

State of Washington

Joint Legislative Audit and Review Committee (JLARC)

Status Report:

Implementation of State Auditor I-900

Recommendations to the Legislature

As required by Initiative 900

July 13, 2009

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Initiative 900 Requires JLARC Report

In November 2005, the people of the State of Washington approved Initiative 900. The initiative directs the State Auditor's Office (SAO) to conduct performance audits of state and local government agencies.

The initiative also includes the following direction with regard to performance audits of state government: "An annual report will be submitted by the Joint Legislative Audit and Review Committee by July 1st of each year detailing the status of the legislative implementation of the State Auditor's recommendations." This report represents JLARC's compliance with this requirement for 2009.

Five New SAO Performance Audits with Recommendations to the Legislature Available for Legislative Consideration in the 2009 Legislative Session

This is the third annual report that JLARC has released on the status of recommendations to the Legislature made by the State Auditor's performance audits.¹ From May 2008, the State Auditor released five new audit reports with specific recommendations to the Legislature which were available for the Legislature's consideration during the 2009 Legislative Session. The State Auditor issued an additional report during that period which did not include any specific recommendations to the Legislature.

This JLARC report provides information on the implementation status of the specific recommendations to the Legislature in those five new audits. In addition, the report includes updated information on the status of unresolved recommendations to the Legislature discussed in JLARC's previous annual reports on this topic.

Summary of Implementation of SAO Recommendations to the Legislature

Table 1 summarizes implementation of the recommendations to the Legislature in the five SAO performance audits containing such recommendations. This reflects the Legislature's actions through the 2009 Legislative Session. The table uses the following reporting categories:

- **Implemented – Adopted As Presented** – Legislative action implementing an SAO recommendation in the manner that it was presented in the audit;
- **Implemented – Addressed with Different Approach** – Legislative action where the Legislature addressed the issue raised in the recommendation, but via a different approach;
- **Legislature Made Different Policy Choice** – Legislative action where the Legislature was aware of the recommendation and made a different policy choice than what the SAO recommended;

¹ Many of the recommendations in the SAO performance audits are directed to state or local government agencies rather than to the Legislature. This report does not provide information on implementation of those recommendations. For local governments, Initiative 900 directs that "an annual report will be submitted by the legislative body by July 1st of each year detailing the status of the legislative implementation of the State Auditor's recommendations."

- **Bills Introduced on Topic But Not Adopted** – Situation where individual legislators introduced bills on the topic covered in the recommendation, but the Legislature did not adopt the recommendation;
- **Other Circumstances** – This category denotes recommendations where other relevant circumstances apply. For example, one recommendation in this category directs the Legislature to change an agency’s administrative rule, which is not within the Legislature’s purview. There are also three instances where the auditees point out that the Legislature has already addressed the action that the audit recommends; and
- **No Information** – No related information was available about formal action by the Legislature.

Table 1 – Implementation of SAO I-900 Recommendations to the Legislature:
Status Following the 2009 Legislative Session

Current Implementation Status	2008 Recommendations	2007 Recommendations	Total Recommendations
Implemented:			
– Adopted as Presented	3	6	9
– Addressed with Different Approach		6	6
Legislature Made Different Policy Choice		3	3
Bills Introduced on Topic But Not Adopted		2	2
Other Circumstances	2	7	9
No Information	3	3	6
Total	8	27	35

During the 2008 interim and the 2009 Legislative Session, the Legislature also held numerous public hearings and work sessions on the SAO performance audits themselves or on the subject matter covered in the SAO performance audits. Table 2 summarizes this legislative activity.

Table 2 – Legislative Meeting Activity Directly or Indirectly
Related to the Newly Issued SAO Performance Audits*

Legislative Committee Meetings	Number of Meetings
Legislative public hearings or work sessions specifically on an SAO performance audit	9
Legislative public hearings or work sessions on the topic reviewed in an SAO performance audit	1
Total	10

*May 2008 through June 2009

Detail on Specific SAO Recommendations to the Legislature

What follows are details on the specific recommendations to the Legislature in the five newly issued SAO performance audits available for the Legislature's consideration in the 2009 Legislative Session. It also includes an update on the status of recommendations to the Legislature in previously issued SAO performance audits that had not been resolved at the time of our last report on this topic. For each of these performance audits, this JLARC report provides:

- A brief summary of the subject of the performance audit;
- The text of each recommendation to the Legislature;
- The current implementation status for each recommendation;
- Identification of related legislation; and
- Where appropriate, a comment section to provide additional explanation/context about the Legislature's actions or the categorization of implementation status.

Each section ends with reporting on additional legislative activity such as public hearings, work sessions, and related budget activity. The audit reports are grouped by year and listed in the order in which the State Auditor released them.

Initiative 900 also states that "justification must be provided for recommendations not implemented." Since no individual or entity can singularly speak to the reason for legislative action or inaction, JLARC's auditors could not identify sufficient and appropriate evidence to make definitive conclusions about why recommendations have not been implemented to date. However, the information provided in the comment sections does, in some cases, provide a context for the Legislature's actions.

Newly Issued 2008 Recommendations

Open Public Records Practices at 30 Government Entities Released May 19, 2008

About the audit:

This audit was designed to answer the following question: How effective were 10 selected cities, 10 selected counties, and 10 selected state agencies at responding to 10 public record requests in a prompt and cooperative manner? An overarching recommendation from the audit includes one directive to the Legislature.

SAO Recommendation to the Legislature:

The Legislature should provide funding to the Attorney General's Office to establish and maintain a public records training curriculum.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

Comments:

In 2005, the state's Attorney General established the position of Open Government Ombudsman within the Attorney General's Office. The Ombudsman assists the public and state and local agencies with open-government questions, training, policy, and litigation. Training is primarily the duty of agencies subject to the Public Records Act.

Open Public Records Practices at 30 Government Entities
Released May 19, 2008

Additional 2009 Legislative Action:

- JLARC held an I-900 public hearing on 6/18/08.
- HB 1017 and SB 5339, which were not enacted, would have created a committee to study and report on the feasibility of creating a board with Public Records Act and Open Public Meetings Act responsibilities. Both bills included the provision of public training on the Public Records Act and the Open Public Meetings Act to the duties of such a board.
- HB 1784, which was not enacted, would have expanded the powers of the Public Disclosure Commission to include the enforcement of the Open Public Meetings Act and the Public Records Act.
- SB 5293, which was not enacted, would have authorized a person who believes that a public agency is not entitled to claim an exemption to a request for a public record to seek review by the Superior Court.
- SB 6101, which was not enacted, would have established the Division of Archives and Records Management in the Office of the Secretary of State to ensure the proper management and safeguarding of public records. The bill would also have created the State Records Committee and the Local Records Committee with the responsibility to oversee records retention for state and local agencies, respectively. Each department or other agency of the state government would have been required to designate a records officer to supervise its records management and retention program under the Public Records Act. The Chief Clerk of the House of Representatives and the Secretary of the Senate would have been charged with overseeing legislative public records.
- SB 6104, which was enacted, requires that public records be available for inspection and copying at least 30 hours per week. Agencies and offices must post customary business hours on their websites and otherwise make their business hours known to the public.

Collection of State Debt
Released August 12, 2008

About the audit:

This audit was designed to determine if state agencies use and share opportunities to improve the collection of state debt. The audit includes one recommendation to the Legislature as part of the review of debt collection by the Department of Transportation.

SAO Recommendation to the Legislature:

With regard to the Department of Transportation’s collection of costs associated with traffic accidents, the Legislature should clarify RCW 46.44.110 to include “traffic-control only” costs as part of the costs to be recovered by the state. These are costs related to controlling traffic during an accident, such as directing, flagging, and rerouting traffic.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 1433	✓	✓	✓	✓	✓

Comments:

The Department of Transportation requested legislation amending state law to clarify liability for damages to state property resulting from the illegal operation of a vehicle. As amended by the Senate Transportation Committee, HB 1433 specifically includes incident response costs, including traffic control, incurred by the Department as liable damage.

Additional 2009 Legislative Action:

- JLARC held an I-900 public hearing on 8/27/08.

School Districts' Administration and Support Services
Released September 30, 2008

About the audit:

This audit was designed to answer the following questions at the 10 largest school districts in Washington:

- How economical are each school district's administrative operations, administrative costs, administrative salaries, and administrative staffing levels? If not economical, what is the impact on costs and resources?
- How efficient are each school district's administrative operations? If not efficient, what is the impact on cost and available resources?

The audit includes three recommendations to the Legislature.

SAO Recommendation to the Legislature:

A review is necessary at the state level to determine if the process to approve funds for planning, design, and construction is too lengthy and could be shortened. This would reduce the need and time for housing students in portables statewide.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

Comments:

The Joint Legislative Task Force on School Construction Funding, which was created through the 2007-09 Capital Budget (ESHB 1092), was required to review: statutory provisions regarding the funding of school construction projects; eligibility requirements and distribution formulas for the state's school construction assistance grant program; flexibility needed in the system to address diverse district and geographic needs including, but not limited to, the construction needs unique to high growth areas, as well as the needs of school districts that have experienced consecutive school levy failures; and potential revenue sources and alternative funding mechanisms for school construction. Although the task force did not directly address the SAO recommendation on the length of the funding approval process, it did address a number of funding issues.

The SAO audit does not refer to the Joint Legislative Task Force on School Construction Funding.

School Districts' Administration and Support Services
Released September 30, 2008

SAO Recommendation to the Legislature:

The Legislature should authorize and fund the development, implementation, and maintenance of a centralized repository of certificated employees' records.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
ESHB 1244	✓	✓	✓	✓	✓
HB 1410	✓				
HB 2244	✓				
ESHB 2261	✓	✓	✓	✓	✓
SB 5444	✓				
E2SSB 5941	✓	✓	✓		
ESB 6048	✓	✓	✓		

Comments:

The 2009-11 Operating Budget (ESHB 1244) appropriates state and federal funds for implementing a comprehensive data system to include financial, student, and educator data. The Office of Superintendent of Public Instruction is required to convene a data governance group to create a comprehensive needs-requirement document, conduct a gap analysis, and define operating rules and a governance structure for K-12 data collections. A preliminary report must be submitted to the fiscal and education policy committees of the Legislature by November 2009.

Each of the remaining six bills addresses the issue of educator data. ESHB 2261, which was enacted, forms the framework for the above budget proviso.

School Districts' Administration and Support Services
Released September 30, 2008

SAO Recommendation to the Legislature:

To more accurately capture program cost, the Legislature should authorize the optional use of enterprise funds to account for the school districts' business-like activities.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

Additional 2009 Legislative Action:

- JLARC held an I-900 public hearing on 10/22/08.
- The House Appropriations Subcommittee on General Government & Audit Review and the House Appropriations Subcommittee on Education held a joint work session on 12/5/08: Overview of the State Auditor's performance audit on School Districts' Administration and Support Services.
- The Senate Economic Development, Trade & Management Committee held a work session on 12/5/08: State Auditor's performance audit of School Districts' Administration and Support Services.
- The 2009-11 Operating Budget (ESHB 1244) requires the Joint Legislative Audit and Review Committee to conduct a study of the relationship between the cost of school districts and their enrollment size.
- HB 1322, HB 2108, 2SHB 2167, SB 5074, ESSB 5880, ESSB 5889, and ESSB 5890 include the repeal, suspension, or modification of numerous school district requirements. Of those bills, only HB 1322 and ESSB 5889 were enacted.
- ESHB 1619, which was enacted, expands the list of activities that may be funded by certain school district capital projects funds by including major equipment repair, painting of facilities, and other major preventative maintenance purposes.
- SHB 1971 and ESSB 5828, which were not enacted, would have authorized certain school districts and educational service districts to designate a district treasurer.
- HB 2251, which was not enacted, would have provided additional options and flexibility to school districts in the operation of their programs through the securing of necessary facilities by the use of leases and through additional funding options for school facility leases.
- ESSB 5807, which was not enacted, would have authorized certain school district capital projects funds to be used for renovation of facilities and systems that extends the useful life of the facility or system beyond its original planned useful life, major equipment repair, exterior painting of facilities, and other major preventative maintenance purposes.

School Districts' Administration and Support Services
Released September 30, 2008

- SB 5980, which was enacted, adopts more accurate and descriptive names for the components of the state funding formula for the allotment of appropriations for school plant facilities, as recommended by the Joint Legislative Task Force on School Construction Funding, to promote clarity and transparency in the funding formula. A House companion (HB 2142) was not enacted.
- SB 6168, which was enacted, limits certain school district requirements to the availability of funds.

Use of Impact Fees in Federal Way, Olympia, Maple Valley, Redmond, and Vancouver
Released October 14, 2008

About the audit:

This audit was designed to determine 1) the method each city uses to calculate impact fees based on the direction in state law; 2) how each city demonstrates that these fees are appropriate; and 3) how effectively each city uses impact fees to pay for public facilities that a) correspond to the demand for public facilities from new development, and b) benefit new development proportionate to its share of the financing of new or expanded facilities; and are consistent with a comprehensive plan or a capital element of a comprehensive land use plan that has been adopted in accordance with state law. The audit includes two recommendations to the Legislature.

SAO Recommendation to the Legislature:

The Legislature should amend RCW 82.02.090 to better define capital facilities and alleviate ambiguity.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

**Use of Impact Fees in Federal Way, Olympia,
Maple Valley, Redmond, and Vancouver**
Released October 14, 2008

SAO Recommendation to the Legislature:

The Legislature should consider modifying RCW 82.02.070 to better define “separate interest-bearing accounts.”

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

Additional 2009 Legislative Action:

- JLARC held an I-900 public hearing on 10/22/08.
- HB 1080, which was not enacted, would have allowed impact fees to be used for all fire protection facilities, even in jurisdictions that are part of a fire district.
- SB 5548, which was not enacted, would have required project improvements, including public transportation infrastructure improvements, to be credited against the imposition of impact fees.

Washington State Parks and Recreation Commission
Released December 23, 2008

About the audit:

The audit focused on whether the agency’s strategic plan is a well-documented, comprehensive, and cohesive roadmap to achieve its vision. The audit also focused on whether the Commission has appropriately assessed and obtained the human, financial, and information technology resources it needs; if it is monitoring and appropriately measuring its performance; and if its operations are efficient and economical. The audit does not include a specific recommendation to the Legislature; however, there is a recommendation to the Commission to continue to pursue specific funding from the Legislature.

SAO Recommendation to the Legislature:

The State Parks and Recreation Commission should continue to pursue its request for money from the Legislature to provide a technology solution for connectivity issues (connecting headquarters with the parks).

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

Comments:

In direct response to the SAO audit, the State Parks and Recreation Commission submitted a decision package for the 2009-11 Operating Budget that addressed park connectivity. The Commission requested \$1,640,200 and two additional FTEs to: transmit timely information to field-based employees; provide necessary service to the public; and remain competitive in recreational markets. However, this item was not included in the Governor's 2009-11 Operating Budget proposal.

In the absence of new funding, the State Parks and Recreation Commission is working with the Department of Information Services to lease additional equipment and upgrade its network using IT tech pool dollars. The Commission is also looking into stimulus package dollars for rural connectivity to those parks that still have dial-up, along with other improvements.

Additional 2009 Legislative Action:

- JLARC held an I-900 public hearing on 1/7/09.
- The House Ecology & Parks Committee held a work session on 2/13/09: innovative industry partnerships with the state parks system.
- SHB 2109, which was not enacted, would have required the State Parks and Recreation Commission to review and determine the fair market value for all existing leases for telecommunications service facilities.

Previously Unresolved 2007 Recommendations

Department of Health: Health Professions Quality Assurance (HPQA) Released August 21, 2007

About the audit:

In May 2006, the Governor asked the State Auditor's Office to review the state's processes for regulating health professionals and to recommend ways to improve the licensing and discipline of health care providers to protect patients. The Governor also asked the State Auditor to recommend ways to conduct national criminal background checks on health care license applicants and on existing practitioners. This audit includes seven recommendations to the Legislature.

SAO Recommendation to the Legislature:

The Legislature should amend the Written Operating Agreement statute between HPQA and the boards and commissions to include negotiated performance-based provisions. The amendment should include: (1) a requirement that the written agreements are reviewed annually and revised as needed to continually drive performance to protect the public's interests; (2) set an effective date as a deadline for these agreements to be revised and to become operational; (3) require the results of the key performance measures (as appropriate to protect confidentiality) be posted on the Web sites of HPQA and each board and commission.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 2906	✓				
SHB 2907	✓	✓			
SSB 6458	✓	✓	✓		
SSB 6506	✓	✓			

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
No related legislation.					

**Department of Health:
Health Professions Quality Assurance (HPQA)
Released August 21, 2007**

Comments:

Three of the 2008 bills proposed changes to the Written Operating Agreement statute, but those changes did not mirror exactly the changes recommended by the SAO audit. The fourth, HB 2906, and the original version of SB 6506 created a new State Medical Board for Safety and Quality. These two bills included a section regarding establishment and annual review of performance measures. None of these bills passed the Legislature.

As additional information, 4SHB 1103 of 2008, which the Legislature enacted, directs the Medical Quality Assurance Commission and the Nursing Care Quality Assurance Commission to conduct pilot projects to evaluate the effect of granting these commissions additional authority over budget development, spending, and staffing. The pilot projects include development of performance-based expectations, including identification of key performance measures. The Secretary of Health and the Commissions must report to the Legislature and the Governor on the results of these pilot projects by December 2013.

SAO Recommendation to the Legislature:

For all registered professions, the Legislature should review and modify as needed existing laws that allow individuals to be credentialed with no educational or experience requirements.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

**Department of Health:
Health Professions Quality Assurance (HPQA)
Released August 21, 2007**

Additional 2009 Legislative Action:

- HB 1061, which was not enacted, would have modified membership of the Washington State Dental Quality Assurance Commission. In addition, five years after the changes are in effect, the Secretary of Health, in consultation with the Commission, would have been required to evaluate the Commission's ability to carry out its duties, considering whether the changes serve the public interest, increase public safety, and increase public confidence in the professions regulated by the Commission.
- The 2009-11 Operating Budget (ESHB 1244) allocates funding solely for the Medical Quality Assurance Commission to maintain disciplinary staff and associated costs sufficient to reduce the backlog of disciplinary cases and to continue to manage the disciplinary caseload of the Commission.
- HB 1398 and SB 5535, which were not enacted, would have transferred regulation of the practice of acupuncture from the Secretary of Health to an Acupuncture Quality Assurance Commission created in the bill.
- HB 1400, which was not enacted, would have allowed certain volunteer health practitioners licensed and in good standing in another state to practice in this state while an emergency declaration is in effect as if the practitioner were licensed in this state.
- SHB 1414, which was enacted, expands the scope of practice of certain registered health care assistants until July 1, 2013. Within the existing resources, the Department of Health must conduct a review regarding the regulation and the scope of practice of medical assistants. A Senate companion (SB 5852) was also introduced, but not enacted.
- HB 1424, which was not enacted, would have allowed health care professionals to request that a particular person conduct a mental or physical examination in the event of an investigation of the health care professional's skill or safety. The bill would also have required a new license to be issued to health care professionals found to have not committed unprofessional conduct.
- SHB 1740, which was enacted, allows the Dental Quality Assurance Commission to issue a limited license to practice dentistry for post-doctoral students in dental education and post-doctoral residents in any dental residency program approved by the Commission.
- HB 1861 and SB 5755, which were not enacted, would have established the intent of the Legislature to allow health care practitioners who are not licensed, certified, or registered by the state, to provide health care services, unless there is clear and convincing evidence that the specific health care service causes serious physical or mental harm or causes imminent and significant risk of discernable, significant, and serious physical or mental injury, under the circumstances in which the health care practitioner knew, or in the exercise of reasonable care should have known, would result in such injury. (Note: These bills were not companions.)
- 2SHB 1899, which was enacted, amends current law relating to licensed retired active physicians. The bill also requires the Medical Quality Assurance Commission to consider amending its rules on retired active physicians in a manner that improves access to health care services without compromising public safety.
- HB 1918 and SB 5230, which were not enacted, would have allowed physical therapists to perform spinal manipulation upon showing evidence of adequate education and training in spinal manipulation.

**Department of Health:
Health Professions Quality Assurance (HPQA)
Released August 21, 2007**

- SHB 2004, which was not enacted, would have authorized an unlicensed practitioner to practice colon hydrotherapy under certain conditions.
- HB 2064, which was not enacted, would have required pharmacy technicians to complete continuing education requirements established in rule by the Board of Pharmacy.
- SSB 5369, which was enacted, gives the Secretary of Health authority under the Uniform Disciplinary Act to regulate the following health professions created in 2008: agency affiliated counselors, certified counselors, certified advisers, associates in mental health counseling, marriage and family therapy and social work, and trainees in the chemical dependency profession. This regulatory authority includes licensing, enforcement of the law, and discipline. A House companion (ESHB 1514) was also introduced, but not enacted.
- SSB 5775, which was not enacted, would have required graduates of foreign medical schools to comply with the statutory licensing requirements for physician assistants and by the Medical Quality Assurance Commission in order to be licensed as physician assistants.

**Washington State Department of Transportation (WSDOT)
Washington State Ferries System
Released September 4, 2007**

About the audit:

This audit focuses on two audit areas related to the Washington State Ferry System: 1) the functions and activities performed by the ferry system’s Maintenance Department, specifically the Eagle Harbor Repair Facility, which bears the main responsibility for vessel maintenance and preservation; and 2) the capacity and efficiency of ferry routes, in order to identify opportunities for cost savings related to fuel and labor. This audit includes two recommendations to the Legislature.

SAO Recommendation to the Legislature:

The Legislature should change WSF’s service schedule to reduce operational losses, if WSF, WSDOT, the Washington State Transportation Commission, and the Governor’s Office are unable to do so.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
ESSB 5352	✓	✓	✓	✓	✓

Comments:

In its response to this recommendation, WSDOT reported that it is engaged with the Legislature as part of Phase II of the Joint Transportation Committee’s (JTC) Ferry Financing Study to develop ways of attracting more ridership to less utilized off-peak sailings. The Department noted that, if successful, this would enable more revenue to be generated by off-peak trips and still maintain necessary connections for off-peak riders.

At the Legislature’s direction, the JTC is conducting a set of ferry financing studies. The JTC's work includes a review of WSDOT’s revised capital plan for the state ferry system, the Long-Range Finances Report, which was finalized in May 2009. That report makes recommendations relating to service levels.

The 2009-11 Transportation Budget (ESSB 5352) originally included elimination of the Sidney/San Juans Route, but was enacted with full funding for all current ferry routes.

Washington State Department of Transportation (WSDOT)
Washington State Ferries System
 Released September 4, 2007

Additional 2009 Legislative Action:

- The House Transportation Committee held a work session on 2/2/09: Washington State Ferries budget.
- The Senate Transportation Committee held a work session on 2/4/09: Washington State Ferries draft long-range plan and Washington State Transportation Commission ferry survey.
- The House Transportation Committee held a work session on 2/4/09: Washington State Transportation Commission ferry ridership survey.
- The Senate Transportation Committee held a work session on 2/23/09: ferry construction efficiencies.
- The Senate Transportation Committee held a work session on 2/24/09: ferry terminal study (public-private partnership).
- The Senate Transportation Committee held a work session on 3/19/09: Ferry Community Partnership Plan C recommendations.
- The House Transportation Committee held a work session on 3/19/09: Ferry Community Partnership Plan C.
- The Joint Transportation Committee held a meeting on 4/23/09: Ferry Study Reports.
- HB 1084, which was not enacted, would have created the Washington State Ferries Commission.
- HB 2026, which was not enacted, would have required Washington State Ferries to engage in certain practices in accordance with the Legislature's intention to restructure the duties of the Ferries to reflect best procurement practices in the maritime industry.
- HB 2193 and SB 6061, which were not enacted, would have established the explicit intent of the Legislature to: establish the levels of service that amply meet the needs of the communities and statewide economy served by the ferry system; establish a framework for fleet service modernization that will support sustained ferry construction; implement cost-saving efficiencies; and upgrade organizational effectiveness.
- HB 2255, which was not enacted, would have provided a tax exemption on the sale or use of motor vehicle and special fuel if the fuel is purchased by Washington State Ferries and Ferries is entitled to a refund or exemption under current state law.
- HB 2271, which was not enacted, would have authorized state forces to perform work on ferry vessels or terminals when the estimated cost of the work is less than one hundred twenty thousand dollars.
- The 2009-11 Transportation Budget (ESSB 5352) includes numerous provisions aimed at increasing efficiencies, including the following: acquisition of three new Island Home class ferry vessels to replace existing vessels in a manner most efficient for the route; development of a proposed ferry vessel maintenance, preservation, and improvement program; development of a reservation system which Ferries has concluded will reduce capital outlays, minimize customer wait times, and improve traffic and queuing impacts; reduction of overhead and administration appropriations in both the capital and operating budgets; and review and adjustment of WSDOT's capital program staffing levels to ensure staffing is at the most efficient level.
- SB 6106, which was not enacted, would have changed statutory provisions regarding collective bargaining for marine employees of WSDOT.

**Washington State Department of Transportation (WSDOT)
Washington State Ferries System
Released September 4, 2007**

- SSB 6109, which was not enacted, would have declared the intent of the Legislature to make policy changes aimed at efficiencies and cost savings in the ferry system, including recommendations from the Joint Transportation Committee Ferry Study.

**Educational Service Districts (ESDs)
Released September 18, 2007**

About the audit:

This audit addresses the following topics with regard to Educational Service Districts: operations costs; the contracting process and monitoring of contracts; and compliance of operations with statutory authority. The audit also compares Washington ESDs with similar organizations in other states, and examines best practices for providing cost-effective services and programs to school districts. This audit includes four recommendations to the Legislature.

SAO Recommendation to the Legislature:

The Legislature should remove ESD Superintendents' responsibility from the regulatory functions of RCW 28A.310.260 in relation to member school district staff code of conduct violations.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

Educational Service Districts (ESDs)

Released September 18, 2007

SAO Recommendation to the Legislature:

Washington policy-makers should undertake an evaluation or performance audit of the state’s special education delivery system in an effort to increase efficiency and use existing infrastructure.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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Previous legislative mandates for studies on special education.

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

Comments:

The Legislature recently received studies in this subject area, for example, the K-12 Special Education performance audit conducted by JLARC in 2001 (Report 01-11) and the Special Education Excess Cost Accounting and Reporting Requirements study conducted by JLARC in 2006 (Report 06-3).

Additional 2009 Legislative Action:

- The 2009-11 Operating Budget (ESHB 1244) requires the Office of Superintendent of Public Instruction to report to the fiscal committees of the Legislature on recommendations for following up on the findings relative to the e-rate program contained in the SAO's audit of educational service districts.
- SHB 1971 and ESSB 5828, which were not enacted, would have authorized certain school districts and educational service districts to designate a district treasurer.

**Washington State Department of Transportation (WSDOT):
Managing and Reducing Congestion in Puget Sound
Released October 10, 2007**

About the audit:

This audit examines 1) the effectiveness of WSDOT’s current highway investments and infrastructure utilizations given current and projected highway user volume over the next five years; and 2) the financial and non-financial costs of any recommended improvements over the next five years. The audit evaluates how current highway investments and infrastructure and possible highway investments and infrastructure can: minimize congestion for the greatest possible majority of highway users; maximize vehicle throughput; and maximize highway user throughput. This audit includes four recommendations to the Legislature.

SAO Recommendation to the Legislature:

The Legislature should implement new legislation to facilitate the expansion of road pricing should WSDOT’s HOT lane pilot be successful.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
E2SHB 1773	✓	✓	✓	✓	✓
ESHB 3096	✓	✓	✓	✓	✓
SSB 6355	✓	✓			

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
SSB 1314	✓	✓			
ESHB 2211	✓	✓	✓	✓	✓
ESSB 5352	✓	✓	✓	✓	✓

**Washington State Department of Transportation (WSDOT):
Managing and Reducing Congestion in Puget Sound
Released October 10, 2007**

Comments:

The Office of Financial Management noted in its audit response that the 2008 Legislature was expected to adopt a comprehensive tolling policy bill. The Legislature did so with the passage of E2SHB 1773, which declares the policy of the state to be to use tolling to provide a source of transportation funding and to encourage effective use of the transportation system. The bill also designated the Legislature as the entity with the authority to impose tolls on an eligible toll facility, unless that authority is otherwise delegated. The tolling-related provisions of ESHB 3096 are specific to the State Highway 520 bridge and the Interstate 90 floating bridge.

The 2009-11 Transportation Budget (ESSB 5352) allocates funding for the extension of the State Route 167 high occupancy toll lane. The bill also requires the Department of Transportation, by January 2010, to prepare a traffic and revenue study for Interstate 405 in King County and Snohomish County that includes funding for improvements and high occupancy toll lanes for traffic management. The Department must develop a plan to operate up to two high occupancy toll lanes in each direction on Interstate 405. The House companion (SSB 1314) to this bill included similar language, but was not enacted.

Additional legislation enacted in 2009 (ESHB 2211) imposes tolls on the State Route 520 floating bridge to help finance construction of the replacement state route number 520 floating bridge and necessary landings. The bill requires the tolling authority to set a variable schedule of toll rates to maintain travel time, speed, and reliability on the corridor and generate the necessary revenue.

**Washington State Department of Transportation (WSDOT):
Managing and Reducing Congestion in Puget Sound
Released October 10, 2007**

SAO Recommendation to the Legislature:

The Legislature should empower a single body – either WSDOT or a new regional transportation entity for the Puget Sound Region – to allow for a more integrated approach to planning for congestion reduction.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 3311	✓				
ESSB 6771	✓	✓	✓		
SB 6772	✓				

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
HB 2037	✓				
SB 6064	✓				

Comments:

The Legislature explored this concept with legislation in both 2008 and 2009, as it has in previous sessions. None of these bills passed the Legislature.

Additional 2009 Legislative Action:

- The Senate Transportation Committee held a work session on 2/10/09: State Route 520 tolling implementation committee update and State Route 167 hot lanes update.
- The House Transportation Committee held a work session on 2/11/09: Oregon's Mileage Fee Concept and Road User Fee Pilot Program and Puget Sound Regional Council Traffic Choices Study.
- The House Transportation Committee held a work session on 2/18/09: State Route 520 bridge project overview.
- The Senate Transportation Committee held a work session on 4/6/09: State Route 520 tolling.
- SB 5540, which was enacted, allows certain transit agencies to establish one or more high capacity transportation corridor areas within the transit agency's boundaries. A House companion (HB 1677) was not enacted.

**Washington State Department of Transportation (WSDOT):
Managing and Reducing Congestion in Puget Sound
Released October 10, 2007**

- HB 1873, which was not enacted, would have established a Joint Select Committee on High-Speed Rail to consider developing a plan to build and finance a high-speed rail network running from Bellingham to Portland, Oregon, and from Seattle to Spokane.
- SHB 2179, which was not enacted, would have: authorized cities to provide or contract for supplemental transit service; required certain public transit systems to coordinate their transit service with any supplemental transit service; and permitted cities to petition their transportation benefit district to adopt and incorporate supplemental transit service into existing public transportation services provided by the district.
- The 2009-11 Transportation Budget (ESSB 5352) includes the following items aimed at reducing congestion: funding for the Regional Mobility Grant program; flexible carpooling pilot project; and community-based incentives to reduce drive-alone trips.
- SB 5493, which was not enacted, would have authorized creation of a regional transportation corridor authority to plan, finance, and manage the State Route 520 and I-90 corridor.
- SB 5683, which was not enacted, would have imposed toll penalties for violations of high occupancy toll lane restrictions.

**Washington State Department of Transportation (WSDOT):
Administration and Overhead
Released November 15, 2007**

About the audit:

This audit focuses on six operational areas within the Department of Transportation: 1) human resources; 2) expenditure accounting; 3) payroll; 4) cash receipts; 5) internal audit; and 6) ONE-DOT. ONE-DOT discusses more fully integrating the business functions of the ferry system into those of the Department. This audit includes two recommendations to the Legislature.

SAO Recommendation to the Legislature:

The Legislature should change the current payroll structure to include 26 annual pay periods and should eliminate midperiod personnel changes by allowing changes only at the beginning of a pay period.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

SAO Recommendation to the Legislature:

The Legislature should change WSDOT's internal audit reporting structure.

Implementation status:

- Adopted as presented
- Addressed with different approach
- Made different policy choice
- Bills introduced on topic but not adopted
- Other circumstances
- No information

2008 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

**Washington State Department of Transportation (WSDOT):
Administration and Overhead
Released November 15, 2007**

2009 Related Legislation:

Bill #	Bill Introduced	Out of Policy Committee	Out of House of Origin	Passed Legislature	Signed by Governor
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No related legislation.

Comments:

In the main text of the audit, this recommendation is directed to WSDOT. However, in Appendix D, the audit report identifies this as a recommendation for legislative action. In response to this recommendation, WSDOT and the Office of Financial Management indicated that they will convene a work group to explore alternate reporting structures, with completion by June 2008. However, as of July 2009, the work group has not completed this effort. And the group's end product will not be a report, but a potential revision of Chapter 20.40 (Internal Auditing Policies) of the State Administrative and Accounting Manual.

Additional 2009 Legislative Action:

- The 2009-11 Transportation Budget (ESSB 5352) includes centralization of human resources functions, conducted in response to the SAO audit recommendation to consolidate functions into the headquarters human resources office.

