



Washington State Senator • 5th Legislative District

Sen. Cheryl Pflug

2012 Legislative Report

Spring 2012

Dear Neighbor,

The Legislature wrapped up its work on April 11, about a month later than scheduled. The extra time produced a budget and key spending reforms that allowed us to close a \$1.1 billion gap in the operating budget without new taxes. Inside I've included some highlights about:

- The 2012 Budget;
- Pension reform; and
- Education funding;
- My bill to combat Medicaid fraud.

The past several years have been challenging for all of us as we weather the recession. My service in Olympia has been equally grueling: Change is always slower than I would like, but I believe the hard decisions made this year will benefit our community for years to come. It has been an honor and a joy to represent you.

Sincerely,

Cheryl Pflug
5th Legislative District

Senator Cheryl Pflug

Can I help?

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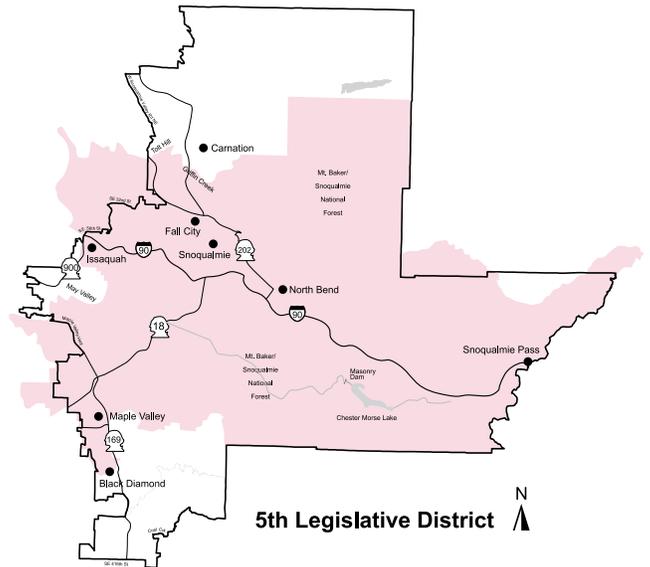
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Senate Committees:

- Republican leader, Judiciary
- Health and Long-Term Care
- Ways and Means
- Rules

New legislative district lines mean 'hello' and 'goodbye'

Every 10 years, using new census figures, legislative- and congressional-district boundaries are redrawn so districts have an equal number of residents. The shaded area shows the 5th Legislative District's current boundaries; the dark line shows the new boundaries. Beginning in 2013, I'll be saying "goodbye" to much of the Sammamish area that I have been privileged to represent for many years. The Issaquah, Maple Valley, and Snoqualmie areas will remain in the 5th District and expand somewhat.



Budget package focused on sustainability, reforms

Usually when people refer to “the state budget” they mean the operating budget, which appropriates money two years at a time for the day-to-day activities of state agencies, K-12 schools, higher education, public safety, transportation infrastructure, and so on.

This year a bipartisan coalition formed in the Senate and proposed a balanced rewrite of the operating budget. Our coalition focused on producing a budget that will be sustainable within expected revenues. Doing this required the adoption of three breakthrough reforms (see box for details) in addition to my Medicaid-fraud reform bill.

While it took an extra month to reach a final agreement, I’m happy to report that the compromise budget protects current funding levels for core priorities, such as K-12 and higher education and fundamental social and health services.

Funding Local Projects

Reworking Capital Budget formulas allowed us to invest more in public works now, while costs are lower and people need work, returning millions to our communities:

- Lake Sammamish State Park concession/event facility, \$3.1 million **(unexpectedly VETOED by governor, over my objections)**
- Tokul Creek Hatchery improvements, \$3.7 million
- Issaquah Creek Hatchery fish passage, \$4 million
- North Bend, assistance with 415th Way waterline, \$1.22 million
- North Bend, State Fire Training Academy construction, \$644,000
- Snoqualmie Valley Schools/ Bellevue College/Washington Network for Innovative Careers (WA-NIC) Skills Center, \$1.7 million

Breakthrough reforms will pay off over long term

- **Pension reform:** The state’s retirement systems are among the biggest cost-drivers for state and local governments and school districts. Honoring our commitments, **there are no changes to the pensions promised to current employees.** However, we will no longer promise a full benefit to future employees (hired as of May 2013) who retire at 55. This reflects the reality of lengthening lifespans. Today’s 25-year-olds probably cannot plan to work for 30 years and be retired for another 40 years – the numbers just don’t work and failing to admit it will break the bank. Although this reform won’t affect future employees until the year 2043, it will begin saving money for local and state governments and school districts beginning next year – an estimated \$1.3 billion over the next 25 years. (Senate Bill 6378)
- **K-12 employee medical insurance:** Many public-school teachers and classified staff are forced to purchase their health-care insurance from a single carrier, through their school districts. That lack of choice has put premiums for family-level coverage out of reach for many. This reform requires districts to allow open contracting; reduce the gap between the cost of family coverage and individual coverage; and give employees access to high-deductible health plans and health savings accounts. Even so, it was opposed by the teachers’ union and the insurance carrier that currently has most district contracts, and there was a lot of fear spread to teachers about this bill. The bottom line is that you are spending a lot of state and local tax money on school employee benefits, yet somehow many get poorer coverage than other public employees. Without interfering with collective bargaining, the bill requires reporting details about expenses, reserves, fees, and premium costs so that we can see where your money is going. Classified employees (bus drivers, food service, and office staff) strongly supported the bill. (Senate Bill 5940)
- **Balanced-budget requirement:** The Legislature is good at making changes in the budget without looking at what those changes will mean in later budget cycles. Now budgets will be required to balance across four years, meaning the current two-year cycle plus the next two years, before they are adopted. This will give Washington one of the toughest standards in the nation and discourage accounting gimmicks (such as starting a new program in the final quarter of a two-year budget, with no plan for funding it in the next budget) that repeatedly set us up to start every budget cycle “facing a deficit.” (Senate Bill 6636)



Sen. Pflug remains a strong advocate for K-12 funding as well as sensible education-policy improvements.

Providing for K-12 education: State government's paramount duty

The 2012 legislative session brought some notable developments in the K-12 arena, including:

- New teacher/principal evaluation system – A four-tiered teacher/principal evaluation and professional development process was created, aimed at improving student achievement. This new statute builds on a pilot-level program and will make student performance data a substantial factor in evaluations, which in turn will be used in personnel decisions, including school assignments and layoffs.
- Teacher COLAs to remain in law – Legislators effectively repealed Initiative 728, the “better schools initiative.” This initiative was passed without any money to fund it, making it a broken promise since Day 1. A proposal to also repeal Initiative 732, concerning annual cost-of-living adjustments (COLAs) for K-12 teachers, was dropped.

My bill to crack down on Medicaid fraud becomes law

Washington spent \$8.5 billion on Medicaid last year. It's been estimated that 3 and 10 percent of that total is lost to fraud, but we recover less than \$25 million. At best, our state's recovery rate tops out at less than 1 percent, ranking Washington among the worst in the nation when it comes to recovering funds lost to Medicaid fraud perpetrated by large health care corporations (the sort of misconduct of which President Roosevelt spoke 110 years ago – see right).

Last year, a misinformation campaign from the pharmaceutical lobby and others stalled legislation to step up our prosecution efforts. In keeping with my strong commitment to ensure taxpayer dollars are being spent wisely, I came back with Senate Bill 5978 in December.

Working across party lines and with support from our attorney general and the Washington State Association for Justice, we got the bill to the governor, who signed it into law last month.

The new provisions give our attorney general the ability to cooperate with other states in bringing suits to recover stolen tax dollars – giving us the right to join more than 100 multi-state cases already pending. Many of these cases involve hundreds of millions of dollars – money otherwise available to fairly reimburse doctors for providing care to our most vulnerable citizens. Because Medicaid is funded with a combination of state and federal tax dollars, Washington will receive federal funding to pay for our part in these expanded recovery efforts.



*“We are not attacking the corporations... we draw the line against misconduct, not against wealth.”
– Theodore Roosevelt, State of the Union, 1902*

Important legislation from the 2012 session...and future issues

- **Reducing the state’s debt limit** – Your November general-election ballot will include Senate Joint Resolution 8221, a constitutional amendment proposed to bring down state government’s debt over time. Payments made within the state operating budget on state debt incurred through our capital budget hit nearly \$2 billion in the biennial budget adopted last year. That’s twice the amount of money going to Washington’s four-year public colleges and universities. SJR 8221 would reduce the 9% constitutional debt limit to 8% over time, ultimately freeing up millions for other important priorities.
- **Marriage equality** – The governor signed Senate Bill 6239, a measure legalizing same-sex marriage in Washington. This essentially changes the wording in state law from “domestic partner” to “spouse.” Strong protections for religious liberty are included in the new statute. No church or clergy can be forced to support gay marriage, nor can they be denied the right to do so if they choose.
- **Discover Pass transferability** – The Discover Pass was created last year to help pay for state parks; after the bill became law it came to light that passes could not be transferred between vehicles. The Legislature passed HB 2373, which fixes that problem while expanding the “opt-out” \$5 state-parks donation to license tab renewals for snowmobiles, commercial trailers, mopeds, ORVs, private use single-axle trailers and trucks, buses and for-hire vehicles with a gross weight of less than 12,000 pounds.
- **More fraud-fighting tools** – My Medicaid fraud-fighting bill wasn’t the only legislation of that sort to become law; we also adopted a bill that would give the Office of Fraud and Accountability more tools to root out the misuse of government funding in public-assistance programs, such as those connected with Electronic Benefit Transfer (EBT) cards and taxpayer-subsidized child care.

And, looking ahead to issues that are sure to be prominent in 2013:

- **Education funding** – Four days before the 2012 legislative session began, the state Supreme Court ruled in the case of *McCleary v. Washington*, holding that state government is not providing enough funding for basic education as it is currently defined. The high court gave the Legislature until 2018 to resolve that issue. A legislative work group has been working on this for several years. This will be a key issue in 2013.
- **Transportation funding** – Under our state constitution, revenue from the state portion of the gas tax may only be spent on roads (meaning gas-tax dollars can’t be spent on public transit, which has to rely on other taxes and fees for income). Even though the state gas tax has gone up twice since 2003, that tax is not the reliable source of revenue it once was, because improved fuel efficiency means less tax for the same amount of wear on the roads. Additionally, our tax is not indexed to inflation, so buying power declines over time. Funding the next wave of infrastructure improvements and expanding transit options for our bedroom communities will need to be priorities next year.

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