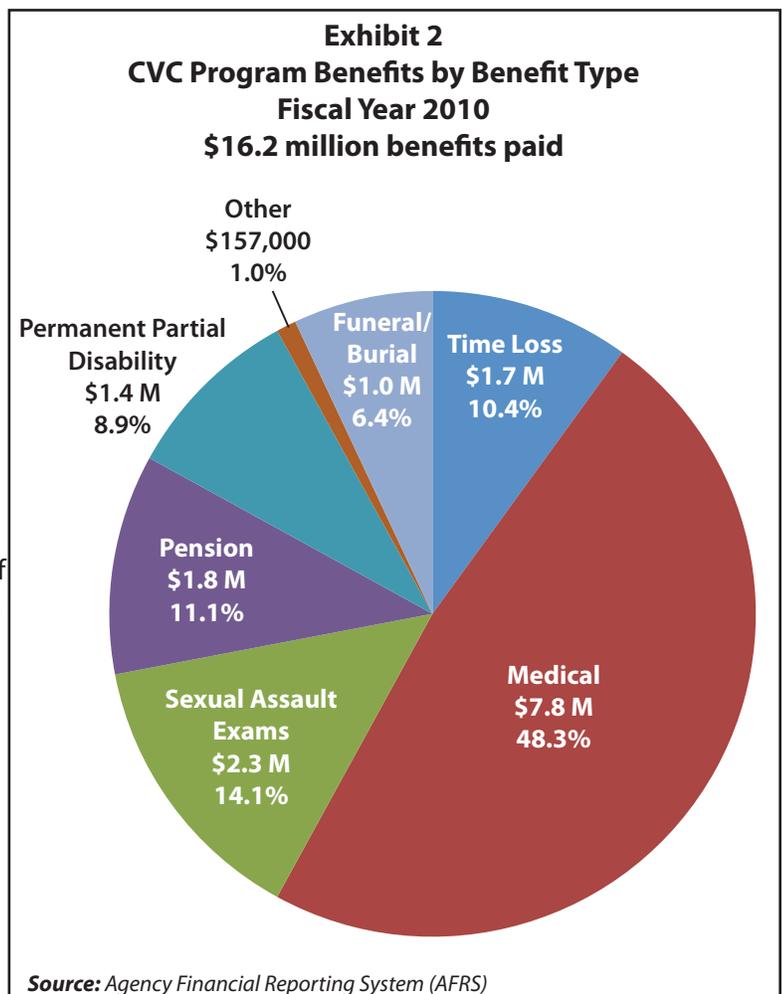
In fiscal year 2010, 8,267 crime victims or survivors of homicide victims received benefits under this program, including those receiving on-going benefits from previous years’ claims and payments made on 3,839 sexual assault exams.

Legislation creating the program linked benefits for crime victims to the benefits available to injured workers. The CVC law established eligibility criteria, including certain types of crimes, when the crime occurred, when the claim was filed, the victim’s cooperation with law enforcement and the victim’s lack of involvement in the crime. A complete list of criteria appears in **Appendix F**.

The Legislature placed the program at L&I to take advantage of the system the Department had in place to pay Workers’ Compensation benefits to individual claimants and medical providers. Until this year, the two programs were covered by the same state laws (RCW 51.32) that described the amount to be paid for benefits.

This coupling of the programs had several effects. Because Washington’s crime victims benefits were tied to Workers’ Compensation benefits, they were much broader and richer than comparable benefits in other states. For example, Washington was the only state that paid a permanent partial disability benefit. This coupling also resulted in higher administrative costs for the program. For example, crime victims were eligible for a maximum of \$15,000 to cover lost wages, but L&I staff had to use complex Workers’ Compensation formulas to determine their benefit level.

As shown in **Exhibit 2**, reimbursements for medical expenses accounted for almost half of the benefits paid to victims in fiscal year 2010. Reimbursements to medical providers and facilities for examinations of sexual assault victims represented the next largest category of expenses. The forensic information collected during these exams can be used to help convict offenders.



The CVC program has three funding sources: a grant under the federal Victims of Crime Act (VOCA), the state general fund and the non-appropriated Crime Victims Compensation account. The program received \$20.6 million in funding for fiscal year 2010 – \$4.5 million in federal funding and \$16.1 million from the state general fund. The federal law requires states to pay medical and wage replacement benefits to victims and funeral benefits to their survivors, but it does not specify benefit levels. The proportion of federal and state funding varies depending on the availability of federal grant funds. Each year, the federal grant is equal to 60 percent of the amount of state funds spent three years earlier. For example, the federal grant for fiscal year 2010 was based on fiscal year 2007 state expenditures. State funding fills the gap between the federal grant amount and the total program needs.

The Legislature established a second state fund source, the Crime Victims Compensation account, in fiscal year 2010 to help fund the program through certain restitution payments, inmate wages and property seizures and forfeitures. As of February 2011, there was an anticipated shortfall in this fund for fiscal year 2011. This is further discussed later in this chapter.

CVC program costs and claims paid increased significantly from 2008 to 2010 because of economic factors and decreasing state funding for other social services. Exhibit 3 shows total program costs grew 20 percent over the last five years. Most of the increase was for benefit payments, and most occurred between 2008 and 2010. **Appendix I** provides more detailed information about the CVC program’s sources and uses of funds for fiscal years 2006-2010.

Exhibit 3 also shows the number of claims for which a payment was made grew by 21 percent over the past five years, while the average amount paid per active claim stayed fairly stable.

Exhibit 3					
CVC Program Growth from 2005 – 2010					
Dollars in Millions					
Fiscal Year	Benefits Paid	Program Admin Costs	Total Program Costs	Claims for Which a Payment was Made	Average Amount Paid Per Claim Each Year
2006	\$13.2	\$3.1	\$16.3	6,810	\$1,857
2007	\$13.9	\$3.5	\$17.4	6,631	\$1,965
2008	\$14.8	\$3.7	\$18.5	6,898	\$2,041
2009	\$15.8	\$3.8	\$19.7	7,695	\$2,015
2010	\$16.2	\$3.4	\$19.6	8,267	\$1,941
Five-year change	23%	11%	20%	21.4%	4.5%
Annual average change	5.2%	2.7%	4.8%	5.0%	1.1%

Source: Agency Financial Reporting System and data pulled from L&I’s data warehouse.
Notes: Data comes from two sources. Benefits paid and program administrative costs come from AFRS expenditure reports. Because AFRS data did not have the number of claims, the number of claims for which a payment was made and the average amount paid per claim come from L&I’s data warehouse query. All data include expenditures and claims for sexual assault exams and related diagnostic tests.

Washington's violent crime rate has declined since 2005 and remained steady from 2008 to 2009. However, L&I officials said two factors had increased requests for crime victims benefits:

- **The rise in unemployment caused by the recent recession.** Our review showed similar patterns between the rise in unemployment rates since 2007 and the rise in the number of claims paid.
- **Recent cuts in other public insurance programs.** For example, the Governor and Legislature cut Washington's Basic Health Plan by \$6.7 million in fiscal year 2009, and by an additional \$236 million for the 2009-11 biennium. The number of enrollees fell from 104,000 in December 2008 to 75,600 in December 2009.

Because the CVC program is the payer of last resort, it appears these factors have increased the number of victims relying on benefits from the CVC program. Additional information on the impact of the economy and cuts in social service programs on the increase in claims appears in **Appendix G**.

L&I officials have asked the Legislature twice since 2005 for additional funding and program changes to deal with funding shortfalls:

- **In early 2005, L&I projected there would be a funding shortfall** and the program would run out of money in March of that year. Funding cuts for the state's Medically Indigent Program in 2004 had produced an unanticipated increase in CVC program claims, and medical costs for crime victims in the medically indigent program became the responsibility of the CVC program. L&I officials said they had cut the program's medical reimbursement rates to match those paid by DSHS for Medicaid, but the reduction wasn't sufficient to cover the increased demand. In response, the Legislature and Governor provided an emergency appropriation of \$3.6 million.
- **In 2010, L&I projected the program would run out of money in April of that year.** They said benefit claims had increased because of high unemployment and cuts in other social service programs. They said claim filings had increased by 25 percent during 2009 and a further 10 percent in the first six months of 2010. Rather than seeking additional funding, L&I officials requested benefit reductions to address the immediate shortfall and stabilize the program's long-term finances, and a transfer of \$1.9 million from the fiscal year 2011 appropriation to 2010.

The 2010 Legislature temporarily capped maximum benefit levels and made other reductions that L&I projected would save \$3.2 million per year during the 2011-2013 biennium. The benefit reductions, summarized in **Exhibit 4**, were scheduled to expire July 1, 2015, but would remain in place under the \$50,000 maximum benefit limit in the 2011 legislation.

As **Exhibit 4** shows, the most significant change in 2010 was to reduce the maximum benefit to \$50,000 per claim. The previous cap of \$190,000 included a \$150,000 limit for medical benefits and a \$40,000 cap for time-loss, permanent partial disability, and permanent disability (pension). Additional detail on benefits appears in **Appendix H**.

The reductions had the largest impact on a relatively small number of claims with very high costs. When the reductions took effect, 108 claimants had exceeded the \$50,000 cap. They included:

- **Sixty (60) claimants who were affected** by the April 2010 reduction in benefits. Their cumulative individual benefit amounts ranged from \$51,262 to \$1.3 million. Of these 60 claimants, 43 immediately stopped receiving benefits. The Legislature provided \$260,000 to fund the other claimants through March 2011, who had catastrophic injuries that left them totally and permanently disabled. The additional funding was intended to help them transition to other state benefit programs, such as Medicaid, and food and cash assistance from DSHS for benefits they were not already receiving. CVC officials worked closely with DSHS officials to identify services for which each CVC client might be eligible. They communicated regularly with each client to help them apply for other state programs, but none transitioned to other programs before their benefits were terminated. Because of this, the funding was exhausted by October 31, 2010. We did not determine whether they had transferred to any other benefit programs after that date.
- **Forty-eight (48) claimants receiving lifelong pensions** were not affected by the April 2010 benefit reduction. These claimants were victims or survivors of victims of crimes that occurred before July 1981. They were grandfathered into a lifelong pension when changes made by the Legislature in 1981 started placing limits on benefit amounts. Their benefits totaled \$1.2 million in fiscal year 2010, and account for about 7 percent of all benefits paid annually. As of March 2010, the cumulative benefits paid to these claimants ranged from \$112,000 to \$1.7 million.

Exhibit 4		
CVC Program Benefits Before and After 2010 Reductions		
Benefit	Limit Before April 1, 2010	Limit After April 1, 2010
Total Cap on Benefits Per Claim	\$190,000^{2,5}	\$50,000¹
Medical/Mental	\$150,000 ⁶	\$50,000
Permanent Disability (Pension)	\$40,000 ⁵	\$50,000
Permanent Partial Disability	\$30,000 ⁴	\$7,000
Temporary Disability (Time-Loss)	\$15,000	\$15,000
Burial Expenses	\$7,700	\$5,750
Lump Sum Payment	7,500	\$0 ³
Vocational Rehabilitation	\$5,000	\$5,000

Notes:

¹ The \$50,000 amount is a cumulative maximum for all benefits that cannot be exceeded. Each line-item cap, such as medical, pensions, etc, are subject to the overall \$50,000 limit.

² This amount included a soft cap of \$150,000 for medical benefits and a maximum of \$40,000 for time-loss, permanent partial disability and pension benefits combined.

³ These benefits are no longer paid to dependents of unemployed homicide victims.

⁴ Per RCW 7.68.070(6), (7), before April 2010 the maximum benefit for Permanent Partial Disability (if no time-loss was paid) was \$30,000. If a victim was paid time-loss, the maximum was dropped to \$15,000.

⁵ Per RCW 7.68.070(13), before April 2010 no more than \$30,000 was to be paid for a single injury or death, with the exception of medical benefits authorized under RCW 7.68.080. Benefits granted as the result of total permanent disability or death could not exceed \$40,000.

⁶ Before April 2010, the \$150,000 limit on medical benefits was considered a “soft cap”, meaning that this amount could be exceeded if program staff determined that conditions detailed in RCW 7.68.085 had been met.

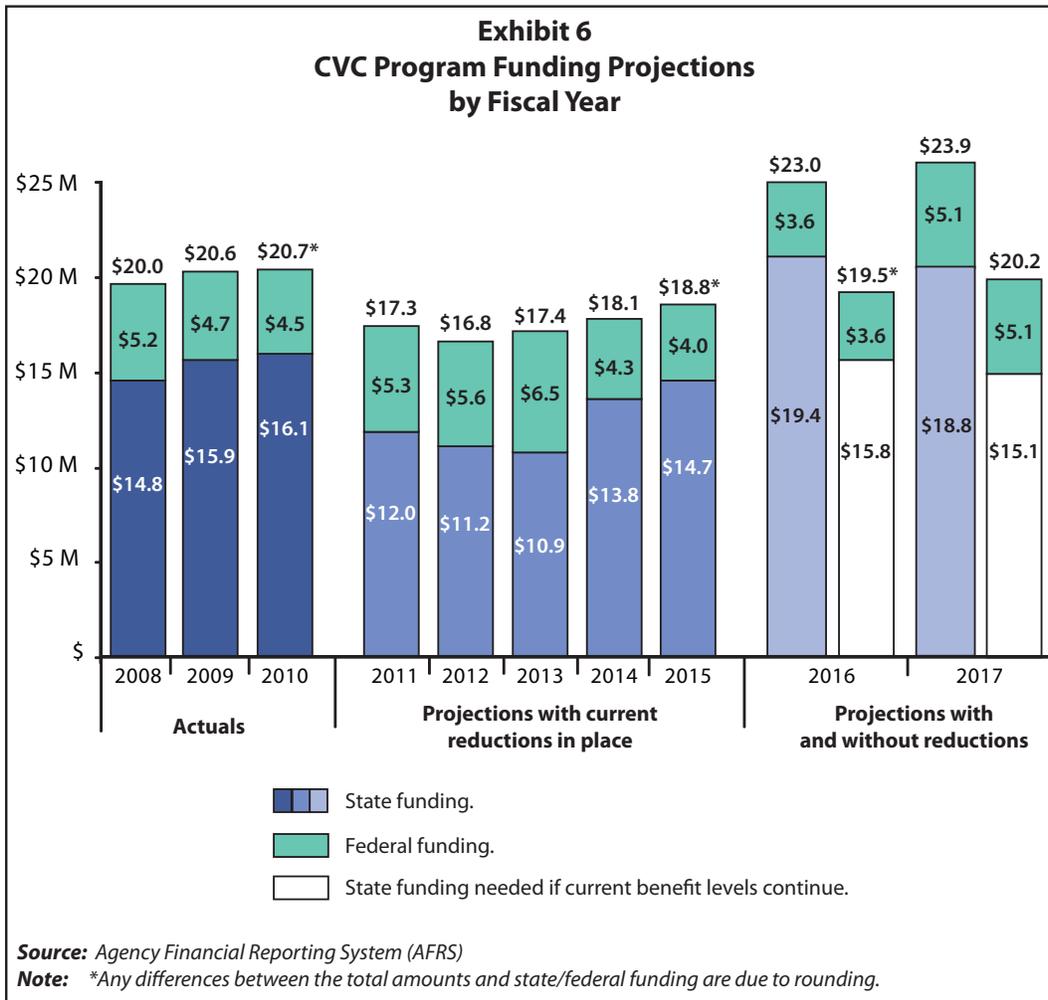
L&I officials estimated that, starting in fiscal year 2011 through fiscal year 2013, these benefit reductions would affect 481 victims/survivors per year and save just over \$3.2 million a year. This information is summarized in **Exhibit 5**.

Exhibit 5	
Estimated Number of Victims Affected by 2010 Benefit Reductions	
Benefit change	Estimated number of victims affected per year¹
Reductions in benefit levels	
Hard cap all benefits to \$50,000	50
Reduce Permanent Partial Disability awards to \$7,000	73
Reduce reimbursement of burial expenses to \$5,750	278
Eliminate lump-sum payment	20
Changes to eligibility requirements or administrative costs	
Victim must be employed on date of crime to receive compensation for lost wages	20
Benefits denied if victim was convicted of a violent felony crime in previous five years	40
Reduce administrative costs	N/A
Totals	481
Source: Legislative 2010 Fiscal Note for E2SSB 6504.	
Notes: ¹ Because these were estimates provided by program officials, they do not match the actual numbers elsewhere in the report. The number of victims may include people who were affected by more than one of the changes.	

Issue 1: Projections indicate the state will need to substantially increase funding from 2014 to counteract decreased federal funding and again in fiscal year 2016 if benefit reductions expire.

The CVC program has faced several challenges to its financial stability. To determine whether these challenges will continue, we worked with CVC program staff to project program funding needs through fiscal year 2017. Those projections were based on past program use, current inflation rates and changes in medical fees, benefit levels, and state laws. However, the possible effects of continued high unemployment and decreases in other state benefits made it challenging to estimate program use rates with much certainty. Appendix B describes our methodology and assumptions in greater detail.

Exhibit 6 compares actual funding for fiscal years 2008 through 2010 with the results of our financial projections through fiscal year 2017. See **Appendix I** for details. For 2016 and 2017, the exhibit also shows what would have happened to state funding if benefits had returned to their previous levels rather than continuing at the current reduced amounts. Projected state funding includes the state general fund and the Crime Victims Compensation account. **Appendix J** shows this information on a biennial basis.



Our projections indicate the program should be financially stable for the 2011-13 biennium. Between fiscal years 2010 and 2011, state funding requirements for the CVC program dropped more than \$4 million because of the 2010 benefit reduction and a nearly \$1 million increase in federal funding.

However, two factors could affect the program's financial stability in 2011-13:

- **Cuts in other state programs** could increase the demand for CVC program benefits beyond current estimates. Our projections assume no increase in demand for benefits for fiscal years 2011 and 2012 and an estimated 2.5 percent increase for fiscal year 2013 and beyond. However, if the state operating budget for 2011-13 significantly cuts or eliminates programs such as the Basic Health Plan, Disability Lifeline Medical, Children's Health, and Medicare Part D co-payment subsidy, more crime victims may rely on the CVC program to pay benefits on their claims. That would raise program costs and the need for more state funding.
- **State funding from the Crime Victims Compensation account** could fall short of projections. This account includes inmate restitution payments for victims who cannot be found or who have died (other restitutions go into the general fund), inmate wages, a percentage of workers' compensation permanent partial disability benefits paid to inmates, and certain offender property seized and forfeited under terms of the crime victims statutes. Money in the account may only be spent for the Crime Victims Compensation program, and unspent balances at the end of fiscal years are carried forward to future years.

For 2011-13, the Governor proposed using \$5.3 million from the account toward the program's total budget of \$34.2 million. However, the account has not reached its projected fiscal year 2011 level, and future funding also could fall short of projections. L&I officials estimated in the proposed 2011-13 budget the CVC account would receive deposits of \$2.7 million annually, but it is expected to receive just \$2 million. A budget official at the Office of Financial Management said the account will fall short because offender restitution once dedicated to the crime victims program will be deposited in the general fund. Because of this, the program anticipates a shortfall of \$660,000 annually in the CVC account.

We did not identify additional CVC funding sources. In evaluating the program's financial outlook, we considered whether other states were using revenue sources for crime victims programs that would be viable in Washington. Some states use fees or fines to support their programs, but in Washington most of those sources are already dedicated to specific programs or to the general fund. For example, some states use revenue from traffic infractions for crime victims benefits, but in Washington those sources support auto-theft prevention, medical services, trauma care and other programs. Given the state's current budget situation, we did not think it was feasible at this time to recommend funding structure changes.

The program could continue to face financial challenges over the longer term. As described earlier and shown in **Exhibit 6**, the state's share of CVC program costs could increase significantly after fiscal year 2013:

- **State funding needs will increase** by an estimated \$6.4 million from 2011-13 to 2013-15 because of a decline in federal funding. As noted earlier, the amount the state receives each year from the federal grant is based on 60 percent of the amount of state funds spent three years earlier. Federal funding will decline sharply beginning in fiscal year 2014 because the state's share of program costs declined significantly beginning in fiscal year 2011.

- **Program funding needs would have further increased** by an estimated \$9.6 million beginning in 2015-17 if pre-2010 benefit levels had been restored. Under current benefit levels, state funding would need to rise by just \$2.5 million because of projected increases in the utilization rate and inflation.

Other factors could affect future funding needs but were impossible to quantify during our audit. These include:

- **Demand for program benefits.** Future demand will depend on the number of crimes, economic conditions such as the unemployment rate, and other factors affecting private insurance coverage and the availability of other social service programs. Claims have increased sharply in the past because of economic factors and social service program availability.
- **Medical cost inflation.** Because the majority of benefits are medically related, CVC costs are particularly susceptible to medical cost inflation, which has been well above the broader inflation rate in recent years.
- **Federal funding availability** and changes in federal health insurance requirements. Because the CVC program is a payer of last resort, demand for program services should decrease if health insurance coverage increases.
- **The state's commitment to maintaining program benefits.** Our projections assume the state will maintain the current level of benefits and eligibility requirements through fiscal year 2017, but the significant decrease in federal funding beginning in fiscal year 2014 may make this difficult to accomplish.

Issue 2: Practices in other states and other Washington state programs suggest several ways to improve the CVC program's long-term financial stability.

Recommendations 1 through 9 are related to this issue. Federal Victims of Crime Act (VOCA) grant funding requires that the CVC program pay for medical, wage-loss and funeral expenses for victims of crime but it does not specify required state benefit levels. By comparing benefit levels in Washington with those of other states and by reviewing and analyzing the CVC program's administrative costs, we identified the following opportunities for savings, which are summarized in **Exhibit 7** and discussed in detail below:

Opportunities to reduce benefit costs

- A. Extending the 2010 benefit reductions, which was mostly accomplished with the enactment of the 2011 crime victims legislation.
- B. Authorizing the L&I director to reduce benefit levels when funding falls short.

Opportunities to reduce administrative costs

- C. Simplifying L&I's benefit claims process to take advantage of efficiencies made possible by the 2011 legislation.
- D. Requiring local police departments to submit crime reports to the CVC program in a timely manner.
- E. Automating certain processes to reduce the time employees must spend processing medical bills, updating medical provider fees and identifying other insurance.
- F. Reducing the need to retain and store paper copies of crime victims files.

Exhibit 7	
Potential Savings from 2011 Crime Victims Legislation and Possible Benefit and Administrative Changes	
Cost-reduction strategy	Estimated annual savings
Extending benefit reductions beyond 2015 per 2011 legislation (includes medical benefit savings of \$1.3 million)	\$3.6 million ¹
Eliminating the Permanent Partial Disability Benefit per 2011 legislation	\$500,000
Simplifying L&I’s claims benefit process per 2011 legislation	\$300,000 ³
Capping total reimbursements for sexual assault exams	\$ 167,000
Authorizing the L&I director to reduce benefit levels when funding falls short	See note ²
Requiring police departments to submit timely reports	\$49,000
Automating billing processes	See note ⁴
Automating medical provider fee updates	See note ⁵
Automating staff’s access to DSHS records	See note ⁵
Eliminating paper storage	\$10,600
Total estimated annual savings	\$4.6 million
Implementation steps	Estimated one-time cost
Automating billing processes	\$119,300
Automating medical provider fee updates	\$7,000
Eliminating paper storage	See note ⁶
Total estimated one-time costs	\$126,300
<p><i>Source:</i> 2010 E2SSB 6405 fiscal note, 2011 SSB 5691 fiscal note, SAO calculated.</p> <p><i>Notes:</i> ¹Savings would begin July 2015. Labor and Industries estimated savings of \$3.2 million from FY 2011 through FY 2013.</p> <p>²Actual savings would depend on the availability of future revenue.</p> <p>³The program estimates \$200,000 savings in FY12 and \$300,000 annually from FY13 – FY15.</p> <p>⁴Cost savings of \$44,600 for this strategy is already included in the \$300,000 savings for simplifying L&I’s claims benefit process. Savings would be realized after three years of implementation.</p> <p>⁵Savings would depend on whether resources were reallocated to other activities.</p> <p>⁶Cost will depend on the system implemented. The program is currently researching different system options.</p>	

Opportunities to reduce benefit costs

A. Extending current benefit levels, which was mostly accomplished with the enactment of the 2011 crime victims legislation. Benefits represented 83 percent of total spending in fiscal year 2010, so it is impossible to evaluate the program's long-term financial requirements without considering benefit levels.

Even with the current benefit limits, Washington's benefits are more generous than those of most other states, based on information from the National Association of Crime Victims Compensation Boards and interviews with officials in Iowa, Florida, Minnesota, Nevada, New York, Ohio, Texas and Utah. For example, Washington's maximum benefit of \$50,000 per claim is the ninth highest in the nation. A state-to-state benefit comparison appears in **Appendix L**.

We identified three opportunities to stabilize funding, two of which were addressed in the 2011 crime victims legislation. These changes would also bring benefit levels more in line with those of other states, most of which limit total benefits to a maximum of \$10,000 to \$50,000:

- **Extending the current benefit cap and the other reductions implemented in 2010.** The 2011 legislation extended the reduction in most benefits and capped total benefits at \$50,000, but it left standing a provision to allow medical benefits to return to \$150,000 in July 2015. This conflict will need to be resolved in order to save the program the full \$3.6 million per year in fiscal year 2016 and beyond.
- **Eliminating the permanent partial disability (PPD) benefit will save an estimated \$500,000 per year.** The 2010 legislation reduced the maximum PPD benefit from \$30,000 to \$7,000, and the 2011 legislation eliminated it altogether.
- **Capping reimbursements to medical providers who perform sexual assault examinations could save up to \$167,000 per year.** Unlike some states, Washington does not cap the amount it pays for sexual assault examinations. When someone who has been sexually assaulted goes to a hospital or other emergency medical facility for an exam, forensic evidence is gathered for possible prosecution. Medical providers must submit the bill for the exam directly to the CVC program and cannot bill the victim. Washington law requires the program to reimburse providers for the full cost of these exams.

However, sexual assault victims also may need other treatment unrelated to the exam. They may be eligible for medical benefits to cover these costs, as well as other benefits provided under the CVC program. Although the CVC program is the payer of **first** resort for the sexual assault exams, it is the payer of **last** resort for all other crime victims benefits.

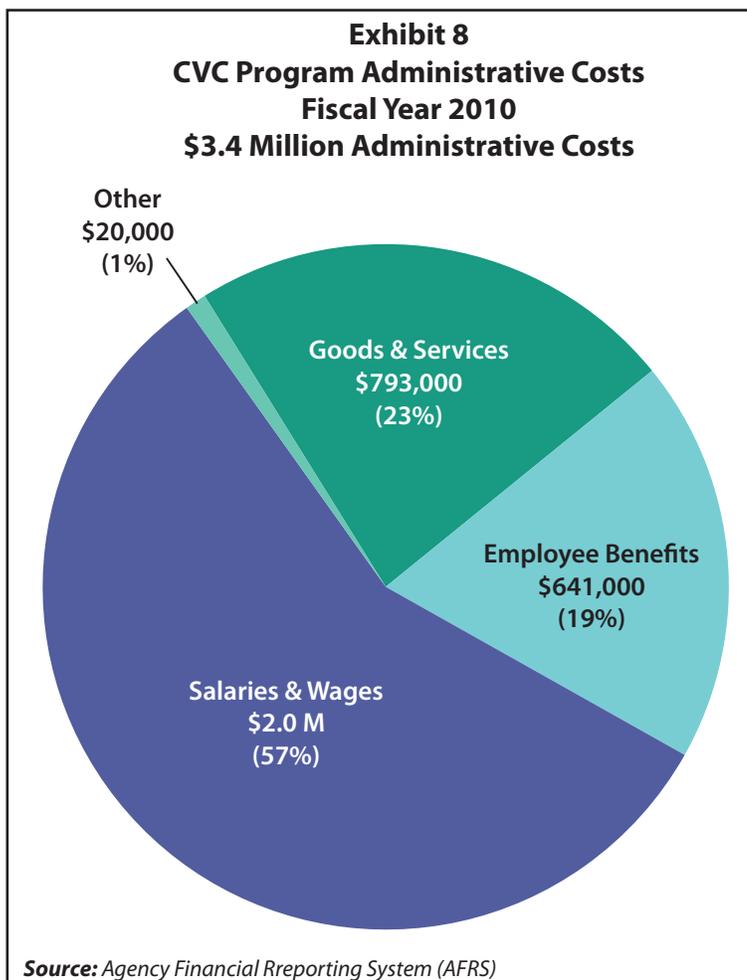
Sexual assault examinations account for 46 percent of the total number of claims paid by the program. The number of claims filed by medical providers for sexual assault exams has been fairly stable since 2006, but the overall cost for these exams has increased significantly, from \$1.4 million in 2006 to \$2.3 million in 2010. The program paid for about 3,800 exams in 2010 at an average cost per exam of \$588. Almost one-fourth of the exams cost more than \$800; some claims have been as high as \$4,800.

Programs in five of the eight states we contacted have caps ranging from \$400 to \$800 per exam. Some states also require medical providers to perform all necessary services to collect evidence, with the understanding that they will be paid only up to the cap, and a victim cannot be held accountable for the balance

of the bill. Washington’s law requires that the victims not be charged for sexual assault exams. If Washington had capped sexual assault exam reimbursements at \$800, the program would have saved an average of about \$167,000 per year since 2006. Capping the reimbursement amounts would not affect victims financially, because they cannot be billed for such exams and they remain entitled to all other crime victims benefits.

B. Authorizing the L&I director to reduce benefit levels when funding falls short.

L&I’s director cannot adjust non-medical benefit levels without legislative approval. In three of the eight states we contacted – Texas, Florida and Minnesota – officials said the ability to adjust benefit levels to fit available resources was vital to effectively managing their programs. For example, Florida officials notified crime victims claimants in 2010 that the program had to temporarily cut benefits to remain solvent. Having this flexibility would allow Washington to ensure all victims who qualify for benefits received some financial assistance.



Opportunities to reduce administrative costs

C. Simplifying L&I's benefit claims process to take advantage of efficiencies made possible by the 2011 legislation. In fiscal year 2010, the program's administrative operating costs were about \$3.4 million, or about 17 percent of total program expenditures. Most of those costs were for employee salaries and benefits, as shown in **Exhibit 8**.

The uncoupling of the CVC and Workers' Compensation laws under the 2011 legislation will allow the program to reduce administrative costs by streamlining the claims benefit process. This includes simplifying the calculation of wage replacement (time-loss) and permanent disability (pension) benefits. For example, program participants are eligible for up to \$15,000 to replace lost wages. When the two programs were coupled, the CVC program had to follow the process used in the Workers' Compensation program to determine claimants' twice-monthly benefit, based on such factors as the victim's marital status and number of dependents. The same process was used to calculate monthly pension benefits. Program officials said this process was complex and required significant staff resources.

Crime victims programs in other states use simpler methods to determine claimants' benefits. Some states simply replace lost wages up to a maximum weekly amount with no other calculation. For example, Alabama pays up to \$400 per week for no more than 26 weeks. Oregon pays up to \$400 per week, with a maximum total benefit of \$20,000.

Now that the linkage between CVC and Workers' Compensation laws has been broken, L&I officials said simplifying the benefit claims process should enable them to save \$200,000 in fiscal year 2012 and \$300,000 per year thereafter.

D. Requiring local police departments to submit crime reports to the CVC program in a timely manner. When CVC program staff receive a crime victim's application for compensation benefits, they cannot approve it until they receive a police report or key pieces of information from the report, such as the type and location of the crime, whether the victim cooperated with law enforcement, and whether the victim was involved in a criminal act or contributed to the crime.

Program employees request the police report when they receive the victim's application for benefits, and state law (RCW 7.68.145) requires police to submit the information on request. However, the law does not specify how quickly that information must be provided. If staff do not receive the report within seven days, they contact police departments, track down detectives, review medical reports and search through two different Washington courts systems' websites to get the information they need to determine the victim's eligibility. Currently, two CVC employees spend about 60 percent of their time tracking down such information so they can process victims' claims. According to program staff, 7 percent of reports are not received in a timely manner.

Other states have more specific requirements for police reports. Minnesota, Nevada and Texas require police to submit crime reports 10 to 14 days after CVC programs ask for them. Nevada officials said their processing time dropped by about four days after they implemented a 10-day time limit.

Using a similar process for Washington's CVC program could reduce administrative staffing costs by about \$49,000 a year and reduce the amount of time crime victims must wait to begin receiving benefits. Requiring police reports to be submitted in a timely manner would require legislative action.

E. Automating certain processes to reduce the time employees must spend processing medical bills, updating medical provider fees and identifying other insurance. We identified several opportunities to automate certain processes to make program operations more efficient:

- **Automating the medical billing process.** Two CVC employees spend more than two-thirds of their time manually entering medical providers' bills into the program's computer system, and four staff members then review and process the payments. In contrast, the Workers' Compensation program has an automated system that allows medical providers to submit most bills electronically. This system also automatically processes payments and flags questionable bills for review. The CVC system is linked to the Workers' Compensation system, but it cannot receive electronically submitted bills from the providers for services to crime victims. We estimate automating the CVC medical billing process could reduce staffing needs by at least one full-time position and save the program at least \$44,600 per year. CVC officials estimate it would cost \$75,700 to upgrade the system and \$43,600 to hire a part-time information technology position for the first year to assist with implementation. Implementation costs would be recouped in less than three years, assuming the part-time information technology position is no longer needed to maintain the system after one year.
- **Automating updates to the medical provider fees.** State law (RCW 7.68.080) does not permit the CVC program to pay medical providers less than established DSHS rates. To accomplish this, one CVC employee spends more than one-third of her time manually updating medical provider fee tables to ensure they align with DSHS rates. The CVC program could significantly reduce this activity by basing its medical fees on a percentage of Workers' Compensation rates and by reviewing them to ensure they align with DSHS. Program administrators said they plan to make that change within the next year at a one-time programming cost of \$7,000.
- **Automating program staff's access to certain DSHS records to help them identify crime victims who are receiving public assistance.** CVC employees have limited access to the DSHS Provider One system to determine if a victim is receiving other state medical benefits. The access they do have does not allow them to determine whether the state medical benefits cover all services billed by the provider, or whether the victim is on other state non-medical benefits, such as cash assistance. To get that information, they must call DSHS staff. CVC staff members said they spend up to 40 minutes on hold per call. This time could be reduced if staff had the necessary access to DSHS systems to determine if applicants had other state insurance. Although we could not calculate a specific savings amount, efficiencies would be gained with this change.

F. Reducing the need to retain and store paper copies of crime victims files. The CVC program uses an imaging system to electronically scan and store documents for crime victims files. These files contain CVC program applications, police and medical reports and other information needed to manage claims. Program staff use an electronic storage system to manage claim files, but they also retain the paper copies because the program's imaging system has not been approved by the state archivist at the Secretary of State's Office. Records retention laws (RCW 40.14.060) require agencies to receive approval to use imaged documents as official public records before they can destroy original documents. Because of limitations within its current imaging system, the program has not requested approval from the state archivist.

Agency officials considered using the Workers' Compensation program's imaging system, but they indicated it would cost about \$550,000 to migrate to that system. They are currently exploring less costly technology options to replace their current paper file storage. L&I officials estimated that reducing the need to retain and store paper copies of crime victims files could save about \$10,600 per year, after system implementation costs.

RECOMMENDATIONS FOR THE CVC PROGRAM

Our audit identified opportunities to save \$4.6 million annually after one-time costs of about \$126,300. Our recommendations to achieve these savings are described below.

Legislative opportunities to improve the program's financial stability

To hold down program benefit costs so that L&I can operate a financially stable program that provides benefits to the maximum number of eligible crime victims, we recommend the Legislature:

- 1. Extend or make permanent the 2010 crime victims benefit reductions.*** Preserving current benefits will prevent the need for the state to increase spending by \$3.6 million annually after July 2015. This action will be key to maintaining a financially stable program after the 2013-15 biennium. Washington's current maximum benefit of \$50,000 is the ninth highest among the 50 states. The Legislature should refine the new law so that all statutory references to benefit levels are consistent. (Issue 2)

*This was mostly, but not completely, accomplished in recent legislation as described on page 4.
- 2. Authorize L&I's director to reduce CVC benefit levels when funding levels fall short.** Officials in three states said this authority was vital to effectively managing their programs. This would also maximize the number of crime victims who receive benefits. (Issue 2)
- 3. Cap the amount paid for sexual assault exams.** Six of the eight states we reviewed set limits ranging from \$400 to \$800 per exam. Capping reimbursement amounts at \$800 could save Washington's program about \$167,000 per year. (Issue 2)

Legislative opportunities to improve program efficiency

To improve the program's operating efficiency and cut administrative costs, we recommend the Legislature:

- 4. Amend the law to require local police departments,** upon request, to submit crime reports to the CVC program within a specified time. Based on requirements in other states, we recommend a period between 10 or 14 days. This change could cut CVC administrative costs by about \$49,000 annually and reduce the amount of time eligible victims must wait to receive benefits. (Issue 2)

Efficiency opportunities for L&I and the CVC program

To further improve the program's efficiency, we recommend L&I and CVC managers:

- 5. Streamline the benefit claims process.** Lawmakers' repealed the requirement that CVC benefits be processed in the same manner as they are for injured workers in the Workers' Compensation program. L&I projects that simplifying the process could save \$200,000 in fiscal year 2012 and \$300,000 annually thereafter. (Issue 2)
- 6. Automate the medical billing system** to reduce the amount of time staff spend manually entering medical bill information. This would save \$44,600 annually after a one-time investment of \$119,300 to upgrade the system. This cost savings is included in the savings to streamline the benefit claims process. (Issue 2)

7. **Automate updates to medical provider fee schedules.** This would significantly reduce the staff time required to manually update the schedules. There would be a one-time cost of \$7,000 to implement this change. (Issue 2)
8. **Work with DSHS to obtain access to DSHS systems** that would allow L&I to determine if crime victims are receiving other public assistance, and if so, determine what services are covered. (Issue 2)
9. **Implement an affordable imaging system that can be approved** by the state archivist at the Secretary of State's Office. This would reduce paper storage costs by about \$10,600 per year after initial system implementation costs. (Issue 2)

AUDIT RESULTS, CONSOLIDATION

Issue 3: Multiple agencies and programs provide services to crime victims in Washington State, resulting in duplication and fragmentation.

Recommendations 10 and 12 are related to this issue. The Legislature has established programs for victims of crime and domestic violence over time at several different agencies. This resulted in victim programs being housed in agencies whose goals and missions were not well-aligned with the programs' objectives. For example:

- **The CVC program** was placed at L&I, whose primary focus is on issues such as workplace safety and assisting injured workers. Legislation creating the CVC program tied benefits for crime victims to the benefits injured workers receive under Workers' Compensation laws (Title 51). The legislation also noted that using L&I's existing payment systems would minimize the CVC program's administrative costs.
- **The OCVA**, which primarily administers grants for victims of crime and domestic violence, was placed in what is now the Department of Commerce because of that agency's strong relationships with non-profit organizations and its experience managing and monitoring pass-through grants. Commerce's 2011-2015 strategic plan says the agency's primary mission is "to grow and improve jobs."
- **The two grant programs** for victims of domestic violence were placed in DSHS, whose mission is to improve the quality of life for individuals and families, and provide assistance and services to protect the safety of families and their dependent children. DSHS also has experience with similar populations and administering grants to service providers that offer similar services.

Appendices C and D describe the programs and their histories in more detail.

Because of this decentralized approach:

- **Victims of crime and domestic violence** may have to get information from more than one agency to receive services. Each agency has its own website and refers victims to service providers, which may cause confusion as victims search for services in their communities. For example, a crime victim may work with L&I to obtain financial and medical assistance and also may contact Commerce for information on where to locate service providers such as counselors.
- **Service providers** must work with more than one agency if they are eligible to apply for grants at both DSHS and Commerce. Those who receive grants are monitored by staff from both agencies and may need to contact both agencies, depending on the technical assistance they need or in helping victims find assistance.
- **Service providers** may also need to contact all three agencies to help victims find assistance.

The current structure also has resulted in considerable duplication and overlap of programs and services. As shown in **Exhibit 9**, all four programs serve victims, and the three grant programs perform very similar activities. For example:

- The three grant programs manage grant contracts with service providers.
- The grant programs' employees all review grant applications, approve and pay reimbursement requests from service providers and monitor how providers use grant funds.

- Each agency provides an information and referral phone line for victims.
- The programs make grants to many of the same service providers. In all, 45 of the 49 service providers who received domestic violence grants from DSHS in fiscal year 2010 also received grants from Commerce.

Exhibit 9				
Services and Activities of State Programs for Crime and Domestic Violence Victims				
	Compensation Program	Grant Programs		
Program:	Crime Victims Compensation	Office of Crime Victims Advocacy	Domestic Violence Emergency Shelter	Domestic Violence Services for Marginalized Populations
Agency:	L&I	Commerce	DSHS	DSHS
Year established:	1973	1990	1979	2005
Provides services to victims of:				
Domestic violence	✓*	✓	✓	✓
Child abuse	✓	✓		
Assault	✓	✓		
Sexual assault	✓	✓		
Dependents of homicide victims	✓	✓		
Vehicular assault	✓	✓		
Robbery	✓	✓		
Primary Program Activities:				
Pays victims lost wages, disability, pension, and funeral benefits.	✓			
Reimburses providers for sexual assault exams and medical services.	✓			
Provides a victim services information and referral phone line.	✓	✓	✓	✓
Administers grants.		✓	✓	✓
Provides information and referrals through service providers or agency staff.		✓	✓	✓
Provides victim advocacy and community education through service providers or agency staff.		✓	✓	✓
Source: Program officials, agency websites, and agency strategic plans.				
Notes: *The CVC program provides benefits to victims of crime. Recipients of domestic violence services are eligible for CVC program benefits if they are victims of domestic violence criminal acts.				

Washington is one of 16 states whose administration of crime victims programs is decentralized. Exhibit 10 shows 28 states combine one or more victim programs and six combine all victim programs. Most states house their crime victims compensation and grant programs within the attorney general’s office, or a criminal justice or law enforcement-related agency. Compensation programs are combined with at least one grant program in 21 states, and all grant programs are combined – but separate from compensation programs – in seven others.

Details appear in **Appendix L.**

Minnesota and Iowa have consolidated all crime and domestic violence victim programs. Minnesota officials said they had streamlined the grant-making process, improved communication among the programs and advocacy coalitions, and reduced staffing costs. Iowa officials said they could more effectively provide services to victims as a “one-stop shop,” develop more consistent policies and procedures for crime victim grants and maintain a more collaborative environment. Officials from both states said their costs to consolidate were minimal, but they had not collected information on total savings or costs from the consolidations.

The Governor and Legislature have considered options for consolidating or reorganizing these programs in recent years. In 2008, the economic downturn spurred interest in consolidating programs for victims of crime and domestic violence as a way to reduce administrative costs and improve service delivery to victims. The Governor asked the deputy directors of several state agencies to look at options to consolidate or reorganize victim services. This effort was put on hold when the 2009 Legislature passed a law renaming and redefining the mission of the Department of Commerce (then known as the Department of Community, Trade and Economic Development). At that time, Commerce officials identified the Office of Crime Victims Advocacy as a program that could be moved out of Commerce.

Exhibit 10	
Comparison of States’ Organizational Structures for Their Crime Victims Programs	
Completely consolidated	6 states
Crime victims compensation and all grant programs combined	
Partially consolidated	28 states
One or more crime victims programs combined	
Decentralized	16 states, including WA
Separate crime victims compensation and grant programs	
Sources: Interviews with crime victims program officials in Florida, Iowa, Michigan, Minnesota, New Jersey, Utah and Virginia, and other states’ websites.	

Two bills were considered during the 2010 legislative session that would have affected the three agencies included in this audit:

- **House Bill 2658 and Senate Bill 6515**, which were proposed to reorganize programs at the Department of Commerce, would have transferred OCVA out of Commerce, and lawmakers considered placing the program at L&I or DSHS. However, OCVA was not reorganized under the version of HB 2658 that was ultimately enacted, and OCVA remained at Commerce.
- **House Bill 2771**, which was not enacted, would have transferred the CVC program from L&I to DSHS.

Officials we interviewed from Washington and other states cited several benefits from consolidating programs but also expressed concerns. Within Washington, we interviewed agency executives, program managers, and some of the service providers who received grants from both DSHS and Commerce:

- **Agency executives** at DSHS, Commerce, and L&I supported the concept of consolidating programs, with some caveats. For example, one thought it made sense to consolidate programs that serve the same clients. Another supported consolidation but thought the timing was bad given the current state of the economy.
- All but one of the **program managers** we interviewed supported the concept of program consolidation, but most questioned whether the potential savings would justify the costs.
- Most **service providers** we interviewed favored the concept of consolidation but had differing opinions on how to do so and where the consolidated program should be housed.

Officials from six states with consolidated programs—Florida, Iowa, Michigan, Minnesota, New Jersey, and Utah—cited the following benefits of consolidation:

- Improved communication.
- Improved coordination of services, training and interactions with advocacy groups.
- Coordinated site visits, which reduced the amount of staff time required.
- Streamlined grant application and reporting processes for service providers.
- Greater consistency and uniformity in the grant-making process.
- Improved service to crime victims, because providers can spend less time on administration.

In addition, reports by the U.S. Government Accountability Office have concluded that consolidation can lead to several benefits, especially when programs have similar or overlapping objectives or provide similar services to the same populations. Those benefits include:

- Reduced spending for staffing and overhead.
- Improvements in administration and service delivery by reducing conflicting requirements, duplication and overlaps.
- Better coordination and information sharing.
- Opportunities to reassess state programs or activities and eliminate those that are duplicative, outdated, or whose costs exceed their benefits.

Issue 4: We identified numerous benefits from consolidating the three grant programs for victims of crime and domestic violence into a single grant program within DSHS.

Recommendations 10 through 14 are related to this issue. We used the following criteria to evaluate **whether** programs should be consolidated, **which** programs should be consolidated and **where** they should be located:

- Consolidation should reduce costs, either by eliminating duplication or overlap or by achieving greater economies of scale.
- The cost of consolidation should be reasonable compared to the potential for savings.
- Consolidation should align the goals of the program with the mission of the agency.
- Consolidation should improve service delivery to crime victims, service providers or both.

We identified significant potential benefits if the grant programs administered by Commerce's OCVA were merged with the two DSHS grant programs into a single program within DSHS. That combination met all of our criteria:

- We estimate merging the three programs into a single program within DSHS could save about \$188,000 a year.
- Implementation costs would be minimal.
- Moving OCVA to DSHS would better align the program goals and agency mission.
- Service delivery could be improved.

Combining and restructuring the three grant programs into a single program within DSHS would generate a one-time cost of \$25,500 for moving but would reduce ongoing employee compensation expenses by \$188,000 a year. That amount represents about 10 percent of the current administrative cost for the three programs combined. **Exhibit 11** shows the current organization chart for the three grant programs. **Exhibit 12** shows how the grant programs might be consolidated, and **Exhibit 13** summarizes potential savings.

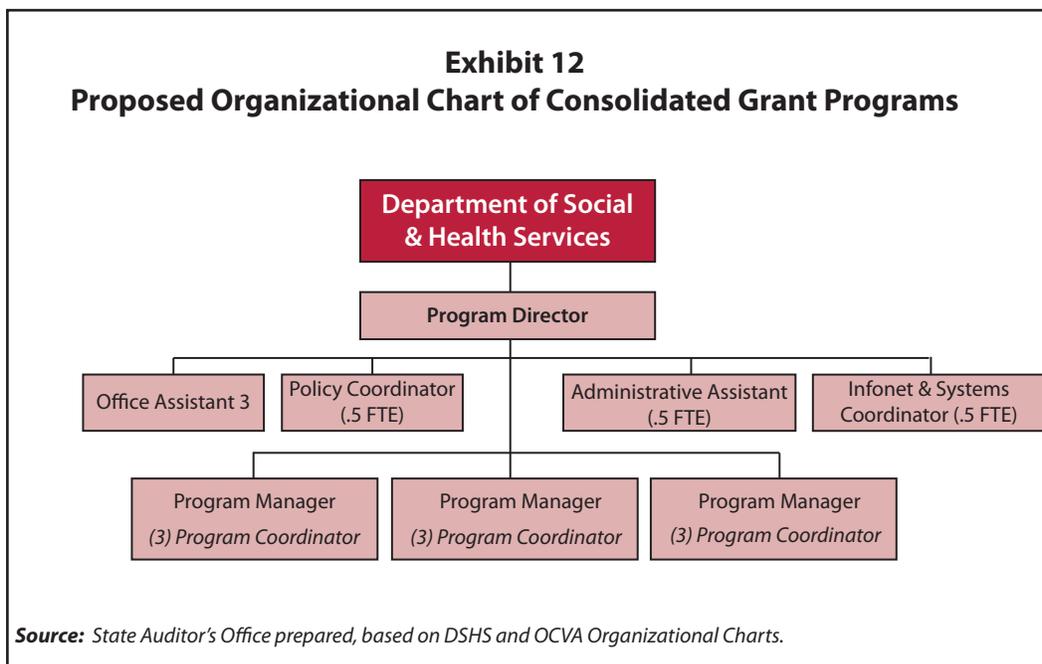
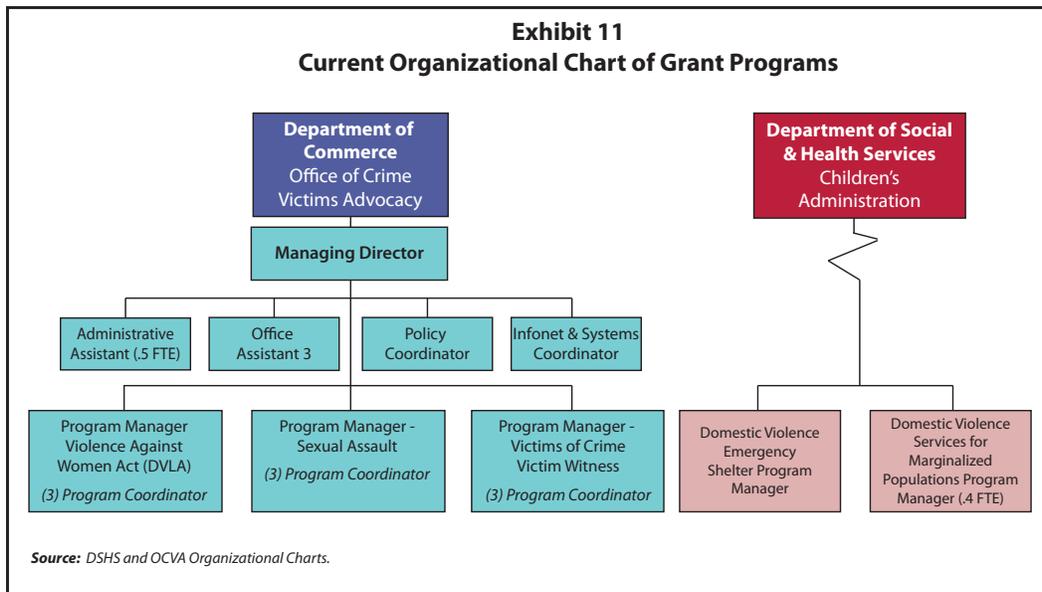


Exhibit 13				
Potential Savings from Consolidating Commerce and DSHS Grant Programs for Victims of Crime and Domestic Violence				
Staff for consolidated program at DSHS				
Position Titles	Current FTE Staffing	Estimated Staffing Needs	Difference	Estimated Annual Savings
Director	1	1	0	\$0
Policy Coordinator	1	0.5	-0.5	\$36,000
Infonet and Systems Coordinator	1	0.5	-0.5	\$35,800
Office Assistant 3	1	1	0	\$0
Administrative Assistant (half time)	0.5	0.5	0	\$0
Program Managers	4.4	3	1.4	\$116,000
Program Coordinators	9	9	0	
Estimated Number of Positions Under this Scenario	17.9	15.5	-2.4	
Estimated Annual Savings				\$187,800
Estimated one-time costs associated with this change				
IT Systems (a)				\$0
Moving Costs (b)				\$25,500
Additional Lease Expense (c)				\$0
Total Costs				\$25,500
<p>Source: State Auditor’s Office analysis of information from Commerce, DSHS, Office of Financial Management and state Human Resource Management System.</p> <p>Notes: (a) There would be no IT systems cost to transfer the OCVA programs into DSHS because DSHS and OCVA already share the grantee reporting system, Infonet.</p> <p>(b) We used OFM standard estimates to calculate potential moving costs.</p> <p>(c) DSHS officials told us they were unsure if they could accommodate incoming staff if programs were consolidated. However, given the current economy and downsizing at DSHS, we assumed there would be enough space.</p>				

Consolidating the grant programs in this way would eliminate overlap and duplication in program management, grant-making and provider monitoring. Other efficiencies could be achieved if staff within DSHS provided some of the administrative support, policy coordination and information technology services currently provided by OCVA staff at Commerce. Under this scenario:

- The consolidated program would need one director and three program manager positions, instead of 5.4 program manager/director positions. Because 45 of the 49 recipients of domestic violence grants from DSHS in fiscal year 2010 also received grants from Commerce, we assume three program managers could handle all the grants for the consolidated program. Program managers could also be reorganized into grant supervisor positions at a somewhat lower salary if some of the policy and budget responsibilities were absorbed by the director or the policy coordinator position.
- The consolidated program would need a half-time policy coordinator position, because responsibilities for legislative proposals, reports and analysis could be handled by other staff within DSHS.

- The consolidated program would need a half-time position for Infonet and systems coordination. Some duties could be absorbed by existing DSHS information technology staff, while more specialized Systems Coordinator duties for training and technical assistance to service providers would remain within the consolidated program.

Consolidation costs would be minimal. If OCVA staff could move into existing space at DSHS, they could bring their computers, office furnishings and other equipment, holding down one-time moving costs.

Program managers and grant supervisors could be organized in several different ways, such as by program type, region, or client type. As a result, our scenario does not show those program managers/grant supervisors specializing in certain types of grants or clients. Nor did we estimate possible savings from reducing office equipment such as telephones and computers.

Moving Commerce's Office of Crime Victims Advocacy (OCVA) to DSHS would better align program goals and agency missions. Commerce primarily focuses on economic development within Washington State, while DSHS' mission includes improving the safety and health of families, such as providing assistance and services to victims. Other programs within DSHS also provide services to victims of domestic violence, which may allow DSHS agency executives to identify other ways to coordinate services.

Consolidation could improve service delivery to providers. Service providers who receive grants from both DSHS and Commerce said those agencies have different grant processes and requirements. Some said they receive inconsistent direction from OCVA, which increases the time required to administer Commerce's grants.

Streamlining grant application and reporting for service providers could result in greater consistency in agency grant-making and reduce administrative requirements for providers, which would free them to provide more services to victims.

Although agency executives, program managers and service providers generally supported moving the programs to DSHS, some service providers expressed concerns with the potential loss of focus on specialized grant programs because of DSHS' size and bureaucracy. Some said they were concerned about the increased risk of overall funding cuts if budgets were combined, and some expressed concerns about loss of diversification of funding with one agency authorizing their grants rather than two.

Successfully consolidating the grant programs would require careful planning and outreach. Many agency executives, program managers, service providers and advocates said a deliberate consolidation plan, coupled with clear and frequent communication to interest groups, would improve the likelihood of successful consolidation.

Even if the grant programs aren't consolidated, some benefits of a consolidated program could be achieved through better cooperation between DSHS and Commerce. To reduce the burden on service providers, the agencies could develop a streamlined application process, common procedures and coordinated grant monitoring.

Issue 5: Several factors suggest it would be cost-prohibitive to merge L&I's Crime Victims Compensation program with the three programs at DSHS.

We are making no recommendations for this issue.

Earlier we described benefit reductions and administrative and operational efficiencies within the CVC program that could reduce costs by up to \$4.6 million annually. Merging the CVC program with the crime victims and domestic violence grant programs at DSHS might produce additional efficiencies, but we did not find the same level of duplication or potential for cost-savings as we did when analyzing the possible merger of the three grant programs.

The statutory linkage between the CVC and Workers' Compensation programs represented a major barrier to consolidation. The linkage between the two laws was extensive, which could have required L&I to recreate its benefit process at DSHS in order to consolidate programs. The 2011 crime victims legislation, supported by L&I, uncoupled the two benefit programs, but for several reasons it remains unrealistic to merge the CVC program with the three grant programs.

For example, the costs of computer programming and relocation would outweigh the operational benefits or cost savings from a merger. Savings likely would be no more than the \$188,000 that could be saved by consolidating just the three grant programs, because there is relatively little operational overlap between two functions. Also, consolidating all four programs would drive significant additional costs.

Exhibit 14 below presents two scenarios:

- Under Scenario 1, the CVC program would be fully integrated into DSHS. Officials from the two agencies estimate the process would require 60,000 programming hours – the equivalent of more than 30 staff working for an entire year – and cost \$9.8 million, primarily because the existing systems use different logic and the DSHS systems are not programmed to accept CVC forms. We did not evaluate the reasonableness of that estimate, but it is likely DSHS would incur significant costs to reprogram its systems. More information about DSHS' estimates is presented in **Appendix N**.
- Under Scenario 2, CVC program staff would move to DSHS, but the benefit payment system would remain at L&I. The CVC system would not be fully integrated into DSHS' systems, but CVC staff would have remote access to L&I's system to process benefit payments. Some modifications would be needed for the L&I systems, but L&I would continue to own and maintain them. This option is less costly than Scenario 1, but DSHS and L&I officials said it would be challenging to deal with "application governance," to set priorities for system maintenance, operation and enhancements. An agency's priorities and strategic planning determine what IT work gets done and when. When two agencies share governance of one application, priorities may conflict.

C. We considered other options for consolidating the victim compensation and grant programs, but over the long-term they would not improve program and agency mission alignment. These options included (1) moving the three grant programs into L&I, and (2) consolidating all of the grant programs at Commerce.

- Consolidating all four programs at L&I would be more cost-effective but would result in a misalignment of program and agency missions. We considered this option because it would not require IT system reprogramming and would require moving the fewest employees. However, we determined it was important to improve the programs’ alignment with agency missions and to retain the domestic violence programs at DSHS, which provides additional related services.
- Consolidating the DSHS grant programs at Commerce would result in a misalignment of program and agency missions. In addition, Commerce does not have as many IT, policy coordination and administrative support staff as DSHS, so there would be fewer opportunities to reduce program support costs.

Exhibit 14		
Estimated Cost of Consolidating the CVC Program With the Three Grant Programs at DSHS		
Costs	Scenario 1: Fully Integrate CVC Benefit Payment System into DSHS	Scenario 2: Merge but Retain Benefit Payment System at L&I
IT system reprogramming	\$9.9 million	\$2.0 million ²
Maximum moving costs	\$0.6 million	\$0.6 million
Additional lease expenses ¹	\$0	\$0
Total Costs	\$10.5 million	\$2.6 million
<p>Sources: Agencies provided IT cost estimates. Moving costs reflect OFM standard estimates and include the maximum number of employees who could move.</p> <p>Note: ¹Additional lease expenses may or may not apply and would vary depending on where programs were housed, when programs moved, and what space is available at that time. Given these varying factors, we included no lease expense beyond what agencies currently pay.</p> <p>²\$1.5 million of these costs would be one-time expenses. The remainder would be ongoing.</p>		

RECOMMENDATIONS FOR CONSOLIDATING PROGRAMS

Legislative recommendation

- 10.** We recommend the Legislature consolidate the three grant programs we reviewed at Commerce and DSHS for victims of crime and domestic violence into a single program within DSHS. This merger would reduce program duplication and costs, better align program goals and agency missions, and unify budgeting and planning to maximize efficiency. It also could improve service delivery to providers by reducing the administrative burden of dealing with separate grant monitors and multiple sets of requirements. (Issues 3 and 4)

Agency Recommendations

- 11.** We recommend management at DSHS and Commerce solicit ideas from providers and other interest groups on how best to consolidate the grant programs and use that information in their transition planning. (Issue 4)
- 12.** We recommend DSHS develop a streamlined grant application process, a unified procedure grant manual and simplified monitoring process for grant programs now administered by DSHS and Commerce to improve efficiency and avoid duplication. (Issues 3 and 4)
- 13.** We recommend managers at both agencies communicate with all parties affected by the consolidation to ensure they understand any new or different processes and requirements. (Issue 4)
- 14.** We recommend the combined program preserve the existing emphasis on the specialized needs of sexual assault, domestic violence and other crime victims. (Issue 4)

AGENCY RESPONSE



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

June 10, 2011

The Honorable Brian Sonntag
Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Auditor Sonntag:

Thank you for the opportunity to provide this official management response on behalf of the Department of Labor & Industries, the Department of Social & Health Services, and the Department of Commerce to the performance audit of Crime Victims' Programs.

Due to legislation passed both this year and last, the Crime Victims' Compensation Program at the Department of Labor & Industries (L&I) is financially stable. The audit validates legislation (Substitute Senate Bill 5691) requested by the Department and signed into law this session to improve the Program's financial stability. Additionally, L&I staff have already taken action to further improve the Program's efficiency.

Governor Gregoire, who has initiated multiple consolidation efforts during the past few years, supports consolidation of similar functions to achieve efficiencies. However, previous attempts to consolidate crime victims' programs into a single agency have not passed the Legislature. Nevertheless, the departments are working together to explore options for improving current processes for service providers.

Sincerely,

A handwritten signature in cursive that reads "Marty Brown".

Marty Brown
Director

Attachment

cc: Jay Manning, Chief of Staff, Office of the Governor
Jill Satran, Deputy Chief of Staff, Office of the Governor
Judy Schurke, Director, Department of Labor & Industries
Susan Dreyfus, Secretary, Department of Social and Health Services
Rogers Weed, Director, Department of Commerce
Wendy Korthuis-Smith, Director, Accountability & Performance, Office of the Governor
Kimberly Cregeur, Governor's Liaison on Performance Audits, Accountability & Performance, Office of the Governor



OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON CRIME VICTIMS' PROGRAMS

JUNE 2011

This coordinated management response is provided by the Departments of Labor & Industries (L&I), Social & Health Services (DSHS), and Commerce (Commerce), and the Office of Financial Management (OFM) for the audit report received on May 25, 2011.

ISSUE 1: Projections indicate the state will need to substantially increase funding in fiscal year 2014 to counteract decreased federal funding and again in fiscal year 2016 if benefit reductions expire.

RESPONSE: In the fall of 2010, L&I invited representatives from the crime victim advocacy community to discuss the potential need to further reduce benefits in the Crime Victims' Compensation (CVC) program due to the state's economic conditions. Pursuant to these discussions and ongoing state revenue reductions, L&I proposed legislation for the 2011 session to help ensure the financial stability of the CVC program. Substitute Senate Bill 5691 includes the following components, many of which are also noted in the audit recommendations:

- Removes the benefit for permanent partial disability for victims of criminal acts.
- Removes the benefit for payments for home and vehicle modifications.
- Limits cash benefits to \$40,000.
- Simplifies the methods used to determine the amount of claim payments for total permanent disability, financial support, and fatality benefits.
- Uncouples the program from laws related to industrial insurance.

The Legislature passed Substitute Senate Bill 5691 and the Governor signed it into law with a partial veto on May 12, 2011. The benefit changes and administrative savings in this legislation will improve the long-term viability of the CVC program.

L&I will work with the Legislature to provide additional information regarding other audit recommendations around program financial stability and efficiency.

Action Steps and Time Frame

- No recommendations made to state agencies.

ISSUE 2: Practices in other states and other Washington state programs suggest several ways to improve the CVC program's long-term financial stability.

RESPONSE: We appreciate the auditors' research into related practices to improve the CVC program's long-term financial stability. L&I had already taken many steps that align with the audit's recommendations.

Passage of Substitute Senate Bill 5691 gives L&I flexibility to streamline and create efficiencies in the CVC program, including the ability to adopt a new method for calculating benefits.

Development of electronic medical billing is under way. Although this change will improve service and reduce the costs to medical providers for paper billing, there will likely not be a cost savings because the workload will shift to maintaining and managing the new bill payment system. L&I is testing the system and expects to have it implemented this fall.

L&I is currently paying medical provider rates used by the state's Medical Purchasing Administration (MPA). On July 1, 2011, the CVC program will implement a fee schedule that pays medical providers 37 percent of the L&I medical provider fees. This percentage rate is, on average, equal to the MPA rates we are currently paying. While this change streamlines the process, it will not significantly reduce the staff time required to manually update the schedules. Some manual updating will still be required to ensure L&I does not pay below MPA rates. However, this change offers the following benefits to providers:

- Providers will know how much they will be paid for services.
- Errors in payment calculations will be reduced.
- The payment process will take less time.

In addition, L&I is coordinating with OFM to implement Electronic Funds Transfer (EFT). EFT generates faster payments and reduces the cost of printing warrants and remittance advices.

L&I is already working with DSHS on a data sharing agreement. Access to the data will enable us to determine whether victims are receiving or are eligible for DSHS services. This will eliminate duplication of services to victims.

L&I staff have prepared proposals to develop a cost-efficient and compliant Integrated Document Management (IDM) solution that will reduce the need to retain and store paper copies within multiple business areas including the CVC program. The proposals are being evaluated by L&I's Enterprise Architecture Office. When the final solution is selected and funding is secured, implementation will begin. An imaging system is estimated to cost \$550,000.

Action Steps and Time Frame

- Develop and adopt rules for setting new caps and fee schedule. L&I. In progress. Statutory change effective July 1, 2011.
- Complete programming of new bill payment system. L&I. In progress. By July 2011.
- Implement new bill payment system. L&I. In progress. By October 2011.
- Implement fee schedule update. L&I. In progress. By July 2011.
- Implement Electronic Funds Transfer payments. L&I. In progress. By December 2011.
- Complete Memorandum of Understanding and data sharing agreement. L&I and DSHS. In progress. By July 2011.
- Following technology programming by DSHS, implement data sharing agreement. L&I and DSHS. In progress. By October 2011.
- Select technology solution to replace current paper file storage. L&I. In progress. By Fall 2011.

ISSUE 3: Multiple agencies and programs provide services to crime victims in Washington State, resulting in duplication and fragmentation.

ISSUE 4: We identified numerous benefits from consolidating the three grant programs of crimes and domestic violence into a single grant program within DSHS.

RESPONSE: We agree that consolidation of similar functions can lead to greater efficiencies. As stated in the report, the Governor and Legislature considered several options for combining victim services programs in recent years. However, legislation to consolidate the programs was not approved by the Legislature or did not include the recommendation included in the report.

It is unclear when consolidation or reorganization might occur. In the meantime, DSHS and Commerce will continue their efforts to achieve benefits of a consolidated program. For example, both agencies currently consult on issues affecting shared contractors, share copies of corrective action plans from monitoring visits, and participate on each other's committees and procurement evaluation panels. DSHS and Commerce also co-designed and developed a database known as InfoNet for use by all shared contractors, thus eliminating the number of paper reports that contractors had to submit to the two agencies.

Staff from both agencies will evaluate the feasibility and cost/benefit of the audit recommendations, including developing a single grant application. Certain factors – such as different funding streams and federal grant spending periods – could make it more difficult to commingle the programs than the audit report anticipates.

To lessen the administrative burden on shared contractors, DSHS and Commerce will coordinate the release and due dates for grant/contract renewal applications. This coordination ensures that shared contractors do not have to complete and submit multiple funding applications at the same time. Additionally, the agencies will review their on-site contract monitoring schedules to minimize the number of site visits to the same program in a short time period.

Action Steps and Time Frame

- Coordinate the release and due dates for both DSHS and Commerce grant/contract renewal applications. DSHS and Commerce. By Spring 2012.
- Review on-site contract monitoring schedules to minimize multiple site visits to the same program. DSHS and Commerce. By September 2011.
- Evaluate feasibility and cost/benefit of developing a single application and common steps for contractors to use. DSHS and Commerce. By Spring 2012.
- Explore options for coordinating grant monitoring. DSHS and Commerce. By Spring 2012.

ISSUE 5: Several factors suggest it would be cost-prohibitive to merge L&I's Crime Victims' Compensation program with the three programs at DSHS.

RESPONSE: Legislation proposed by L&I to uncouple the Crime Victims' Compensation program from the Workers' Compensation program was recently signed into law. We agree it is not cost effective at this time to merge the CVC program staff and/or integrate the benefit payment system with DSHS.

Action Steps and Time Frame

- No recommendations made.

APPENDIX A: INITIATIVE 900

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorizes the State Auditor’s Office to conduct independent, comprehensive performance audits of state and local governments. Specifically, the law directs the State Auditor’s Office to “review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts.”

Performance audits are to be conducted according to U.S. Government Accountability Office government auditing standards. In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor’s Office evaluates the relevance of all nine elements to each audit. The table below indicates how the elements were addressed in the Crime Victims Programs’ performance audit.

The table below indicates how the elements were addressed in the Crime Victims Programs’ performance audit.

I-900 Element	Addressed in the Audit
1. Identification of cost savings	Yes. The audit identifies several cost-saving opportunities and estimates up to \$4.6 million in annual savings once the recommendations are fully implemented.
2. Identification of services that can be reduced or eliminated	Yes. We recommend extending the CVC 2010 benefit reductions on all benefits and reducing other CVC benefit levels to ensure the CVC program remains financially stable.
3. Identification of programs or services that can be transferred to the private sector	No. This was not within the scope of the audit.
4. Analysis of gaps or overlaps in programs or services and recommendations to correct gaps or overlaps	Yes. We recommend consolidating the two grant programs reviewed at DSHS and Commerce to reduce duplication of administrative functions within the granting programs.
5. Feasibility of pooling information technology systems within the department	Yes. We reviewed the IT costs related to migrating the CVC program system to DSHS and determined the costs outweigh the benefits of consolidating the systems.
6. Analysis of the roles and functions of the department, and recommendations to change or eliminate departmental roles or functions	Yes. We reviewed program activities and made recommendations to streamline and automate processes.
7. Recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	Yes. In addition to the benefit reductions noted above, we recommend amending state law to allow the L&I director officials to reduce CVC benefits when necessary to protect program finances.
8. Analysis of departmental performance data, performance measures, and self-assessment systems	No. However, we did perform an extensive review of the financial data for the CVC program to determine the program’s long-term financial stability.
9. Identification of best practices	Yes. We cite the advantages to consolidated programs as identified by other federal and state audit organizations.

APPENDIX B: SCOPE & METHODOLOGY

This audit focused on four of the nine crime victims programs in the state of Washington. These programs spent 98 percent of the funds for crime victims in fiscal year 2010. The programs reviewed include:

- Crime Victims Compensation program at the Department of Labor and Industries.
- Office of Crime Victims Advocacy at the Department of Commerce.
- Domestic Violence Emergency Shelter program at the Department of Social and Health Services.
- Domestic Violence Services for Marginalized Populations at the Department of Social and Health Services.

To gain an understanding of the Crime Victims programs, we:

- Interviewed agency officials, management and staff at the Office of Crime Victims Advocacy (Commerce), the Crime Victims Compensation program (L&I), the Domestic Violence Emergency Shelter program (DSHS) and the Domestic Violence Services for Marginalized Populations program (DSHS).
- Reviewed applicable federal and state laws, federal grant requirements, program policies and procedures, program organization charts and agency strategic plans.
- Interviewed a variety of stakeholder groups including crime victims advocacy groups, legislators with an interest in crime victims legislation, and crime victims service providers.

To determine if the Crime Victims Compensation program was financially stable, we:

- Interviewed agency officials and reviewed past legislation to gain an understanding of the instances in which the program had to request additional appropriations because the program was at risk of running out of funds.
- Gained an understanding of the program's funding sources and past and current financial situation by analyzing program financial data reported to the Office of Financial Management and benefit payment data obtained from the program.
- Analyzed the effect of recent legislative actions to improve the program's financial position, including benefit reductions enacted in 2010 and legislation enacted in 2011, as this audit was being completed.
- Analyzed inflation rates and utilization assumptions made by the program from 2009 through 2017. See further discussion below.
- Interviewed CVC program managers from the states of Minnesota, Texas, Ohio, Florida, Iowa, New York, Utah, and Nevada to gain an understanding of their benefits and any policies and/or procedures that could benefit Washington's CVC program.
- Interviewed program management and staff at the CVC program and DSHS's Medicaid program to determine if there were opportunities to automate or improve processes and to identify procedures that could be used by the CVC program to improve their identification of other insurance prior to paying benefits.

Given the assumptions we used, the financial projections show that the program usage will increase modestly through fiscal year 2017. Although the number of claims increased during fiscal years 2008 through 2010, preliminary data reviewed for fiscal year 2011 shows the number of claims declining. Therefore, in performing our financial projections, we assumed there would be no growth in utilization for fiscal years 2011 and 2012. We used an increase in usage rates of 2.5% per year for fiscal years 2013 through 2017, based on the trend in utilization increases over the last 10 years and based on discussion with L&I officials.

The projections consider the effects of benefit reductions, but it is too early to determine the full impacts of benefit reductions on program costs. The fiscal note completed for the legislation that reduced benefits, summarized at Exhibit 5, includes estimated annual savings of \$3.2 million. Because the reduced benefits were effective as of April 2010, the effects of benefit reductions on program costs are not yet fully apparent. Our baseline program costs for fiscal year 2011 are therefore based on estimates developed by CVC program staff for the fiscal note, updated to reflect program costs changes that occurred during the first few months after the benefit reductions. We assumed subsequent annual cost increases of two percent for all benefits except WAGE (wage-loss payments for temporary and permanent total disability and survivors benefits), which we assumed will be one percent, and a 1.5 percent annual increase in collections.

Administrative costs will increase beginning in fiscal year 2014. These are the costs to operate the program and do not include benefit costs. We assumed no growth in administrative costs for fiscal year 2011-13 due to expected budget cuts. Starting in fiscal year 2014, administrative costs are projected to increase by two percent a year.

To determine if consolidation could reduce administrative costs or improve services to crime victims, we performed the following:

- Researched other state websites, interviewed crime victims program officials from the states of Florida, Iowa, Michigan, Minnesota, New Jersey, Utah and Virginia, and researched resources from the U.S. General Accountability Office to identify advantages and disadvantages to consolidation and to understand how other states organize and run their crime victims programs.
- Gained an understanding of prior legislation that attempted to consolidate the programs and reviewed stakeholder testimony at legislative hearings.
- Interviewed crime victims advocacy groups and crime victims service providers, including those who receive grants from both Commerce and DSHS.
- Interviewed agency officials, program managers and staff, and analyzed mission statements, organizational charts, staffing levels and job duties to identify opportunities to consolidate the programs, reduce duplication of efforts, and reduce staff.

As much as practical, we corroborated the data we obtained from agency officials for this audit with data reported in Washington's Agency Financial Reporting System (AFRS). In addition, the State Auditor's Office audits the systems that house the CVC program data at L&I each year as part of the statewide financial statement audit and other accountability audits. Based on the results of that audit work, we concluded those data were sufficiently reliable for the purposes of this audit.

As we considered organizational alternatives, we compared agency missions and program goals; reviewed current administrative structures, positions and position functions; and examined the areas of overlap and duplication for all four programs. We created and analyzed new organizational charts that we shared with agency officials to try to identify the positions that would be needed under a number of consolidation options. We focused only on the positions themselves, **not** on the people currently filling them. When programs are consolidated, agency executives and program managers must determine which positions are needed and who will fill them. If affected employees are covered by unions and collective bargaining agreements, management would be required to fulfill any bargaining agreements or contractual requirements.

APPENDIX C: PROGRAM HISTORY

Timeline for the enactment of crime victims programs in Washington State

1973 – The Legislature created the Crime Victims Compensation (CVC) program. This program was the first state-funded program for crime victims, and was housed within the Department of Labor and Industries. It pays the financial, medical and burial expenses for crime victims when victims have no other public or private insurance or incur eligible costs not covered by their insurance.

1979 – The Legislature created the Sexual Assault program and the Domestic Violence Emergency Shelter program at the Department of Social and Health Services. These programs provide grants to organizations that provide direct services to crime victims, such as counseling, medical, and emergency shelter services. [In 1996, the Legislature transferred the Sexual Assault program to the Department of Commerce's Office of Crime Victims Advocacy described below.]

1985 – The Department of Corrections created the Victim Services program in response to legislation passed by Legislators requiring the Department to send written notices to crime victims of offender release or escape, among other things. The program only deals with offenders who are housed within the corrections system.

1990 – The Governor signed an executive order creating the Office of Crime Victims Advocacy (OCVA) in what is now known as the Department of Commerce. This Office administers state and federal grants to nonprofit groups, police departments and prosecuting attorneys' offices for services to victims of domestic violence, sexual assault and other crimes. Services include crisis intervention, legal and medical advocacy, counseling, courtroom support and crisis hotlines.

1990 – The Legislature created a separate notification program for victims and witnesses of offenders who are under the authority of DSHS including juvenile offenders, violent predators and mentally ill offenders. The Victim/Witness Notification program notifies victims or witnesses when offenders are released, transferred, scheduled for court hearings, or escape from any DSHS facility.

1991 – The Legislature created the Address Confidentiality Program, which is administered by the Secretary of State. To keep perpetrators from using public records to locate their crime victims, this program provides crime victims with a substitute address they can legally use when conducting official government business.

1996 – The Legislature moved the Sexual Assault program from the Department of Social and Health Services to the Office of Crime Victims Advocacy at what is now known as the Department of Commerce. The move was based on advice from the Washington state sexual assault services advisory committee to improve the delivery of services to victims of sexual abuse and assault by consolidating the program with the sexual assault program at Commerce.

2006 – The Indeterminate Sentence Review Board created the Victim Services program. The Board created the program in response to legislation passed that requires the board to provide victims of crime, their survivors and witnesses of crime an opportunity to make a statement to the board before an offender is released.

APPENDIX D: PROGRAM DESCRIPTIONS

Program Descriptions

Labor and Industries – Crime Victims Compensation Program:

The CVC program provides financial compensation for expenses resulting from violent crime, such as medical bills, lost wages, and funeral expenses after other resources have been exhausted. The program also covers the costs of medical examinations after sexual assaults to gather evidence for possible prosecution.

Commerce – Office of Crime Victims Advocacy (OCVA):

OCVA assists communities in planning and implementing services for crime victims, advocates on behalf of victims in obtaining needed services and resources, and advises local and state governments on practices, policies, and priorities that impact victims. OCVA also administers over 500 federal and state grants to law enforcement, prosecutors, coalitions, and local community agencies. These grants support services to victims of crimes such as sexual assault, domestic violence, homicide, vehicular crimes, and identity theft. OCVA also administered an additional 70 grants funded by the Recovery Act.

Social and Health Services – The Department of Social and Health Services has four programs that serve victims of crime and domestic violence:

Emergency Shelter:

The Domestic Violence Emergency Shelter Program issues and monitors grants to nonprofit agencies that provide shelter services for victims of domestic violence.

Marginalized Populations:

The Domestic Violence Services for Marginalized Populations Program issues and monitors grants in support of non-shelter, community-based services for victims of domestic violence.

Perpetrators:

The Domestic Violence Perpetrator Treatment Certification Program certifies treatment centers for domestic violence perpetrators.

Victim Notification:

The Victim/Witness Notification & Sex Offender School Attendance Program notifies victims and witnesses when offenders are released from one of DSHS's treatment facilities, such as a mental hospital or juvenile rehabilitation facility. The attendance program ensures juvenile sex offenders do not attend the same school as their victims or the victims' siblings.

Corrections – Victim Services Program:

The Victim Services program sends approximately 400 – 500 notices each month to victims and witnesses regarding offender releases and other changes in status or location in cases involving sex, violence, felony harassment, and serious drug offenders. It also provides assistance to victims with safety planning when high risk offenders are released back into the community. Individuals can share their concerns about pending releases with the Victim Services Program to inform proposed release plans. At the request of the victim, the program will also facilitate meetings between the victim and the offender while the offender is in confinement.

Indeterminate Sentence Review Board – Victim Services:

The ISRB determines if certain offenders are ready for parole. The ISRB Victim Liaison assists victims by providing notifications of upcoming release hearings, assistance preparing and scheduling statements to the board, and notification of the final release decision made by the board.

Secretary of State – Address Confidentiality Program (ACP):

The ACP helps domestic violence, sexual assault, human trafficking and stalking victims stay safe by giving them a substitute mailing address to use when working with state and local agencies so that their home address can remain secret. The program also allows clients to register to vote and apply for a marriage license without creating public records.

Agency/ Program	FTE	Actual Expenditures FY 2010*	Approximate Number Served FY 2010
Labor & Industries: Crime Victims Compensation Program	40	\$19,598,200	8,267 victims received benefits. This includes 3,839 sexual assault exams paid.
Commerce: Office of Crime Victims Advocacy (OCVA)	16	\$24,807,933	36,075 victims served by programs funded by OCVA (3,856 under the age of 12) Services included: <ul style="list-style-type: none"> • 194,772 hours of advocacy service • 52,589 hours of support groups • 34,754 hours of therapy
Social & Health Services: Emergency Shelter	1	\$10,688,048	<ul style="list-style-type: none"> • 25,967 victims served • 78,848 crisis, information and referral phone calls received
Social & Health Services: Marginalized Populations	.4	\$650,571	<ul style="list-style-type: none"> • 730 victims.
Social & Health Services: Perpetrators	.6	\$64,714*	Approximately 140 programs certified.

Agency/ Program	FTE	Actual Expenditures FY 2010*	Approximate Number Served FY 2010
Social & Health Services: Victim Notification	1.1	\$97,592	505 notifications sent. **
Corrections: Victim Services Program	11.5	\$759,745	5,264 victims total, of which: <ul style="list-style-type: none"> • 2,439 received notification of offender release • 2,402 enrolled for future notification of offender release • 423 received complex safety planning services
Indeterminate Sentence Review Board: (ISRB)– Victim Services	1.5	\$102,535***	858 letters sent to victims in FY 2009. **
Secretary Of State: Address Confidentiality Program (ACP)	2.9	\$287,884	Approximately 3,700
TOTAL	75	\$57 Million	

Notes: *The Perpetrator Treatment Program expenditures represent salaries and benefits for .6 FTE staff dedicated to the program.
**ISRB and the DSHS Victim Notification program did not have statistics on the number of victims served by the program. Instead, they tracked the number of notifications to victims. During FY 2009 (the last year data was available,) ISRB sent 858 letters to victims and during FY 2010 DSHS sent 505 notifications, but some of these letters may have been sent to the same person.
***ISRB Victim Services does not have a separate budget. Expenditures represent salaries and benefits for the 1.5 FTE staff dedicated to the program. ISRB does not track other costs (such as supplies) for the program.

APPENDIX E: FEDERAL GRANTS

The figures below represent the amount of federal grants received by the programs during fiscal year 2010 provided through the departments of Justice and Health and Human Services. Although they receive the grants in fiscal year 2010, they are not necessarily allotted the full grant amount for the fiscal year by the Office of Financial Management since the program has up to three years to spend the funds. Therefore, the figures on this table may not agree with the federal dollar amounts allotted to the programs as noted on **Exhibit 1**.

Program	Federal Grant	Amount Received FY 10 (in millions)	Purpose of Grant
Crime Victims Compensation	Victims of Crime Act (VOCA)	\$3,595,000	Provide compensation benefits to crime victims, such as medical, mental health counseling, wage loss, and funeral expenses.
	American Recovery and Reinvestment Act VOCA	\$938,446	
DV Emergency Shelter	VOCA	\$2,695,297 *	Support community-based organizations that serve crime victims
	American Recovery and Reinvestment Act VOCA	\$306,000	
	Family Violence Prevention and Services Act (FVPSA)	\$1,826,827	Assists states in establishing, maintaining and expanding programs and projects to prevent family violence and to provide immediate shelter and related assistance for victims of family violence and their dependents.
OCVA	VOCA	\$7,648,960	Support community-based organizations that serve crime victims.
	American Recovery and Reinvestment Act VOCA	\$933,000	
	Violence against Women Act – STOP (VAWA--STOP)	\$2,500,412	Support a coordinated community response to violence against women with funding for personnel, technical assistance, equipment, training and data collection.
	American Recovery and Reinvestment Act VAWA-STOP	\$2,852,125	
	VAWA – Community Defined Solutions	\$998,865	Support a coordinated response to violence against women through funding to states, local governments, courts and tribes.

Program	Federal Grant	Amount Received FY 10 (in millions)	Purpose of Grant
OCVA	VAWA-Sexual Assault Services Program	\$282,951	Increase the effectiveness and efficiency of local rape crisis centers with funding for service providers and resources to state, territorial and tribal sexual assault coalitions.
	Sexual Assault Prevention & Education	\$683,350	Build and enhance grantees’ capacity to effectively prevent sexual violence from initially occurring by preventing first- time perpetration and victimization.
	Preventative Health and Health Services Block Grant	\$142,459	Improve the health status of the population of each grantee by providing services for sex offense victims, including prevention activities.
<p><i>*Represents a portion of the \$7,648,960 in VOCA funds received by Commerce and transferred to DSHS through an interagency agreement.</i></p>			

APPENDIX F: CVC ELIGIBILITY STANDARDS

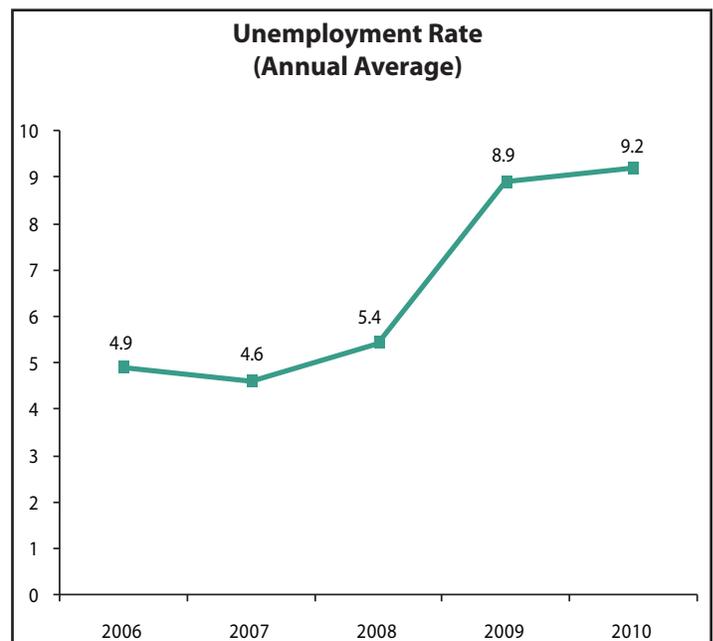
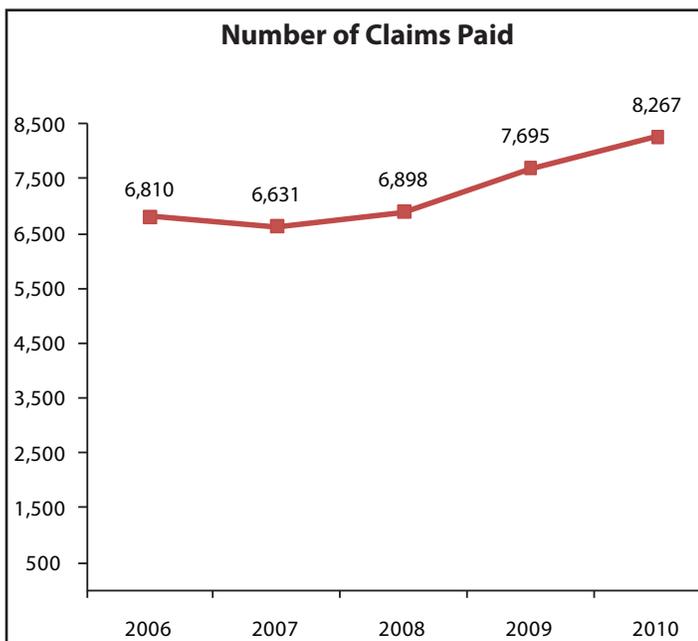
In order to receive benefits from the CVC program, crime victims must meet all of the following eligibility requirements:

- The crime must have occurred in Washington state or another state which does not have a crime victims compensation program for which a Washington resident would be eligible.
- The victim incurs physical injury, death or severe emotional stress from the crime.
- The crime must be classified as a gross misdemeanor or felony. This includes vehicle crimes such as vehicular assault or homicide, DUI, and failure to secure a load in the 1st degree.
- The crime has been reported to law enforcement within one year of the date the crime occurred.
- The victim provides reasonable cooperation with law enforcement.
- The victim files an application within two years of the crime being reported to law enforcement or, for good cause, within five years.
- The victim's injury did not occur as a result of consent, provocation or incitement.
- The victim was not participating in a felony act when the crime was committed and must not have been convicted of a felony within five years preceding the criminal act.
- The injury must not have occurred while incarcerated.
- The victim must have been gainfully employed at the time of injury to receive time-loss benefits.
- Any person responsible for the victim's injury, or who would be unjustly enriched as a result of the victim's injuries shall not receive benefits.

APPENDIX G: ECONOMIC FACTORS THAT INFLUENCE CLAIMS

To determine if the economy was having an impact on the number of claims paid by the CVC program, we looked at the unemployment rates from 2006 through 2010 and compared them to the number of claims paid by the CVC program during that same time period. While we did not do the analysis required to prove there is a direct correlation between the rise in unemployment and the number of claims paid by the CVC program, it is interesting to note the similar shapes of the two line graphs shown below.

Another likely contributing factor to the increase in claims paid by the CVC program is cuts in other public benefit programs over the last several years. For example, during fiscal years 2009 and 2010, the Governor and the Legislature cut a number of state programs, including medical benefit programs such as the Washington Basic Health program. Basic Health's operating budget was reduced \$6.7 million for fiscal year 2009 and further by \$236 million during the 2009-11 biennium. The number of people enrolled in the program was reduced from an enrollment amount of 104,000 in December 2008 to 75,700 in December 2009. Due to these cuts and the economy, there has been an increase in demand for the CVC program to pay for medical expenses for crime victims who have lost their private and/or public health care insurance.



APPENDIX H: CVC PROGRAM BENEFITS

Medical/Mental – Benefits paid for the diagnosis and treatment of medical/mental conditions sustained as a result of a criminal act.

Time Loss – Time loss is temporary wage loss payments to a crime victim that sustains an injury that results in a temporary disability. This is also referred to as “temporary disability”.

Vocational Rehabilitation – Vocational Rehabilitation is a set of services provided to victims with mental or physical disabilities that can be attributed to a crime. These services provide training in a specific trade with the aim of enabling that victim to once again become gainfully employed.

Permanent Partial Disability (PPD) – Benefits awarded for permanent loss of a body function, such as a finger amputation or loss of hearing that is paid in the form of a lump sum at the time a claim is closed.

Pension – Pension benefits are paid to victims when the crime results in permanent total disability or death. A person is considered permanently disabled if they are unable to return to gainful employment or they have lost both legs, both arms, one leg and one arm, or total loss of eyesight as a result of the crime. Payments are based on a percentage of the victim’s wages and number of dependents. This is also referred to as “Total Permanent Disability”.

Burial Expenses – Payment of funeral costs up to a maximum based on the date of the homicide. Funeral expenses include such costs as burial, cremation, cemetery plots, headstones, and funeral services. Reimbursement of funeral costs can be made to the family who paid for the services, the person who is responsible for payment, or directly to the services provider.

Lump sum payment for homicide survivors – Benefits paid in the form of a lump sum payment to a surviving spouse or child of a homicide victim who was not employed at the time of the criminal act.

APPENDIX I: CVC FINANCES

This table shows two sets of data: 1) Actual funding provided to the crime victims compensation program and expenditures made from 2005 through 2011 and 2) projected expenditures and funding needed from fiscal year 2012 through 2017. Anticipated program funding and expenditures were based on assumptions and projections made by the Department of Labor and Industries and the State Auditor's Office. These projections were made before enactment of the 2011 crime victims legislation and reflect what could have occurred if the benefit reductions enacted in 2010 expired in June 2015 as originally intended. Total funding and program costs are equal for each year from 2012 through 2017 because we wanted to determine what the state funding needs would be in the future. For a further explanation of the assumptions and projections, see our methodology at **Appendix B**.

Fiscal Year	Benefits Paid	Program Admin Costs	Total Program (080) Costs	Federal Funding*	State Funding	Total Funding	State % of Total Funding
2005	\$14,518,178	\$2,479,539	\$16,997,717	\$4,444,000	\$14,494,962	\$18,938,962	77%
2006	\$13,189,332	\$3,080,553	\$16,269,885	\$4,802,000	\$13,501,941	\$18,303,941	74%
2007	\$13,868,715	\$3,541,873	\$17,410,588	\$5,871,000	\$15,112,372	\$20,983,372	72%
2008	\$14,865,208	\$3,665,650	\$18,530,858	\$5,168,000	\$14,750,298	\$19,918,298	74%
2009	\$15,831,719	\$3,839,074	\$19,670,793	\$4,704,000	\$15,851,007	\$20,555,007	77%
2010	\$16,175,560	\$3,422,639	\$19,598,199	\$4,533,446	\$16,132,694	\$20,666,140	78%
2011	\$13,320,000	\$3,422,639	\$16,742,639	\$5,290,000	\$11,981,383	\$17,271,383	69%
2012	\$13,392,000	\$3,422,639	\$16,814,639	\$5,617,000	\$11,197,639	\$16,814,639	67%
2013	\$13,969,000	\$3,422,639	\$17,391,639	\$6,471,000	\$10,920,639	\$17,391,639	63%
2014	\$14,572,000	\$3,491,092	\$18,063,092	\$4,295,000	\$13,768,092	\$18,063,092	76%
2015	\$15,201,000	\$3,560,914	\$18,761,914	\$4,012,000	\$14,749,914	\$18,761,914	79%
2016	\$15,857,000	\$3,632,132	\$19,489,132	\$3,647,000	\$15,842,132	\$19,489,132	81%
2017	\$16,542,000	\$3,704,775	\$20,246,775	\$5,104,000	\$15,142,775	\$20,246,775	75%
2016	\$19,371,000	\$3,632,132	\$23,003,132	\$3,647,000	\$19,356,132	\$23,003,132	84%
2017	\$20,193,000	\$3,704,775	\$23,897,775	\$5,104,000	\$18,793,775	\$23,897,775	79%

Notes: *White background – Actual expenditures and actual allotted funding.*
Gray background – Projected expenditures and funding at current benefit levels.
Black background – Projected expenditures and funding if 2010 benefit level reductions were allowed to expire.

APPENDIX J: CVC FUNDING BY BIENNIUM

This chart shows actual program state and federal funding for the 2009-11 biennium and projected state and federal funding for future biennium.

Biennium	Law as of June 30, 2011			With all benefit reductions continued*	Had benefit reductions not been continued
	09-11	11-13	13-15	15-17	15-17
Federal Funding	\$9,823,446	\$12,088,000	\$8,307,000	\$8,751,000	\$8,751,000
Dollar Change	-\$48,554	\$2,264,554	-\$3,781,000	\$444,000	\$444,000
Percent Change	<1%	23%	-31%	5%	5%
State Funding	\$28,114,077	\$22,118,278	\$28,518,005	\$30,984,906	\$38,149,906
Dollar Change	-\$2,487,228	-\$5,995,799	\$6,399,727	\$2,466,901	\$9,631,901
Percent Change	-8%	-21%	29%	9%	34%
Total Funding	\$37,937,523	\$34,206,278	\$36,825,005	\$39,735,906	\$46,900,906
Dollar Change	-\$2,535,782	-\$3,731,245	\$2,618,727	\$2,910,901	\$10,075,901
Percent Change	-6%	-10%	8%	8%	27%

Source: Agency Financial Reporting System

Notes: A biennium is equal to two fiscal years (State fiscal year is from July 1st - June 30th). For example, biennium 05-07 equals fiscal years 2006 and 2007 which span calendar years 2005, 2006, and 2007.

*Per SSB 5691 and assuming the conflict in that legislation between the total cap of \$50,000 and the medical benefit of \$150,000 is resolved.

APPENDIX K: STATE BENEFIT COMPARISON

The table below contains the maximum limits for crime victims compensation benefits for the 50 states as of November 2010.

State	Benefit Maximum	State	Benefit Maximum
Alabama	\$15,000	Nebraska	\$10,000
Alaska	\$40,000; \$80,000 in homicides with multiple victims	Nevada	\$35,000, \$150,000 catastrophic
Arizona	\$20,000	New Hampshire	\$25,000
Arkansas	\$10,000; \$25,000 catastrophic	New Jersey	\$25,000; \$60,000 catastrophic
California	\$70,000	New Mexico	\$20,000; \$50,000 catastrophic
Colorado	\$20,000 (each district may set lower maximum)	New York	No medical max. limits on other expenses
Connecticut	\$15,000; \$25,000 homicides	North Carolina	\$30,000; plus \$5,000 funeral
Delaware	\$25,000; \$50,000 for TPD ¹	North Dakota	\$25,000
D.C.	\$25,000	Ohio	\$50,000
Florida	\$25,000; \$50,000 catastrophic	Oklahoma	\$20,000
Georgia	\$25,000	Oregon	\$44,000
Hawaii	\$10,000; \$20,000 if medical only	Pennsylvania	\$46,500; (\$35,000 plus \$10,000 counseling; \$1,500 other)
Idaho	\$25,000	Puerto Rico	\$6,000 per person, \$15,000 per family; \$40,000 catastrophic
Illinois	\$27,000	Rhode Island	\$25,000
Indiana	\$15,000	South Carolina	\$15,000; \$25,000 catastrophic
Iowa	No overall limit, maximums for each expense	South Dakota	\$15,000
Kansas	\$25,000	Tennessee	\$30,000
Kentucky	\$25,000	Texas	\$50,000; \$125,000 TPD

• Appendix •

State	Benefit Maximum	State	Benefit Maximum
Louisiana	\$10,000; \$25,000 for TPD	Utah	\$25,000; additional \$25,000 medical if max. exceeded
Maine	\$15,000	Vermont	\$10,000
Maryland	\$45,000	Virgin Islands	\$25,000
Massachusetts	\$25,000	Virginia	\$15,000
Michigan	\$15,000	Washington	\$50,000
Minnesota	\$50,000	West Virginia	\$35,000; \$50,000 homicides; \$100,000 catastrophic
Mississippi	\$20,000	Wisconsin	\$40,000; plus \$2,000 funeral
Missouri	\$25,000	Wyoming	\$15,000; \$25,000 catastrophic
Montana	\$25,000		

Source: National Association of Crime Victims Compensation Boards.
Note: ¹TPD = Total Permanent Disability.

APPENDIX L: OTHER STATES' PROGRAM STRUCTURES

All 50 states have crime victims compensation programs and administer three major federal grants that fund crime and domestic violence victim services. Through internet research and interviews with officials from other states' programs, we gathered information on how other states structure their crime and domestic violence victim services. The following table summarizes which states have consolidated part or all of their crime victims compensation and grant management programs.

Compensation and At Least One Grant	Compensation and All Grants	All Grants	Other
Colorado	Indiana	Alabama	Arizona
Connecticut	Iowa ^{1,2}	Alaska	Hawaii
Florida ^{1,2}	Minnesota ^{1,2}	Arkansas	Idaho
Georgia	South Dakota	California	Kentucky
Illinois	Vermont	Delaware	Maine
Louisiana	Wyoming	Kansas	Maryland
Michigan ²		Tennessee	Massachusetts
Missouri			Mississippi
Nebraska			Montana
New Hampshire			Nevada ¹
New Jersey ²			Rhode Island
New Mexico			South Carolina
New York ¹			Texas ¹
North Carolina			Virginia ²
North Dakota			Washington
Ohio ¹			West Virginia
Oklahoma			
Oregon			
Pennsylvania			
Utah ^{1,2}			
Wisconsin			
21	6	7	16
<p>Source: Other state websites and agency crime victims program officials for states interviewed.</p> <p>Notes: ¹States where crime victims compensation program officials were interviewed. ²States where crime victims program officials were interviewed for views on consolidation.</p>			

APPENDIX M: WHERE OTHER STATES HOUSE CRIME VICTIMS PROGRAMS

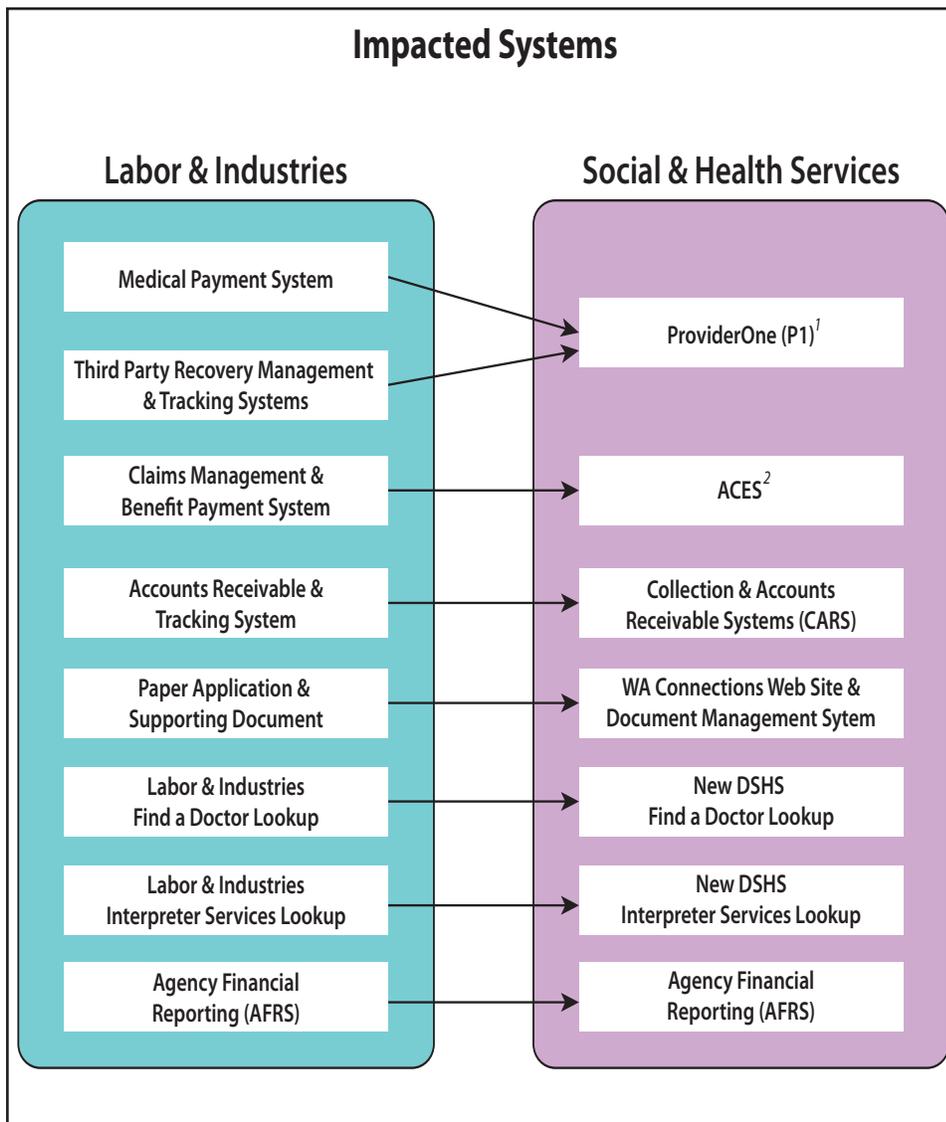
This table describes the types of agencies that administer crime victims compensation programs and federal grants for crime and domestic violence victim services in the 50 states, including Washington.

Agency Type	Federal Grant for Community Organizations that Serve Crime Victims	Federal Grant for Community Coordinated Response to Violence Against Women	Federal Grant for Family Violence Prevention and Emergency Shelter for Victims of Family Violence	Crime Victims Compensation
	OCVA – Commerce	OCVA – Commerce	DV – DSHS	CVC – L&I
Criminal Justice/ Public Safety/Law Enforcement/ Corrections	23	27	4	17
Attorney General	7	5	3	12
District Attorney Council	1	1	0	1
Courts	0	0	0	1
Commerce/ Economic & Community Affairs	2 (includes WA)	2 (includes WA)	1	0
Consumer Services	0	0	0	1
Workers' Compensation	0	0	0	3 (includes WA)
Emergency Services	1	1	1	0
Health	1	1	3	1
Human Services	3	3	32 (includes WA)	1
Policy & Management	0	1	0	0
Governor	2	3	1	1
Treasurer	0	0	0	2
Finance & Administration	2	2	2	2
Stand Alone Agency	8	4	3	8
Totals	50	50	50	50

Source: Other state websites and program officials of states interviewed.

APPENDIX N: COST TO MOVE CVC PROGRAM TO DSHS

We asked DSHS and L&I officials to estimate the information technology costs associated with consolidating the CVC program at DSHS. We requested cost information for two scenarios: One in which the CVC program benefit payment and medical provider payment systems would merge with DSHS systems and one in which CVC program staff would move to DSHS but the CVC program systems would stay at L&I where they could be accessed by CVC program staff remotely. DSHS and L&I officials worked together to respond to our request. They provided us the following summary on January 31, 2011. We did not verify any of the information included in these estimates.



¹ProviderOne (P1) is DSHS' primary provider payment processing system.

²The Automated Client Eligibility System (ACES) is the system used to determine and track client eligibility for DSHS programs.

Costs

Cost Category	Timeframe	Cost 1*	Cost 2**
A. DSHS Costs	30 months	\$8,328,876	\$569,190
B. L&I Costs (Scenario #1)	12 months	\$1,535,323	-
C. L&I Average Annual Costs (Scenario #2)	Annual	-	\$493,130
D. L&I Once Time Costs (Scenario #2)	-	-	\$894,402
Total		\$9,864,199	\$1,956,722

Source: DSHS and L&I Information Technology Officials.
Notes: *Cost 1 - All of the CVC program moves to DSHS (including processing of all CVC program payments).
 **Cost 2 - CVC program policy & application intake/processing moves to DSHS but payment processing remains within L&I systems which includes maintenance of the Doctor/Interpreter Lookup Web sites. DSHS CVC program staff would access L&I systems remotely.

Additional Costs Not Included in Estimate		
Changes to AFRS	Minimal	\$0
Increase in maintenance costs related to new system functionality and Web sites	Unknown	Unknown
Historical Data Conversion (if needed)	Unknown	\$0
Hardware/Software related to additional transaction & storage needs (if needed)	Unknown	Unknown
Building new D/I Web sites, connecting to mainframe databases, security (if needed)	Unknown	\$0

Biggest Cost Impacts

- 1. Non-HIPAA Compliant Data** – P1 does not have the ability to process non-HIPAA compliant data. The CVC program is exempt from HIPAA by federal law. P1 would have to develop a new claims entry mechanism for 5 non-standard paper claims transactions.
- 2. Client-Specific Benefits Package** – P1 does not currently have the ability to process “client-specific” recipient aid categories and associated benefit service packages.
- 3. \$50,000 Service Limit** – ACES and P1 currently do not compare what is being paid out to make sure combined payments do not go above the \$50,000 CVC program limit.
- 4. Claims vs. Assistance Units** – ACES does not track cases by “incident” or “claim” like the CVC program system is designed to. ACES is designed to track cases by “household” or assistance units connected to a “head of household.”
- 5. CVC Program System** – The CVC program system is not a stand-alone system that can be easily migrated to DSHS. It is a system of modules contained in other L&I applications. Work will have to be done to modify code in the L&I applications to remove the CVC program functionality and migrate data to DSHS.
- 6. Paperless Environment** – DSHS Economic Services Administration functions in a paperless environment using online applications and a document imaging system. The CVC program process is a paper process.
- 7. Public Web Sites** – Both CVC program online doctor/interpreter lookup Web sites would have to migrate to DSHS. The data feeds to these sites become an issue.
- 8. Application Governance** – Splitting the CVC program between DSHS and L&I creates an Application Governance challenge. Application maintenance, operations, and enhancements are governed through an agency’s Application Governance process. What work gets done is decided by agency priorities and strategic planning. With two agencies involved, there is risk priorities do not align.

APPENDIX O: COMPARISON OF CVC LEGISLATION AND SAO AUDIT RECOMMENDATIONS

Compensation legislation (Substitute Senate Bill 5691) passed during the 2011 legislation and recommendations made in this audit.

Crime Victims Legislation and Audit Recommendations			
Issue	SSB 5691 as enacted	Audit recommendations	Notes
Intent	Manage limited funding to serve as many victims as possible.	Improve program's long-term financial stability and maximize number of victims served.	
Maximum total benefits	\$50,000	Extend or make permanent the current \$50,000 limit.	The medical cap will increase to \$150,000 on July 1, 2015, unless the legislature acts to address this conflict.
Restore benefits to pre-2010 levels	The Governor vetoed a provision that would have restored all benefits to pre-2010 levels on July 1, 2015.	Extend or make permanent all 2010 benefit reductions.	
Permanent partial disability benefit	Eliminates PPD benefit.	No recommendation necessary.	
Home and vehicle modification benefit	Eliminates benefit.	Not addressed.	
Non-medical benefits	Limited to \$40,000 within the \$50,000 cap.	Not addressed.	
Colposcopy exams	Costs excluded from \$50,000 benefit cap.	Not addressed.	
Sexual assault exams	Not addressed.	Limit reimbursement to \$800 per exam.	Current law does not limit reimbursement to providers for sexual assault exams.
L&I authority to reduce benefits	Not addressed.	Authorize L&I to reduce benefits when funds fall short of need.	Current law does not provide this discretion to the Department.

Issue	SSB 5691 as enacted	Audit recommendations	Notes
Linkage between CV and workers' comp laws	Separates administration of CVC and workers' compensation.	No recommendation necessary.	
Other issues	<ul style="list-style-type: none"> -- Prohibits payment for experimental treatment. -- Permits electronic communication with victims. -- Program may deny benefits to victims who don't apply for other public benefits for which they are eligible. 	<ul style="list-style-type: none"> -- Set deadline for police to file reports. -- Automate medical billing and fee-setting. -- Permit L&I staff access to DSHS systems. -- Reduce paper storage costs. 	These issues are addressed as noted in the legislation or the audit, but not in both.
Effective date	July 1, 2011.		

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