

# SENATE BILL REPORT

## SB 6391

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As Reported By Senate Committee On:  
Commerce & Trade, January 29, 2004

**Title:** An act relating to establishing priorities for the industrial insurance system.

**Brief Description:** Establishing priorities for the industrial insurance system.

**Sponsors:** Senators Honeyford and T. Sheldon.

**Brief History:**

**Committee Activity:** Commerce & Trade: 1/22/04, 1/29/04 [DPS, DNP].

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### SENATE COMMITTEE ON COMMERCE & TRADE

**Majority Report:** That Substitute Senate Bill No. 6391 be substituted therefor, and the substitute bill do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; and Mulliken.

**Minority Report:** Do not pass.

Signed by Senator Keiser.

**Staff:** Jennifer Strus (786-7316)

**Background:** During the development of the 2003-2005 budget, for which a \$2 billion deficit was projected, the Governor instituted a Priorities of Government process. This process required state agencies to rank the services and programs they provided in order of their effectiveness. Those services and programs ranked at the top of the priority list were most likely to receive continued funding in the Governor's budget. State agencies were not required to continue this process as an ongoing tool for budget or other program development.

**Summary of Substitute Bill:** The Department of Labor and Industries (L&I) must continuously improve the quality, efficiency and effectiveness with which it operates and delivers services so that employers and workers receive maximum value for their premium dollars. L&I must establish priorities for the delivery of its services and annually assess whether the programs and activities conducted by L&I contribute to its priorities.

L&I must evaluate its highest priority programs to determine whether they are operating at maximum efficiency. The lowest priority programs must be evaluated to determine their continued viability. L&I must publish an annual assessment incorporating the above items by January 1 of each year.

The Office of Financial Management (OFM) must develop a plan to fund programs and services currently funded out of the medical aid and accident fund that are not directly related to workers' compensation. OFM must work with an advisory committee composed of business and labor representatives in developing this plan.

**Substitute Bill Compared to Original Bill:** OFM must develop a plan for how services and programs currently funded out of the medical aid and accident funds which are not directly related to workers' compensation would be funded. OFM must work with an advisory committee composed of business and labor representatives. The report is due to the appropriate committees of the Legislature by November 1, 2004.

**Appropriation:** None.

**Fiscal Note:** Requested on January 23, 2004.

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

**Testimony For:** Business community needs streamlined, efficient programs and services from L&I to protect both employers and employees. Public agencies need to be accountable to the public.

**Testimony Against:** If everything L&I does is important, then setting priorities is the wrong way to go. The Priorities of Government process was deeply faulted because not all stakeholders were at the table. The Workers' Compensation Advisory Committee is comprised of all interests and should be the stakeholder group that OFM uses in developing its plan.

**Testified:** PRO: Jason Mercier, Evergreen Freedom Foundation; George Madsen, RCAW; Amber Balch Carter, AWB; CON: Robby Stern, Washington State Labor Council; David Johnson, Washington State Building Trades; CONCERNS: Paul Trause, Department of Labor & Industries.