

E2SSB 5737 - H COMM AMD

By Committee on General Government & Information Technology

1 Strike everything after the enacting clause and insert the
2 following:

3 NEW SECTION. **Sec. 1.** The legislature recognizes that
4 Washington state and its public servants are committed to the
5 continuous improvement of services, outcomes, and performance of
6 state government to realize a safe, beautiful and healthy place to
7 live and work. Therefore, the legislature intends to achieve these
8 aims through an innovative, data-driven, performance management
9 office that will drive the operations of state government through
10 lean thinking.

11 NEW SECTION. **Sec. 2.** (1) There is created in the office of the
12 governor the office of performance management. The office's goal is
13 to develop and implement a documented world-class lean performance
14 management system.

15 (2) The executive head of the office of performance management is
16 a director appointed by the governor, who serves at the pleasure of
17 the governor.

18 (3) The director may employ personnel necessary for the
19 administration of the office of performance management.

20 NEW SECTION. **Sec. 3.** The definitions in this section apply
21 throughout this chapter unless the context clearly requires
22 otherwise.

23 (1) "Agency" means each state agency, department, office, board,
24 commission, or other unit of state government, but does not include
25 an office or agency headed by a statewide elected official,
26 institutions of higher education as defined in RCW 28B.10.016,
27 agricultural commodity commissions, or agencies of the legislative or
28 judicial branches of state government.

29 (2) "Agency ethics plan" means a plan to promote ethical
30 practices and to eliminate fraudulent practices in agency operations.

31 (3) "Agency strategic plan" means a plan described in section 6
32 of this act.

1 (4) "Lean performance management system" means a system that:

2 (a) Promotes activities to increase efficiency and eliminate
3 waste and inefficiency in agency operations, including delivery of
4 services and goods to the public, based upon continuous assessment
5 and improvement; and

6 (b) Is equivalent in scope and detail to similar systems used in
7 large private sector organizations.

8 (5) "Measurable improvements" includes but is not limited to cost
9 savings, cost avoidance, improved safety, increased quality, accuracy
10 and efficiency, improved customer satisfaction, and enhanced employee
11 engagement and satisfaction.

12 (6) "State performance management implementation plan" means a
13 detailed plan to implement a statewide lean performance management
14 system.

15 NEW SECTION. **Sec. 4.** The office of performance management must:

16 (1) Beginning July 1, 2015, conduct an inventory of agency
17 strategic plans and ethics plans and an evaluation of an agency's
18 lean maturity. By May 1, 2016, the office must submit, in compliance
19 with RCW 43.01.036, a report to the legislature and the governor with
20 the results of the inventory and evaluation.

21 (2) Adopt, by January 1, 2016, and implement a state strategic
22 plan and a state performance management implementation plan.

23 (3) Collaborate with the department of enterprise services and
24 the office of financial management's state human resources division
25 to develop a workforce learning and training program and a workforce
26 performance management system necessary for employees, middle
27 managers, supervisors, and senior agency leaders to implement a fully
28 developed lean performance management system; and

29 (4) Adopt rules necessary to administer this chapter.

30 NEW SECTION. **Sec. 5.** Each agency must:

31 (1) Adopt an agency strategic plan pursuant to section 6 of this
32 act, an agency ethics plan, and a workforce learning and training
33 development plan;

34 (2) Provide annual reports to the office of performance
35 management regarding implementation and results of its lean
36 improvement projects that identify measurable improvements.

1 NEW SECTION. **Sec. 6.** Each agency must adopt an agency strategic
2 plan that:

3 (1) Defines its mission and sets measurable goals for achieving
4 desirable results for those receiving its services and taxpayers
5 paying for its services. This section does not require an agency to
6 develop a new mission or goals in place of identifiable missions or
7 goals that meet the intent of this section. The mission and goals of
8 each agency must conform to statutory direction and limitations;

9 (2) Develops clear strategies and timelines to achieve its goals;

10 (3) To assess activity performance, sets quality and productivity
11 objectives for each major activity in its budget. These objectives
12 must:

13 (a) Be consistent with the mission and goals defined under
14 subsection (1) of this section;

15 (b) Be expressed to the extent practicable in outcome-based,
16 objective, and measurable form; and

17 (c) Specifically address the statutory purpose or intent of the
18 program or activity and focus on data that measures whether the
19 agency is achieving or making progress toward the purpose of the
20 activity and toward statewide priorities.

21 **Sec. 7.** RCW 43.09.470 and 2006 c 1 s 2 are each amended to read
22 as follows:

23 In addition to audits authorized under RCW 43.88.160, the state
24 auditor shall conduct independent, comprehensive performance audits
25 of state government and each of its agencies, accounts, and programs;
26 local governments and each of their agencies, accounts, and programs;
27 state and local education governmental entities and each of their
28 agencies, accounts, and programs; state and local transportation
29 governmental entities and each of their agencies, accounts, and
30 programs; and other governmental entities, agencies, accounts, and
31 programs. The term "government" means an agency, department, office,
32 officer, board, commission, bureau, division, institution, or
33 institution of higher education. This includes individual agencies
34 and programs, as well as those programs and activities that cross
35 agency lines. "Government" includes all elective and nonelective
36 offices in the executive branch and includes the judicial and
37 legislative branches. The state auditor shall review and analyze the
38 economy, efficiency, and effectiveness of the policies, management,
39 fiscal affairs, and operations of state and local governments,

1 agencies, programs, and accounts. These performance audits shall be
2 conducted in accordance with the United States general accounting
3 office government auditing standards. The state auditor must consult
4 with the office of performance management and the joint legislative
5 audit and review committee to develop audit criteria and standards to
6 audit the state performance management implementation plan. The scope
7 for each performance audit shall not be limited and shall include
8 nine specific elements: (1) Identification of cost savings; (2)
9 identification of services that can be reduced or eliminated; (3)
10 identification of programs or services that can be transferred to the
11 private sector; (4) analysis of gaps or overlaps in programs or
12 services and recommendations to correct gaps or overlaps; (5)
13 feasibility of pooling information technology systems within the
14 department; (6) analysis of the roles and functions of the
15 department, and recommendations to change or eliminate departmental
16 roles or functions; (7) recommendations for statutory or regulatory
17 changes that may be necessary for the department to properly carry
18 out its functions; (8) analysis of departmental performance data,
19 performance measures, and self-assessment systems; and (9)
20 identification of best practices. The state auditor may contract out
21 any performance audits. For counties and cities, the audit may be
22 conducted as part of audits otherwise required by state law. Each
23 audit report shall be submitted to the corresponding legislative body
24 or legislative bodies and made available to the public on or before
25 thirty days after the completion of each audit or each follow-up
26 audit. On or before thirty days after the performance audit is made
27 public, the corresponding legislative body or legislative bodies
28 shall hold at least one public hearing to consider the findings of
29 the audit and shall receive comments from the public. The state
30 auditor is authorized to issue subpoenas to governmental entities for
31 required documents, memos, and budgets to conduct the performance
32 audits. The state auditor may, at any time, conduct a performance
33 audit to determine not only the efficiency, but also the
34 effectiveness, of any government agency, account, or program. No
35 legislative body, officeholder, or employee may impede or restrict
36 the authority or the actions of the state auditor to conduct
37 independent, comprehensive performance audits. To the greatest extent
38 possible, the state auditor shall instruct and advise the appropriate
39 governmental body on a step-by-step remedy to whatever
40 ineffectiveness and inefficiency is discovered in the audited entity.

1 For performance audits of state government and its agencies,
2 programs, and accounts, the legislature must consider the state
3 auditor reports in connection with the legislative appropriations
4 process. An annual report will be submitted by the joint legislative
5 audit and review committee by July 1st of each year detailing the
6 status of the legislative implementation of the state auditor's
7 recommendations. Justification must be provided for recommendations
8 not implemented. Details of other corrective action must be provided
9 as well. For performance audits of local governments and their
10 agencies, programs, and accounts, the corresponding legislative body
11 must consider the state auditor reports in connection with its
12 spending practices. An annual report will be submitted by the
13 legislative body by July 1st of each year detailing the status of the
14 legislative implementation of the state auditor's recommendations.
15 Justification must be provided for recommendations not implemented.
16 Details of other corrective action must be provided as well. The
17 people encourage the state auditor to aggressively pursue the
18 largest, costliest governmental entities first but to pursue all
19 governmental entities in due course. Follow-up performance audits on
20 any state and local government, agency, account, and program may be
21 conducted when determined necessary by the state auditor. Revenues
22 from the performance audits of government account, created in RCW
23 43.09.475, shall be used for the cost of the audits.

24 NEW SECTION. **Sec. 8.** This act may be known and cited as the
25 performance management act.

26 NEW SECTION. **Sec. 9.** Sections 1 through 6 and 8 of this act
27 constitute a new chapter in Title 43 RCW.

28 NEW SECTION. **Sec. 10.** If specific funding for the purposes of
29 this act, referencing this act by bill or chapter number, is not
30 provided by June 30, 2015, in the omnibus appropriations act, this
31 act is null and void."

EFFECT: Removes the requirement that the Office of Performance Management (OPM) assist in developing and review and approve agency performance plans, ethics plans, and workforce systems; agency performance management implementation plans and develop mechanisms to promote sharing of best practices; and select multiagency programs or processes for a lean performance analysis. All requirements for a partnership with performance excellence programs and Baldrige

assessments are removed. The requirement for the OPM to collaborate with the Office of Financial Management (OFM) to develop a financial data system is removed. Requires agencies to provide annual, rather than periodic, reports to the OPM regarding implementation and results of the agency's Lean improvement projects that identify measurable improvements. The requirements for agencies to provide periodic reports to the Legislature, implement real-time web-based tracking and reporting of agency performance are removed. Removes all requirements regarding performance management in budget documents and redirection of cost savings. Removes provisions transferring OFM duties to the OPM. Removes the requirements pertaining to the Caseload Forecast Council. Removes language encouraging the courts and the Legislature to adopt performance management implementation plans. Adds a null and void clause.

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