Washington Association of COUNTY OFFICIALS
206 Tenth Ave. SE
Olympia, WA 98501
P. 360.753.7319
F. 360.350.1443
www.countyofficials.org

May 25, 2016

Honorable Senator Mike Padden, Chair, Senate Law and Justice Committee
Honorable Senator Jamie Pederson. Ranking Member, Senate Law and Justice Committee
Honorable Representative Roger Goodman, Chair, House Public Safety Committee
Honorable Representative Brad Klippert, Ranking Member, House Public Safety Committee

Re: Annual Report to the Legislature on the Collection of Court Ordered Legal Financial Obligations by County Clerks as Required by Senate Bill 5990, Chapter 379, Laws of 2003

Dear Committee Chairs and Ranking Members,

Senate Bill 5990, Chapter 379, Section 20, 2003 Laws of Washington, directed that "The Washington Association of County Officials shall report on the amounts of legal financial obligations collected by the county clerks to the appropriate committees of the legislature no later than December 1, 2004, and annually thereafter."

I have attached the report of the 39 County Clerks for the past twelve months regarding the collection of court ordered legal financial obligations of convicted offenders. Thank you for your continued support of the County Clerks in their efforts to assure fair and prompt collection of these legal financial obligations.

Sincerely,

John "Scott" Blonien
Executive Director

cc: Tim Ford, Coordinator/Counsel, Senate Law and Justice Committee
Kelly Leonard, Counsel, House Public Safety Committee

WASHINGTON STATE
ASSOCIATION OF
COUNTY CLERKS

Kim Morrison, President
Chelan County Clerk
350 Orondo, Suite 501
Wenatchee, WA 98801-2885
509-667-6470
kim.morrison@co.chelan.wa.us

May 18, 2016

RE: *2015 Report to the Washington State Legislature on the Fiscal Impact of ESSB 5990*

Dear Legislators:

On behalf of the Washington State Association of County Clerks (WSACC), I am pleased to transmit the *Report to the Washington State Legislature on the Fiscal Impact of ESSB 5990,* the annual report of legal financial obligations (LFOs) collections by the County Clerks.

Since County Clerks took responsibility for LFO collection in 2003, state funding for collections has decreased by 48.5 percent, severely impacting the work of collections. Crime Victims' Funds, State Revenue and County Cost Recoupment all increased initially; however, those all began declining significantly once regular monthly billing to defendants was discontinued by the Administrative Office of the Courts (AOC) in 2009 due to budget cuts.

Restitution and interest paid to crime victims has increased by 65.6 percent since County Clerks have managed LFO collections.

Please feel free to contact me at 509-667-6470 should you have questions or need more information.

Very truly yours,

WASHINGTON STATE ASSOCIATION OF
COUNTY CLERKS

Kim Morrison

Kim Morrison, President

2015 Report to the

Washington State Legislature

on the

Fiscal Impact

of

ESSB 5990, or

Chapter 379, Laws of 2003

and

SSB 5256, or

Chapter 362, Laws of 2005

The Washington Association of County Officials,
For
The Washington State Association of County Clerks
December, 2015

Report Prepared by
Joel McAllister
Finance Division Manager
King County Clerk's Office

Engrossed Substitute Senate Bill 5990 was passed by the Washington State Legislature during the 2003 regular session, and became law on October 1, 2003. Section 20 of the bill added a new section, RCW 36.23 and reads in part: "The Washington Association of County Officials shall report on the amounts of legal financial obligations collected by the County Clerks to the appropriate committees of the legislature no later than December 1, 2004, and annually thereafter." Following is the twelfth such annual report.[1]

The following chart summarizes adult legal financial obligation (LFO) collections and funding state-wide for the period starting in 2003. Figures for 2015 are annual projections, based on actual collections for the first nine months of the calendar year.

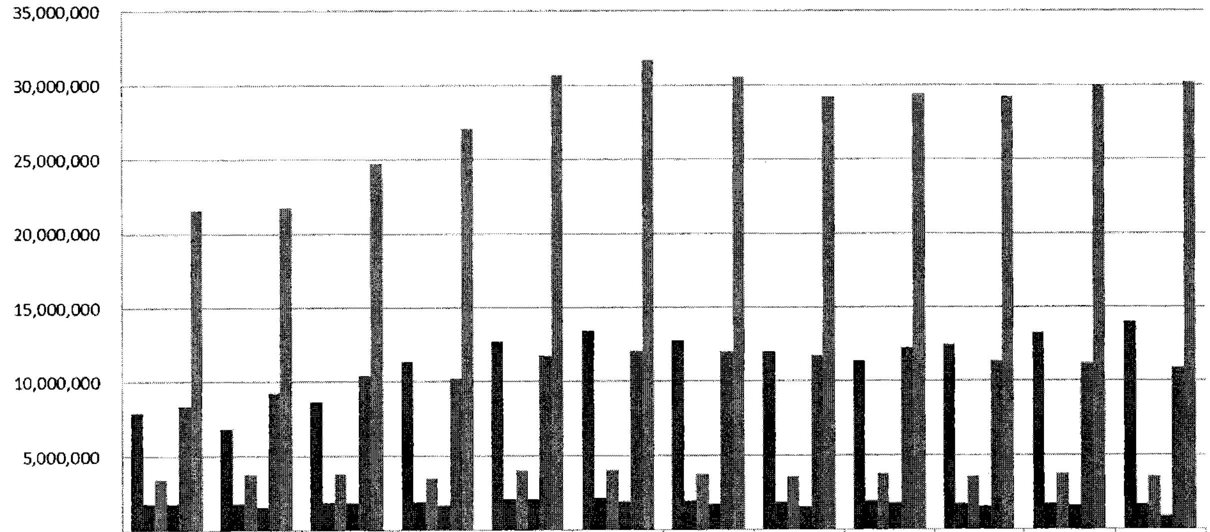
Some key points derived from this data are that while annual state funding has been reduced by 48.5 percent, total collections have increased 39.6 percent, and restitution and interest paid to crime victims has increased by 65.6 percent. Other funding components collected, namely Crime Victims' Funds, State Revenue and County Cost Recoupment all increased initially; however, those all began declining significantly once regular monthly billing to defendants was discontinued by the Administrative Office of the Courts (AOC) in 2009.[2]

---

[1] The stated intent behind Chapter 379, Laws of 2003, sections 13-27 was: "The legislature intends to revise and improve the processes for billing and collecting legal financial obligations. The purpose of sections 13 through 27, chapter 379, Laws of 2003 is to respond to suggestions and requests made by county government officials, and in particular county clerks, to assume the collection of such obligations in cooperation and coordination with the department of corrections and the administrative office for [of] the courts. The legislature undertakes this effort following a collaboration between local officials, the department of corrections, and the administrative office for [of] the courts. The intent of sections 13 through 27, chapter 379, Laws of 2003 is to promote an increased and more efficient collection of legal financial obligations and, as a result, improve the likelihood that the affected agencies will increase the collections which will provide additional benefits to all parties and, in particular, crime victims whose restitution is dependent upon the collections." [2003 c 379 § 13.]; However, in Chapter 106, Laws of 2011, with a stated intent of removing barriers to reintegration, the legislature removed the statutory requirement that obligors be billed monthly on their outstanding LFOs.

[2] Items included in the category labeled "County Recoupment" include all amounts going to the county, including the county CX fund, the court current expense fund, local drug, cleanup and lab funds, and local fines and penalties. Revenue items included in the category labeled "State Revenue" include all revenues going to the state Public Safety and Education Accounts (State General Funds 40 and 54), the state Judicial Information System (JIS) account, crime lab funding, the state DNA account, various wildlife related penalties, and the state Indigent Defense fund.

Annual LFO Collection Summary



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012**	2013	2014*
Restitution	7,950,839	6,848,790	8,636,068	11,406,532	12,726,227	13,449,865	12,788,051	12,019,668	11,417,696	12,480,178	13,275,254	14,010,438
Crime Victim's Fund	1,797,117	1,833,912	1,886,128	1,923,739	2,130,180	2,155,836	1,983,721	1,849,393	1,928,833	1,777,889	1,781,741	1,699,781
State Revenue	3,461,183	3,811,059	3,794,300	3,504,041	4,049,176	4,032,982	3,753,121	3,597,605	3,807,044	3,568,896	3,775,506	3,572,340
State Funding Provided	1,787,500	1,587,500	1,888,000	1,688,000	2,136,500	1,936,500	1,768,949	1,596,097	1,796,637	1,595,557	1,611,097	920,597
County Cost Recoupment	8,376,932	9,242,477	10,397,233	10,259,646	11,736,689	12,056,949	11,995,377	11,739,765	12,272,298	11,386,951	11,199,017	10,913,777
Total Collections	21,586,070	21,736,238	24,713,728	27,093,957	30,642,271	31,695,632	30,520,270	29,206,431	29,425,872	29,213,914	30,031,517	30,196,337

* annualized projections based on partial year data ** adjusted to remove a single $9.4 million restitution payment from King County results

The following figures detail revenue to the state and how that corresponds with LFO billing frequency:

	State Revenue	Billing Frequency
2003	3,461,183	Monthly
2004	3,811,059	Monthly
2005	3,794,300	Monthly
2006	3,504,041	Monthly
2007	4,049,176	Monthly
2008	4,032,982	Monthly
2009	3,753,121	Every/Other
2010	3,597,605	Every/Other
2011	3,807,044	Every/Other
2012	3,568,896	Every/Other
2013	3,775,506	Every/Other
2014	3,676,702	Every/Third
2015*	4,046,189	Every/Third

* annualized projections based on partial year data

State revenue had increased by more than 17.5 percent as of calendar year 2008. Billing frequency was reduced to once every-other month in October, 2009. This corresponds with a decline in revenue to the state of nearly 11 percent by the end of 2010. The amount of revenue lost to the state during 2009 and 2010, when compared to what was collected in 2007 and 2008, is nearly exactly equal to the amount AOC saved by reducing the billing frequency.

In April, 2014, the billing frequency was further reduced to just once per quarter. As evidenced by another decline in state revenue of nearly 8.9 percent in 20014, it appears that once again this will be borne out to be a poor choice. This demonstrates that the net effect of reducing expenditures on billing defendants is that the state does not save any money when considering the corresponding revenue lost. While revenue to the state appears to be recovering during 2015, it would undoubtedly be considerably higher if defendants were still receiving regular monthly billings.

Funding to support collections work in Clerk's Offices was recently reduced by the legislature by 50 percent. This funding helps to pay for the staff who perform collections work. It is these staff who work with defendants to establish payment plans that are achievable, so that defendants will be motivated to comply and successfully re-enter our society. This important work takes time and staffing resources. If no provision is made for Clerks to have adequate staffing resources, they cannot continue this work.

Total collections have increased by nearly 40 percent since this work was transferred from the Department of Corrections (DOC) to the Clerks. The state is paying far less currently to support the collection of LFOs than it did when DOC conducted this work. While it is not likely feasible to transfer this work back to DOC, as DOC no longer has any mechanism in place to conduct collections work, it appears such a transfer would yield the state a further reduction in revenue and greatly increased costs.

If Clerks lose their ability to conduct this work, another alternative might be to utilize commercial collections firms; however, the legislature should be aware that, while this model proves relatively successful for courts of limited jurisdiction, where collections are for traffic infractions and minor offenses, it does not work in superior court cases to collect felony related sanctions. This approach has been tried by a number of Clerks, and has been largely unsuccessful. Total collections in one county which relies almost exclusively on an outside collections firm have declined by 23 percent, while total collections, state-wide, have increased by 40 percent. For the success of this program to continue, a stable and adequate funding source must be identified, so that Clerks can continue to build on their previous success.