

State of Washington
Joint Legislative Audit and Review Committee (JLARC)



Preliminary Work on Future JLARC
Reviews:

- Linked Deposit Program
- Office of Regulatory Assistance
- Home Care Quality Authority

Briefing Report 04-6

April 21, 2004

*Upon request, this document is available
in alternative formats for persons with disabilities.*

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Tom Sykes

The Joint Legislative Audit and Review Committee (JLARC) carries out oversight, review, and evaluation of state-funded programs and activities on behalf of the Legislature and the citizens of Washington State. This joint, bipartisan committee consists of eight senators and eight representatives, equally divided between the two major political parties. Its statutory authority is established in RCW 44.28.

JLARC staff, under the direction of the Committee and the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other policy and fiscal studies. These studies assess the efficiency and effectiveness of agency operations, impacts and outcomes of state programs, and levels of compliance with legislative direction and intent. The Committee makes recommendations to improve state government performance and to correct problems it identifies. The Committee also follows up on these recommendations to determine how they have been implemented. JLARC has, in recent years, received national recognition for a number of its major studies.

**PRELIMINARY WORK
ON FUTURE JLARC
REVIEWS:**

- LINKED DEPOSIT PROGRAM
- OFFICE OF REGULATORY ASSISTANCE
- HOME CARE QUALITY AUTHORITY

BRIEFING REPORT 04-6

REPORT DIGEST

APRIL 21, 2004



STATE OF WASHINGTON

JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

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SUMMARY

Changes to the Sunset Law enacted in the 2000 Legislative Session [C 189 L 00; Chapter 43.131 RCW] require that entities subject to termination under that Act “develop performance measures and a data collection plan and submit them for review and comment to [JLARC].” The purpose of these “front-end reviews” is to reach agreement early on as to what measures will be used to evaluate the programs when it is time to conduct the review, and to ensure that the necessary data will be available. This report covers three separate reviews; two of which are of entities subject to the Sunset Act, and a third that, though not subject to Sunset, is scheduled to be reviewed by JLARC in 2006:

- The Linked Deposit Program,
- The Office of Regulatory Assistance, and
- The Home Care Quality Authority (non-Sunset).

This report is divided into three separate parts corresponding to the above entities. Each begins with an introductory memorandum from JLARC staff to the JLARC Committee, and is then followed by the Performance Measure and Data Collection Plan submitted by the entity.

A WORD ABOUT PROCESS

Each entity was provided a listing of expectations that covered such items as the type of measures to be submitted, how they should be formatted, and what was expected in terms of a data collection plan. JLARC staff encouraged frequent and open communication, and in each case, reviewed multiple drafts and made numerous suggestions; nearly all of which were incorporated into the final plans.

The Three Programs

The Linked Deposit Program

This program was established in 1993 to “remedy the problem of a lack of access to capital by minority and women’s business enterprises ...” Under the program, banks make loans to certified minority and women-owned businesses at below market interest rates and, in return, the State purchases a certificate of deposit from the bank in an equal amount, at a similarly discounted interest rate. The program is scheduled to terminate in 2008, with a sunset review by JLARC required in 2007.

The Performance Measure and Data Collection Plan was jointly submitted by the three administering agencies: the Office of the State Treasurer, the Department of Community, Trade and Economic Development, and the Office of Minority and Women’s Business Enterprises. Key measures that will be used to evaluate the program include:

- The number of loans that would not have been approved by the lending institutions in the absence of the program; and

The number of jobs created and or retained, among firms receiving loans, for every \$25,000 loaned.

The Office of Regulatory Assistance

This office, which was originally created in 1995 as the Permit Assistance Center, has two primary responsibilities: 1) to serve as an information clearinghouse for items such as permitting laws and regulatory requirements, and 2) to provide permit facilities and assistance services.

The Office is scheduled to terminate in 2007, and JLARC will conduct its sunset review in 2007. Because its duties are general and somewhat vague in nature, the Office presents challenges in terms of developing substantive performance measures. Output measures have been proposed, however, that will help measure the demand for its services. Key outcome measures on which its effectiveness will be evaluated include the proportion of those using its information and facilitation services that report being satisfied with the services received.

The Home Care Quality Authority

The Authority was established in 2001 by Initiative 775 to “regulate and improve the quality of long-term care services by recruiting, training, and stabilizing the work force of individual providers.” Although it is not subject to termination under the Sunset Act, JLARC is required to conduct a performance review of the agency by December 2006.

The Authority’s duties include developing a referral registry for individual in-home care providers, and providing training opportunities for both consumers and providers. Key outcome measures that will be used to evaluate its effectiveness include:

- The number of providers added to the Registry annually;
- The proportion of referral requests that result in eventual employment; and
- The proportion of providers who receive safety training.

COMMITTEE ACTION

On April 21, 2004, the Joint Legislative Audit and Review Committee approved the three performance measure and data collection plans as submitted for future reviews of the Linked Deposit Program, the Office of the Regulatory Assistance, and the Home Care Quality Authority.

Senator Jim Horn

Chair

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PART 1

Linked Deposit Program

- April 9, 2004, JLARC Staff Memo to Committee
- April 6, 2004, Cover Memo from CTED, OMWBE, and OST to JLARC
- Linked Deposit Performance Measures and Data Collection Plan



Joint Legislative Audit and Review Committee (JLARC)

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April 9, 2004

TO: Members of the Joint Legislative Audit and Review Committee

FROM: Robert Krell, JLARC Research Analyst

RE: **Linked Deposit Program – Front-end Sunset Review of Performance Measures and Data Collection Plan**

Background. The Linked Deposit Program, which is jointly administered by the Office of the State Treasurer, the Department of Community, Trade and Economic Development, and the Office of Minority and Women’s Business Enterprises, is scheduled to terminate in 2008 pursuant to the Sunset Act. Accordingly, JLARC will conduct a Sunset Review of the program one year prior to that. Washington’s Sunset Act now requires that entities subject to termination under the Act “*develop performance measures and a data collection plan and submit them for review and comment to [JLARC].*” Such performance measures will then be the basis for our evaluation of an agency, program, or policy when it is time to conduct our sunset review. The three administering agencies have jointly submitted the attached Performance Measurement and Data Collection Plan for JLARC’s review.

The Linked Deposit Program was established by the 1993 Minority and Women-Owned Business Assistance Act. The intent of the program, as noted in RCW 43.86A.060, is to “*remedy the problem of a lack of access to capital by minority and women’s business enterprises . . . by authorizing the state treasurer to operate a program that links state deposits to business loans by financial institutions to minority and women’s business enterprises.*” Under the program, participating banks make loans to certified minority- and women-owned businesses at two percentage points below market interest rates. In return, the State Treasurer purchases a certificate of deposit from the bank in an amount equal to the loan amount, at an interest rate two percentage points less than it would normally receive. The state essentially foregoes interest earnings in order to assist the bank in providing the low-interest loans. The program is authorized to invest up to \$50 million of state treasury surplus funds for this purpose.

JLARC previously conducted a sunset review of the Linked Deposit Program in 1999. A key finding of that review was that the program’s effectiveness or impact could not be measured because it lacked performance measures and relevant data. The review also found that the program did not maintain basic monitoring data related to its operations. Although the JLARC review did not take a position on whether or not the program should be continued, it recommended that if it were continued by the Legislature, it should establish performance measures and take steps to improve its monitoring capabilities. In 2001 the Legislature reauthorized the program for an additional three years. In 2002 it extended the sunset date out until 2008, and it also directed the program to develop performance indicators and to begin compiling basic program monitoring data.

Linked Deposit Program Performance Measures. As noted in the attached plan, the three agencies administering the program propose a number of key **outcome measures** for evaluating the effectiveness of the program, including but not limited to:

- The number of loans that would not have been approved by the lending institutions in the absence of the program;
- The number of jobs created and/or retained among firms receiving loans for every \$25,000 loaned; and
- The number of jobs created elsewhere in the economy for every employee within firms participating in the program.

The attached plan outlines all of the program's proposed measures as well as its data collection plan. Additional information includes a more complete overview of the program, including a review of its statutory directives and a discussion of the different roles played by the three administering agencies.

JLARC Staff Analysis. Our review concludes that the proposed measures provide a good framework for evaluating the Linked Deposit Program and giving the Legislature necessary information to make a decision as to whether the program should be continued after its scheduled termination date.

We appreciate the efforts and cooperation of the Office of the State Treasurer, the Department of Community, Trade and Economic Development, and the Office of Minority and Women's Business Enterprises in preparing this plan for JLARC review. If the Committee approves this Plan, these will be the measures evaluated in JLARC's sunset review to be carried out in 2007, before the 2008 Legislative Session.

Attachment






STATE OF WASHINGTON

RECEIVED
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Date: April 6, 2004

To: Members of the Joint Legislative Audit and Review Committee (JLARC)

From:  Juli Wilkerson, Director, CTED
Carolyn Crowson, Director, OMWBE 
Michael J. Murphy, Treasurer, OST 

Re: LINKED DEPOSIT PROGRAM – FRONT END SUNSET REVIEW
PERFORMANCE MEASURES AND DATA COLLECTION PLAN

Attached are the proposed Performance Measurements and Data Collection Plan for the front-end sunset review of the Linked Deposit Program that is being jointly submitted by the Office of the State Treasurer (OST); Department of Community, Trade and Economic Development (CTED); and the Office of Minority and Women's Business Enterprises (OMWBE).

The attached plan focuses on our key responsibilities in the administration of the Linked Deposit Loan Program:

- Ensuring that funds are properly managed and transferred to participating banks;
- Provide technical assistance, loan packaging services, information and marketing of the program to firms and banks;
- Provide banks with written verification of loan applicants' certification status, prior to loan approval;
- Monitor the performance of loans; and
- Develop indicators to measure program performance.

The Minority and Women-Owned Business Assistance Act of 1993 established the Washington State Linked Deposit Program. The Act directs the State Treasurer to operate a program which links the deposit of state funds to loans made by financial institutions to qualified minority and women-owned businesses.

The benefits of the program extend beyond the participating businesses and borrowers. The program promotes economic growth, creates and retains employment and broadens the tax base.

The program is authorized to invest up to \$50 million of the State's surplus funds. The banks in turn make loans to Washington State OMWBE certified minority and women-owned businesses (MWBE). The deposit of state funds with a bank is done by purchasing a certificate of deposit (CD) in an amount equal to the dollar amount of the loan made to a MWBE. The CD may have a term up to 5 years.

Pursuant to its enabling legislation, the LDP is scheduled to terminate under the Sunset Act in 2008, with a JLARC sunset review required by 2007.

Washington State Linked Deposit Program
Performance Measures and Data Collection Plan
Pursuant to the Sunset Law Requirements

Attached are the Performance Measurements, Data Collection Plan, and accompanying cover letter for the front-end sunset review of the Linked Deposit Program that is being jointly submitted by the Office of the State Treasurer (OST); Department of Community, Trade and Economic Development (CTED); and the Office of Minority and Women's Business Enterprises (OMWBE).

The Linked Deposit Program's (LDP) sunset was extended through June 30, 2008 by the Legislature in the 2002 Session. In accordance with SHB 2456, Sections 3 and 4, the Office of the State Treasurer, the Department of Community, Trade and Economic Development, and the Office of Minority and Women Business Enterprises are the administering agencies for the Linked Deposit Program. They are required to develop new performance measures and a data collection plan. (RCW 43.63A.690) In order to establish a basis for the program's sunset review, the Joint Legislative Audit Review Committee (JLARC) is required to conduct a front-end review of the performance measures developed.

Overview of the Sunset Entity

The Washington State Linked Deposit Program, established by the 1993 Minority and Women-Owned Business Assistance Act, directs the State Treasurer to operate a program which links the deposit of state funds to loans made by financial institutions to qualified minority and women-owned businesses.

The State's funds are used to encourage banks to lend private funds to these businesses. The program is authorized to invest up to \$50 million of the State's surplus funds. The banks in turn make loans to *Washington State OMWBE certified* minority and women-owned businesses (MWBE). The deposit of state funds with a bank is done by purchasing a certificate of deposit (CD) in an amount equal to the dollar amount of the loan made to a MWBE. The CD may have a term up to five years.

The program is designed to give the banks flexibility to tailor loans to individual business needs. The individual financial institutions make loan eligibility decisions. The interest rate charged to the minority or women-owned businesses receiving the loan are two percentage points below the market interest rate. The reduced rate on the invested CD is used to offset the two percent interest rate reduction afforded to the loan made to a MWBE.

Pursuant to its enabling legislation, the LDP is scheduled to terminate under the Sunset Act in 2008, with a JLARC sunset review required in 2007.

Legislative Intent

Minority and women-owned businesses have historically been excluded from access to capital. This lack of capital has been a major barrier to the development and expansion of minority and women-owned businesses.

The Legislature articulated its purpose in establishing the Linked Deposit Program as:

RCW 43.86A.060 – It is the intent of the Legislature to remedy the problem of a lack of access to capital by minority and women's business enterprises, and other small businesses by authorizing the state treasurer to operate a program that links state deposits to business loans by financial institutions to minority and women's business enterprises.

RCW 43.86A.030 – The State Treasurer is authorized to use up to \$50 million of state treasury surplus funds for the Linked Deposit Program.

Agency Roles

Office of the State Treasurer (OST) has the fiduciary responsibility for ensuring that funds are properly managed and transferred to participating banks in accordance with laws and policies. The OST disburses and receives funds, matching certificate of deposits with participating banks with the outstanding loan amounts and tracking bank information (Exhibit A). The OST maintains the “wait list” for enrollment of firms in the program when the program operates at its monetary cap.

Department of Community, Trade, and Economic Development (CTED) provides technical assistance and loan packaging services, information, referrals, and markets the program in accordance with RCW 43.63A.690. CTED is also responsible for monitoring the performance of loans and analyzing the program data. In consultation with the Office of Minority and Women’s Business Enterprises, CTED shall develop indicators to measure the performance of the program in the areas of job creation or retention and access to capital.

Office of Minority and Women's Business Enterprises (OMWBE) provides OST and CTED and banks written verification of loan applicant's MWBE certification status prior to loan approval. OMWBE informs OST and CTED when a program participant is no longer certified. In accordance with RCW 39.19.240, OMWBE maintains the database of minority and woman owned businesses that have received funding through the Linked Deposit Program and provides OST and CTED data collected from the loan tracking form. OMWBE provides information about the program to firms and banks.

Program Participation

Participation in the LDP is available to all state certified MWBEs and is open to any qualified public depository in the state of Washington. Provided that state funds are available for the certificate of deposit, there is no limit on the number of loans or the amount a qualified business may borrow. Types of qualifying loans include commercial financing; e.g., lines of credit, financing of accounts receivable, working capital, equipment purchases, and real property acquisition. Banks have the flexibility to tailor loans to individual business needs.

Operating Procedures

A business must provide the bank with a copy of the OMWBE documentation indicating their certification number. Banks in turn submit a tracking report to OMWBE to initiate enrollment of a loan into the program. Banks report certificate of deposit adjustments on a monthly basis to the OST.

Performance Measures

The following indicators reflect the key activities performed by OST, CTED and/or OMWBE relative to the LDP and are designed to track performance measures. One or more of the administering agencies clearly has measurable influence over certain, but not all of the identified outcomes. Where possible, the indicators reflect input from the agencies’ operating environment(s).

Input Measures

1. Number of staff per agency
2. Budget allocation per agency

Output Measures (see Table 1)

1. Total number of loans/proportion of total number of certified firms
2. Total dollar amount of all loans
3. Number/percentage and location of participating banks to total number of banks in Washington

4. Total number of firms by size and primary business activity
5. Loan data by certification status (MBE, WBE, MWBE, CBE)
6. Average/median dollar per loan
7. Loan data by dollar amount ranges
8. Profile of "wait list"
9. Number of program outreach presentations per staff of each agency
10. Purpose of loans (e.g., line of credit, equipment, land acquisition, building construction)
11. Number of people employed by firms participating in program

Outcome Measures (see Table 2)

The key performance measures on which the program's effectiveness will be evaluated in the future include:

1. 100% of loans received 2% interest rate reduction at time of funds disbursement.
2. 100% of borrowing firms are certified at time of loan disbursement and remain certified until the loan is repaid.
3. Loan default rate.
4. 100% of decertified firms are removed from the program and funds are returned to OST.
5. Number of jobs created elsewhere in the economy for every employee within firms participating in the program.
6. Number of jobs created or retained within LDP loan recipients for every \$25,000 loaned
7. Number of loans that would not have been approved by the lending institutions in the absence of the program**

**Applicable statutes do not require participating banks to submit data pertaining to loan decisions. Statute also does not require the administering agencies to collect loan decision data from LDP participating banks or recipient firms. Any data collected for this output measure is provided voluntarily by the participating banks or recipient firms.

Data Collection Plan

**Table 1
Output Measures**

Measure	Key Data	Maintained/ Collected by	Timing	Method of Collection
1. Total number of loans/proportion of total number of certified firms	Individual loan info, certification status	OMWBE, CTED	Per Loan	Tracking Report, OMWBE database
2. Total dollar amount of all loans	Individual loan amount info	OMWBE, CTED	Per Loan	Tracking Report
3. Number/percentage and location of participating banks to total number of banks in Washington	Participating bank info, non-participating bank info	OST	Continuous	Participating bank LDP registration, DFI roster of WA banks
4. Total number of firms by size and primary business activity	Employment & revenue data per firm, NAICS codes	OMWBE	Continuous	OMWBE database
5. Loan data by certification status (MBE, WBE, MWBE, CBE)	Certification status, individual loan info	OMWBE	Continuous	Tracking Report, OMWBE database
6. Average/median dollar per loan	Individual loan info, aggregated loan info	OMWBE, CTED	Continuous	Tracking report, OMWBE database, LDP database
7. Loan data by dollar amount ranges	Individual & aggregate loan info	OMWBE, CTED	Continuous	Tracking report, LDP database
8. Profile of "wait list"	Length of wait, amount and number of loans, number of firms	OST	Continuous	Tracking report, OST wait list
9. Number of program outreach presentations per staff of each agency	Program presentations	OMWBE, CTED	Annual	Agency presentations
10. Purpose of loans (e.g., line of credit, equipment, land acquisition, construction)	Stated "purpose of loan" for each LDP loan	OMWBE, CTED	Continuous	Tracking report
11. Number of people employed by firms participating in program	Number of employees within LDP recipient firms	OMWBE, CTED	Continuous	OMWBE database

**Table 2
Outcome Measures**

Measure	Key Data	Maintained/ Collected by	Timing	Method of Collection
1. 100% of firms received 2% interest rate reduction at time of funds dispersal	Fund balance, OST wait list	OST	Continuous	Monthly Certification Form
2. 100% of borrowing firms are certified at time of loan dispersal and remain certified until loan is repaid	Individual loan info, OMWBE certification status	OMWBE	Continuous	OMWBE database
3. Loan default rate	Individual loan info	OST	Continuous	Monthly Certification Form
4. 100% of decertified firms are removed from the program and funds are returned to OST	OMWBE certification status, individual loan info, CD amounts	OMWBE, OST	Continuous	OMWBE database, Monthly Certification Form
5. Number of jobs created elsewhere in the economy for every employee within firms participating in the program	Firm employment info, Employment Security LMEA economic sector employment data*	CTED, OMWBE	Annual	OMWBE database, Tracking Report, LMEA employment input/output model*
6. Number of jobs created or retained within LDP loan recipients for every \$25,000 loaned	Individual loan info, employment data of recipient firms	CTED, OMWBE	Annual	LDP database, OMWBE database, Tracking Report
7. Number of loans that would not have been approved by the lending institutions in the absence of the program**	Loan decision info**	OMWBE, CTED	Continuous	Tracking Report**

*Labor Market and Economic Analysis system of the Employment Security Department. The system provides an economy-wide econometric model of job creation impact based on employment data of selected firms, in this case LDP firms, and downstream industry group-specific multipliers. The system estimates the indirect job creation impact of the program on an economy-wide scale.

**Applicable statutes do not require participating banks to submit data pertaining to loan decisions. Statute also does not require the administering agencies to collect loan decision data from LDP participating banks or recipient firms. Any data collected for this output measure is provided voluntarily by the participating banks or recipient firms.

Three forms are used to implement the data collection and tracking plan:

- Loan Application Tracking Report
- Certification Verification Report
- Monthly Certification Form

Loan Application Tracking Report

1. At loan signing, a tracking report is completed. Originating with the lender, one form is required per loan.
2. The lender and borrower complete separate sections of the form.
3. The form is sent by FAX to OMWBE.
4. OMWBE verifies certification and forwards the approved form to OST for notification of new loan reservations and CTED for monitoring purposes.

Key Information Obtained:

- Name of borrower and bank
- Value and type of loan approved
- Interest rate
- Prime rate
- Certification verification
- Tracking information

Linked Deposit Certification Verification Report

Upon receipt of the tracking report from the lender, OMWBE verifies the certification status of the borrower. Upon verification of the borrower's certification status, copies of the verification report are faxed to OST, CTED, and back to the lender along with the loan application tracking report. In the event a borrower is not certified, OMWBE is authorized to deny the borrower access to the program.

Key Information Obtained:

- Borrower certification status
- Certification date
- Certification number
- Business structure
- Primary business activity

Monthly Certification Form

Banks complete the Certification form monthly. The form is faxed or e-mailed directly to OST. The information submitted guarantees that all loans associated with the CD have been made to eligible businesses and are meeting the requirements of the Linked Deposit Program.

Key Information Obtained:

- Principal paid amount during the term of the maturing CD
- New loans and lines of credit amount
- Settlement date
- Interest rate of CD
- Next reset date

PART 2

Office of Regulatory Assistance

- April 9, 2004, JLARC Staff Memo to Committee
- April 1, 2004, Cover Memo from the Office of Regulatory Assistance to JLARC
- Office of Regulatory Assistance Performance Measures and Data Collection Plan



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April 9, 2004

TO: Members of the Joint Legislative Audit and Review Committee

FROM: Robert Krell, JLARC Research Analyst

RE: **Office of Regulatory Assistance – Front-end Sunset Review of Performance Measures and Data Collection Plan**

Background. The Office of Regulatory Assistance (ORA) is scheduled to terminate pursuant to the Sunset Act in 2007 and, accordingly, JLARC will conduct a Sunset Review of the agency one year prior to that. Washington’s Sunset Act now requires that entities subject to termination under the Act “develop performance measures and a data collection plan and submit them for review and comment to [JLARC].” Such performance measures will then be the basis for our evaluation of an agency, program, or policy when it is time to conduct our sunset review. The Office of Regulatory Assistance has submitted its Performance Measurement and Data Collection Plan for JLARC’s review.

The Office of Regulatory Assistance was originally established in 1995 as the Permit Assistance Center within the Department of Ecology. In 1998, JLARC conducted a sunset review of that Center, recommending continuation with some changes. In 2002 its name was changed to the Office of Permit Assistance, and it was placed within the Office of Financial Management. In 2003, its name was changed again to its current form. This office has two primary responsibilities: 1) to serve as an information clearinghouse for items such as permitting laws, regulatory requirements, building codes, and economic development programs; and 2) to provide permit facilitation and assistance services. The latter services are provided under contract through the Environmental Permitting Services Assistance Center within the Department of Ecology.

ORA Performance Measures. As noted in the attached plan, this Office proposes key **outcome measures** on which its effectiveness will be evaluated, including but not limited to:

- The proportion of those using ORA’s help desk and call center services that are satisfied with the service they received;
- The proportion of those of using ORA’s permit facilitation services that are satisfied with the services they received, as measured by an annual survey; and
- The proportion of executive agency rule filings that are accessible from ORA’s web site.

The attached plan outlines all of ORA's proposed measures, including its output measures, and its data collection plan. Additional information includes an overview of the agency, including a review of its statutory directives, and a discussion of how it interacts with other agencies.

JLARC Staff Analysis. This Office is a good example of an agency presenting challenges in identifying substantive performance measures. Its major responsibility – dealing with environmental permitting – is extremely substantive. Its actual duties in this area, however – information, facilitation, and coordination services – are very general and somewhat vague. The Office of Regulatory Assistance has no effective direct control over permitting decisions.

However, our review concludes that the proposed measures provide a reasonable framework for evaluating this agency and giving the Legislature necessary information to make a decision on whether or not the agency should be continued after its scheduled termination date.

We appreciate the efforts and cooperation of ORA staff in preparing their plan for JLARC review. If the Committee approves this Plan, these will be the measures evaluated in JLARC's sunset review to be carried out in 2006, before the 2007 Legislative Session.

Attachment



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
STATE OF WASHINGTON

OFFICE OF REGULATORY ASSISTANCE

100 Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0608

April 1, 2004

TO: Tom Sykes
Legislative Auditor

FROM: Claire Hesselholt 
Director

**SUBJECT: Office of Regulatory Assistance - Joint Legislative Audit and Review
Committee Performance Measurement and Data Collection Plans**

The Office of Regulatory Assistance (ORA) was created by an act of the 2003 Washington State Legislature and is scheduled to sunset in June of 2007. The attached Performance Measures and Data Collection Plan was developed with the members of the ORA team and the assistance of Robert Krell.

The plan focuses on ORA's key responsibilities enumerated in its implementing legislation. The Legislature has also given ORA responsibilities in other areas, such as the consolidated appeals (Chapter 393, Laws of 1993) and the integrated permit binder pilot legislation (Chapter 245, Laws of 2003). We will monitor our participation in those programs in addition to the formal performance measures we have proposed.

Thank you for your assistance in developing this plan. Please let me know if we can provide further information.



STATE OF WASHINGTON

OFFICE OF REGULATORY ASSISTANCE

100 Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0608

Performance Measures and Data Collection Plan

Overview of Office

The Washington State Legislature created the Office of Regulatory Assistance (ORA) in 2003. It is an executive agency, located with the Office of Financial Management (OFM), and administered by the office of the Governor.

Background

The Permit Assistance Center was created within the Department of Ecology (DOE) as part of legislation passed in 1995 to implement recommendations of the Governor's Task Force on Regulatory Reform. The enabling legislation (Chapter 347, Laws of 1995) included a sunset provision that repealed the enabling legislation on June 30, 2000. The Center was created to provide assistance to businesses and public agencies in complying with the state's environmental quality laws. The enabling legislation sunsetted, but the funding for the center was never removed from DOE's budget, and the Center continued to provide assistance to permit applicants.

In 2002 the Washington State Legislature created the Office of Permit Assistance as part of OFM, administered by the Office of the Governor. The Office was to provide information, facilitation, and coordination on environmental permitting issues to permit applicants. The powers and duties of the existing Permit Assistance Center at DOE were transferred to the Office of Permit Assistance.

In the 2003 session, the office was renamed the Office of Regulatory Assistance, and its duties were expanded to include providing access to information regarding rulemaking, and regulatory and permit requirements. The Office is also to develop a web site, linked through the Governor's web site, which provides information on permitting processes and requirements, federal and state business licensing requirements, building codes, economic development programs, and state and local agencies regulating or providing assistance to persons operating a business or developing real property in Washington.

The duties of the office include maintaining and providing information regarding permitting laws, regulatory requirements, building codes, and economic development programs. The office also provides permit assistance through Environmental Permitting Services, which is the former Permit Assistance Center in DOE.

Description of the Office

ORA operates under the direction of the director of the office, who is part of the Governor's Executive Policy Office in OFM. OFM, on behalf of ORA, contracts with DOE to provide staff and resources to run Environmental Permitting Services. The contract covers approximately 85 percent of both:

- The 4.0 FTEs assigned as the senior permit assistance specialists, located in Lacey, Spokane, Yakima, and Bellevue, to provide facilitation and permit assistance services for multi-agency permit teams on projects requiring that level of coordination, and
- The 1.6 FTEs assigned to staff a help desk and 1-800 call center, located in Lacey, to provide permit information and assistance to callers throughout the state.

The above FTEs represent ORA but are employees of the DOE. The annual ORA budget is approximately \$500,000.

ORA negotiates with other permit agencies to establish ORA leads in each agency. ORA staff frequently facilitate permitting teams when working on projects requiring environmental permits from multiple agencies.

In the rulemaking arena, ORA works with other state agencies in developing proposals to improve the rulemaking process, and in developing standards for how administrative rule information is presented to the public. Some of this work will result in providing standards for agency use in developing agency websites. Other work will result in legislative proposals to improve the Administrative Procedure Act.

The first phase of ORA's web site, required by its enabling legislation, was rolled out to the public on January 26, 2004. Enhancements to the web site under development include enhanced searching capability for rules and statutes, a combined rule listing service, and additional permitting information.

Legislative Intent

The Legislature's intent in creating the office is articulated, in part, in RCW 43.42.005:

* * *

(6) The legislature declares that the purpose of this chapter is to transfer the existing permit assistance center in the department of ecology to a new office of permit assistance in the office of financial management to:

(a) Assure that citizens, businesses, and project applicants will continue to be provided with vital information regarding environmental and land use laws and with assistance in complying with environmental and land use laws to promote understanding of these laws and to protect public health and safety and the environment;

(b) Ensure that facilitation of project permit decisions by permit agencies promotes both process efficiency and environmental protection;

(c) Allow for coordination of permit processing for large projects upon project applicants' request and at project applicants' expense to promote efficiency, ensure certainty, and avoid conflicts among permit agencies; and

(d) Provide these services through an office independent of any permit agency to ensure that any potential or perceived conflicts of interest related to providing these services or making permit decisions can be avoided.

(7) The legislature also declares that the purpose of this chapter is to provide citizens of the state with access to information regarding state regulations, permit requirements, and agency rule-making processes in Washington state. . . .

Thus, the legislature created ORA to function both as an information clearinghouse for general state information, as well as environmental permitting information, and to provide permit facilitation and assistance services.

Agency Roles

ORA interacts with many other governmental entities. It works with other permitting agencies, including state, local, and federal entities on specific projects. It also works with permitting entities on various task forces, seeking improvements in permitting. (For example, see 2004's SSCR 8418.) It is developing memoranda of understanding between itself and the permitting agencies to provide multi-agency, statewide assistance. The state agencies involved in environmental permitting include the Departments of Ecology, Health, Community, Trade and Economic Development, Agriculture, Fish and Wildlife, and Natural Resources. Other entities include the Army Corps of Engineers, U.S. Fish & Wildlife Services, U.S. Environmental Protection Agency, and National Marine Fisheries Service. These memoranda of understanding will be part of ORA's success in instituting a system-wide effort to make continuous gains and systemic improvements in the permitting process.

It also interacts with state agencies on rulemaking issues. It works with agencies to improve the rulemaking process, to improve public notice and participation, and to improve access to rule information. In this area, ORA works with most state agencies, including the Departments of Health, Revenue, Labor & Industries, Ecology, Employment Security, Licensing, Social & Health Services, Office of Minority & Women's Business Enterprises, and the Interagency Commission on Outdoor Recreation.

ORA works with agencies to identify and resolve, where possible, statutory and/or regulatory conflicts, both in permitting and general administrative processes. This work feeds into suggestions for permit improvements as well as regulatory improvements. For example, in the 2004 legislative session executive request legislation was proposed and enacted to improve the rulemaking notice provisions of the Administrative Procedure Act. (Chapter 31, Laws of 2004).

Performance Measures

In addition to the performance measures listed below, ORA anticipates tracking whether the formal scoping process set out in RCW 43.42.060 and the cost-reimbursement services authorized in RCW 43.42.070 are useful or used. To better document the range of activities, DOE is developing a database tracking mechanism to track ORA activities relating to permitting and permit coordinating and facilitating services. ORA is also involved in, and will monitor other legislatively-directed programs, such as the implementation off Chapter 393, Laws of 2003, on the Review of Permit Decisions, and Chapter 245, Laws of 2003, on the pilot Integrated Permit System.

Input Measures:

1. Staff assigned to ORA
2. Budget Allocation

Output Measures:

1. Number of hits on ORA website.
2. Number of calls to ORA HELP desk.
3. Number of multi-agency permit teams facilitated and/or coordinated. "Multi-agency permit teams" means representatives from more than one agency working together to determine permitting needs and requirements for an identified project.
4. Number of outreach visits made. "Outreach visits" include making presentations to organizations fostering economic development or permit improvements, such as Economic Development Councils, Ports, Realtor/Real Property Development organizations, or Chambers of Commerce. "Outreach visits" also include participating in conferences related to economic development or property development.

5. Number of rule process improvements developed. "Rule process improvements" means developing improvements to the Administrative rulemaking procedure.
6. At least 70% of local Economic Development Councils are contacted by ORA annually.

Outcome Measures:

1. At least 75% of those using ORA's help desk/call center services are satisfied with the service they received, as measured by survey.
2. At least 70% of those using ORA's permit facilitation services are satisfied with the permit facilitation and/or coordination service received as measured by an annual survey of users. This survey will either be done as part of Ecology's survey of permit applicants or as a separate survey
3. At least three executive agencies with responsibility for environmental permitting have developed measures, monitoring systems and targets for all their permit processes.
4. At least 40% of executive agency rule filings will be accessible from ORA web site.¹

¹ This is envisioned to be a new way to access rule filings by subject matter or agency from a single location, rather than from each agency, or through the Washington State Register. For a similar concept, see http://www.dora.state.co.us/pls/real/sb121_web.search_form.

Data Collection Plan

<i>Measure</i>	<i>Key Data</i>	<i>Maintained by</i>	<i>Collected By</i>	<i>Frequency</i>
Number of Web hits	Web hits	OFM/IS	OFM/IS	Quarterly
Calls to ORA help desk	# of calls	Help Desk staff	Help Desk staff	Quarterly
Users are satisfied with ORA help desk/call center	Survey of help desk/call center users	Help desk staff	Help desk staff	Quarterly
Number of multi-agency permit teams facilitated	# of teams	ORA leads	ORA staff	Quarterly
Number of rule process improvements developed	#of improvements	ORA	ORA staff	Annually
Number of outreach visits	# of visits	All ORA staff	ORA admin staff	Quarterly
EDCs are aware of ORA's services	Contacts with EDCs/annual survey	ORA/DOE	ORA/DOE survey	Annual
Users are satisfied with ORA's services	Survey of users	ORA/DOE	DOE survey	Annually
Develop timeliness targets with 3 agencies	Agencies develop targets	Permit agency/ORA	Permit Agency/ORA	Annually
Rule filings accessible from ORA web site	Total # of rule filings/accessible rule filings	OFM/IS	OFM IS	Annually

PART 3

Home Care Quality Authority

- April 9, 2004, JLARC Staff Memo to Committee
- April 8, 2004, Cover Memo from the Home Care Quality Authority to JLARC
- Home Care Quality Authority Performance Measures and Data Collection Plan



Joint Legislative Audit and Review Committee (JLARC)

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April 9, 2004

TO: Members of the Joint Legislative Audit and Review Committee

FROM: Robert Krell, JLARC Research Analyst

RE: **Home Care Quality Authority – Front-end Review of Performance Measures and Data Collection Plan**

Background. Initiative 775 established the Home Care Quality Authority in November 2001 to “regulate and improve the quality of long-term in-home care services by recruiting, training, and stabilizing the work force of individual providers.” Under the Initiative, which has been codified as RCW 74.39A. 200 to 300, JLARC is directed to conduct a “performance review” of the Authority by December 2006, and every two years thereafter. We have followed the same “front-end review” process established for Sunset Reviews and asked this agency to develop performance measures and a data collection plan for JLARC review. These measures will then serve as a major basis for evaluating the agency when it is time to conduct the required study. The Home Care Quality Authority has submitted its Performance Measurement and Data Collection Plan for JLARC’s review.

One of this Authority’s key duties is to develop and implement a referral registry in order to facilitate access to long term, in-home services for elderly and disabled persons in their own homes. This includes recruiting providers and then matching consumers to qualified providers in both routine and emergency situations. Other major duties include providing training opportunities for both consumers and providers and establishing administrative procedures and standards related to the provision of those in-home services.

Home Care Quality Authority Measures. As noted in the attached plan, the Authority proposes key **outcome measures** on which its effectiveness will be evaluated in 2006. These include but are not limited to:

- Implementation of the Provider Registry, and the number of providers recruited and screened, and added to the Registry annually;
- The proportion of consumer-driven referral requests that result in a match and eventual employment;
- The proportion of providers who receive safety training; and
- The proportion of consumers using the Registry reporting being satisfied with the services received.

JLARC Staff Analysis. The attached plan outlines all of the Authority's proposed measures, including its output measures. The Plan also provides a more complete overview of the Authority, a discussion of how it interacts with other human service agencies, and a data collection plan related to its performance measures.

We appreciate the efforts and cooperation of the Authority staff in preparing their plan. We believe it will provide a good framework for JLARC to evaluate the agency and provide the Legislature with useful information related to its operations and continued existence.

If the Committee approves this Plan, these will be the measures evaluated in JLARC's mandated performance review to be carried out in 2006, before the 2007 Legislative Session.

Attachment



STATE OF WASHINGTON
HOME CARE QUALITY AUTHORITY
640 Woodland Square Loop S. E.
PO Box 40940
Olympia, Washington 98504
360-725-2618 • FAX 360-407-0304 • TTY 360-493-2637

April 8, 2004

Tom Sykes, Legislative Auditor
Joint Legislative Audit and Review Committee
PO Box 40910
Olympia, WA 98504

RECEIVED
APR 8 - 2004
JLARC

Dear Tom Sykes:

Please find enclosed the Home Care Quality Authority Performance Measurement and Data Collection Plan that has been prepared in response to RCW 74.39.A.290. This plan was developed by the board and staff from the Authority, and with guidance offered by Robert Krell.

The Home Care Quality Authority was created to improve the quality of long-term in-home care services provided to the state's seniors and person with disabilities. We conduct our work under the direction of a nine-member board appointed by the Governor.

The attached plan focuses on our agency's key responsibilities which include the following:

- improving the quality of in-home care services provided by individual providers,
- establishing a referral registry of providers, and
- recruiting, training and stabilizing the individual provider workforce.

The Authority is committed to accountability and ensuring that high-quality services are delivered effectively. We look forward to working closely with you to better serve the consumers and providers of in-home services. Please let me know if we can provide any further information.

Sincerely,

Mindy Schaffner
Executive Director
Home Care Quality Authority

Enclosure (1)



Home Care Quality Authority

Performance Measures and Data Collection Plan

Overview of the Agency

Board-directed Agency. The Home Care Quality Authority (HCQA) is a state agency that operates under the direction of a nine-member board appointed by the Governor. The HCQA is providing this information in cooperation with and as requested by the Joint Legislative Audit and Review Committee pursuant to RCW 74.39A.290.

Background. HCQA was established by citizen initiative in November 2001 to improve the quality of long term in-home services provided by individual providers through improved regulations, higher standards, increased accountability, and the enhanced ability of consumers to obtain services. In addition, the Authority was created to encourage stability in the individual provider work force. During the 2002 legislative session, the legislature incorporated the text of the initiative in state law (RCW 74.39A.220 to 300). Key duties include encouraging the stabilization of the individual provider workforce, improving the quality of in-home care services by individual providers, and, establishing a referral registry of providers, which are described in greater detail in later sections.

Description of the Agency. HCQA board members are appointed by the Governor to a term of three years. The board members must include five members who are currently using or have formerly used long-term in-home care services, including a person with a developmental disability; and, a representative of the Developmental Disabilities Planning Council, the Governor's Committee on Disability Issues and Employment, the State Council on Aging, and, the Washington Association of Area Agencies on Aging.

In May 2002, the Governor appointed the nine-member board and in June, the board held its first meeting. A permanent executive director was hired in October 2002. The board meets monthly to consider pertinent issues, set policies, oversee program development and consider budget matters. Board members actively participate in a number of subcommittees to shape and refine agency policy and direction.

HCQA has four FTE staff to include an:

- Executive Director responsible for the day-to-day management and operations of the agency;
- Operations Manager responsible for various administrative projects;
- Home Care Registry Manager responsible for planning and developing a statewide referral registry of home care workers; and
- Training and Communications Manager responsible for developing and delivering the HCQA's training and communications programs.

Information technology and financial staff are contracted through other state agencies. Additionally, HCQA is authorized to contract with local agencies and organizations to provide recruitment, training and referral resources in a cost effective manner.

The agency's work encourages stability in the individual provider workforce by:

- Developing and implementing a Referral Registry that facilitates access to long term, in-home services. This includes recruiting providers and matching consumers to qualified providers in routine, emergency and respite situations.
- Providing training opportunities for consumers and providers to improve the employment environment. This includes continuously monitoring professional trends and provider and consumer needs, as well as collaborating with numerous stakeholders to ensure relevant, productive and efficient use of resources.
- Providing periodic consultation to the Governor's designee during the collective bargaining process to allow HCQA to communicate issues relating to the long-term in-home services received by consumers.
- Implementing the collective bargaining agreement between the bargaining unit of individual providers and the Governor's Labor Relations Office.
- Establishing administrative procedures, standards, and guidelines for the provision of services.

HCQA is a young and emergent state agency. While the board and a limited number of staff have worked diligently over the past year to strategically plan its efforts, much still needs to be done. This is truly an exciting time as we gather stakeholder input from across Washington and beyond, evaluate what currently exists in the public and private sectors, and, benchmark other programs in order to develop a lasting and meaningful approach. The very nature of HCQA is outlined in RCW 74.39A.250:

(1)(h) Cooperate with the department, area agencies on aging, and other federal, state and local agencies to provide the services described...

Since HCQA is still in its infancy and the foundation of its major efforts is just now being laid, this plan and resulting review comes at an opportune time—we are able to plan for effective quality improvement through comprehensive performance measurement and relevant data collection. The output measures we identified are mainly baseline measures from which one year's worth of data can be compared in 2006. This is simply because programs are not yet operational—they are dependent on funding decisions yet to be made and continuous input from stakeholders which may change as issues change.

Legislative Intent

The legislature articulated its purpose in creating the HCQA as:

RCW 74.39A.230 Authority Created. *The Home Care Quality Authority is established to regulate and improve the quality of long-term in-home care services by recruiting, training, and stabilizing the work force of individual providers.*

In accordance with this directive, the agency believes the legislature intends the HCQA to develop and implement services and strategies that meet the changing needs of both consumers and providers that will improve the in-home care environment.

Agency Roles

HCQA's *mission* is to improve the quality of long-term in-home care services provided to the state's seniors and persons with developmental disabilities who wish to live independently in their own home through better regulations, higher standards, increased accountability and the enhanced ability of consumers to obtain services. HCQA will also encourage stability in the individual provider workforce through enhanced training opportunities.

Further, its *vision* for Washington's home care system is that it will support individuals who need long-term, in-home care according to their needs, values, and interest, and will provide consumers access to service providers.

The external environment is where the agency most frequently interacts—via networks of consumers, providers, advocates, service and community agencies, and committees dedicated to improving the lives of Washington residents. Ancillary interactions occur externally as well—particularly in areas related to professional development, health and home care career progression, and, labor relations.

HCQA also works with the Department of Social and Health Services staff on a regular basis for data collection and sharing purposes. This work keeps each agency informed about its efforts, upcoming policy or procedural changes that impact consumers or providers, and, minimizes duplication of efforts.

Finally, HCQA occasionally fields complaints by consumers and providers alike. Complaints generally require referral to DSHS or other agencies that are more appropriate to provide inquiry and response, but HCQA strives to respond to stakeholder complaints and comments immediately.

Performance Measures

The Home Care Quality Authority is committed to the principles of quality improvement in its performance measurement efforts. The agency intends to consistently utilize the “Assess, Plan, Do, Check, Act” cycle to gauge progress toward the Output Measures identified below.

Input Measures:

1. Number of staff and consultants
2. Budget allocation
3. Equipment/facilities

Output Measures:

1. Number of individual providers on registry
2. Number of individual consumers who use registry services
3. Number of referral requests
4. Number of successful and unsuccessful matches made between consumers and providers
5. Proportion of the state’s population that the referral registry is able to serve
6. Proportion of providers that receive safety training
7. Number of complaints received
8. Number of providers on the Referral Registry who are employed and unemployed

Outcome Measures:*

1. Implementation of Referral Registry to begin July, 2005:
 - The Referral Registry will be available statewide by July, 2006;
 - The annual baseline number of providers recruited and screened, and added to the registry, will be determined by July 2006 and will increase by 15 percent in the first year of full operation, and increase annually thereafter for the next 3 years.
2. Statewide, at least 75 percent of consumer-driven referral requests will result in a match. Of those, at least 30 percent will result in employment by July 2006.
3. At least 50 percent of providers will receive safety training by July 2005 and will increase by ten percent by July 2006 and annually thereafter for the next three years.
4. 100 percent of complaints and concerns are responded to within one business day.
5. At least 80 percent of consumers who use the referral registry are satisfied with services as determined by an annual survey.
6. Reduce the percent of consumers who use the referral registry who have gone without a provider for three days or more by ten percent between July 2005 and July 2006.¹
7. Providers who care for someone other than a family member will experience an increased length of employment as determined by an annual survey.

* Outcomes are dependent on legislative funding for noted results. Since HCQA is a new agency, several of the outcome measures identified here intend to establish baseline numbers.

¹ The 2003 HCQA Survey identified that a significant number of consumers had gone without a provider for three or more days: in 31 percent of cases where the consumer received services from a non-related caregiver and in 46 percent of cases where the respondent received services from a family/guardian caregiver.

8. Since HCQA is a new agency, baseline information on various cost efficiencies will be gathered during FY 2006, including:
- Referral Registry operating costs
 - Cost ratio of consumers and providers using the Referral Registry²

Data Collection Plan

The HCQA data collection plan is attached as Appendix A.

Conclusion

As a board directed agency, the HCQA was created to regulate and improve the quality of long-term in-home care services by recruiting, training and stabilizing the work force of individual providers. The agency will serve as a repository of information that consumers can access to locate trained professionals. The agency is laying a foundation that allows it to serve as a touchstone for providers and consumers to access training opportunities, pertinent professional information and best practices. Finally, HCQA continues its efforts to stabilize the workforce through career progression, professional development and personal growth. No other agency provides this type of oversight, collaboration and cooperation on behalf of consumers and providers in Washington state.

² Cost efficiencies may actually produce a converse relationship over time as fewer consumers seek referral services due to more stabilized employment.

Home Care Quality Authority

Appendix A: OUTPUT AND OUTCOME MEASURES

OUTPUT Measure	Maintained By	Collected By	Timing
1. Number of individual providers on the Referral Registry	HCQA records	Home Care Registry Manager	Monthly
2. Number of consumers who use the Referral Registry	HCQA records	Home Care Registry Manager	Monthly
3. Number of referral requests	HCQA records	Home Care Registry Manager	Monthly
4. Number of providers employed following a referral	HCQA records	Home Care Registry Manager	Monthly
5. Number of matches made between consumers and providers	HCQA records	Home Care Registry Manager	Monthly
6. Number of consumers and providers served by Referral Registry sites	HCQA records	Home Care Registry Manager Executive Director	Quarterly
7. Number of training sessions held	HCQA records	Training and Communications Manager	Monthly
8. Number of providers attending safety training	HCQA records	Training and Communications Manager	Monthly
9. Number of complaints received	HCQA records	Operations Manager	Monthly
10. Number of providers who are satisfied with HCQA services	HCQA records	Training and Communications Manager	Annually
11. Dollar amount (costs) of Referral Registry	HCQA records	Agency Director	Monthly

OUTCOME Measure	Key Data	Where/How Obtained	Timing
<p>1. Implementation of Referral Registry to begin July, 2005.</p> <p>Annual baseline number of individual providers recruited and screened will be established by July 2006.</p> <p>The number of individual providers recruited and screened will increase by 15 percent by July 2007;</p>	<p>Number of individual providers on registry</p>	<p>HCQA Referral Registry</p>	<p>Monthly</p>
<p>2. Statewide, at least 75 percent of consumer-driven referral requests will result in a match. Of those, at least 30% will result in employment by July 2006.</p>	<p>Number of providers employed following a referral</p>	<p>HCQA Referral Registry</p>	<p>Monthly</p>
<p>3. At least 50% of individual providers will receive safety training by July 2005 and will increase by 10% by July 2006 and annually thereafter for the next three years.</p>	<p>Number of providers receiving safety training</p>	<p>Agency records</p>	<p>Quarterly</p>
<p>4. 100 percent of complaints and concerns are responded to within one business day</p>	<p>Number of complaints</p> <p>Speed of response</p>	<p>Agency records</p>	<p>Monthly</p>

OUTCOME Measure	Key Data	Where/How Obtained	Timing
5. At least 80 percent of consumers who use the referral registry are satisfied with services as determined by an annual survey.	Number of consumers indicating satisfaction	Survey	Annually
6. Reduce the percent of consumers who use the referral registry who go without a provider for three days or more by ten percent between July 2005 and July 2006.	Number of consumers who go without a provider for three days or more	Survey	Annually
7. Providers who care for someone other than a family member will experience an increased length of employment as determined by an annual survey.	Length of current employment	Survey	Annually
8. Baseline information on various cost efficiencies will be gathered during FY 2006: Referral Registry operating costs Cost ratio of consumers and providers using the Referral Registry	All costs associated directly related to the Referral Registry Number of consumers, casemanager and providers using the Referral Registry	HCQA Referral Registry Agency records	Annually