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**State Government Committee**

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**ESSB 5909**

**Brief Description:** Assessing the efficiency and effectiveness of state government.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Reardon, Rossi, Roach, Poulsen, Hewitt, Shin, Doumit, Zarelli, Eide, Kline, Stevens, Keiser, McCaslin, West, Hale, McAuliffe, Parlette, Rasmussen, Sheahan and Schmidt).

**Brief Summary of Engrossed Substitute Bill**

- Establishes the Priorities of Government Oversight Board to prioritize conduct up to two performance audits each year of a high priority government program, and an activity assessment of one or more lower-priority programs.

**Hearing Date:** 4/1/03

**Staff:** Marsha Reilly (786-7135).

**Background:**

Legislative oversight is managed by various procedures, one of which is through performance audits. The Joint Legislative Audit and Review Committee (JLARC) conducts performance audits. The State Auditor conducts performance audits if the Legislature appropriates moneys for specific performance audits in the state budget.

In addition to performance audits, a number of programs have been instituted to improve government efficiency and accountability:

- Legislation enacted in 1996 establishes a performance based budgeting system for state agencies. Agencies are expected to: (a) Establish mission statements and set goals; (b) develop strategies to achieve goals; (c) set outcome based objectives; (d) provide continuous self assessment of each program; (e) link budget proposals with their mission statements and goals; and (f) objectively determine the success in achieving goals.
- Executive Order 97-03 requires all state agencies to develop and implement programs to improve the quality, efficiency, and effectiveness of public services they provide using quality improvement, business process redesign, employee involvement, and other quality improvement techniques.

- Executive Order 97-02 establishes a rules review process for state agencies to periodically review their rules to determine if the rules should be retained, modified, or repealed.

In developing the 2003-2005 General Fund budget, the Governor established a budget process designed to identify priority functions that all state spending should be measured against. The Governor's budget decisions were based on an assessment of each state program's relative contribution to these priority functions, or "Priorities of Government." These priorities include the following:

- improve student achievement in elementary, middle and high schools;
- improve the quality and productivity of our workforce;
- improve the value of a state college or university education;
- improve the health of Washington citizens;
- improve the security of Washington's vulnerable children and adults;
- improve economic vitality of businesses and individuals;
- improve statewide mobility of people, goods, information and energy;
- improve the safety of people and property;
- improve the quality of Washington's natural resources; and
- improve cultural and recreational opportunities throughout the state.

### **Summary of Bill:**

The Priorities of Government Oversight Board (Board) is established to oversee performance audits and priority-based activity assessments based on the "Priorities of Government". The 15-member Board includes:

- the director of the Office of Financial Management (OFM), as chair;
- the state auditor;
- chairs and ranking minority members of Senate Ways and Means and House Appropriations committees;
- the Legislative auditor;
- the director of the State Institute for Public Policy;
- one private citizen with expertise in organizational improvement strategies, appointed by the Governor;
- a state employee, appointed by the Governor; and
- five citizens selected by the Governor from lists of names submitted by each major caucus of the House and Senate. The Governor will select one name from each of these four lists, and the fifth person will be the Governor's choice.

The OFM will staff the Board, with additional support provided by other public members of the Board.

By January 1 of each year, the Board will select one of the ten priority functions of government and, by July 1 of that same year, prioritize each program and activity within that governmental function based on its contribution to the overall objectives of the function. Once this is completed, the Board selects up to two programs for a performance audit, one of which may be from a different priority objective.

The State Auditor will oversee the performance audits and will contract the audits to a public or private entity. Performance audit criteria are established by the board using generally accepted government auditing standards, as well as legislative mandates and performance objectives established by state agencies. Final audit reports will be jointly released by the Board and the state auditor. The Board and the State Auditor will also submit proposed legislation necessary to implement recommendations based on findings contained in the performance audits.

Based on the same priority list, the Board also will select one or more of the lowest priority programs or activities for an activity assessment that will be conducted by an independent contractor. An activity assessment will address the following questions.

1. Does the program or activity continue to serve the purpose for which it was created?
2. In comparison to other programs and priorities, does this purpose continue to merit the use of the state's limited resources?
3. Does this program or activity continue to contribute to the priorities of government?
4. Are there better alternatives for the use of these resources or to accomplish the objective of the program or activity?

The Board will release activity assessments to the public, the Governor, the appropriate legislative committees and will submit proposed legislation necessary to implement recommendations based on findings contained in the activity assessments.

The Board and its powers and duties terminate on June 30, 2010, and a sunset review will be contracted out by the JLARC.

The bill is contingent on funding being provided in the state budget.

**Appropriation:** None.

**Fiscal Note:** Requested on March 21, 2003.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.