

SENATE BILL REPORT

SB 6484

As of February 7, 2014

Title: An act relating to creating a state agency innovation and efficiency grant program.

Brief Description: Creating a state agency innovation and efficiency grant program.

Sponsors: Senators Hill, Angel, Bailey, Becker, Litzow, Tom, Braun, Honeyford and Parlette.

Brief History:

Committee Activity: Governmental Operations: 2/06/14.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Staff: Sam Thompson (786-7413)

Background: The State Productivity Board administers an employee suggestion program (ESP) and teamwork incentive program (TIP) for state employees. The ESP provides cash awards and recognition to employees for ideas that save money, generate revenue, or improve services. The TIP provides cash awards for proposals by teams of employees that demonstrate savings or revenue. Some states have created competitive grant programs to fund government projects that improve efficiency and reduce costs.

Summary of Bill: Program. The State Agency Innovation and Efficiency Grant Program (program) is created to allow state agencies to compete for grant funds implementing projects that improve delivery of services at reduced cost. State executive branch agencies, except institutions of higher education, are eligible. The Office of Financial Management (OFM) administers the program and awards grants. Grant funding recommendations are made by a State Agency Innovation and Efficiency Council (Council).

Council. The Council is created and has nine members:

- the OFM director or designee;
- the State Auditor or designee;
- the Secretary of State or designee;
- a person with experience in leading local government innovation, efficiency, or continuous improvement processes, appointed by the OFM director;
- a person with experience in leading private sector innovation, efficiency, or continuous improvement processes, appointed by the OFM director;
- two Senate members, appointed by leaders of each caucus; and

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- two House members, appointed by leaders of each caucus.

Council members appointed by the OFM director and legislators serve three-year terms. The Council must select a chair. The Council must meet at the call of the chair or on request of a majority of members. A majority constitutes a quorum. Members do not receive compensation but may be reimbursed for expenses.

Council and OFM Duties. The Council must evaluate, rank, and make recommendations to the OFM director for grant awards under a competitive process developed by the Council. The Council must establish criteria by October 1, 2014. In addition to Council-developed criteria, the Council must consider the following:

- whether the project increases the range, efficiency, or quality of services provided;
- whether the project is ready to proceed and make timely use of funds;
- expected return on investment;
- probability of success;
- ability to replicate the project;
- whether the project resulted from a quality management, accountability, and performance system assessment;
- whether the project implements audit recommendations;
- whether the applicant has successfully completed an innovation or efficiency project; and
- whether funds from private or nonstate resources have been committed.

The Council may also examine financial resources that state agencies may apply. Grants may not be used to supplant existing funds for foreseeable or budgeted activities. OFM must establish a process to solicit applications. The first solicitation must occur by November 1, 2014. The Council must make its first recommendations to the OFM director by March 1, 2015.

Grant Agreements. Grant agreements must specify deliverables, including a completion date and reports measuring improvements in service delivery, savings, or cost avoidance. The Council may establish a maximum amount of grants awarded for each project.

Account. The State Agency Innovation and Efficiency Grant Program Account is created in the state treasury to include legislative appropriations and gifts, grants, or endowments. Monies may be spent only after appropriation. Only the OFM director or the director's designee, with the recommendation of the Council, may authorize expenditures. Expenditures may be used only for grants and Council expenses.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

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

Staff Summary of Public Testimony: PRO: This bill establishes a process to objectively review and rank proposals to increase efficiency and lower costs, such as proposals to use new software programs. Progress in implementing a project will be tracked. After implementation, claims regarding projects will be checked to determine whether they were valid. This process will assist budget writers. Other states, including Michigan, have enacted similar legislation.

Persons Testifying: PRO: Senator Hill, prime sponsor.