

Washington State



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**Senate Committee
SERVICES**

SENATE COMMITTEE SERVICES

**1999 INTERIM WORK
PLAN AND ACTIVITIES**



June 22, 1999

TO: Washington State Senators and Other Interested Persons

FROM: Stan Pynch, Director
Senate Committee Services

SUBJECT: Senate Committee Services 1999 Interim Work Plan and Activities

We are pleased to provide this 1999 Interim Work Plan and Activities for your reference in the months preceding the 2000 Legislative Session.

The interim work plan is a public planning document containing the major agenda issues that the chair of each committee currently plans to consider during the next legislative session. It is being used to guide staff in conducting research for the major agenda items over the interim and in planning related interim committee activities and hearings. Please consider this interim work plan within that context. It is not intended to include all of the projects, issues, and research that are of interest to each member of the Senate. Consequently, it does not include all of the work activities of Senate Committee Services staff in responding to those more diverse interests and requests. In that light, we trust you will find this work plan useful in monitoring the committee's work during the interim.

If you have other requests or questions, or need assistance on any issue, please don't hesitate to call on us.

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AGRICULTURAL & RURAL ECONOMIC DEVELOPMENT

786-7411

Issue: Rural Economic Development

Background: At the beginning of the 1999 legislative session, a significant agenda containing many different items was identified to aid economic development in rural areas. This agenda was largely formulated during the 1998 interim as a result of the Governor's Summit on Rural Economic Development and multiple meetings held by the legislatively created Joint Task Force on Rural Land Use and Economic Development. At the conclusion of the 1999 legislative session, these items were successfully addressed by passage of two omnibus rural economic development bills, namely SB 5594 and HB 2260.

To continue the effort of providing economic and employment opportunities in rural areas that are more closely at par with those in the metropolitan areas, development of a new list of action items is needed. Though not anticipated to be as comprehensive as the 1999 legislative agenda, the development of action items for the 2000 legislative session will require further consultation with local economic development councils, local governments and other local interests in rural areas. In the process of holding these meetings, broader understanding of the availability of the tax incentives and programs now available to rural areas also will be attained.

Questions to Explore:

The list of action items will be developed as a result of two committee meetings/tours. The following are some issues that are expected to be brought up.

1. What has been the result of legislation that established a pilot program for three counties to create rural industrial development zones to assist in developing job opportunities in rural areas where otherwise there is little appropriately zoned land or infrastructure available?
2. Legislation was enacted in 1999 that provided direction to the Department of Community, Trade, and Economic Development to work with local economic development councils within the Community Development Finance Program (SHB 1686). The legislation provided a marketing grant program to assist local business recruitment efforts, and criteria for award of grants, but funds were not provided in the 1999 operating budget. Should funding for implementation of the bill be provided?
3. Legislation to extend the termination date for the Permit Assistance Center failed to pass during the 1999 session. Should a similar mechanism be established with the goal of resolving permit disputes for economic development projects located in rural areas?
4. Are there some items in the rural economic development strategy that need fine-tuning?
5. Are there specific items that will assist agriculturally related rural economic development projects such as value-added agricultural industries or diversification of agriculture crops to provide additional options to low rate of return sectors?

Research and Analysis:

1. Determine which counties are participating in the pilot program to establish rural industrial development zones and assess the success of this pilot program.
2. Become familiar with SHB 1686 including an understanding of how the program was anticipated to be operated and the amount of funding that is sought.

3. Review the Permit Assistance Center statute and review options for utilizing that framework to resolve disputes over permitting of rural economic development projects.
4. Determine the extent that rural economic development plans established at the county level and work done by the IMPACT Center at WSU have been integrated sufficiently to obtain maximum benefit to rural areas dependent on an agriculturally based economy.
5. At the conclusion of the two meetings and tours, develop and revise the list of items for which research and bill drafting is needed.

Committee Meetings:

September—Western Washington committee meeting and tour.

October—Pullman, Eastern Washington committee meeting and tour.

Issue: Conservation Reserve Enhancement Program

Background: The Legislature has appropriated funds for the state to enter into an agreement to offer a program to owners of agricultural lands to restore lands adjacent to streams that contain salmonids listed under the federal Endangered Species Act. This cooperative state/federal program is seen as a significant component for the agricultural sector to address riparian habitat restoration for recovery of salmonids listed under the Endangered Species Act. As this program relies on voluntary enrollment by landowners of riparian lands into the program, sufficient flexibility is necessary to garner participation by landowners.

The responsibility for development of the program resides with the involved state and federal agencies. The State Conservation Commission and the United States Department of Agriculture are lead agencies who have consulted with the National Marine Fisheries Service and the federal Fish and Wildlife Service. Under federal requirements, the near-riparian portions of land parcels may be enrolled into the program for a 15 year period and participating landowners would receive an annual rental payment and cost-share for planting trees and shrubs and fencing if necessary.

In addition to the legislative role of assuring that appropriated state funds will be appropriately used, several issues of state policy have arisen which may affect the willingness of landowners to enroll lands into the program. Adjustments were made to the statutes following the development of a somewhat similar program passed by Congress in 1985. A review has not been done to determine whether similar adjustments may be necessary to accommodate the similar, but different provisions created under the Conservation Reserve Enhancement Program.

Questions to Explore:

1. How will portions of land parcels enrolled into the program be taxed for state property tax purposes? Will the portions of land parcels enrolled in the program be eligible for continued coverage by the Open Spaces Taxation Program? Will parcels under twenty acres be able to meet the income requirements to retain eligibility under the Open Spaces Taxation Program? What will the status be for property tax purpose of land after the 15 year agreement has expired? Do adjustments to the property tax statutes need to be made in a similar way as changes were made in 1988 for the similar Conservation Reserve Program.
2. What are the specifications for participation in the CREP program? What width of land is required to be included in the riparian buffer area? What flexibility exists for the landowner to tailor the buffer to

fit his operation and land configuration? What types of lands qualify to be enrolled into the program such as pasture, hay, and horticultural crop lands?

3. Once trees and shrubs have been planted in the portion of the land parcel that has been enrolled into the program, and the term of the contract expires, what will be the status of the land? Can it be returned to an agricultural use or will it be required to be maintained in a natural buffer area? How do critical area ordinances enacted by local governments and the proposed revision to the Shoreline Management Act regulations affect the future status of land enrolled into the program?
4. Due to federal restrictions, lands eligible for enrollment into the state/federal program are those that qualify under federal regulations as agricultural lands. There are many lands in various areas in the state that are located adjacent to a stream that do not qualify for the program because they are urban land or other types of non-qualifying agricultural lands. Is there an opportunity on the federal side to expand the currently available program to allow for a similar program to be offered to suburban, urban and other non-qualifying agricultural lands? If so, what would be the state's portion of the cost?

Research and Analysis:

1. Parcels over twenty acres need to be primarily devoted to production of livestock or agricultural products to be eligible for current use valuation under the Open Spaces Program. Also, if portions of these larger parcels are enrolled in the federal Conservation Reserve Program or its successor program, they continue to be eligible for current use valuation. Is it clear both legally and to those that implement the Open Spaces Program that the Conservation Reserve Enhancement Program is a successor to the Conservation Reserve Program?
2. For parcels less than twenty acres, the land needs to be devoted primarily to production of livestock or agricultural products. The width of buffers required under the Conservation Reserve Enhancement Program may take several acres out of agricultural production and in some cases will result in discontinuation of farming of the parcel. Will an owner of a parcel under twenty acres who participates in the Conservation Reserve Enhancement Program continue to be eligible for the Open Spaces Taxation Act? If not, will the landowner be required to pay recaptured property taxes, plus interest and a possible penalty unless a change in the law is made?
3. After the fifteen year term of the CREP agreement expires, and if the land cannot be returned to an agricultural use, what is that lands status for property tax purposes?
4. Under the Shoreline Management Act rules being proposed by the Department of Ecology, lands that are being used for agricultural purposes can continue to be used for agricultural uses even if within the established riparian buffer. If lands enrolled under the CREP program and ongoing farming of these areas has ceased during the term of the agreement, can they be reconverted to an agricultural use?

Committee Meetings:

July— Committee tour and meeting.

September—Reports to committee during Committee Assembly on continued eligibility of lands in the Open Spaces Taxation Act when enrolled into the Conservation Reserve Enhancement Program.

Issue: Place of Origin Food Labeling

Background: Greater health consciousness has increased the desire for information about consumer food products. Many products are imported from countries with differing rules governing the production of the food. According to testimony received by the committee in the 1999 session, the identification of the

country that produced a particular product would be a useful piece of consumer information. Additionally, locally produced food may have a competitive advantage over imported food. Identification of food products that are produced in Washington may give the consumer desired information and could also promote local businesses and economies.

During the session, the committee heard both about the desire for "country of origin" labeling and "Grown in Washington" labeling and the Senate passed SSB 5957 to create a task force to explore those issues. Additionally, the committee heard of the successes of the Puget Sound Fresh program in marketing produce grown in the Puget Sound region. Although SSB 5957 did not pass out of the House, interest in new labeling possibilities still persists. More information is necessary to determine if product labeling is actually beneficial, as has been suggested.

Questions to Explore:

1. Is a country of origin labeling requirement for fruits and vegetables constitutional?
2. Is a country of origin labeling requirement for meats constitutional?
3. What other states have requirements like these?
4. What is the federal government doing in this field?
5. What has been tried in the past to accomplish a "Grown in Washington" or similar origin identification labeling program?
6. How can enforcement occur with the least cost?

Research and Analysis:

1. Study product labeling of fruits, vegetables, and meats.
2. Review the Puget Sound Fresh program's successes and problems for possible guidance and coordination.
3. Collect information on the benefits, or lack thereof, of product origin labeling from the Puget Sound Fresh program and from other programs and studies in existence.
4. Evaluate costs and enforcement methods and problems to provide reliable sources of information for consumers, without a burdensome cost.
5. Solicit input from affected groups including food growers, producers, manufacturers, importers, wholesalers, retailers, and consumers. Issues for input will include the voluntary or mandatory nature of the program and where the burden of labeling ought to be placed.
6. Monitor federal developments in this area for progress and for designing a Washington program.
7. Review issues of federal preemption and the probable ability of the state to implement a mandatory labeling program.
8. Prepare informed legislation proposals for the 2000 session.

Committee Meetings:

September — Report to committee on study and possibly review draft legislation during the Committee Assembly.

Issue: Restrictions on the Sale of Fresh Fruit Below Cost

Background: Current law prohibits quantity limitations on below cost sales of fresh fruit. Chapter 15.21 RCW prohibits below cost sales that limit quantities because they may "cause confusion, deceptive trade practices, and interfere with the orderly marketing of fresh fruit necessary for the public health and welfare . . ." This restriction was enacted in 1965. It is unclear whether its continued existence is helpful or harmful to the farmer, retailer, and consumer.

Questions to Explore:

1. What are the historical and continuing justifications of this restriction?
2. What benefits and harms are created by this restriction?
3. Are there similar restrictions elsewhere?
4. Would removal be beneficial?

Research and Analysis:

1. Review the application of this restriction. This will include review of whether the restriction has been used and whether it is beneficial.
2. Obtain the viewpoints of consumer groups, retailers, and the fruit industry.
3. Research similar policies in other states.
4. Suggest possible alterations to these restrictions in the form of legislation for the 2000 session.

Committee Meetings:

December — Report to committee during the Committee Assembly.

COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

786-7408

***Issue:* Expanding Economic Development in Washington**

Background: In 1985 the Legislature established the Legislative Economic Development Committee, for the purpose of providing "responsive and consistent involvement by the Legislature in economic development . . . "

The committee is authorized to "study and review economic development issues with special emphasis on international trade, tourism, investment and industrial development, and to assist the Legislature in developing a comprehensive and consistent economic development policy."

Significant changes to the executive branch agency structure are being considered by the Governor's Office and the Legislature.

The Legislative Economic Development Committee has been essentially dormant for several years. Legislative leaders have decided to activate the committee in response to recent developments and to fill the current void of the absence of a state strategic plan for economic development. According to the statute, both the House and Senate will provide staff support.

Subjects/Questions to Explore:

1. What are the current economic trends, and what is the current state of the state economy?
2. What is the history of state government activities related to economic development, and related to the establishment of a state strategic plan?
3. International trade enhancement and export assistance programs.
4. Industrial development: What can be done to further innovation, workforce skills, and rural development?
5. What are the key elements of a legislative strategic plan for economic development?
6. What is the optimum agency structure to execute the state's economic development program?

Research and Analysis:

1. Compile an overview of trade and industrial development issues.
2. Secure the participation of key economic development experts to address the committee on primary issues. Prepare a draft of the strategic plan pursuant to elements established by the committee.
3. Prepare a draft and final report on the committee's recommendations to the Legislature.

Committee Meetings:

The Legislative Economic Development Committee is composed of 6 Senators and 6 Representatives, and is chaired by the Lieutenant Governor. Member appointments have been made. The first meeting, which will include organizational matters, is scheduled for June 29, in Olympia. Future requested meetings will be established at that time and it is anticipated that five or six additional meetings will be required. It is likely that meetings will be held during the two scheduled Committee Assemblies in September and December.

Issue: Home Warranties in Washington

Background: Washington law provides very limited warranties for home construction. Many home buyers are unaware that new home warranties are so limited. Some home buyers have suffered significant financial losses resulting from defects in the construction of their new homes. During the 1999 legislative session, a bill was introduced to provide additional home warranties. After the committee hearing on the bill, it was determined that home warranties require additional study and information.

Questions to Explore:

1. Should home warranties be expanded in Washington?
2. If home warranties should be expanded, what additional warranties should apply (Specific warranties? Compliance with the building code? Or both?)?
3. Should expanded warranties apply only to new homes or major home improvements?
4. Should expanded warranties apply to condominiums and their common areas (Note: currently there are warranties for condominiums under RCW 64.34)?
5. How long should these warranties apply?
6. Can the warranties be waived? If so, is disclosure required?
7. Do these warranties continue after the sale of a home by the initial home buyer?
8. What financial consequences will likely result from expanded warranties?
9. If home warranties are expanded, should the amount of contractor bonds be increased or purchased new warranty plans (insurance?) be required?

Research and Analysis:

1. Analyze Washington's statutes and case law regarding home warranties.
2. Analyze and summarize other states' home warranties laws.
3. Collect, review and summarize other information such as stability and coverage of warranty plans, problems encountered by home buyers, etc.
4. Form a work group of legislators and interested stakeholders for a series of meetings to discuss the issues.
5. Research and analyze additional issues raised by the Work group.

Committee Meetings:

One meeting of the Senate Commerce, Trade, Housing & Financial Institutions Committee (September 16th or 17th) to review the Work group's findings and consider options for possible legislation.

Other Meetings:

The Work group will meet four to six times during the 1999 interim.

Issue: Gambling in Washington State

Background: Legalized forms of gambling have proliferated over the last 20 years in Washington State. In the early 1970s, approximately \$78 million was wagered on horse racing through parimutuel betting, the only form of legalized gambling at that time. By 1990, legalized forms of gambling included bingo, commercial card rooms, fund raising events, horse racing, state lottery, punchboards, pulltabs, and tribal

casinos. In 1990, the state hit the \$1 billion mark in total dollars wagered. In 1997, the Legislature authorized house-banked card rooms, and in 1998 tribal casinos amended their compacts with the state to include tribal lottery systems and electronic scratch ticket systems. Today, we have an industry in which approximately \$2 billion is spent on a variety of gambling activities.

As the gambling industry grows, there is increased competition between industry participants for gambling dollars. As a result of this competition, gambling industry participants continue to request the authority to expand, in some manner, the operation of their gambling activities. In addition, during the 1999 session local jurisdictions raised concerns regarding gambling activities, local gambling taxes, and zoning issues.

There are concerns about the social and economic implications of the continued authorization of expanded forms of gambling. Some believe it is in the state's best interest for the Legislature to address the significant policy issues surrounding the future of legalized gambling in Washington. This interim the Commerce, Trade, Housing & Financial Institutions Committee will create a work group to address gambling issues in Washington State.¹

Issues to Explore:

1. The nature and scope of legalized gambling in Washington, and how these forms of gambling developed and changed over time.
2. The current tax structure of gambling activities in Washington.
3. The nature, extent, and cost of problem and pathological gambling and current efforts to address problem and pathological gambling.
4. The nature, extent, cost, and scope of legalized gambling in neighboring states and Canada, and the potential competitive impact such gambling has or will have on the state's gambling market.
5. Emerging trends in each segment of the gambling market and the potential impact of such trends on the state's gambling market.
6. The role of local jurisdictions in gambling licensing decisions and the tools currently available to a local jurisdiction wishing to limit the expansion and to control the location of gambling facilities in their community.
7. Charitable and nonprofit gaming and the charitable and nonprofit organizations' ability to raise funds for their organizations from gambling activities.
8. The establishment of potential statewide policies on gambling.

Research and Analysis:

1. Gather, review, and summarize gambling laws and policies in other states pertinent to the major issues considered by the work group participants.
2. Research and analyze gambling studies and other relevant materials to assist in providing information that will allow the work group to make policy choices regarding gambling laws in Washington.
3. Attend Gambling Commission meetings and monitor issues discussed at the meetings.
4. Draft a final document that summarizes the work group's perspective on gambling in Washington.
5. Draft legislative proposals as desired by the work group.

¹An invitation has been extended to the House of Representatives to make this a joint Work group.

Committee Meetings:

The members of the committee will attend work sessions in various locations throughout the state. The meetings will include industry representatives, local governments, and various state agencies. The tentative schedule is to have four meetings over the interim; Spokane, Yakima, Everett and Olympia or North of Olympia in the SeaTac area. The dates of the meetings have not been determined.

EDUCATION

786-7420

Issue: Education Improvement

Background: In 1992, the Legislature took the first legislative steps to implement education reform to improve K-12 education in Washington State. Each year since 1992, the Legislature has taken additional legislative actions for improving education in Washington State. One of the next steps will be to review the roles and responsibilities at the state, district, and school levels to determine if the roles are appropriately defined and the responsibilities are fundamentally consistent with the implementation of school improvement.

Questions to Explore: How do other states define the roles and responsibilities of the state, school district and school? Is there a specific structure that has been shown to be the optimum structure? Are there attributes that should be found in any structure? What are some possible refinements that could improve the educational structure in Washington State? Should the governance of certain programs, such as teacher certification, be changed to another entity? Would the addition of an ombudsman be beneficial to parents?

Research and Analysis: Explore the next steps necessary for improving education in Washington State, including reviewing the appropriate roles and responsibilities at the state level, school district level, and the school building level. Monitor the meetings and review the recommendations to the Legislature of the Academic Achievement and Accountability Commission regarding implementation of a K-12 accountability system providing school assistance, recognition and intervention by the state. Identify issues, policy options and develop draft legislation as needed.

Issue: Early Childhood Education

Background: The first few years of life are very important to a child's physical and mental development. Without a healthy mind and body, a child will have learning problems. Groups such as the Governor's Commission on Early Learning, and programs such as Readiness to Learn and the Early Childhood Education and Assistance Program, represent the state's efforts in assisting parents to raise healthy children.

The Commission on Early Learning. Prompted by scientific research that the first three years of life are critical to a child's learning and development, Governor Locke launched the Commission on Early Learning in 1998. Co-chaired by Mona Lee Locke and Melinda French Gates, the Commission is charged with ensuring that every child in Washington goes to school prepared to succeed. The Commission has four main areas of responsibility:

- Determine the appropriate role for state government in early education.
- Assess current state programs affecting children from birth to age five.
- Identify gaps in current programs.
- Recommend remedies.

Readiness to Learn (RTL). The RTL program was established in 1993 as part of the Education Reform Act. Its purpose is to reduce barriers to student success in school that are associated with factors outside of the school setting. RTL also aims to prevent problem behaviors and academic failure at the elementary school level. To accomplish these purposes, RTL provides family liaison workers who coordinate a wide range of community resources that respond to individual student needs.

Early Childhood Education and Assistance Program. Administered by the Department of Community, Trade, and Economic Development, ECEAP is a voluntary preschool program that prepares economically disadvantaged children to enter grade school. The program is targeted to four-year-old children whose family incomes are at or below 110 percent of the federal poverty level. The ECEAP program provides grants to local contractors, such as school districts and educational service districts, to provide educational, social, health, and nutritional services to children.

Questions to Explore:

What gaps exist in current early-childhood programs? What children are falling through the gaps? Will the Commission on Early Learning's legislative recommendations be integrated into existing programs or will they require the creation of new programs? How many early childhood assistance programs are providing resources for parents? What other resources are available for parents? How do parents get assistance when their child's academic progress is of concern? Would the addition of an ombudsman be beneficial to parents?

Research and Analysis:

Monitor the Commission on Early Learning and work with the two senators on the Commission to effectively translate the Commission's recommendations into legislative proposals. Review and summarize state and local programs that assist parents in raising children who are ready to learn. Identify issues, policy options and develop draft legislation as needed.

Committee Meetings:

Possible hearing at September Committee Assembly.

Issue: School Safety

Background: According to the U.S. Department of Education, about 10 percent of the nation's public schools reported at least one serious violent crime in the 1996-97 school year. More recently, the media has reported a number of school shootings across the country. Lawmakers in Washington and other states have responded to the violence by proposing various safety measures. During the last session, for example, the Washington Legislature increased funding for school safety measures and passed a bill requiring mental evaluations for persons who illegally possess guns on campus. Other states have considered such things as installing metal detectors, assigning police to schools, and performing hostage drills.

Questions to Explore:

What additional efforts can the Legislature make to improve school safety? Would the addition of an ombudsman be beneficial to parents?

Research and Analysis:

Survey and review the safety efforts in other states and determine the feasibility of adopting those efforts in Washington. Determine the need and feasibility of adopting statewide training standards for security personnel in schools. Monitor the implementation of the safety initiatives funded by the Legislature in the 1999 legislative session, including the development and implementation of safety plans, alternative-school start-up grants, security grants and other prevention and intervention safety programs. Identify issues, policy options and develop draft legislation as needed.

Committee Meetings: Possible hearing at the September or December Committee Assembly.

Issue: Effective Assistance Programs

Background: There are several state-level programs providing assistance to K-12 students and teachers. Implementation of the higher standards and increased expectations for student performance may place higher demands on the level of assistance currently provided.

Questions to Explore: What are some of the different approaches used in the Washington State assistance programs for students, teachers or parents? What are some of the programs and approaches used in other states to provide additional assistance to students who are performing below set standards? What are some of the programs and approaches used in other states to provide teachers additional assistance to help students meet set standards? What are some of the programs and approaches used in other states to provide parents whose child is not meeting set standards? Should alternative schools be made available in elementary schools? Should alternative schools be available to all students, not just those students who are "at-risk"? What is the definition of "at-risk"? How effective are tutoring programs? Would the addition of an ombudsman be beneficial to parents?

Research and Analysis: Review various state assistance programs for students and teachers, including the Learning Assistance Program (LAP), Reading Corp, Helping Corp and the Teacher Mentoring Program. Identify issues, policy options and develop draft legislation as needed.

Committee Meetings:

Possible hearing at the December Committee Assembly.

ENERGY, TECHNOLOGY & TELECOMMUNICATIONS

786-7455

Issue: Tax Implications of Recent Electricity Industry Changes

Background: The current system of taxation has evolved over several decades based on the traditional model of vertically integrated monopoly electric service. This model is changing dramatically as a result of federal action, deregulation legislation in other states, technological advances, and market forces. It has been difficult for the Legislature to gather, systematically, sufficient information about the tax implications of these changes, but a number of them have the potential to impact negatively the revenue streams of state and local governments.

Questions to Explore:

1. What are the current state and local taxes that apply to the wholesale and retail sales of electricity in this state, including tax incidence, rate, base, collection, and allocation?
2. What trends in the wholesale and retail electricity markets are affecting current and future revenue streams (including power imports and exports by in-state and out-of-state suppliers)?
3. Are existing state and local tax laws sufficient to protect historic revenue streams in light of wholesale and retail market changes?
4. Is the tax code adequate to tax equitably the new participants in the markets, such as brokers, marketers, aggregators, and traders?
5. What options for change will best avoid revenue loss, promote competitive neutrality, and encourage economic development within the electricity industry?

Research and Analysis:

As part of the 1999-01 operating budget (ESSB 5180, §138), the Department of Revenue (DOR) was directed to conduct a study and prepare a report of the current state and local system of taxation of the electricity industry. Committee members and committee staff will participate in the design of the study. Committee staff will assist with data collection and analysis and facilitate consultations between the DOR and the Committee members as required by the legislation.

Committee Meetings:

Presentation of the report is planned for the September and/or December Committee Assembly hearings (either as a draft in progress and/or as a final report), where the committee will review findings and options for possible legislation.

Issue: Cost Shifting Implications of Electricity Industry Changes

Background: Many structural and operational changes are under consideration or being implemented by the state's electric utilities and non-residential customers in response to changing wholesale market conditions. Additional changes are occurring here and outside the state in response to retail restructuring around the country. A number of these changes can significantly alter utilities' costs of doing business and, consequently, create the potential for cost shifts among and between different customer groups. Examples include the Bonneville Power Administration (BPA) subscription process and related rate case, industrial bypass, commercial aggregation, and divestiture of generating resources.

Questions to Explore:

1. To what extent, if any, does Washington's unique absence of exclusive service territory franchises put residential customers at risk of undue costs shifts from industrial customer bypass? What other alternatives, in lieu of exclusive service territories, could protect residential customers from these potential cost shifts?
2. What are the possible cost impacts to Washington's investor-owned utilities from the BPA power subscription/allocation process, and how will those costs be incorporated into residential rates?
3. How likely is it that utilities in Washington will elect to divest existing generation assets for competitive, economic, or regulatory reasons (or surrender existing licenses for hydro facilities in lieu of complying with costly new Federal Energy Regulators Commission (FERC) re-licensing conditions)? What are the alternative methods available for determining and allocating the value of generation assets that may be divested, transferred, or surrendered?
4. To what extent, if any, does the emergence of aggregation by commercial customers within a single service territory and across service territories put residential customers at risk of undue cost shifts?

Research and Analysis:

Committee staff will collect, review, and analyze relevant research and literature, focusing in particular on the experiences of other states that have enacted exclusive service territory laws and states that have dealt recently with re-allocations of cost-based federal "preference" power, divestiture of generation assets, and widespread aggregation of commercial loads.

Committee Meetings:

The committee will hold a work session to hear testimony about some or all these issues and options available to the state for protecting residential ratepayers from undue cost shifts resulting from industry changes.

Issue: Telecommunications Universal Service & Consumer Protection

Background: Telephone companies and customers in rural and high cost areas face many challenges in implementing the 1996 Federal Telecommunications Act, most notably how to preserve universal access to affordable basic telephone service, and how to ensure quality service in the absence of robust competition. Universal service reform was proposed but not enacted during the 1999 legislative session (SB 5811). Several other state legislatures and utility commissions have now adopted reformed universal service programs and are just beginning implementation. The Federal Communications Commission (FCC) is likely to issue its revisions to the federal universal service program requirements sometime this summer, and work will continue at the Washington Utilities and Transportation Commission (WUTC) throughout the interim to refine the cost estimates for the state portion of the program. Service quality complaints persist in many areas around the state despite the efforts of the commission and the companies to make improvements.

Questions to Explore:

1. How will the revisions to the federal program affect the design, size, and/or implementation of the state's proposed universal service program?
2. How does the amount of Washington's proposed universal service charge, the base to which the rate is applied, and the total size of the fund, compare to other states' universal service charges?

3. What alternatives are available and feasible for phasing in universal service fund charges in concert with access charge reform and federally-imposed price de-averaging?
4. How serious, and how widespread, are service quality complaints around the state?
5. Has the adoption of minimum service quality standards in other states resulted in improved performance and consumer protection for the customers of those states?

Research and Analysis:

Committee staff will review and analyze the revisions to the federal universal service program and conduct a comparative analysis of Washington's proposed program with the programs being implemented in other states. Staff will also research alternatives used in other states and/or proposed here by stakeholders for implementing the program in phases that are connected to related regulatory changes. Committee staff will also review the service quality standards adopted by other state legislatures and commissions and analyze available data on the impacts those standards have had on service quality performance of telecommunications providers.

Committee Meetings:

Universal Service: The committee will hold a work session to review staff findings, the WUTC's progress on refining the cost estimates, and consider options for revising the legislation proposed last session.

Consumer Protection: The committee will hold a series of public hearings around the state (2-4) to hear testimony from consumers about the service quality they are receiving from their incumbent telephone providers.

Issue: Telecommunications Competition & Broadband Deployment

Background: The Federal Telecommunications Act of 1996 requires that state policies to promote competition within the telecommunications industry must be both competitively and technologically neutral. A number of contentious policy initiatives related to establishing fair and robust competition in the telecommunications industry have been debated in the Legislature since the passage of the Act, most of which have remained unresolved due to an inability to reach consensus on the elusive standard of competitive and technological neutrality. Opposition is fierce when one segment of the industry believes a proposal will leave it at a competitive disadvantage relative to another segment of the industry. Most recently, legislative proposals to promote investment and broadband deployment around the state have met with a similar fate. Current examples include proposals for "price caps" or other alternative forms of regulation to ease regulatory burdens for incumbent providers, interconnection enforcement to ease the way for new entrants and competitors to enter the market, reform of state and local government right-of-way policies to ease deployment of facilities by all providers, and authority for public utility districts to provide telecommunications service.

Question to Explore:

1. What does it mean for state telecommunications policy to be competitively and technologically neutral?
2. Which legislative alternatives, if any, are the most likely to extend the benefits of competition (including choices among competing providers and access to advanced services) to rural and residential customers?
3. If the alternatives that appear most likely to extend the benefits of competition to rural and residential customers, can they be crafted in a competitively and technologically neutral way?

Research and Analysis:

Committee staff will review and analyze the experiences of other states and the federal government in their efforts to promote competition and extend the benefits of competition to rural and residential customers. Research will focus on available empirical results of the policy alternatives (including both quantitative and qualitative changes in telecommunications competition available to rural and residential customers). Committee staff will also collect, review, and summarize the available relevant court decisions and policy literature interpreting what it means for telecommunications policies to be competitive and technologically neutral.

Committee Meetings:

The committee will host a series of workshops conduct roundtable discussions of legislative alternatives with interested stakeholders and to review staff findings from the relevant research and.

ENVIRONMENTAL QUALITY & WATER RESOURCES

786-7407

Issue: Water Supply

Background: Adequate water supply for growing communities and endangered fish continues to be a major concern for the Legislature. Changing patterns of economic growth and development and competing demands among uses call for analysis of emerging needs and development of innovative legislative approaches to assure equitable management of the state's water resources to supply the current and future needs of domestic, agricultural, municipal, industrial, and instream uses.

Questions to Explore:

1. How can the state assure that standards and procedures for processing surface and ground water rights, including public interest review, are fair, efficient, and consistent?
2. Should the state adopt a statutory equivalent to growing communities' doctrine to clarify the scope of municipal water rights?
3. How can the state best promote both statewide interests and local initiatives for protection of fisheries resources? What methods for determining instream flow needs and what processes for allocating water to instream purposes should the state use?

Objectives and Analysis:

1. Develop recommendations for amendments to the water code to assure fair, efficient, and consistent administration of water rights.
2. Develop recommendations for clarifying the scope of municipal water rights.
3. Develop governance and programmatic tools that facilitate local and regional efforts and maintain the statewide interest in fisheries protection and recovery.

Issue: Petroleum Spill Prevention

Background: The marine waters along the coast, in the Strait of Juan de Fuca, and in Puget Sound are ecological sensitive areas. These waters serve as key marine transportation corridors for both Washington State and the Canadian Province of British Columbia. The waters also support productive marine fisheries, and contribute to shipping and industry, environmental tourism, recreation, and the quality of life of the residents in both countries. There are many ongoing, state, national and international efforts to protect and preserve the quality of these waters.

Questions to Explore:

1. What are the biggest risks to the quality of the state's marine waters?
2. What are the best, cost-effective, alternatives for protecting the marine waters from all types of petroleum spills?
3. How can the state best allocate the costs of protecting these waters?
4. What are the best alternatives for balancing out the fluctuations in the Department of Ecology's Oil Spill Administration and Response Accounts?

Research and Analysis:

1. Analyze the results of previous studies concerning the North Puget Sound.
2. Review and analyze the results and recommendations of the joint study conducted by the Department of Ecology and the U.S. Coast Guard regarding the risk management plan for the North Puget Sound.
3. Gather information and data regarding the International Tug of Opportunity System (ITOS).
4. Develop legislative alternatives for implementing risk reduction measures.
5. Suggest alternatives for handling the fluctuations in the department's administrative account.

Committee Activities:

1. Field tours: Neah Bay, rescue tug project; ITOS project; New Carissa oil spill site.
2. Meet with Oregon state officials to receive briefing on funding and volunteer projects.
3. Monitor the development of the Department of Ecology/Coast Guard efforts in developing a risk management plan.
4. Participate in a joint Senate and House work group regarding oil spill risk reduction - created by ESHB 2247 (1999).

Issue: Permit Coordination

Background: For many years complaints have been expressed about the lack of environmental permit coordination. During the 1999 session several bills were considered, but not enacted, to reauthorize the Permit Assistance Center; the Center will sunset on June 30, 1999. Also considered were provisions relating to environmental review and permit processing, including:

- Authority for agencies to negotiate cost reimbursement agreements with project applicants;
- Requiring greater coordination between state permit programs and local governments;
- Modification of state permit programs for consistency with the requirements of the federal Endangered Species Act (ESA); and
- Expansion of coordinated permit/project review to include projects on state-owned aquatic lands.

Questions to Explore:

1. To what extent is the lack of coordination a problem? For whom? Why?
2. What are the effects of incorporating requirements of the ESA into state and local permit programs? What mechanisms could be used to incorporate the requirements of the ESA? Which permit programs are most likely candidates?
3. How have other states structured coordinated permit review programs?
4. Which environmental review and permit coordination activities continue to be authorized when the Permit Assistance Center statute, Chapter 90.60 RCW, sunsets?
5. If a permit coordination function exists, where in state government should it reside?
6. Did ESHB 1727 (regulatory reform - 1995) improve the permit process? Did it result in a longer process?

Research and Analysis:

1. Collect, review and summarize other states' approaches to environmental project permit review.
2. Identify the characteristics of permit programs relevant to the ESA and the vehicles for seeking federal agencies' approval.

3. Identify existing authorities for reimbursement of agency costs by the permit applicant for environmental review and permit application processing.
4. Develop and evaluate alternatives for reestablishing coordinated environmental review and permit processing.
5. Review the Department of Transportation's new coordination efforts for project mitigation.

Issue: Air Quality and Motor Vehicle Emissions

Background: Washington State has several areas that are very close to violating federal clean air standards and are at risk of "nonattainment." If in nonattainment, the state may be under federal regulation for 10 years. "Point source" pollution (from industry) is often the area easiest to target when in nonattainment. Motor vehicles (which are not considered "point source") contribute more pollution to the air than do "point source" industries and many people believe the solutions to air pollution issues should first focus on motor vehicles.

Question to Explore:

- What are the most viable cost-effective alternatives for improving the state's air quality?

Research and Analysis:

1. Examine methods for reducing air pollution from motor vehicle emissions.
2. Review legal effect of recent Federal District Court decisions on implementation of new air pollution standards issued by the U.S. Environmental Protection Agency.
3. Study contingencies for areas that may fall into "nonattainment" of federal air pollution standards.

Issue: Puget Sound Protection and Clean-up

Background: Overlapping jurisdiction of governments and agencies has caused confusion and hindered planning, monitoring, project review, and clean-up within Puget Sound. These overlaps compel agencies to place greater emphasis on coordination and have displaced focus on key priorities. Those priorities relate to review and approval of major projects, clean-up of contaminated sediments, pollution control and siting of pollutant outflows, shoreline construction and its effect on nearshore habitats and recovery of threatened, endangered or sensitive species.

In upland natural resource and environmental planning, watershed-based landscapes are the basic unit of planning and are increasingly based on watersheds. In the marine environment, discrete planning units are not well defined or agreed upon.

Questions to Explore:

1. What is the most appropriate "landscape" for planning marine and resource use in Puget Sound?
2. What is the relationship between potential landscapes and larger ecosystems of Puget Sound, Gulf of Georgia and Strait of Juan de Fuca?
3. Where are there overlaps, conflicts and gaps in planning, inventorying, monitoring and pollution control and cleanup?

4. What changes are needed to enable agencies to focus on priority land use planning activities in marine landscapes?

Research and Analysis:

1. Compile a summary of statutory and regulatory authorities for Puget Sound and develop a legislator's guide.
2. Identify conflicts, duplication and gaps in jurisdictions and authorities related to planning marine and resource uses in Puget Sound.
3. Develop and evaluate characteristics of organizations, structures and processes for integrating planning processes.
4. Evaluate the relationship of local, bay or landscape-specific objectives and planning processes to statewide or Puget Sound-wide planning objectives and processes.

Issue: Safe Drinking Water

Background: Location of residential development near agricultural and industrial activities creates issues relating to prevention of contamination and cleanup of toxics in drinking water. Development of rural residential areas calls for attention to construction, operation, and maintenance requirements for small public water systems.

Questions to Explore:

1. What factors contributed to the contamination of groundwater in Whatcom County from the chemical pesticide ethylene dibromide (EDB)?
2. How does the "farmer exemption" to the Model Toxics Control Act (MTCA) work? What is the scope of the exemption?
3. How can the state enhance prevention activities to avoid future contamination of drinking water supplies?
4. How can the state best assure that the health and safety of rural residents who rely on small public water systems is protected?

Research and Analysis:

1. Compile an inventory of sites where drinking waters have been contaminated by toxic chemicals and prepare case studies and a fact pattern analysis.
2. Evaluate whether farmers and the public are adequately protected by the MTCA.
3. Analyze alternatives to protect the quality of public water supplies.
4. Analyze state and local regulation of small public water systems.

Committee Activities:

Field tours: Groundwater contamination sites in Whatcom and Yakima counties.

Committee Meetings:

September 1, 1999 - Agenda to be announced.

December 2, 1999 - Agenda to be announced.

HEALTH & LONG-TERM CARE

786-7747

Issue: School Based Health Care Services

Background: Every day children come to school suffering from the same health conditions that afflict the population as a whole. From malnutrition to mental illness, asthma and allergies, schools have a responsibility to respond to and treat students with health problems. The Legislature has grappled with how to pay for the growing cost of school based health services.

Questions to Explore:

1. What are the current payment sources for school health services in Washington State?
2. What role does private insurance play in the provision of school health services?
3. How does Medicaid pay for services in schools?
4. Could Children's Health Insurance Program (CHIP) be used for school-based health services?

Research and Analysis:

1. Summarize the current payment strategies which the state uses to supply health care services to students in school settings.
2. Report on the role of private and public insurance in the provision of school-based health services settings.
3. List the problems/benefits in using third party reimbursement.
4. Devise a model for a using a private third party reimbursement, given the current system in our state, which does not include school based health centers.

Issue: Privacy of Health Information

Background: Health information is personal and people expect confidentiality. Some argue privacy is required in order for people to comfortably access needed services. But, privacy laws are not uniform. Science is causing new tension between privacy and disclosure with rapid advances in the field of genetics, which enables access to meaningful information about individuals. With current technology, access to health care, information can be immediate and can be easily shared.

Questions to Explore:

1. Is there a way to make the laws governing health information more uniform and easier to apply?
2. Can health information be protected and simultaneously be useful in the development of individual and public health care?
3. What is happening at the federal level that would require systemic changes at the state level?
4. Can entities such as employers or insurers discriminate based upon health care information?

Research and Analysis:

1. Develop a model act that mandates consideration of basic privacy principles for any legislation concerning the communication of health care information?
2. Identify compromise positions or a middle ground position regarding discrimination based upon health care information.

3. Craft useful definitions for health care information policies.
4. Consider the implications of genetics on health care information provisions through interim work sessions under the authority of House Joint Resolution 4412 (DNA work group).

Committee Meetings:

Three meetings of the DNA work group to review staff findings and consider possible legislative action.

Issue: Individual Health Insurance Market

Background: Most people in Washington who receive their health insurance through the private market do so through their employer in what is referred to as the group market. However, those who are self-employed, or who are not provided coverage by their employers, must get insurance in the individual market. Approximately 200,000 - 250,000 state residents are currently insured through the individual market. There are also approximately 600,000 people without health insurance in the state for whom the individual market could potentially be a source of insurance.

Between 1993 and 1995, enrollment in the individual market expanded by 40 percent. At the end of this period, however, carriers began reporting significant losses in the individual market, and individual market rates, which were relatively flat initially, began increasing. Recently, the three major carriers that remained in the market have reported significant losses on individual plans. Currently, individual plans are not available to new enrollees in 17 Washington counties.

Legislation addressing this issue was introduced but failed to pass during the 1999 legislation session.

Questions to Explore:

1. Will the availability and affordability of individual health insurance plans in Washington State continue to diminish and if so, who will it impact?
2. Absent legislative action, what administrative tools are available to state agencies such as the Health Care Authority and the Insurance Commissioner to address problems in the individual market, and how effective might these tools be?
3. How many persons will become or continue to be uninsured due to problems with the individual insurance market? What are their characteristics?
4. How will the Health Insurance Portability and Accountability Act (HIPAA) come into play in the face of a deteriorating state individual market?
5. What actions have been taken in those states which have a healthy individual market that might be duplicated in Washington? What have been the consequences of such actions in those states?

Research and Analysis:

1. Monitor efforts by the Insurance Commissioner to enroll individuals in the Washington Health Insurance Pool and to address problems in the market through administrative actions.
2. Monitor Health Care Authority contracting activities for the subsidized and unsubsidized Basic Health Plan.
3. Collect, review and summarize information regarding the characteristics of persons in the individual health insurance market in Washington State.

4. Collect, review and summarize information regarding the structure and regulation of the individual insurance market in other states.
5. Research HIPAA consequences of inadequate individual market.

Issue: Mental Health Parity

Background: Legislation has been introduced in each of the past few years which would require health carriers to provide coverage for mental health services on the same basis as that provided for physical health services. During the 1998 interim, the issue was subject to review by the Department of Health under the mandated benefits review process provided in statute. SB 5425 failed to pass in 1999, due in part to concerns regarding its impact on public and private health insurance costs. Approximately 30 states have passed laws addressing the issue of mental health parity in some form.

Questions to Explore:

1. What is the expected cost impact of mental health parity in Washington State?
2. What components of parity legislation are most likely to increase costs, and how might they be modified to address cost concerns?
3. How and to what extent might mental health parity reduce the cost of coverage for physical health?
4. When would any cost offsets be realized and how could they be reflected in the state budget cycle?

Research and Analysis:

1. Survey other states which have enacted mental health parity legislation to determine how anticipated costs compare to actual costs. Identify any evidence in these states of cost offset.
2. Collect, review, and summarize available literature regarding: (1) the cost of mental health parity under various conditions; and (2) measuring and accommodating cost offsets with regard to health policy decisions generally, and mental health care particularly.

Issue: Patients' Bill of Rights

Background: Managed care is now the dominant arrangement under which Washingtonians receive medical services. In the past several years, a number of bills have been introduced and passed at the state level to regulate this type of delivery system. In 1999, a "Patients' Bill of Rights" was introduced and passed in the Senate, but was not passed by the House. Among other things, the bill contained provisions regarding independent third party review of health carrier decision and health carrier liability, which raised concerns regarding cost impacts. Interest in the issue of managed care also exists at the federal level and may prompt federal legislation.

Questions to Explore:

1. What provisions should be contained in a state patients' bill of rights to provide the most needed and desired patient protections and to complement existing protections at the state and federal level?
2. What would be the cost impact of a Patients' Bill of Rights in Washington? What provisions would be the most significant cost drivers and how might they be adjusted to address cost concerns?

Research and Analysis:

1. Monitor federal managed care legislation and evaluate the impact of any legislation which is adopted on state regulatory efforts.
2. Monitor nationwide judicial consideration of relevant issues, particularly health plan liability, and evaluate its impact on state regulatory efforts.
3. Collect, review and summarize information regarding cost and quality impact of managed care regulations in other states similar to those being considered in Washington.
4. Collect, review and summarize information regarding consumer dissatisfaction with managed care in Washington, to better target regulatory efforts.

Issue: Medicaid Prescription Drug Costs

Background: Expenditures on prescription drugs for low-income people by the state's Medical Assistance Administration are projected to increase by 26 percent next biennium. Fee-for-service expenditures on prescription drugs are expected to total \$536 million in 1999-01, a \$112 million increase over the 1997-99 level. These totals do not include drug expenditures on behalf of the roughly 60 percent of Medicaid recipients who are enrolled in managed care programs, where drug costs are cited as a major reason for recent increases in managed care rates.

The 1999 Appropriations Act directs the Medical Assistance Administration to report to the Legislature by December on options for controlling the increase in Medicaid prescription drug costs.

Questions to Explore:

1. What are the underlying causes of increased drug expenditures on behalf of medical assistance recipients (e.g., more users per eligibility group; more prescriptions per user; introduction of new drugs for which there are not generic equivalents; substitution of new brand-name drugs for generics)?
2. How effective are current state efforts to reduce prescription drug costs (e.g., supplemental drug discounts; compliance packaging; point-of-service drug utilization review)?
3. What methods are other large purchasers using to control prescription drug costs, and what would be their programmatic and fiscal impacts if incorporated into Washington's Medicaid Program?

Research and Analysis:

1. In coordination with the Medical Assistance Administration, retrieve and analyze data on trends in prescription drug use and costs.
2. In coordination with the Medical Assistance Administration, retrieve and analyze data on the impact of current cost control measures.
3. In coordination with fiscal committee staff, research mechanisms used by other state Medicaid programs and other large purchasers to control prescription drug costs.
4. In coordination with fiscal committee staff, obtain suggestions and feedback on possible cost-control approaches from key stakeholder groups.
5. Collect information on the size and uses of Regional Support Network (RSN) reserve accounts.

Issue: Injury and Illness Prevention and Management

Background: In recent years, the Legislature has made a substantial effort, through both public and private means, to assure widespread access to medical treatment. Particular focus has been on the availability and affordability of health insurance. While the question of how to pay for needed care has thus received substantial consideration, the Legislature has devoted less attention to the question of how to reduce the need or demand for such care. Exploring this issue may identify other means to improve the health status of Washington residents, while also addressing concerns about the increasing costs of medical treatment.

Questions to Explore:

1. Which medical conditions are the most significant drivers of medical treatment costs in both the public and private sectors? Can these conditions be prevented or their treatment be better managed?
2. What programs exist in other jurisdictions which address preventive care and care management? What impact do these programs have on the health status of those at whom they are directed? What do they cost? What impact have these programs had on treatment costs?
3. To what extent do these or other programs exist in Washington? Is there a correlation between programs which do exist and conditions which drive treatment expenditures? Should and could programs from other jurisdictions be replicated here?

Research and Analysis:

1. Collect, review, and summarize information regarding medical care cost drivers in Washington State.
2. Catalogue existing programs from other jurisdictions which address injury and illness prevention and management. Summarize their impact on health status and treatment cost.
3. Survey programs within the state, in both the public and private sectors, which address the need and demand for costly medical services. Identify gaps which might be addressed through legislative action.

HIGHER EDUCATION

786-7419

Issue: Tuition Policy

Background: The 1995 Legislature removed the direct link between tuition and the cost of instruction and set forth dollar amounts for tuition at the public higher education institutions. The Legislature intended that the setting forth of dollar amounts would be a "transition measure." However, for the past two biennium, specific tuition amounts were set for residents and non-residents enrolled as undergraduates, graduates, or professional students. The 1999 Legislature gave authority to institutional governing boards to set tuition at the local level within legislatively established parameters.

Objectives:

1. Examine relationships among residency definitions, waiver programs, reciprocity agreements, and tuition rates for distance learning programs.
2. Review higher education funding policy to determine the relationship between the general fund and tuition. Consider what proportion of the cost for public higher education should be borne by the state and what share should be provided by students and families. Explore relationships between the public good and private benefits.
3. Because tuition is retained in a local account and now may be set locally, examine whether waivers are most appropriately governed by the Legislature or local governing boards. Also consider the effects of the budget proviso that allows institutions to grant an unlimited number of waivers but does not provide general fund support for waivers granted by legislative-set caps.
4. Examine the level of tuition authority granted to local boards and reconsider the value of tying tuition rates to an economic indicator.

Issue: Financial Aid Policy

Background: Needy state residents attending accredited in-state public and private institutions of higher education are eligible to receive assistance from several state-funded student aid programs including the State Need Grant Program, the State Work Study Program, and the Educational Opportunity Grant Program (EOG). (In May 1999, Thurston County Superior Court issued a decision stating that Washington college students cannot use the EOG at private, church-affiliated schools. The decision has implications for all state financial aid at such schools. The court's decision will be appealed.)

Objectives:

1. Examine possible changes to the relationship between tuition and financial aid if unlimited tuition authority is transferred to local governing boards.
2. Examine the relationship between the Guaranteed Education Tuition Program and the rate of increase in tuition.
3. Consider impacts of the Washington Promise Scholarship for future financial aid policy and on future budgets.
4. Examine effects of the change in the State Need Grant Program to base the size of awards on tuition rates.

5. Identify new resources available to financial aid recipients in addition to grants, loans, and waivers. Consider impacts of Washington Promise Scholarships and of new and proposed tax credits at the federal, state, and institutional levels. Continue to monitor the interactive relationship between state financial aid programs and federal tax credits.
6. Monitor expansion of the availability of Community Scholarship Matching Grants.

Issue: Accountability and Performance Improvement

Background: The 1997 Legislature, in the biennial budget, created a new accountability program for the state's public institutions of higher education. The spotlight on accountability has focused institutional attention on issues most educators — and citizens — would agree are significant. The policy committee discussed the issue of accountability during the 1999 session and may choose to reexamine SB 5823 (creating an accountability incentive system for institutions of higher education) in the 2000 session in light of the 1999-2001 operating budget, which removed fiscal penalties from the accountability program. The budget requires institutions to submit plans for achieving state-wide and institutionally specific goals by August 15, 1999. It also requires the Higher Education Coordinating Board and the State Board for Community and Technical Colleges to submit progress reports on those goals to the fiscal and higher education committees of the Legislature by November 15, 2000. The goals are an effort to improve the efficiency and effectiveness of the state's public higher education institutions.

Objectives:

1. Review assumptions underlying the accountability program to consider the emphasis on compliance and/or improvement.
2. Consider the ways accountability can help make changes to improve the quality of higher education and promote policies that ensure that all students are well served.
3. Continue to examine the relationship between K-12 standards-based reform efforts and efforts to identify and measure student learning outcomes in postsecondary education.

Issue: Electronic Learning/Distance Education/K-20 Network

Background: Computers, telecommunications, and the Internet are changing the way schools do business. Advance media and technologies offer today's colleges a rich mix of learning tools for use both inside and outside the classroom. Students no longer need come to a centralized physical facility to interact with many education resources and processes, or even to interact with faculty and peers. Some people view electronic information technologies as a solution to a number of problems from enrollment demand to remediation. Others regard electronic learning (e-learning) technologies as tools for instruction which supplement, not substitute for other educational approaches and resources.

Objectives:

1. Continue to monitor development of the K-20 Telecommunications Network and its role in distance education.
2. Follow efforts by the Higher Education Coordinating Board as it works with institutions to encourage development, use, and evaluation of new educational tools — including e-learning.

Issue: Enrollment Policy

Background: Enrollment policy has been based on a participation rate methodology that employs population forecasts as a major determinant of projected enrollment numbers. The state has supported greater participation by funding more FTEs, creating more opportunities to accommodate demand. But traditional enrollment patterns may be in a state of flux — higher education is becoming more crucial for more people in the information age as the need for retraining continues to grow sparked by changes in the workforce and as on-campus participation by students is increasingly augmented by e-learning opportunities. These changes and others may already be creating demands for new ways to project higher education enrollments and different approaches to funding those increases. Examination of these issues will be coordinated with the Ways and Means Committee and its Capital sub-committee.

Objectives:

1. Examine changes in current enrollment patterns influenced by increased opportunities for e-learning.
2. Examine the funding methodology for higher education enrollments at the main campuses as well as the branch campuses. Recognize differences in costs that may be driven by delivery methods, program types and locations.
3. Examine the role that the private providers play in meeting enrollment demand — consider contributions by traditional degree-granting private institutions as well as new for-profit institutions like Phoenix University and the private career schools.
4. Monitor the effects of on-line opportunities provided by higher education institutions outside the state of Washington.
5. Review the Higher Education Coordinating Board (HECB) enrollment levels in the master plan, the facility needs for future students and the funding options.

Issue: Branch Campus Update (plus NSIS and the Jefferson County Pilot Project)

Background: Ten years ago the Legislature established two University of Washington and three Washington State University branch campuses. The branch campuses were established to provide access to high quality education for upper division and graduate students — specifically those place bound students in urban areas. The branches were created to provide increased access to meet projected enrollment demands as well as to develop a responsive partnership with the communities they serve. In addition to the branches, the Legislature included funding in the biennial budget for a higher education consortium in North Snohomish, Island, and Skagit counties (NSIS) and the Jefferson County Pilot Project to improve rural residents' access to higher education by using distance education technologies. Examination of these issues will be coordinated with the Ways and Means Committee and its Capital sub-committee.

Objectives:

1. Monitor progress toward meeting legislative intent by visiting a number of the branch campuses and other off-campus higher education sites during the interim.
2. Consider whether branch campuses are meeting objectives established at their inception ten years ago and whether those objectives require review.
3. Examine possible effects of the expansion of e-learning on branch campus enrollment levels.
4. Review related policy issues, including how growth needs are determined in terms of students, programs and facilities, and how new programs are designed and authorized for branch campuses.

Issue: Higher Education Coordinating Board Master Plan Update

Background: The Higher Education Coordinating Board (HECB) must prepare a comprehensive master plan, updated every four years. The update is to be delivered to the 2000 Legislature and will be guided by the following principles: be a substantive proposal for improvement/change; build upon other HECB master plans; reflect the values of the Governor's 2020 Commission on Higher Education; and make enhancing opportunity for citizens its highest priority. The goals of the master plan include creation of the capacity needed to accommodate the education paths citizens choose; articulation of a strategy that will provide the opportunity for every Washington citizen to attend at least two years of college; and assurance of quality in education — teaching and learning, research, and innovation.

Objectives:

1. Monitor the development of the Master Plan by reviewing materials distributed by the HECB.
2. Consider adoption of a concurrent resolution during the 2000 session to endorse the revised master plan and establish it as public policy for the next four years.

Site Visits:

The Higher Education Committee traditionally makes site visits during each interim to a representative sample of the state's higher education institutions. Specific dates have not been established but the Committee expects to make a number of visits in September, October, November, and early December. Institutions that may be visited include: UW Bothell, WSU Vancouver, WSU Spokane, WSU Tri-Cities; UW Tacoma, Big Bend Community College, Central Washington University, Walla Walla Community College, Washington State University, Eastern Washington University, Edmonds Community College, Everett Community College, and Western Washington University. The Committee has been invited to participate in site visits planned by the House Higher Education Committee and an invitation will be extended to that Committee to participate in the Senate planned visits as well.

HUMAN SERVICES & CORRECTIONS

786-7436

Issue: Foster Child Passport Information

Background: The passport program was created in the 1997-98 legislative session and given \$4.4 million. During the 1999 legislative session, SB 5343 was introduced. It provided that specified educational information would be given to foster parents in the passport provided by the Department of Social and Health Services (DSHS) for each foster child. There are concerns regarding confidentiality of the educational records required by the federal government in relation to what can be included in the passport. A number of senators want more information regarding what is presently included in the passport and what other states may be doing in this regard.

Questions to Explore:

1. How do federal laws limit foster parents access to educational and health records?
2. Does access to medical records for foster children violate their right to privacy?

Research and Analysis:

1. A study of federal and state policies will be completed with the objective of identifying what and how much information may be provided to foster parents without violating the foster child's right to privacy.
2. Legislative options will be explored.

Committee Meetings:

A report will be presented at regularly scheduled Committee Assemblies.

Issue: Foster Care

Background: In 1997-99 Children's Services received \$3.1 million for an increase in the basic rate paid to foster parents. In 1997, the Legislature funded foster care recruitment and retention efforts. In 1999, both Senate and House bills were introduced dealing with whether compensation of foster parents needs to be raised again to more accurately reflect true costs and whether foster parents should be compensated at replacement cost for damage done by foster children.

Questions to Explore:

1. How are Washington foster families paid in Washington and in other states?
2. What services are currently provided to foster families?
3. Has the relationship between foster parents and foster children been adequately defined?
4. What is the prevalence of foster care as a business?
5. Where within the system can money be saved or reallocated?
6. What are the characteristics of foster home families in the state?
7. What is the outcome from the last biennium funding increase for foster care recruitment and retention?

Research and Analysis:

In cooperation with the Department of Social and Health Services, Children's Administration, a comprehensive study of the issues will be completed and legislative options explored.

Committee Meetings:

A report will be presented at regularly scheduled Committee Assemblies.

Issue: A Legislator's Guide to the Juvenile Justice System

Background: Many juvenile justice provisions were changed with the passage of E3HB 3900 in 1997. Additionally, jurisdiction over juvenile justice issues have moved from the Judiciary Committee to the Human Services and Corrections Committee. Committee members have requested information about the types of disposition alternatives for juvenile offenders and eligibility for the various alternatives.

Questions to Explore:

1. What are the types of disposition alternatives?
2. Which offenses are eligible for each disposition alternative?
3. How does the offender's criminal history affect the alternative for which the offender is eligible?

Research and Analysis:

A comprehensive guide of the juvenile justice system will be completed with the objective of identifying how a juvenile will be processed through the system and which disposition alternatives are available for individual offenders.

Committee Meetings:

The guide will be presented at regularly scheduled Committee Assemblies.

Issue: Child Abuse Prevention and Treatment Act (CAPTA) Compliance

Background: Child Abuse Prevention and Treatment Act (CAPTA) funding is contingent upon substantial compliance with the federal act. The state is required assure the federal agency that the state is making its best effort to achieve compliance by June 30, 1999.

Questions to Explore:

- What can the state do to achieve full CAPTA compliance?

Research and Analysis:

1. A work group will be assembled for the purpose of developing a work plan to evaluate available data and address the potential solutions for full CAPTA compliance within budget restraints.
2. Administrative and legislative options will be explored.

Committee Meetings:

A report will be presented at regularly scheduled Committee Assemblies.

Issue: DNA

Background: The 1999 Legislature established a joint select committee to study this issue. Scientific developments have produced a wealth of information accessible via reading genetic codes. Further, science now makes possible the production and creation of life in non-traditional circumstances: in vitro fertilization, cloning, surrogates, etc. Current law does not contemplate nor accommodate these varying circumstances. Adoption, child welfare, and family law provisions may require updating.

Questions to Explore:

1. What limitations or controls are needed to protect against harmful use of genetic information?
2. What does paternity mean?
3. What rights are afforded genetic parents versus parents who raise a child and have contracted for the birth of a child?
4. What provisions are available to protect privacy and discrimination on the basis of DNA?

Research and Analysis:

1. Identify the statutory provisions implicated as a result of scientifically assisted conception.
2. Identify, collect, analyze, and discuss the policy questions that may need to be addressed by legislation in the area.
3. Explore possible legislative options.

Committee Meetings:

A report will be presented at regularly scheduled Committee Assemblies.

Issue: Background Checks

Background: Each session the committee receives several bills that address the issue of background checks for purposes other than law enforcement. Background checks are specifically authorized for a number of professions in several titles of the RCW. The checks authorized differ under each authorizing statute. This has created confusion regarding the information available for any particular purpose.

Questions to Explore:

1. How do background checks under Title 43 RCW differ from other background checks?
2. What level of authorization does a department need to perform background checks that could result in denial of employment or licensure?
3. What actions need to be taken should the state wish to create a uniform system of background checks throughout the state social services?
4. How does Washington's practice compare with background check practice in other states?

Research and Analysis:

Produce a comparative analysis of the various authorizations and the ways in which they are used to provide the committee with better information against which to address the issues raised by proposed legislation.

Committee Meetings:

A report will be presented at regularly scheduled Committee Assemblies.

Issue: Dual Diagnosis—Barriers to Service

Background: During the 1998 interim, an examination of the delivery of state services to persons with disorders involving both mental illness and substance abuse began. A number of system barriers were discovered and the Department of Social and Health Services (DSHS) developed an implementation plan to improve services. During the 1999 legislative session, two bills were introduced to address some of these barriers. In addition, the Portal case became final, resulting in closure of the Pioneer Center North Mentally Ill Chemical Abuse (MICA) Program. This was the state's only integrated treatment program for dually diagnosed adults.

Questions to Explore:

1. How can systemic barriers for service providers be eliminated?
2. How can services be most effectively delivered to individuals with disorders involving substance abuse and mental illness?
3. Why are mental health services delivered through a managed care model and substance abuse services delivered through a fee for service model?
4. Can efficiencies be found by unifying the service delivery method?

Research and Analysis:

1. Identify means for reducing or eliminating barriers to effective delivery of services.
2. Identify areas in which administrative and fiscal efficiencies will create resources with which to improve service delivery.
3. Identify options for the state to replace the services formerly provided by the Pioneer Center North MICA facility.
4. Explore legislative options.

Committee Meetings:

A report will be presented at regularly scheduled Committee Assemblies.

Issue: Dual Diagnosis—Services for Children

Background: The identification and treatment of dually diagnosed children and adolescents is complicated by a reluctance of the mental health community to "label" a child as mentally ill. Consequently, these children frequently move from one facility to another and are sometimes housed in county detention facilities because no other facilities are available.

Questions to Explore:

1. What barriers are there to providing services to dually diagnosed youth?
2. What progress has been made for providing substance abuse treatment to dually diagnosed youth in the Child Study and Treatment Center at Western State?

3. How can mental health funding for children be facilitated when the child is in treatment in a facility outside the Regional Support Network (RSN) of his or her residence, or when the child has no fixed residence?
4. What special facility considerations does this population raise?
5. What outcomes can be anticipated for this population?

Research and Analysis:

1. Identify means for reducing or eliminating barriers to effective delivery of services to dually diagnosed youth.
2. Identify a means for providing mental health funding when a youth is treated outside his or her local RSN.
3. Explore legislative options to facilitate the provision of services to dually diagnosed youth through providers who seek to provide these services.

Committee Meetings:

A report will be presented at regularly scheduled Committee Assemblies.

Issue: Legislator's Guide to Community Supervision

Background: The Offender Accountability Act made many changes to community supervision, but some feel these changes did not simplify the current complex system.

Question to Explore:

- How does the community supervision system work after the 1999 modifications?

Research and Analysis:

- Create a legislator's guide to community supervision.

Committee Meetings:

The guide will be presented at a regularly scheduled Committee Assembly.

Issue: Legislator's Guide to Sex Offender Issues

Background: Constituents frequently ask members questions or request legislation related to sex offender release, registration, and community notification. There were many changes made to these statutes in the last biennium and some additional changes during the 1999 legislative session. Legislators do not have a convenient, simple tool for addressing these constituent questions and assessing their requests.

Questions to Explore:

1. Which offenders must register and for how long?
2. What limits can be placed on sex offenders who have completed their sentences?
3. What limits are there on disclosure?

4. What constitutional questions are raised by the issues of registration, community notification, and limits on offenders in the community?

Research and Analysis:

- Create a legislator's guide to sex offender issues.

Committee Meetings:

A eReport will be presented at regularly scheduled Committee Assemblies.

Issue: RCW 9.94A.120

Background: RCW 9.94A.120 has been amended almost every session since passage of the Sentencing Reform Act. It includes many subjects in both sentencing and offender supervision, and has become almost incomprehensible in its complexity. Much of the section addresses corrections issues, rather than sentencing issues.

Question to Explore:

- How could this section best be recodified for easier understanding and application?

Research and Analysis:

In consultation with other staff and representatives from the Sentencing Guidelines Commission, prosecuting attorneys, the defense bar, and the Department of Corrections. A recodification of this section that breaks it into separate sections related by subject matter will be drafted.

JUDICIARY

786-7462

Issue: Improvements to the Operation of the Judicial System

Background: There is increasing concern among judges, attorneys, local government officials and the public that the trial courts in this state are rapidly reaching the point where the lack of resources and the cost of services are impeding the administration of justice. In particular, cities and counties are utilizing a disproportionate amount of their tax revenues to fund court services. SB 5035, the "Court Improvement Act," was introduced during the 1999 legislative session and would have modified the methods of funding court services, law enforcement training, indigent criminal representations, court improvements, and death penalty cases. The bill stimulated discussion about the adequacy of funding for trial courts in the state and the corresponding impacts on access to justice. In addition, there is recognition by the courts that they should increase efficiencies, become more user-friendly and modernize their procedures and management.

Objectives: Staff will work with representatives of the court system to identify areas where changes can be made to improve the operation and management of the court system and where additional resources could provide measurable improvements in service to the public.

Hearings: A fall hearing is anticipated.

Issue: Access to Justice Task Force

Background: Currently, many low income persons do not acquire attorney representation at administrative hearings because the attorney's fees often exceed the amount of recovery being sought. This frequently results in an inability to prevail when adverse decisions are appealed to superior court because the record created at the administrative level is inadequate. The Washington State Bar Association (WSBA) and the Access to Justice Board have suggested that attorney fees be provided for qualified parties at administrative hearings to increase the likelihood a proper record will be created and to encourage settlement of these cases.

Objectives: Staff will work with representatives of the WSBA, the Access to Justice Board, and various affected state agencies to determine which administrative hearings would benefit from the presence of counsel to preserve fundamental rights or entitlements, when payment of attorneys' fees would encourage settlement or discourage appeals of non-meritorious claims, when payment of attorneys' fees by a state agency would be inappropriate because the agency is a nominal party to the action, and whether the qualifying net worth amount should be lowered to obtain qualified party status. A collateral issue to be addressed is whether non-attorney representatives should also be compensated for their representation at administrative hearings.

Issue: Adverse Possession

Background: Adverse possession is a process through which a person can acquire title to land and extinguish the landowner's legal title. It has existed since the days of the English common law and is

rooted in the policy that society is best served by landowners utilizing their land and not allowing the land to be unproductive. Thus, under the adverse possession doctrine, if landowners ignore their land while a third party enters the land and uses it, the third party can gain title to that land. Under current Washington law, initially enacted in 1854, if a third party has used a piece of land for ten years, he or she may bring an action to acquire title to that property. The use of the land must be actual, open and notorious, hostile, uninterrupted and exclusive. The state of mind of the adverse possessor is not relevant to the action to acquire title. Exceptions exist for landowners who are incapacitated. Washington State has enacted statutes to protect specialized landowners, such as owners of timber lands. The adverse possession doctrine has generated legislation on an annual basis due to constituent complaints.

Objectives: Staff will work with the Real Property Section of the WSBA and Professor William Stoebuck to prepare a report, using SSB 6055 (1999) as a starting point, on how to strengthen the protections of the land owner. A report will be prepared to aid legislators in determining whether legislation is needed in this area. Legislation will be drafted as necessary.

Issue: Review of Statutes Governing Juries

Background: During the past several legislative sessions the number of complaints about the jury system have been increasing. As laws have become more complex and society more litigious, the demands and expectations on jurors have become greater. Complex civil and criminal trials often take several weeks, creating hardships to jurors with family and business obligations, especially given the relatively minimal amount of juror compensation. The perceptions of many judges and trial attorneys are that juries are increasingly composed of retired or unemployed persons -- and this does not equate to a jury of one's peers.

Objectives: Staff will work with representatives of the courts, local governments, trial bar, and the defense bar to review areas of concern regarding jury selection, compensation, length of service, and valid reasons for being excused from jury service. Staff will prepare a report, together with recommendations for modifications to state statutes and/or court rules.

Issue: Special Sex Offender Sentencing Alternative

Background: The Special Sex Offender Sentencing Alternative (SSOSA) was enacted in 1984. It is an alternative for sex offenders that emphasizes treatment for amenable offenders in lieu of incarceration. Under SSOSA the court imposes a sentence within the standard range. If the sentence is less than 11 years, the court has the option of suspending the sentence and placing the sex offender on community supervision during which the sex offender receives outpatient treatment. If the offender violates any terms of the special sentence, the offender is sent to prison for the length of the original sentence. In the 1998 session, a number of SSOSA reform options were considered but none were passed. A number of legislators indicated that the rights of and the impact upon victims are not considered to an appropriate degree when a decision is made to grant an offender entry to the SSOSA program. The recidivism rate of offenders who have completed the SSOSA program has also been the subject of inquiry.

Objectives: A review of the SSOSA program will be conducted. Victims advocates and treatment groups will be contacted to determine whether different methods that can provide better treatment for victims. Staff will work with the Washington Association of Prosecuting Attorneys, law enforcement officials, judges, the defense bar, and the Sentencing Guidelines Commission in conducting this review. A report will be prepared to aid legislators in determining whether legislation is needed in this area. Legislation will be drafted as necessary.

Issue: Article 9 of the Uniform Commercial Code

Background: In many instances states throughout the country have similar, if not identical, laws governing a particular subject. This is particularly true for statutes governing commercial transactions where it is essential that sellers, buyers, and lenders clearly understand their rights, obligations and remedies. Article 9 of the Uniform Commercial Code governs the legal rights of persons who enter into transactions creating security interests in personal property or fixtures. The Commission on Uniform State Laws is recommending a comprehensive revision of Article 9, given that the laws on security interests have not been amended for at least 15 years.

Objective: The Business Law section of the Washington Bar Association is in the process of forming a work group comprised of knowledgeable professionals in the area of commercial law to review the proposal from the commission. Staff will monitor the progress of the work group.

Hearings: Given the complexity of the proposal, it is anticipated that the Judiciary Committee may have an interim hearing on the proposed legislation.

Issue: Review of Crimes on the 3-Strikes List

Background: Adopted by a vote of the people in 1993, the "Three Strikes and You're Out" initiative provided life sentences for "persistent offenders." A persistent offender is defined as an offender who has been convicted of a felony considered a "most serious offense" and has been previously convicted on at least two separate occasions of felonies that would be considered as most serious offenses. "Most serious offenses" include all class A felonies and certain class B and class C felonies. The Sentencing Guidelines Commission identified some crimes on the list of three strikes that perhaps should not be on the list, such as malicious destruction of railroad property.

Objectives: Create a comprehensive list of the crimes that are subject to the 3-Strikes enhancement. Staff will work with the Washington Association of Prosecuting Attorneys (WAPA), law enforcement officials, judges, the defense bar and the Sentencing Guidelines Commission to review the list. A report will be prepared to aid legislators in determining whether legislation is needed in this area. Legislation will be drafted as necessary.

Issue: Outstanding Warrants

Background: It is estimated there are presently several thousand outstanding arrest warrants in the state and the number grows each year. Limited financial resources and increased workloads contribute to the

court's difficulties when attempting to serve warrants. In addition, arrest warrants issued in one jurisdiction are not enforceable by the courts in other jurisdictions where the person may be charged with another offense. Judges are concerned that the situation breeds disrespect for the court system because "nothing happens" when the orders of the court are not honored.

Objective: Staff will work with representatives of the courts, prosecutors, sheriffs and police chiefs, cities, and counties to develop legislative and judicial options to reduce the numbers of outstanding arrest warrants in the state.

Issue: Integration of Domestic Violence Orders

Background: There are several different court orders a victim can obtain in situations involving domestic violence. The orders usually provide similar legal protections and require the perpetrator of the violence to refrain from certain behaviors. However, each type of protective order is only appropriate in particular types of factual situations. This causes confusion for many people since the legal protections provided by the orders are relatively comparable. To reduce duplication and confusion, it may be beneficial to integrate the various types of orders that seek to provide protection from domestic violence.

Objectives: Staff will solicit input from representatives of the prosecutors association, the defense bar, and court personnel regarding the integration of orders that provide protection from domestic violence. Staff will analyze current laws and draft legislation as necessary.

Issue: Corpus Delicti

Background: In a criminal prosecution in Washington, the state must have proof, independent of the defendant's confession, that the crime was committed. This is known as the corpus delicti rule (the body of a crime). In 1954 the federal government adopted a less restrictive "trustworthiness" doctrine. It requires the state to produce substantial independent evidence tending to establish the trustworthiness of the confession. In *State v. Aten*, the Washington Supreme Court ruled that a babysitter's confession that she smothered an infant left in her care was inadmissible because the medical examiner's report stated the infant's death was consistent with SIDS, as well as smothering. The court ruled that so long as a non-criminal alternative explanation for the infant's death existed, there was not independent proof that a crime had occurred and the babysitter's confession was inadmissible. Additionally, in child sexual abuse cases, involving children too young to testify, a defendant's confession is often excluded, and prosecutions are precluded, due to the lack of independent evidence of the sexual abuse.

Objectives: Review the proposed language of the final draft of SSB 5093 (1999). Staff will work with the Washington Association of Prosecuting Attorneys, law enforcement officials, judges, and the defense bar in conducting this review. The key elements are: (1) Overturning *State v. Aten*, and (2) establishing the admissibility of a confession based on reliability in child sex abuse cases. A report will be prepared to aid legislators in determining whether legislation is needed in this area. Legislation will be drafted as necessary.

LABOR & WORKFORCE DEVELOPMENT

786-7426

Issue: Apprenticeship Programs in Washington

Background: Apprenticeship combines classroom studies with on-the-job training under the supervision of a professional craft or trade person. According to the Department of Labor and Industries' Apprenticeship section, the benefits of apprenticeships over other education or job-training programs include:

1. The ability to earn a decent wage with health care, retirement and other benefits while learning skills in a trade.
2. Earning wage increases as skills increase while still in the apprenticeship program.
3. Attainment of journey level status upon completion provides excellent wages and benefits anywhere in the United States.

These advantages make apprenticeships particularly appealing for individuals with limited skills and few resources. Apprenticeships are viewed by many as good job placements for many Temporary Assistance for Needy Families (TANF) recipients, yet there are few such placements. Additionally, the number of referrals of TANF recipients to pre-apprenticeship programs has been declining. Pre-apprenticeships offer training in basic job skills, emphasize a strong work ethic, and assist in meeting the requirements for entry into apprenticeship programs.

Objectives:

1. Review literature on apprenticeship programs.
2. Conduct research on other state's and nation's use of on-the-job training, apprenticeships and pre-apprenticeship programs as a route off welfare.
3. Identify policy options.
4. Draft legislation as directed.

Issue: Chemically Related Illness

Background: Workers' compensation claims for illness or injury due to exposure to chemicals in the workplace remain a highly contentious issue. During recent years there have been changes in treatment of such claims by the Legislature, the courts, and the involved agencies. There have also been several high profile cases that have affected many employees and several major Washington employers. Despite the changes, both scientific and administrative controversies remain.

While proposed bills to conduct additional studies failed to pass during the 1999 legislative session, legislators remain very interested in the issue. At the end of the 1999 legislative session, Senators continued to inquire about funding mechanisms for further study of chemically related illness, and the status of major controversial cases.

Objectives:

1. Evaluate the results of the two Multiple Chemical Sensitivity (MCS) studies due from the Department of Labor and Industries during the spring of 1999.

2. Assess the impact of the recently completed research on occupational diseases on the claims process.
3. Follow the development of the Alaska Airlines flight attendants issue. Are issues of disclosure of employer records in denied CRI (Chemically Related Illness) claims being resolved?
4. Assess any recent court decisions that may affect occupational illness claims.
5. Monitor the states and national agencies such as OSHA and NIH for developments in diagnosing and handling chemical illness claims.

Issue: Child Care

Background: Numerous studies report that rapid growth in labor force participation by mothers of young children has caused similarly rapid growth in the demand for child care. According to the federal General Accounting Office, the current supply of child care is already inadequate, and it will become even more inadequate as welfare reform is implemented. Of particular concern are infant child care, special needs child care, and evening and weekend child care.

An adequate supply of child care depends, in part, on attracting and retaining qualified child care workers. Some believe that market forces will produce such a workforce. Others believe that government intervention is needed. Interested parties have discussed options such as establishing wage ladders, increasing reimbursement rates, or organizing child care workers. Other options include training recipients of TANF as child care providers, modifying child care regulations, providing before- and after-school care at public schools, or mandating paid family leave.

Objectives:

1. Gather data on the demand for and the availability of child care in Washington State.
2. Gather data on the labor supply of child care workers in Washington State.
3. Research existing federal and state laws that affect the availability of child care.
4. Research and monitor proposed federal and state legislation that may affect the availability of child care.
5. If data shows that the supply of child care in Washington State is or will become inadequate, identify options for increasing the availability of child care in Washington State.
6. Prepare issue paper.
7. Draft legislation as directed.

Issue: Contingent Workforce

Background: Numerous studies report growth in the contingent workforce over the past fifteen years. These studies rely on national and regional data on contingent workers and others in alternative work arrangements. These studies do not include state-specific data. As policymakers decide how to balance employers' needs for flexibility with contingent workers' needs for adequate job and financial security, better data on the contingent workforce would be valuable. Such data should include the number and percentage of such workers, any change in the number and percentage of such workers, and related demographic, occupational, and industrial characteristics.

Objectives:

1. Determine which data on the contingent workforce is available or could be derived from other data from federal or state agencies.
2. Compile data on the contingent workforce.
3. Prepare briefing paper summarizing data on the contingent workforce.

Issue: Employer Reporting of Workplace Injuries

Background: A study of the state's workers' compensation system contracted for by the Joint Legislative Audit and Review Committee, was completed last year. One of the major recommendations of the study was that the Department of Labor and Industries "should adopt an alternative system for the reporting of injuries under which the worker would report to the employer and the employer would report to the department." A bill addressing this issue was considered by the Legislature during the 1999 legislative session. During consideration of the bill, it was pointed out that only five or six other states have industrial insurance systems like Washington, and that additional research is necessary to address the problems associated with delays in the system.

Objectives:

1. Research the policies and procedures relating to employer reporting of injuries in Washington and in other states with industrial insurance systems similar to Washington's.
2. Develop and analyze options for employer reporting of workplace injuries in Washington.
3. Share research and analysis with the Workers' Compensation Advisory Committee.
4. Draft legislation as appropriate.

Issue: Family Leave

Background: Federal and state laws provide that certain employees are entitled to family leave. Enforcement of state law is currently suspended, however, because federal law provides the same or more leave than state law.

The federal Family and Medical Leave Act entitles eligible employees to up to 12 weeks of unpaid leave in any 12-month period. An eligible employee is one who has been employed for at least 12 months by an employer and at least 1,250 hours during the previous 12-month period. An employer is defined as a person with 50 or more employees, or a public agency.

The Washington State family leave law entitles employees to up to 12 weeks of unpaid leave in any 24-month period. An employee is defined as a person other than an independent contractor employed by an employer for the previous 52 weeks for at least 35 hours per week. An employer is defined as a business entity, the state or a unit of local government with 100 or more employees.

In the past 5 years, federal and state legislators have introduced bills expanding the definitions of employer, employee, and family leave. Interested parties have discussed other changes ranging from mandating paid leave to minimizing record keeping.

Objectives:

1. Gather federal and state data on family leave utilization.
2. Research existing federal and state laws and relevant cases.
3. Research and monitor proposed federal and state legislation.
4. Research family leave policies, practices, and utilization in other countries.
5. Prepare chart comparing Washington law to federal law.
6. Prepare issue paper comparing Washington to other states and countries.
7. Identify policy options.
8. Draft legislation as directed.

Issue: Temporary Assistance to Needy Families (TANF) and Domestic Violence

Background: The relationship between welfare dependency and domestic violence (DV) victimization is a controversial and complex one. Understanding it will become centrally important as Washington State moves toward the five year TANF time limit. To what extent is DV victimization a barrier to economic independence? What special services or exemptions might DV victims who are TANF clients need, in order to stabilize themselves and their children in safety, and move forward with their lives? Federal law allows the state to exempt up to 20 percent of the caseload from time limits, but some data shows that a far greater percent of those on TANF suffer from the effects and aftereffects of abuse.

Objectives:

1. Utilizing an abundance of resources, including advocates, health and criminal justice professionals, studies and data, provide a comprehensive analysis of the extent of DV victimization in the TANF population.
2. Assess potentially useful services to help victims overcome barriers to self-sufficiency.
3. Develop legislative options regarding DV and time limits.

Issue: Wage and Hour Laws

Background: Federal laws regulating working conditions were originally enacted over 60 years ago. The federal Fair Labor Standards Act (FLSA) sets minimum wages and regulates overtime pay. FLSA was enacted to "eliminate labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers" without substantially curtailing employment or earning power.

State laws setting employment standards were originally enacted over 40 years ago. Like the federal laws, the state Minimum Wage Act (MWA) sets minimum wages and regulates overtime pay. The MWA was enacted to prevent wage exploitation, promote fair competition, and generate employment opportunities.

In recent years, employers and employees alike have expressed concerns about these minimum wage and overtime laws. Employer concerns include flexible scheduling, compensatory time, bonuses and other forms of incentive-based pay. Their concerns also include recordkeeping and reporting requirements. Employee concerns include regular pay periods, final wage payments, and wage claim enforcement. Other concerns include attorneys fees and statutes of limitation.

Objectives:

1. Research existing federal and state laws and relevant cases.
2. Identify differences between federal and state laws.
3. Identify inconsistencies within state laws.
4. Prepare summary of federal and state laws.
5. Review active proposals to modify federal laws, and past proposals to modify state laws.
6. Research other state laws addressing concerns about minimum wage and overtime laws.
7. Identify other policy options.
8. Prepare issue paper.
9. Draft legislation as directed.

NATURAL RESOURCES, PARKS & RECREATION

786-7406

Issue: Salmon Recovery Programs

Background: Salmon, steelhead trout, bull trout and numerous other species have been placed on the endangered species lists under the federal Endangered Species Act. In order for state and local governments to respond, there needs to be planning, funding and monitoring of the recovery programs. Coordination with federal agencies, other states, and private industry will be part of the effort to increase the viable populations of each specie to ensure their recovery and ongoing reproductive cycles.

Questions to Explore:

1. What programs are planned to begin the recovery?
2. What type of habitat is being acquired and by what method?
3. How are the Washington, Oregon, and Idaho plans being coordinated?
4. What are the requirements for commercial license buyout and where will the funding come from if existing funds are not adequate?
5. What changes will be necessary in the recreational fishery?
6. What is the contribution of volunteer efforts and how can they be integrated into the overall recovery process?
7. What does the Legislature need to do next session to ensure success and provide guidance and funding?
8. How do the tribal hatchery programs fit into the wild salmon recovery effort?

Research and Analysis:

1. Review federal recovery plans as they are developed and analyze the effect on state actions.
2. Prepare analysis of successes and failures of recovery action to influence and improve future projects and funding packages.
3. Review watershed planning and its effectiveness on restoration.
4. Investigate design standards of facilities used for restoration.
5. Compare eastern and western Washington recovery standards and desired results.

Committee Meetings:

1. December meeting to review the complete state effort and to hear from participants and interested stakeholders.
2. Possible committee tours of salmon production sites and watershed areas may be necessary to gain understanding of the practical implications of ground applications.

Issue: Natural Resources Programs

Background: The Department of Natural Resources is both a land use regulator and a land manager. Balancing these two roles requires careful oversight by the Legislature. With the rapid changes taking place due to the endangered species listings and the Habitat Conservation Plan (HCP), statutes need to be updated to give the department flexibility to manage the trust lands and to gain the highest income for the

state and local government beneficiaries. Laws relating to forest practices, specialized forest products such as ferns, and forest fire programs and funding are at the heart of today's issues.

Questions to Explore:

1. What are the effects of road use and road closures on the public use patterns?
2. Do watershed protection policies adequately protect public drinking water?
3. What is the effect of the declining forest fire funding on resource protection over the long term?
4. What is the result and what policies should be changed given the declining forest land base?
5. Are natural area preserves being managed according to statutory authority and should changes be made to allow changes in use?
6. Is "landscape planning" a workable tool for land use decisions?

Research and Analysis:

1. Review specialized forest products enforcement and funding issues.
2. Monitor watershed protection issues in Whatcom County for possible policy changes.
3. Analyze forest fire funding with the Senate Ways and Means staff.
4. Review forest vandalism costs and control measures with the public and private forest landowners.
5. Assess needs for changes in central and eastern Washington forest practices programs.

Committee Meetings:

Possible tours and committee meetings to develop policy alternatives for committee consideration.

Issue: Parks and Recreation Opportunities and Needs

Background: As the population of Washington continues to grow, the demands for outdoor recreation tax our current system's ability to provide for outdoor recreational opportunities. Existing parks are frequently operating at capacity. The demand and maintenance needs are overwhelming available resources. Parks near urban areas are experiencing changing uses which require adaptive management methods. During the 1999 legislative session, concerns were voiced about the availability, safety, and enjoyment of outdoor recreation.

Questions to Explore:

1. What is needed to meet the growing demands that will be placed on our state's park and recreation system?
2. What differing roles do urban state parks play in recreational demands? What differing demands do urban state parks place on our recreation system?
3. What is the best mechanism, state or local, for addressing urban park needs?
4. What specific plans ought to be made for the Cascade Foothill region of the state to accommodate growing recreation demands in that area?
5. How can non-invasive wildlife viewing opportunities be expanded?
6. What can be done to increase ecotourism opportunities?
7. What are the prospects, benefits, and problems of an endowment for park development and maintenance?
8. What safety and protective measures do park rangers need?
9. Should state parks be subject to the same laws as innkeepers, especially when renting accommodations?

Research and Analysis:

1. Collect information from the State Parks and Recreation Commission, employees, and user groups about new changes, demands, and solutions.
2. Solicit and review input from users and interested groups about expanding opportunities, including low-impact recreation, tourism, and needs. Explore possibilities and need for endowment.
3. Review transfers of parks to municipal owners and identify problems or needs that could be addressed in future transfers.
4. Monitor implementation of arming of park rangers.

Committee Meetings:

Possible meeting and tour regarding ranger safety, maintenance needs, expansion opportunities, innkeeper duties, changing park demands, etc. of Twin Harbors, Fort Canby, and Fort Columbia State Parks.

Issue: Fish and Wildlife Programs

Background: Amid declining revenues and complaints of increasing complexity, the hunting and fishing licensing structure was revised in 1998. Control of invasive exotic species is a continuing and pressing problem that has not been widely reviewed by the Legislature. Indian hunting and fishing rights continue to be the subject of lawsuits and interpretation by the courts.

Questions to Explore:

1. What are the current funding trends and needs?
2. Are license sales improving and are we encouraging people to participate in fish and wildlife activities?
3. How are other states dealing with increased demand and declining resources?
4. What activities is the Fish and Wildlife Commission undertaking for the department?
5. What changes are occurring in Indian law and tribal treaty rights?
6. What are the needed changes in the fight against invasive exotic species control?

Research and Analysis:

1. Review implementation of new licensing program, analyze and solicit input for possible changes and improvements.
2. Collect and explore other states' approaches to resource management and use that may assist our challenges in Washington.
3. Monitor court and congressional developments in Indian law and tribal treaty rights.
4. Monitor Commission's action on pertinent issues.

Committee Meetings:

Possible presentation regarding developments in Indian law.

Possible Committee Meetings:

1. University of Washington Center for Streamside Studies - salmon habitat ecology - in the Fall.
2. Oversight of ESA Recovery Plans.

Possible Tours:

1. Western Washington Tribal Fishery Programs.
2. Central Washington Forestry and Tribal Fisheries Programs.
3. Watchable wildlife tour, perhaps in conjunction with a state parks tour.

STATE & LOCAL GOVERNMENT

786-7432

Please Note: Although additional committee meetings will not be needed, occasional in-person discussions with the chair and other committee members will be necessary.

Issue: Conservation Futures

Background: Any county, city, town, metropolitan park district, metropolitan municipal corporation, nonprofit historic preservation corporation or nonprofit nature conservancy corporation or association, may acquire by purchase, gift, grant, bequest, or otherwise, except by eminent domain, the fee simple or any lesser interest necessary to protect, preserve, maintain, improve, restore, limit the future use of, or otherwise conserve, selected open space land, farm and agricultural land, and timber land for public use and enjoyment. These entities may also specifically purchase or otherwise acquire, except by eminent domain, rights in perpetuity to future development of any open space land, farm and agricultural land, and timber land which are taxed at the current use assessment. Such developmental rights are termed "conservation futures."

For the purpose of acquiring conservation futures as well as other open space rights or interests in real property, a county may levy an amount not to exceed six and one-quarter cents per thousand dollars of assessed valuation against the assessed valuation of all taxable property within the county. The legislative authority of any county may establish a conservation futures fund to which it may credit this levy. Amounts placed in this fund may be used solely for the purpose of acquiring these conservation futures and open space rights and interests. Questions have arisen as to whether the purposes for which the conservation futures levy is allowed should be expanded.

Some of the policy questions to be considered are:

1. Why are only approximately one-third of the counties levying this tax?
2. For what purpose is this tax mainly being used (e.g., purchase of property or purchase of development rights)?
3. Should this levy be used for development, maintenance, and operation of real property acquired by revenues from this levy? If affirmative, should these new uses be limited to a percentage of the revenues from the levy?

Research & Analysis:

All counties will be contacted and data collected as to the various uses of these funds. Those counties not levying the conservation future tax will be asked why they are not using this source of funding. An attempt will be made to gauge local sentiment for an expansion of the use of these funds.

Issue: Small Works Rosters

Background: SHB 1075 was passed during the 1999 regular session. Besides raising the dollar limit to \$200,000 for port public works projects eligible for the small works roster process, the bill also calls for a report on the effectiveness of this change to be submitted to the Alternative Public Works Construction Methods Committee prior to the 2003 legislative session. The small works roster process can be used by

many local units of government, as well as some state agencies. This process supposedly lessens the paperwork burden, allows for flexibility regarding bond requirements, eliminates formal advertising, and shortens the minimum bidding period. Questions have arisen as to whether the small works roster process saves time and money while assuring fairness to bidders and whether local units of government are taking full advantage of this process.

Some of the policy questions to be considered are:

1. Are most eligible state agencies and local units of government using this informal bid process? If so, to what extent? If not, why?
2. Are there additions or changes to the process that would make it more acceptable to governments and bidders?
3. Does this process save time? Money?
4. Are there proper safeguards against collusion or favoritism?

Research and Analysis:

A survey will be developed and mailed to a sampling of the various local units of government as well as state agencies. Detailed follow-up interviews will be held with a selected number of cities, counties, and special purpose districts. Representatives of various contracting interests would also be interviewed.

Issue: Siting of Essential Public Facilities

Background: The comprehensive plan of each county and city planning under the Growth Management Act must include a process for identifying and siting essential public facilities. Essential public facilities include those facilities that are typically difficult to site, such as airports, state education facilities and state or regional transportation facilities, state and local correctional facilities, solid waste handling facilities, and in-patient facilities including substance abuse facilities, mental health facilities, and group homes. The Office of Financial Management must maintain a list of those essential state public facilities that are required or likely to be built within the next six years. The Office of Financial Management may at any time add facilities to the list. No local comprehensive plan or development regulation may preclude the siting of essential public facilities. The legislative authority of a county that plans under the Growth Management Act must adopt a county-wide planning policy in cooperation with the cities located in whole or in part within the county. The county-wide planning policy must contain policies for siting public capital facilities of a county-wide or state-wide nature, including transportation facilities of state-wide significance. Questions have arisen as to: 1) the adequacy of addressing regional and localized impacts and benefits of such facilities; 2) disproportionate impacts on surrounding neighborhoods and communities; 3) whether all the public entities that provide such facilities are included in the current process; and 4) the sufficiency of guidance to local jurisdictions to insure consideration and mitigation of impacts.

Some of the policy questions to be considered are:

1. Should the county-wide planning policy and processes for identifying and siting regional or state-wide essential public facilities be subject to more exacting statutory directives?
2. Do siting decisions need more input from various special purpose districts and/or state agencies?
3. Would a regional entity empowered to make siting decisions ensure fair representation and participation of all affected parties?

4. Is there a more equitable and less contentious process for deciding mitigation, compensation, and relative burdens and benefits of an essential public facility?
5. Could a mechanism be developed to compensate for regional impacts?

Research and Analysis:

The informal recommendations of the Land Use Study Commission will be analyzed. Representatives of various constituencies would be asked to form a work group for discussion purposes. Other state statutes will be reviewed.

Issue: GMA Infrastructure Funding

Background: Senate Bill 6002 was introduced during the 1999 legislative session. It addresses the issue of inadequate funding for the capital facilities identified in the elements of the growth management comprehensive plans adopted by local governments. It also addresses the problem of inadequate funding for state agencies responsible for constructing or operating needed facilities. Studies have shown that infrastructure maintenance has largely been neglected over the years to a degree now threatening its continued viability. Water mains, sewer mains, treatment plants, roads, bridges and storm drains built years ago are reaching the end of their useful lives. Other factors, such as the effect of population growth on the existing infrastructure as well as the consequences of new infrastructure required to meet the demands of growth make it very difficult to identify an equitable method of paying for repair and replacement as well as the installation of new infrastructure.

Research and Analysis:

Existing needs assessments will be studied and solutions will be sought from the various interests (e.g., state agencies, local units of government, contractors, home builders).

Issue: Employment for People with Disabilities

Background: By some estimates, the state of Washington is near the bottom of states in fostering employment of people with disabilities by means of preferential purchasing statutes. Our statutes permit state agencies and departments to make these purchases at the fair market price as determined by the Department of General Administration. While having the stated intent of encouraging these purchases, the actual result has been called insignificant. Questions have arisen about what barriers, both past and present, may exist to creating a successful purchasing program.

There are models of what is termed "State Use Laws" from other states that have achieved, by some estimates, significant increases in the amount of employment for people with disabilities. The basic form of these laws is taken from federal statute.

Some of the policy questions to be considered are:

1. What is the potential benefit to people with disabilities?
2. What are the potential benefits (or consequences) to the taxpayers?
3. What structural models may best fit the need for Washington?

4. What recommendations can be made for making our current statutes more effective?

Research and Analysis:

Other states' statutes will be analyzed and various interest groups and state agency representatives will be contacted. The federal statutes will also be analyzed and other states will be contacted to gauge the efficacy of their programs.

WAYS & MEANS

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Issue: Identify Budget Opportunities in Final TANF Regulations

Background: The federal government recently issued final regulations for the Temporary Assistance for Needy Families (TANF) program. These regulations provide considerable funding flexibility for states as they redesign programs to help low income families with children. A study to identify new areas of funding flexibility may identify additional ways to maximize federal funding and new ways to fund services and benefits for low income families.

Questions to Explore:

1. How might the Legislature maximize federal funding under the final TANF regulations?
2. What new services and benefits can be funded under TANF?
3. What new services and benefits may have long-term benefit for low income families without requiring an ongoing funding level that cannot be sustained by available TANF funds or during an economic slow down?

Research and Analysis:

1. Survey a sample of states to inventory new TANF services.
2. Interview analysts from National Conference of State Legislators (NCSL), National Governors Association (NGA), Health and Human Services (HHS) and other experts to develop a model for classifying proposals according to their anticipated benefit for low income families and their short-term and long-term funding requirements.

Issue: The Effect of the Manufacturing Sales Tax Exemption on Washington's Economy

Background: Under legislation enacted in 1995, the legislative fiscal committees are required to analyze the economic impacts of the manufacturer's tax exemption and report to the Legislature no later than December 1, 1999. The report will include an analysis of employment before and after the enactment of the tax exemption. It will measure the effect on the creation or retention of family wage jobs and diversification of the state's economy. Comparisons will be made with other states that did not enact business tax changes, comparisons across counties on the use of the exemption, and comparisons across similar firms based on their use of the exemption. This is a joint project with the House Finance Committee.

Questions to Explore:

1. Washington's employment growth compared to other states.
2. Manufacturing activity in border areas - Portland-Vancouver metro area.
3. Measure changes in the economic diversity of Washington's economy.
4. Determine the revenue impact on local government.
5. Identify unresolved questions on the application of the tax exemption.

Research and Analysis:

1. Use the Department of Revenue (DOR) data for tax information and revenue impacts.

2. Use Employment Security (ES) data for employment and wage information.
3. Use Bureau of Economic Analysis (BEA) data for national trends.
4. Meet with business and labor interests.

Committee Meetings:

Possible update on study progress in September, presentation of findings in December.

Issue: State Government Lease Planning and Costs in Thurston County

Background: Several state agencies have recently moved into new lease space in Thurston County and developers are in the construction or planning stages for several hundred thousand square feet of new space which is intended primarily for state tenants. A variety of issues have been raised as a result of these plans including state space planning, growth management, coordinated city and state planning, transportation development and lease costs. The Department of General Administration (GA) is currently involved in five facility planning efforts which may result in major lease expansions or new lease developments. The Legislature has provided \$100 thousand in the capital budget and \$100 thousand in the transportation budget for GA to develop a lease plan that provides an inventory of current space and forecasts lease growth in the county. All these activities are occurring during a period of slow growth in state government.

Questions to Explore:

1. How do the Governor and Legislature plan for lease cost increases and expansion of leased space?
2. What are the factors leading to lease increases and additional space needs?
3. What information is needed for the Legislature to make informed decisions on lease issues?
4. What direction should the Legislature provide to state agencies so that they may plan appropriately for space needs and develop budget requests which conform to Legislative expectations?

Research and Analysis:

1. Summarize recent operating budget actions made in response to lease cost increases and growth in leased space.
2. Compile a summary of relevant statutes, planning documents, and budget instructions which have been developed to guide state leasing policy and budgeting for lease costs.
3. Develop recommendations improvements to lease cost information and for budgetary analysis of lease cost requests.

Committee Meetings:

Three meetings of the Capital Subcommittee of Senate Ways and Means (Week of July 12th, September 15th, and December 1st) to review the staff findings and consider options for possible budgetary or legislative action.

Issue: Operating Budget Impacts of Capital Decisions

Background: The general fund growth in expenditures for debt exceeds the overall I-601 operating budget growth limit and is projected to continue to at this higher rate for at least several more biennia.

However, debt service alone does not fully capture the cost of capital budgeting decisions. Maintenance and operation cost of new acquired lands and facilities are generally given slight consideration in the capital decision process. Moving costs, increased lease costs due to staff displacement, operational costs of advanced systems and equipment are also often ignored until they appear in agency budget requests after the capital facilities are completed.

Questions to Explore:

1. How does the Governor and Legislature factor the operating costs and efficiencies into capital decision making?
2. What are the elements of operating impacts of capital projects?
3. What sources of information are there which outline those costs?
4. What processes are in place to take these costs into consideration as projects are planned?

Research and Analysis:

1. Provide a framework for capital project planning and budget development that shows the interrelationships of operating and capital funding.
2. Summarize recent operating budget actions made in response to capital impacts.
3. Compile a summary of relevant statutes, planning documents and budget instructions which have been developed to portray the operating costs and savings due to capital projects.
4. Develop capital project case studies which outline the range of the operating impacts of capital projects and discuss how information on operating impacts are conveyed.

Committee Meetings:

Three meetings of the Capital Subcommittee of Ways and Means (Week of July 12, September 15, and December 1) to review the staff findings and consider options for possible budgetary or legislative action.

Issue: Violence and Drug Enforcement Account Shortfall

Background: Due primarily to declining cigarette and tobacco revenues, the Violence Reduction and Drug Enforcement Account (VRDE) is projected to have insufficient revenues to support current service level expenditures during the 2001-03 biennium. A 1999 interim evaluation would allow the Governor and the Legislature adequate time to consider options for addressing this shortfall before it occurs.

Questions to Explore:

1. What are the origins of the current revenues and expenditures in the VRDE account? How have these changed over time?
2. What is the short-term and long-term outlook for the sustainability of current revenue sources and expenditure levels in the VRDE account?
3. What are revenue options for addressing the VRDE account shortfall? What are the pros and cons of these options?
4. What are expenditure options for addressing the VRDE account shortfall? What are the pros and cons of these options?

Research and Analysis:

1. Review and summarize the legislative and budgetary decisions regarding the VRDE account.
2. Conduct a detailed analysis of the historical and projected VRDE revenue and expenditure levels.

3. Develop and assess revenue and expenditure options for increasing the overall sustainability of the account.

Issue: Juvenile Crime Prevention and Intervention Programs

Background: During the 1999-01 biennium, state funding for various juvenile crime prevention and intervention programs totals over \$58 million. The programs funded provide a variety of services to at-risk and juvenile offender populations and are administered by a variety of entities at both the state and local levels. A systematic review of the interrelationship between these programs and their effectiveness has not been conducted.

Questions to Explore:

1. When were each of juvenile crime prevention and intervention programs established?
2. What is the target population for each of these programs? What are the desired outcomes?
3. Who provides administrative oversight and management of the programs?
4. What is the current funding level for each of the juvenile crime prevention and intervention programs? How has this changed over time?
5. What kinds of outcome evaluations and assessments have been conducted of the juvenile crime prevention and intervention programs?
6. Are there ways that the service delivery or effectiveness of the programs could be improved? Would increased coordination or consolidation help?

Research and Analysis:

1. Compile a matrix of the various juvenile crime prevention intervention programs funded by the state, detailing the origin of the programs, administering agency, and funding level.
2. Collect and review available research on the efficacy of these programs.
3. If applicable, identify possible ways to improve the performance or effectiveness of these programs based on this review.

Issue: K-12 Data Base Development

Background: Currently, House and Senate K-12 budget analysts have hundreds of K-12 data files scattered across multiple directories. In the last two years, several large K-12 databases have been created by LEAP for legislative studies and other purposes, such as the 1997 Levy Equalization Study and recent analysis of K-12 instructional staff attrition and actual salary history since 1992-93. These databases consolidated many individual files. New data base techniques permit development of a large centralized data core, which can be systematically updated, catalogued and easily accessed.

Research and Analysis:

1. Consolidate data files to establish one common database for use by the House and Senate.
2. Establish data sources for the files to enable routine updates. Work with the caseload forecast council and the office of the superintendent of public instruction to set timelines, update procedures and formats.
3. Establish who will be responsible for updating databases.

4. Develop standard display formats to provide ready access for descriptive and analytic tasks.
5. Create a data dictionary to enable users of the data to identify source of data and description.

Issue: The Non-Basic Ed Portion of the K-12 Budget

Background: During the 1990's, a wide range of programs outside of basic education have been initiated and continued in the budget. These programs include a variety of grant programs such as magnet schools, ready-to-learn, alternative schools, school security grants and reading grants. Since these programs tend to be relatively small compared to other portions of the K-12 budget, much less is known about these programs.

Questions to Explore:

1. What is the purpose of the program?
2. What are the criteria for allocation of funds?
3. How is the program delivered and to what student population?
4. Are students served in the program eligible for other programs? Are dual services provided?
5. What measures are available regarding the effectiveness of the program?
6. Are there differences among school districts in program delivery? Are there differences in results?

Research and Analysis:

1. Meet with the office of state superintendent of public instruction to discuss allocation criteria and program standards.
2. Conduct site visits at various locations to assess variety of programs and delivery methods.

Issue: Medicaid Prescription Drug Costs

Background: Expenditures on prescription drugs for low-income people by the state's Medical Assistance Administration are projected to increase by 26 percent next biennium. Fee-for-service expenditures on prescription drugs are expected to total \$536 million in 1999-01, a \$112 million increase over the 1997-99 level. These totals do not include drug expenditures on behalf of the roughly 60 percent of Medicaid recipients who are enrolled in managed care programs, where drug costs are cited as a major reason for recent increases in managed care rates.

The 1999 Appropriations Act directs the Medical Assistance Administration to report to the Legislature by December on options for controlling the increase in Medicaid prescription drug costs.

Questions to Explore:

1. What are the underlying causes of increased drug expenditures on behalf of medical assistance recipients (e.g., more users per eligibility group; more prescriptions per user; introduction of new drugs for which there are not generic equivalents; substitution of new brand-name drugs for generics)?
2. How effective are current state efforts to reduce prescription drug costs (e.g., supplemental drug discounts; compliance packaging; point-of-service drug utilization review)?
3. What methods are other large purchasers using to control prescription drug costs, and what would be their programmatic and fiscal impacts if incorporated into Washington's Medicaid program?

Research and Analysis:

1. In coordination with the Medical Assistance Administration, retrieve and analyze data on trends in prescription drug use and costs.
2. In coordination with the Medical Assistance Administration, retrieve and analyze data on the impact of current cost control measures.
3. In coordination with policy committee staff, research mechanisms used by other state medicaid programs and other large purchasers to control prescription drug costs.
4. In coordination with policy committee staff, obtain suggestions and feedback on possible cost-control approaches from key stakeholder groups.
5. Collect information on the size and uses of Regional Support Network (RSN) reserve accounts.

Issue: Community Mental Health System Performance Review

Background: Washington's community mental health system has experienced substantial growth and change in the decade since passage of the Mental Health Reform Act (SB 5400) in 1989. The population of the state psychiatric hospitals has decreased by over 20 percent in the past decade, while the total state population increased by over 20 percent. The average number of people receiving outpatient services through community mental health centers has almost doubled. The community mental health system has moved to a fully capitated payment system for both inpatient and outpatient services. Federal funding has grown from about a third to almost one-half of total program funding. High-profile crimes have resulted in increased efforts to engage persons with potentially dangerous behaviors in the mental health system.

In response to these many changes, the 1999 Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to conduct a comprehensive review of the operations, priorities, outcomes, and funding of the community mental health system. JLARC is to submit its final report on the project in December 2000.

Questions to Explore:

1. To what extent are community services prioritized for persons at greatest risk of state psychiatric hospitalization or criminal justice system involvement? How might incentives to serve such groups be increased, and what would be the impact of doing so?
2. To what extent and under what circumstances do community mental health services result in offsetting savings in the criminal justice and medical care systems?
3. What methods are used to establish and to monitor system outcomes, statewide and by individual Regional Support Networks?
4. How much is being expended upon administration at each level of the system? Are there measurable differences in service levels, quality, and outcomes in areas which spend more upon administration than in those which spend less?
5. What is the purpose of RSN reserve accounts, and what standards govern their accumulation and use? Is the size of such reserves reasonable?

Research and Analysis:

(In coordination with JLARC staff)

1. Interview key informants about current system priorities and operations.

2. Define a methodology for estimating the impact of mental illness on other service systems.
3. Define, collect, and analyze information on administrative expenditures at each level of the community mental health service delivery system.
4. Collect information on the size and uses of RSN reserve accounts.

Issue: Study of DIS Rates

Background: The Department of Information Services (DIS) charges state agencies for information technology services on a cost-recovery basis. DIS charges are paid out of funds appropriated to the various agencies. These payments are deposited into a revolving fund and are expended by DIS as non-appropriated funds. DIS rates cover operations, cash flow needs and depreciation.

Questions to Explore:

1. Are depreciation assumptions used in DIS rate setting reasonable?
2. Are revolving fund balances reasonable given actual cash flow requirements and probable contingencies?
3. Are there industry benchmarks that could be used for future rate setting?

Research and Analysis:

- Financial analysis conducted by a contracted consultant.

Issue: Adoption of Changes to the Long Term Economic Assumptions Used in State Retirement System Actuarial Studies

Background: The current long-term economic assumptions used by the Office of the State Actuary (OSA) were adopted by the Economic Revenue Forecast Council (ERFC) in the fall of 1997. The assumptions have a significant impact on the calculation of employer and Plan 2 member contribution rates for the largest state retirement systems. A large part of the state pension savings realized in the 1999-2001 biennium reflected reductions in the assumed rate of future salary increases for public employees. The current assumption regarding long-term investment returns is 7.5 percent.

In 1998 the Legislature created a Pension Funding Council (PFC) and a PFC work group. The PFC consists of the directors of the Office of Financial Management (OFM) and the Department of Retirement (DRS) Systems, plus the chairs and ranking minority members of the Senate and House fiscal committees. The pension funding statutes provide that the PFC will review and adopt changes to the long-term economic assumptions in the fall of 1999. The new assumptions will be used to calculate pension contribution rates for the 2001-2003 biennium, and to calculate the cost of future proposed changes to state retirement benefits.

The PFC work group is made up of staff representatives of DRS, OFM, the State Investment Board, Senate Ways & Means, House Appropriations, and the ERFC. The Office of the State Actuary also provides significant staff support to the PFC.

Questions to Explore:

1. How do the current long-term assumptions compare to those used by other public and private retirement systems?
2. What was the rationale for adoption of each of the current assumptions?
3. Should the long-term investment assumption be changed to reflect changes in State Investment Board (SIB) asset allocation policies in the last 15 years?
4. Will the sharp reduction in employer and member contributions in the 1999-2001 biennium require separate SIB asset allocation policies for the various retirement plans? If so, how should this be taken into account in adopting long term investment return assumptions?
5. What impacts will a change in the investment return assumption have on the calculation and administration of state retirement benefits, such as the early retirement reduction factors in the Law Enforcement Officers' and Fire Fighters' Retirement System 2 (LEOFF 2), the Teachers Retirement System 2 (TRS 2), and the Public Employees' Retirement System 2 (PERS 2), and the reductions for the Teachers' Retirement System 1 (TRS 1) members who withdraw their member contributions at retirement?

Research and Analysis:

1. Gather comparative information regarding assumptions used by other public retirement systems.
2. Identify issues that policy makers should consider in selecting assumptions, such as the balancing of risk between current and future generations of taxpayers; probable changes in trust fund cash flows, etc.
3. Identify long and short term fiscal impact of reasonable options.
4. Identify impact of changes in assumptions on the calculation of benefits.

Issue: Review of Dedicated Accounts of Natural Resource Agencies

Background: Many natural resources programs are funded through dedicated accounts, based on some form of user fee or tax. The narrow revenue base for each account makes the accounts susceptible to revenue fluctuations, which may result in program reductions or requests for state general funds. The number of funds also complicates agency management and legislative oversight.

Questions to Explore:

2. How are dedicated funds managed by different agencies? How are revenue projections made, and base activities identified and funded?
3. Are there overlaps in the base activities funded by different accounts?
4. Could pooling of some natural resources accounts stabilize funding and eliminate temporary shortfalls, without threatening the continued dedication of funds to specific programs?

Research and Analysis:

1. Develop a fund balance sheet for each natural resource account that includes fund sources, method of revenue projection, and base activities funded from the account.
2. Assess the volatility and the consequences of shortfalls in each account.
3. Identify options for restructuring natural resources accounts to stabilize funding for dedicated programs.

Issue: Foster Care Rate Increases

Background: In the 1999 legislative session, the appropriations for foster care and adoption support increased by \$ 80.4 million, \$ 17.4 million in the 1999 supplemental and \$ 63.0 million in the 1999-01 budget. The full impact of these increases were mitigated by a reduction of \$ 51.5 million in the general fund state appropriation in the Children's Services program where services were eligible for federal TANF funds.

Over one-third of the foster care increase reflected anticipated increases in the cost per case, which was calculated based on historical trends. The underlying factors driving these increases are not well delineated or understood.

Questions to Explore:

1. Where are the increases occurring? Are there differences by region or type of foster care (family foster care, group care and so forth)?
2. Are the increases in foster care costs higher for some groups of children than others?
3. How are decisions made regarding when to provide special rate and exceptional cost care?
4. Is there an increase in particular special services?
5. What fiscal controls are used to control the cost of foster care placement?

Research and Analysis:

1. Review the history of foster care costs in Washington State and the country as a whole.
2. Work with DSHS and OFM to pinpoint services and locations where the increase costs are most pronounced.
3. Select a sample of offices with relatively high costs and low cost of care. Conduct site visits to better understand underlying causes of the increases.
4. Provide findings and recommendations for possible changes to reduce cost increases by November 1999.

Issue: Enhanced 911 Funding for Wireless Telecommunications in Washington State

Background: An FCC ruling requires wireless telecommunications providers to provide Enhanced 911 (E911) services if requested by a Public Safety Answering Points (PSAP) and a mechanism for the recovery of the providers' reasonable costs in providing the service is in place. No such funding mechanism is currently provided. Legislation introduced in 1999 at the request of the wireless industry and the counties was not enacted.

Questions to Explore:

1. What are the technical requirements for providing E911 services by wireless telecommunications companies?
2. What are the legal requirements for public funding of E911 services by wireless telecommunications companies?
3. What E911 services are currently being provided by wireless telecommunications companies, and how are current E911 services being funded?
4. What are the estimated costs of providing E911 services by wireless telecommunications companies?

5. What tax rates would be necessary to fund E911 services by wireless telecommunications companies?
6. How are other states funding E911 services by wireless telecommunications companies?

Research and Analysis:

Collect, review, and summarize available data.

Committee Meetings:

None scheduled. A simplified summary report of the current taxation of, legal requirements for, and issues related to Enhanced 911 funding for wireless telecommunications in Washington State will be prepared for use in evaluating Legislative proposals in the 2000 legislative session.

Issue: Higher Education Enrollments for 2001-03

Background: The Higher Education Coordinating Board (HECB) is writing a new master plan for Washington this summer. Early working papers indicate the Board will reaffirm its current goals for participation in post-secondary education and it is suggested that funded enrollments at public universities and colleges would need to increase over 58,000 students by 2010 and over 93,000 FTE students by 2020.

Questions to Explore:

1. What might it cost Washington to be at the 70th percentile nationally for those engaged in upper division or graduate level studies and at the national average for those engaged in undergraduate work?
2. Do the behaviors of college-age youth and adult learners today support these HECB goals?
3. Branch campuses were built in anticipation of 9,920 enrollments by 1999. What expectations came to pass, which did not materialize and what can be learned from this experience?
4. What actions are other states taking in response to the baby boom echo?
5. How might fuller use of existing capacities be encouraged?
6. What role do consortiums play in meeting enrollment pressures?

Research and Analysis:

Review available literature, data sources and reports, including institutional strategic plans. Conduct informational interviews. Prepare briefing on findings for Committee by January 2000.

