

# Joint Legislative Audit and Review Committee (JLARC)



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## LEGISLATIVE AUDITOR

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## SENATORS

Randi Becker  
John Braun, *Chair*  
Sharon Brown  
Annette Cleveland  
David Frockt  
Jeanne Kohl-Welles  
Mark Mullet, *Assistant Secretary*  
Ann Rivers

## REPRESENTATIVES

Jake Fey  
Larry Haler  
Christine Kilduff  
Drew MacEwen  
Ed Orcutt, *Secretary*  
Gerry Pollet  
Derek Stanford, *Vice Chair*  
Drew Stokesbary

July 29, 2015

## JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE REGULAR COMMITTEE MEETING MINUTES

### COMMITTEE BUSINESS

- Representative Stanford, JLARC Chair, called the meeting to order at 10:10 a.m. and welcomed new JLARC members Representatives Stokesbary, Kilduff, MacEwen, and Fey.
- *Committee members elected the 2015-17 JLARC Executive Committee:*
  - Senator Braun as Chair;
  - Representative Stanford as Vice Chair;
  - Representative Orcutt as Secretary; and
  - Senator Mullet as Assistant Secretary.

(See the TVW recording at [00:28](#)) Upon his election, Senator Braun chaired the remainder of the meeting.

- *Representative Orcutt made a motion to approve the minutes from the April 29, 2015 JLARC meeting. Motion was seconded and carried unanimously.* (See the TVW recording at [03:56](#))
- *Representative Stanford made a motion to approve JLARC's 2015-17 Work Plan, which includes new assignments from the 2015 legislative sessions. Motion was seconded and carried unanimously.* (See the TVW recording at [04:14](#))

### REPORTS, PRESENTATIONS, DISCUSSIONS

#### **I-900 Recommendations to the Legislature—Status Report**

Steven Meyeroff from the JLARC staff presented the I-900 status report. Initiative 900, approved by voters in November 2005, directs the State Auditor's Office (SAO) to conduct performance audits of state and local government agencies. This annual report provides information on the status of recommendations to the Legislature made by State Auditor performance audits. It includes information on the implementation status of eight specific recommendations to the Legislature included in SAO 2014 performance audits, as well as on ten unresolved recommendations in performance audits issued by the SAO between calendar years 2011 and 2013. (See the TVW recording at [4:40](#))

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## State Recreation and Habitat Lands—Proposed Final Report

**Legislative Auditor’s Conclusion: Legislature would benefit from additional information about detailed outcomes and future costs of recreation and habitat lands when considering funding requests**

Ryan McCord and Rebecca Connolly from the JLARC staff presented the proposed final report for this study. Five agencies currently report information about recreation and habitat land acquisitions to the Legislature: the Washington State Parks and Recreation Commission, the Department of Natural Resources, the Department of Fish and Wildlife, the Recreation and Conservation Office, and the Office of Financial Management. The reports do not link acquisitions to detailed outcomes or future costs. **The Legislative Auditor recommends that the five agencies develop a single, easily-accessible source for information about proposed recreation and habitat land acquisitions, including detailed outcomes and future costs.** The agencies can build on work they already do to accomplish this. This report also includes an inventory of state habitat and recreation land acquisitions and disposals between fiscal years 2004 and 2013, and estimates of each agency’s total land management expenditures. Formal analysis of the economic costs and benefits of state recreation or habitat land is not routinely performed or required. (See the TVW recording at [7:51](#))

*Representative Stanford made a motion to approve for distribution the State Recreation and Habitat Lands proposed final report. Motion was seconded and carried unanimously.* (See the TVW recording at [19:19](#))

## Economic Impact of Public Natural Resource Lands—Proposed Final Report

**Legislative Auditor’s Conclusion: County economies are influenced more by how public lands are used than by the amount of publicly owned lands**

Stephanie Hoffman and Rebecca Connolly from the JLARC staff presented the proposed final report for this study. There is wide variation across the counties in the amount of natural resource land owned by state and federal agencies. While the overall percentage of these lands within counties did not negatively affect county economic growth over a 20-year period (1990-2010), specific sites may have positive or negative net impacts on local jobs and business output. **The Legislative Auditor concludes that county economies are influenced more by how public lands are used than by the amount of publicly owned lands.** Estimating impacts is highly dependent on the data available, the assumptions made, and whether or not land use at a specific site has changed enough to cause a measurable change in the economy. Economic impact analyses can inform decisions about public lands but may not capture broader impacts. JLARC staff worked with economists from Washington State University to conduct this study. (See the TVW recording at [19:38](#))

*A motion was made to approve for distribution the Economic Impact of Public Natural Resource Lands proposed final report. Motion was seconded and carried unanimously.* (See the TVW recording at [29:31](#))

## Workers’ Compensation Claims Management—Preliminary Report

**Legislative Auditor’s Conclusion: Claims management by L&I is unbiased, and decisions are generally timely. Outcomes could be improved if systems were more focused on prompt and safe return to work**

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John Bowden and Rebecca Connolly from the JLARC staff presented the preliminary report for this study. JLARC staff worked with expert consultants to conduct a performance audit of workers' compensation claims management at the Department of Labor & Industries (L&I). The audit found that L&I:

- Can improve its efforts to help workers return to work promptly and safely;
- Has mixed results for statutory timeliness standards;
- Makes unbiased claims management and dispute resolution decisions; and
- Uses a variety of tools to communicate with employers, workers, and care providers.

The Legislative Auditor offers recommendations to improve L&I's initial contact with workers and employers, claim planning and documentation, and the systems that support claims management. The Legislative Auditor also offers a recommendation to the Legislature regarding L&I oversight of the claim acceptance decisions made by self-insured employers. (See the TVW recording at [29:54](#))

Senator Braun invited a representative from the Department of Labor & Industries (Vickie Kennedy, Assistant Director for Insurance Services) to respond to members' questions. (See the TVW recording at [1:00:08](#))

## 2015 Tax Preference Performance Reviews—Preliminary Report

John Woolley, Dana Lynn, Eric Whitaker, and Rachel Murata from the JLARC staff presented the preliminary report for the 2015 reviews. Statute directs JLARC to conduct annual performance audit reviews of Washington's tax preferences. JLARC's first tax preference reviews were completed in 2007. This 2015 report includes reviews of 20 tax preferences combined into 13 reports. All tax preference performance audit reviews place an emphasis on whether the preference has met its public policy objectives. (See the TVW recording at [1:09:32](#))

With no further business before the Committee, the Chair adjourned the meeting.

## ATTENDANCE

JLARC Members Present: Senators John Braun, Jeanne Kohl-Welles, and Mark Mullet; Representatives Larry Haler, Christine Kilduff, Drew MacEwen, Ed Orcutt, Gerry Pollet, Derek Stanford, and Drew Stokesbary.

JLARC Staff Present: Keenan Konopaski, Legislative Auditor; John Bowden, Linda Byers, Rebecca Connolly, Stephanie Hoffman, Dana Lynn, Ryan McCord, Steven Meyeroff, Rachel Murata, Amanda Ondrick, Eric Thomas, Eric Whitaker, Valerie Whitener, John Woolley, Marilyn Richter, Mallory Jennings.

## ADJOURNMENT

The meeting was adjourned at 11:55 a.m.

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CHAIR

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VICE CHAIR