

STATE OF WASHINGTON

JOINT LEGISLATIVE AUDIT AND REVIEW
COMMITTEE (JLARC)



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AGENDA

July 21, 2010
10:00 a.m. – 12:00 p.m.
John A. Cherberg Building
Senate Hearing Room 4
Olympia, Washington

► Brief descriptions of agenda items are on the reverse side.

- 10:00 – 10:05 *1. Approval of June 16, 2010, JLARC Meeting Minutes
- 10:05 – 11:05 2. 2010 Annual Reports on Tax Preference Reviews – Preliminary Reports
- 11:05 – 11:25 *3. Department of Early Learning Review – Proposed Final Report
- 11:25 – 11:50 *4. Final Prioritization of Priorities of Government Results Area Activities for SAO Future Audit (Section 909, 2010 Supplemental Budget)
- 11:50 – 12:00 5. Proposed Scope and Objectives
- A. WSDOT Stormwater Permit Requirements Study
 - B. Streamlined Sales Tax Mitigation Study
 - C. Use and Cost of Helicopters for Wildland Fire Suppression Review

* Action Item

Please note: All listed times are estimates only and the Committee reserves the right to move agenda items as needed

1. **Approval of Meeting Minutes:** Approval of minutes from the June 16, 2010, JLARC meeting.
2. **2010 Annual Reports on Tax Preference Reviews—Preliminary Reports:** In 2006, the Legislature enacted EHB 1069 which mandated audit reviews of Washington's tax preferences over a ten year period. For 2010, JLARC issued two reports covering 20 tax preferences. The reports are divided into full and expedited reviews, depending on the estimated fiscal impact of the tax preference. Full tax preference reviews answer ten primary questions outlined in law, while the expedited tax preference reviews answer four questions. All tax preference performance reviews place an emphasis on whether the preference has met its public policy objectives. The reports include recommendations to continue, clarify, or terminate the reviewed preferences.
3. **Department of Early Learning Review—Proposed Final Report:** Overall, the Department (DEL) has complied with legislative requirements, but there has not been substantial progress with the integration of programs. There is no adopted statewide assessment available yet to evaluate the quality of the state's early learning programs or the extent to which children are ready for school. JLARC sampled paper checklists that DEL uses to monitor compliance with health and safety standards across more than 7,600 licensed child care facilities. On average, facilities complied with 14 of 17 consistent health and safety standards used in the analysis. However, full compliance with all 17 standards was low. There are also health and safety standards for Early Childhood Education Assistance Program (ECEAP) contractors providing preschool education. But, there is not comparable data available to analyze each of the 268 individual ECEAP sites. Recommendations are provided to improve the management and controls for monitoring the child care and early education settings which DEL regulates. The review also includes an analysis of subsidized child care affordability and availability.
4. **Final Prioritization of Priorities of Government Results Area Activities for State Auditor's Office (SAO) Future Audit (Section 909, 2010 Supplemental Budget):** Section 909 of the 2010 Supplemental Operating Budget—"Core Functions of Government"—directs:
 - JLARC members to select one results area of the Priorities of Government (POG) and determine the relative priority of each activity within that area by August 2010.
 - The State Auditor's Office (SAO) to select at least one but no more than four of the highest priority activities identified by JLARC and conduct a performance audit.
 - The SAO to conduct an "activity assessment" of at least one of the lowest priority activities.
 - That performance audits and activity assessments must be completed by SAO by June 2011.

Committee members will vote on final prioritization of activities of the POG Results Area selected by the Committee at its June meeting—the Results Area of "State Government: Strengthen government's ability to achieve results efficiently and effectively." This Results Area includes 139 Activities, spread across 47 state agencies. The Committee will transmit the approved prioritized activities list to the State Auditor's Office.

5. **Proposed Scope and Objectives:**
 - A. **WSDOT Stormwater Permit Requirements Study:** The 2010 Supplemental Transportation Budget (ESSB 6381) directs JLARC to analyze options for implementing the Washington State Department of Transportation's (WSDOT) stormwater discharge permit issued in February 2009 by the Department of Ecology. This study will describe the major requirements of the 2009 stormwater permit and WSDOT's current plan for implementing those requirements. JLARC will also determine whether there are alternative approaches to meeting the permit requirements and assess the advantages and disadvantages of WSDOT's planned approach against any alternative approaches identified.
 - B. **Streamlined Sales Tax Mitigation Study:** In 2007, the Legislature enacted legislation (SSB 5089) to conform Washington's tax structure to the Streamlined Sales and Use Tax Agreement. This legislation shifted the distribution of local sales tax around the state, so the Legislature included provisions to mitigate negative impacts to the revenue collections of local taxing jurisdictions. The 2007 legislation directed JLARC to review these mitigation provisions in 2010. JLARC will describe the process developed by the Department of Revenue to estimate local losses caused by conforming to the Streamline Agreement, and review the extent to which the mitigation provisions compensate local jurisdictions for these losses.
 - C. **Use and Cost of Helicopters for Wildland Fire Suppression Review:** The Legislature, in ESSB 6444 (2010), directed JLARC to complete a report on the use and cost of helicopters by the Department of Natural Resources for wildland fire suppression. The JLARC performance review will examine whether it is more advantageous to the state for the Department to use DNR helicopters for wildland fire suppression or to make other arrangements with nonstate governmental entities or private vendors for helicopter support.