

# SENATE BILL REPORT

## 3ESHB 1053

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As Reported By Senate Committee On:  
Government Operations & Elections, February 18, 2004  
Ways & Means, February 26, 2004

**Title:** An act relating to government accountability.

**Brief Description:** Enhancing government accountability.

**Sponsors:** House Committee on State Government (originally sponsored by Representatives Miloscia, Armstrong, Haigh, Simpson, Schoesler, Quall, O'Brien, Kirby, Cox, Eickmeyer, Berkey, McCoy, Ruderman, Hatfield, Sullivan, Morris, Linville, Ahern, Veloria, Bush, Conway, Dickerson, Lovick, Fromhold, Dunshee, Gombosky, Kenney, Kagi, Schual-Berke and Campbell).

**Brief History:**

**Committee Activity:** Government Operations & Elections: 2/12/03, 2/26/03 [DPA-WM, DNP]; 2/18/04 [DP-WM, DNP].

Ways & Means: 2/27/03; 2/25/04, 2/26/04 [DPA, DNP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Roach, Chair; Stevens, Vice Chair; Berkey, Kastama and McCaslin.

**Minority Report:** Do not pass.

Signed by Senator Horn.

**Staff:** Mac Nicholson (786-7445)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Hale, Honeyford, Pflug, Rasmussen, Roach and Sheahan.

**Minority Report:** Do not pass.

Signed by Senators Fairley, Fraser, Prentice and Regala.

**Staff:** Steve Jones (786-7440)

**Background:** A number of programs have been instituted to improve government efficiency and accountability. Legislation was enacted in 1996 establishing 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.

The Governor issued Executive Order 97-03 in 1997 requiring 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 established a rules review process for state agencies to periodically review their rules to determine if the rules should be retained, modified, or repealed.

The Joint Legislative Audit and Review Committee (JLARC) conducts performance audits. The State Auditor conducts performance audits at the direction of JLARC if the Legislature appropriates moneys for specific performance audits in the state budget.

In developing his 2003-05 state budget proposal, the Governor developed a "Priorities of Government" process that identified ten priority functions of state government, including the K-12 school system, higher education, public health, natural and recreational resources, public safety, economic vitality, transportation, and services to vulnerable children and adults. The Governor's budget decisions were based on an assessment of each state program's relative contribution to these priority functions.

**Summary of Amended Bill:** The Legislature finds that state government must establish priorities for the delivery of state services, evaluate high-priority programs to determine if they are operating at maximum efficiency, and assess low-priority programs for their continuing viability.

The Governor's ten priority functions of state government are recognized as the state's highest priorities.

A Priorities of Government Oversight Board is established to conduct performance audits of the state's high-priority programs and activity assessments of the state's low-priority programs and functions. The board consists of 15 members, including the Director of Financial Management, the State Auditor, four legislators, the Legislative Auditor, five citizens, representatives of state employees and the private sector, and others.

Each year, the Priorities of Government Oversight Board selects one of the ten priority functions of government and determines the relative priority of each program and activity within that governmental function. After that prioritization process, the oversight board chooses one or two programs for a performance audit to improve the efficiency and effectiveness of the program. The performance audits are conducted by a public or private entity under a contract with the State Auditor and under the supervision of the oversight board.

The oversight board also selects one or more lower-priority programs to be the subject of an activity assessment to be conducted by an independent contractor. The purpose of the activity assessment is to determine whether the program continues to serve the purpose for which it was created and whether the program should be discontinued or modified.

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

The oversight board and its powers and duties terminate on June 30, 2011.

**Amended Bill Compared to Third Engrossed Substitute Bill:** The Third Engrossed Substitute was stricken in its entirety.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill will restore trust in government and improve agency performance and efficiency. Performance audits and reviews make government more accountable to the public. Four-year institutions of higher education already go through long and detailed accreditation processes which examine the performance of the institutions, so further performance audits are redundant.

**Testimony Against:** None.

**Testified:** PRO: Representative Miloscia, prime sponsor; Chris Rose, OFM; Mark Johnson, NFIB; Terry Teale, Council of Presidents (concerns); Ann Anderson, CWU (concerns).

**Signed In/Did Not Testify:** Loren Freeman (pro with concerns).