

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



Follow-Up: 2001
Investing in the Environment
Performance Audit

Report 04-9

June 16, 2004

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in alternative formats for persons with disabilities.*

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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.

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Investing in the
Environment
Performance Audit

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JUNE 16, 2004



STATE OF WASHINGTON

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Overview and Summary

The Joint Legislative Audit and Review Committee (JLARC) completed its Investing in the Environment Performance Audit in January 2001. JLARC's audit identified a need for a significant shift in providing environmental grants and loans to local governments and nonprofits, moving away from *distributing* allocated funds toward strategically *investing* state dollars to achieve cost-effective, long-term environmental benefits. The audit also highlighted a need to streamline and better integrate services across 12 programs operated through state agencies.

Since 2001, JLARC staff completed two follow-up reports. For this follow-up report, we surveyed 80 representatives from local governments and nonprofits that apply for state environmental grants and loans. We got their feedback on whether state programs had streamlined and improved services. The survey responses indicate that local jurisdictions are generally pleased with the individual progress of several of the state grant and loan programs. Most programs received favorable feedback on individual improvements. Collectively, however, local jurisdictions cite the need for state programs to better coordinate services across state agencies.

This is not a new issue. In both previous follow-ups, JLARC raised coordination as an area of concern. The survey responses in this follow-up provide specific examples and instances where the grant and loan recipients would like to see better coordination between the programs. Their suggestions and feedback provide a good starting point for these state programs to improve their ways of dealing with local entities that carry out environmental programs.

BACKGROUND

In response to legislative interest in how the state invests environmental dollars, the Joint Legislative Audit and Review Committee (JLARC) initiated a cross-agency audit of 12 environmental quality grant and loan programs administered by six agencies and funded in the state capital budget.¹ Table 1 on the following page provides an overview of the services and applicants associated with each of these programs. The original January 2001 audit focused on two key themes:

- (1) Programs' effectiveness in financing projects with high environmental quality returns, and
- (2) Services these programs provided to local governments across Washington.

JLARC's audit identified a need for a significant shift in program focus, moving away from *distributing* allocated funds toward strategically *investing* state dollars to achieve cost-effective, long-term environmental benefits. The audit also highlighted a need to streamline and better integrate services across the 12 programs. JLARC made six recommendations to increase the systematic collection and sharing of information across programs, improve programs' investment practices, improve performance measurement, and streamline services to local governments.

The original report, summarized in Appendix 1, recommended a series of follow-ups:

- The first follow-up, completed in September 2001, assessed whether the 12 programs were attentive to the original report's six recommendations.² It highlighted two areas of concern: 1) programs had not identified strategies to improve services to local governments, and 2) funding for the Uniform Environmental Project Reporting System (UEPRS) was uncertain. UEPRS was created to serve as a central environmental project reporting database across state agencies.
- The second follow-up in January 2003, focused on the progress made by the six largest programs towards adopting an investment-based approach for administering grants and loans.³ We found that programs were generally making progress but were slow to address some of the key investment practices recommended in the first report.

BUDGET INFORMATION: PROGRAMS RECEIVING MORE DOLLARS

At the time of the original 2001 performance audit, the 12 state programs reviewed accounted for over \$440 million of the capital budget. That amount increased to approximately \$470 million for the 2001-03 Biennium. The programs have received a combined appropriation of over \$497 million for the 2003-05 Biennium. Appendix 2 summarizes program-level detail on both past and current funding for the 12 environmental grant and loan programs.

¹ "Investing in the Environment: Environmental Quality Grant & Loan Programs Performance Audit," JLARC 01-1, January 2001.

² "Follow-Up: 2001 Investing in the Environment Performance Audit," JLARC 01-9, September 2001.

³ "Follow-Up: 2001 Investing in the Environment Performance Audit," JLARC 03-3, January 2003.

**Table 1: JLARC 2001 Performance Audit:
Environmental Grant and Loan Programs Overview**

Agency	Program	Major Issue(s) Targeted by Program	Eligible Applicants	Type of Projects and Activities Funded
State Conservation Commission	Conservation Reserve Enhancement Program	Listing of salmon under the federal Endangered Species Act.	Conservation districts	Riparian protection and enhancement on leased agricultural lands along salmon-bearing streams.
	Dairy Waste Management Grants Program	Water quality degradation caused by dairy farms; dairy farm compliance with water quality regulations.	Conservation districts	Dairy farm waste management planning and pollution controls.
	Water Quality Grants Program	Non-point water pollution caused by agricultural practices.	Conservation districts	Conservation district technical assistance to farmers and implementation of agricultural best management practices to control water pollution.
Department of Ecology	Local Toxics Coordinated Prevention Grants Program	Solid and hazardous waste management at the community level.	Cities and counties	Local solid and hazardous waste management planning and implementation.
	Local Toxics Public Participation Grants Program	Participation by community groups in solid waste, hazardous waste, and contaminated site cleanup issues.	Nonprofits	Independent research and information dissemination concerning local solid and hazardous waste issues.
	Local Toxics Remedial Action Grants Program	Contaminated hazardous waste sites owned by local governments.	Cities, counties, special purpose districts, state agencies, nonprofits, and conservation districts	Development and implementation of site cleanup plans.
	Water Quality Financial Assistance Program	Water quality degradation from point and non-point sources; local government compliance with water quality regulations.	Cities, counties, tribes, special purpose districts, state agencies, nonprofits, and conservation districts	Planning, design, and implementation of projects and activities to control point and non-point water pollution.
Interagency Committee for Outdoor Recreation / Salmon Recovery Funding Board	Aquatic Lands Enhancement Grants Program	Reduction of and/or degradation of quality natural resources on publicly accessible aquatic lands.	Cities, counties, tribes, special purpose districts, state agencies, and conservation districts	Aquatic lands acquisition/restoration and no- or low-impact public access improvements.
	Washington Wildlife and Recreation Program (habitat portion)	Habitat loss.	Cities, counties, tribes, special purpose districts, state agencies, and conservation districts	Acquisition, restoration, and protection of habitat lands.
	Salmon Recovery Grants Program	Listing of salmon under the federal Endangered Species Act.	Cities, counties, tribes, special purpose districts, state agencies, nonprofits, and conservation districts	Protection and restoration of salmon habitat.
Public Works Board (within CTED)	Public Works Trust Fund Program (wastewater, stormwater, and solid waste portions)	Local government ability to afford environmental infrastructure projects.	Cities, counties, special purpose districts	Planning and construction of sewer, stormwater, and solid waste projects.
State Parks and Recreation Commission	Statewide Boat Pumpout Grants Program	Water quality degradation caused by dumping of boat sewage.	Cities, counties, tribes, special purpose districts, state agencies, nonprofits, and private marinas	Purchase and installation of boat pumpouts.

2004 FOLLOW-UP: SERVICES TO LOCAL GOVERNMENTS

For this third follow-up, JLARC focused on the services these 12 state programs provide to local jurisdictions. In the original study, JLARC assessed local perspectives through a survey of over 80 cities, counties, nonprofits, and special purpose districts who apply for and implement state environmental grants and loans. The original audit summarizes the feedback from the local governments surveyed as follows:

Local governments offered a series of desired structural and process improvements that, from their perspective, might increase local capacity to make sound investments as well as enhance program services: stable funding for planning, education, environmental assessments, and monitoring; improved state technical support; ready access to environmental information; and greater consistency in definitions, applications forms, and reporting requirements across programs.

This input led to JLARC's recommendation that state agencies collaborate with local governments to streamline and integrate environmental grant and loan processes. All six agencies included in the review agreed with this recommendation.

For this third follow-up on whether state programs have streamlined and improved services, JLARC staff conducted an e-mail survey of 80 local government and nonprofit representatives, with follow-up telephone interviews for additional clarification. Staff used the same survey pool that participated in the original audit, which consists of a mix of localities, based on both size and geographic location. In instances where the original respondent was no longer in the same position as in 2000, we asked the current employee who worked with the state programs to respond. We received completed surveys from 50 respondents, many of whom deal with several of the grant and loan programs.⁴ Although staff made several attempts to obtain feedback on all 12 programs, we did not receive a response for the Department of Ecology's Local Toxic Public Participation Grant, and received a very low response rate for three of the other programs.⁵

JLARC's survey of local jurisdictions focused on the services provided by the 12 state environmental grant and loan programs throughout the investment process. The original report described the investment process as having four phases: application, selection, implementation, and monitoring. This follow-up report focuses on two of these phases which directly impact respondents: application and monitoring. This follow-up also looks at the larger theme of local jurisdictions' impression of and experience with coordination between the state programs.

SUMMARY OF FINDINGS AND REPORT OVERVIEW

The survey responses indicate that local jurisdictions are generally pleased with the individual progress of several of the state grant and loan programs; however, some jurisdictions would like the state programs to work collectively to continue to improve services:

- *Application Phase:* Improving the ease of the application process across the programs;

⁴ Fifty respondents represent a 63 percent participation rate. Many of the 50 respondents work with multiple programs. In these instances, we asked the respondent to fill out a separate survey form about each program. As a result, there are a total of 95 responses for the 12 programs.

⁵ State Parks and Recreation Commission Boat Pumpout Grants Programs, Interagency Committee for Outdoor Recreation Aquatic Lands Enhancement Grants Program, and Department of Ecology Remedial Action Grant.

- *Monitoring Phase:* Working with local jurisdictions to develop realistic and useful outcome measures; and
- *Cross-Agency Coordination:* Collaborating with other programs to better streamline the process and better serve respondents.

This follow-up addresses these three topic areas, including a discussion of aspects local jurisdictions think have improved and those which respondents indicated need improvement.

I. APPLICATION PHASE

The application phase includes all activities that result in applications for funding assistance being submitted to programs. This includes developing forms and schedules, and providing outreach and technical assistance to potential applicants. Results of this survey indicate several aspects of the application phase for individual programs' have improved since the 2001 audit. The survey also indicates that respondents who work with multiple programs would like to see progress continue to occur among the collective programs' application phase.

Local Jurisdictions Generally Satisfied with Application Phase

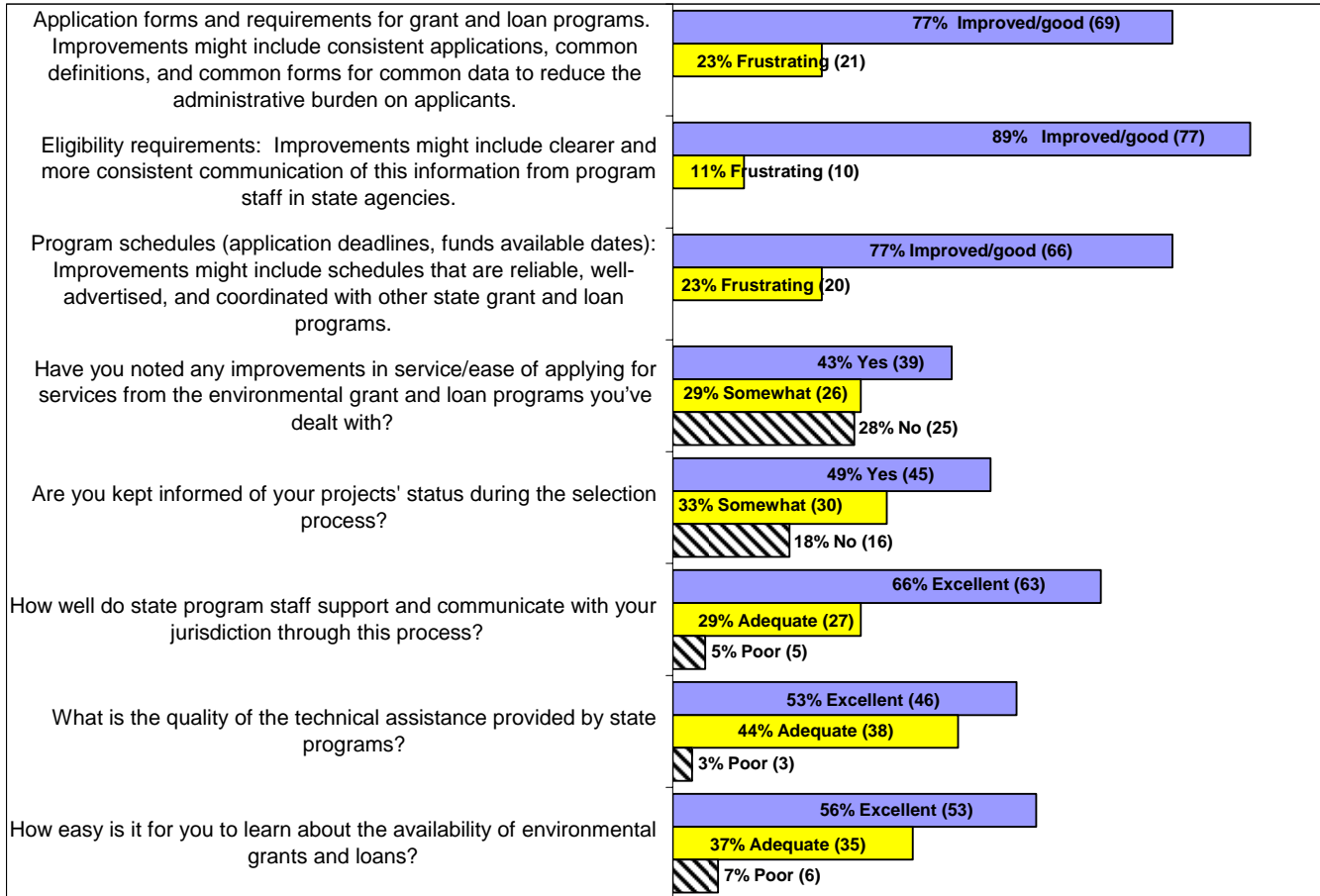
Table 2 on the following page summarizes the applicants' responses to questions about the application phase of the state environmental grant and loan programs. Survey responses indicate that most local jurisdictions (77 percent) are generally satisfied with the application forms and requirements of individual programs.

While variations between program applications exist, many survey respondents felt that individual programs had improved several aspects of the application phase:

- Responses indicate that eligibility requirements are much clearer. Eighty-nine percent of all survey responses described program eligibility requirements as straight-forward and clearly communicated.
- Of note, 88 percent of the 16 survey responses noted that they were pleased with changes made to the Conservation Commission Water Quality application, described by one respondent as "streamlined and on target with realistic questions."
- With the exception of one program, the Conservation Reserve Enhancement Program (CREP), program schedules (application deadlines, funding available dates) received favorable feedback from respondents, particularly those schedules that remain consistent from year to year. This is also consistent with recommendations from the original audit.

CREP was criticized by six of the ten responses for confusion and inconsistency in its application forms and program schedule. However, follow-up interviews with respondents noted that the program is meeting with stakeholder groups to create a process that serves the needs of the 33 eligible conservation districts (the target audience for this grant). The program hopes to have an application process that is streamlined with the Conservation Commission grants and that is user-friendly to the local districts. One respondent noted in a follow-up interview that she appreciated the inclusiveness of the process.

Table 2: Local Jurisdictions Review of 12 Environmental Program’s Application Processes



Quality Program Staff Service and Support Recognized in Survey

A key component of the application phase is the support and communication provided by state program staff. With few exceptions, local jurisdictions were very pleased with the support they received from program staff. Sixty-three of 95 total responses described support and communication with state program staff as “Excellent.” Feedback included comments such as “[Public Works Trust Fund staff] are an example of the very best in state government,” and “IAC staff provide excellent customer service.” Respondents recognized program staffs’ skill and customer service and generally appreciate their assistance.

Fifty-six percent of all responses described learning about available grants and loans as “Excellent.” Others felt state programs needed to improve in this area and suggested an e-mail listserv or some means of communicating grant and loan availability information.

The Infrastructure Assistance Coordinating Council (IACC) is a group whose members include representatives from state and federal financing agencies, regulatory bodies, associations, nonprofit organizations, and universities. Currently, the IACC maintains an interactive and thorough website that lists grants and loans available to all of the groups surveyed for this report.

This existing resource might benefit from greater advertising from program staff in the various agencies.⁶

Multiple Applications are Frustrating

While responses were generally very favorable with the improvements of individual programs, some of the respondents who deal with multiple programs cited frustration with the application phase in general. In the survey, 23 respondents deal with multiple state grant and loan programs. Forty percent of their responses indicated that they believed the overall process had improved since the 2001 audit.

However, nearly a third thought that the process had not improved, while the remainder thought that it was somewhat improved.⁷ One respondent, who applied for assistance from both the Public Works Trust Fund and Ecology's Water Quality Program, explained that "*The whole application process is, to be kind, cumbersome and somewhat arbitrary. Sometimes it seems like the ratings from year to year are inconsistent. If anything, my perception is that we are being 'dared' to apply for money—the applications are quite onerous.*"

Small Jurisdictions Still Find Process Cumbersome

For smaller jurisdictions that rely upon several of these programs for funding, changes in application forms and deadlines are especially frustrating. Changes might be better received if state programs coordinated so that local governments and other clients do not have to adjust to a series of uncoordinated changes.

One respondent, who regularly deals with several programs, commented that "*The applications are more complex, change drastically from one program to another and from year to year.*" Another respondent offered similar feedback, expressing a desire for greater coordination and consistency in program application forms: "*I personally would like to see a standardized application and reporting system for all state programs with similar goals (i.e., water quality, Endangered Species Act).*" Respondents' desires are consistent with the recommendations of the original audit, which called for greater consistency in the investment process, specifically recommending that programs develop standard application forms.⁸

II. MONITORING

The monitoring phase involves monitoring project results and outcomes. Local jurisdictions indicated that they appreciated state programs reducing the amount of required information to report. Some jurisdictions voiced frustration about their inability to report project outcomes for funded projects.

⁶ <http://www.infracfunding.wa.gov>.

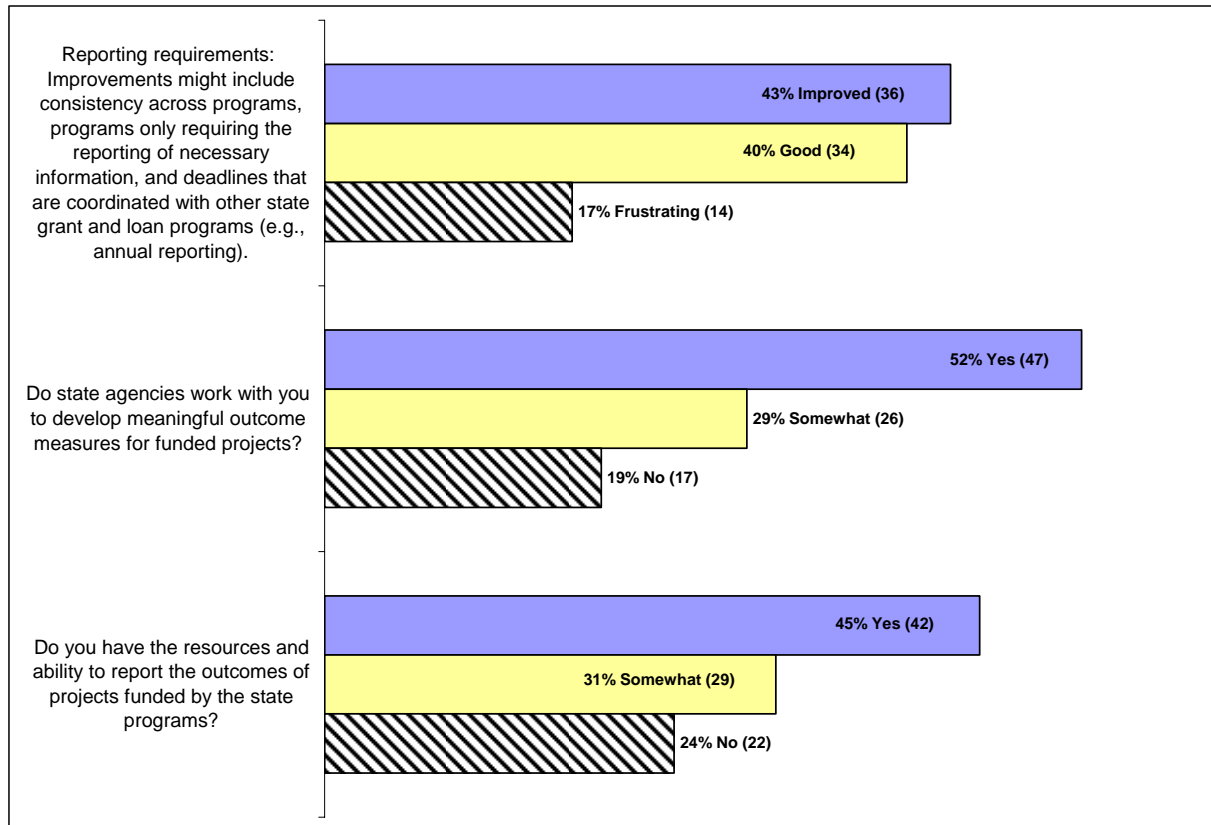
⁷ The 23 respondents provided 68 individual responses to this question. Of those responses: 27 answered yes, 21 answered somewhat, and 20 answered no.

⁸ From JLARC Report 01-1: Recommendation 5: *All agencies under this performance audit should work jointly and collaboratively with local governments and other funding recipients to streamline and better integrate the project application—selection—implementation—monitoring process across programs. Consideration should be given to developing standard definitions, planning and eligibility requirements, assessment protocols, application forms, evaluation criteria, contracting procedures, and monitoring protocols. Collaborative methods for increasing the stability and quality of technical and information assistance provided to local governments for making investment decisions should be developed.*

Programs' Reporting Requirements Have Improved

Table 3 summarizes the applicants' responses to questions about the monitoring phase of the state environmental grant and loan programs. Survey respondents were generally satisfied with the reporting requirements for the grants and loans they received, with the exception of reporting outcome measures. Eighty-three percent of responses noted that programs reduced the amount of required information, and found reporting much more reasonable. One respondent who worked with four programs noted that, "Reporting has become more basic with just the necessary information requested."⁹ Other respondents thought that programs worked with them to better guide them through the process, and tailor deadlines to meet their needs. A respondent who worked with Ecology's Water Quality Financial Assistance Program explained that there was "no guidance at first. Good process now: One page reporting, 6 months interval for reporting rather than every 3 months." Others appreciated the convenience that online reporting offered, which was available through many of the programs.

Table 3: Local Jurisdictions' Review of 12 Environmental Programs' Grant and Loan Monitoring



Reporting Outcome Measures a Challenge for Local Jurisdictions

Reporting outcomes for funded projects is an area of frustration for many respondents. For many of the 12 state environmental grant and loan programs, requiring outcome measures is a

⁹ Conservation Reserve Enhancement Program, Conservation Commission Water Quality Grant, Ecology Water Quality Financial Assistance, and the Salmon Recovery Funding Board.

relatively new requirement—the result of a recommendation from the original JLARC audit. The audit recommended that the state programs work with funding recipients to develop outcome and output measures. These measures are intended to provide the means of assessing project and program investment performance, and contribute to adaptive management.¹⁰

Forty-five percent of responses indicated that their jurisdictions do have the resources and ability to report outcomes. Other jurisdictions are having a harder time with this requirement. One respondent from a smaller county noted that *“This may be difficult because change does not occur rapidly in our county. Staffing does not always allow for this [monitoring and reporting outcomes].”* Frustration was not limited to smaller, rural jurisdictions; a respondent from a large county explained that *“The problem with the majority of monitoring is that there are never enough funds to do the required level of pre- and post-monitoring necessary to realize results. Truly, you may need to periodically monitor a project every couple of years to see the effects of implementation. The grant cycles rarely allow for this, yet want to see immediate results. This is unreasonable.”* Some programs, such as the Salmon Recovery Funding Board, encourage applicants to include funds necessary to complete monitoring in the application to ensure that a lack of funding is not an issue.

Frustration with outcome measurement was not limited to insufficient resources. Nineteen percent of all responses indicated that jurisdictions would like additional assistance from state programs in developing meaningful outcome measures. Others simply felt program requirements were unreasonable. A respondent who worked with the Salmon Recovery Funding Board explained that the local jurisdictions are not always the appropriate entity to handle monitoring: *“Often the outcome is not or cannot be measured by those implementing investments. Landowners that install diversion fish screens don’t conduct fish counts—WDFW or other entity is better prepared.”*

Although many respondents were not fond of reporting project outcomes, most understand the benefits of outcome measurement for program accountability and its contribution to adaptive management. As one respondent who worked with Ecology’s Water Quality Financial Assistance Program noted, *“Accountability should be built into this process. If you get the work done, you should be eligible for more funding.”*

III. CROSS-AGENCY COORDINATION

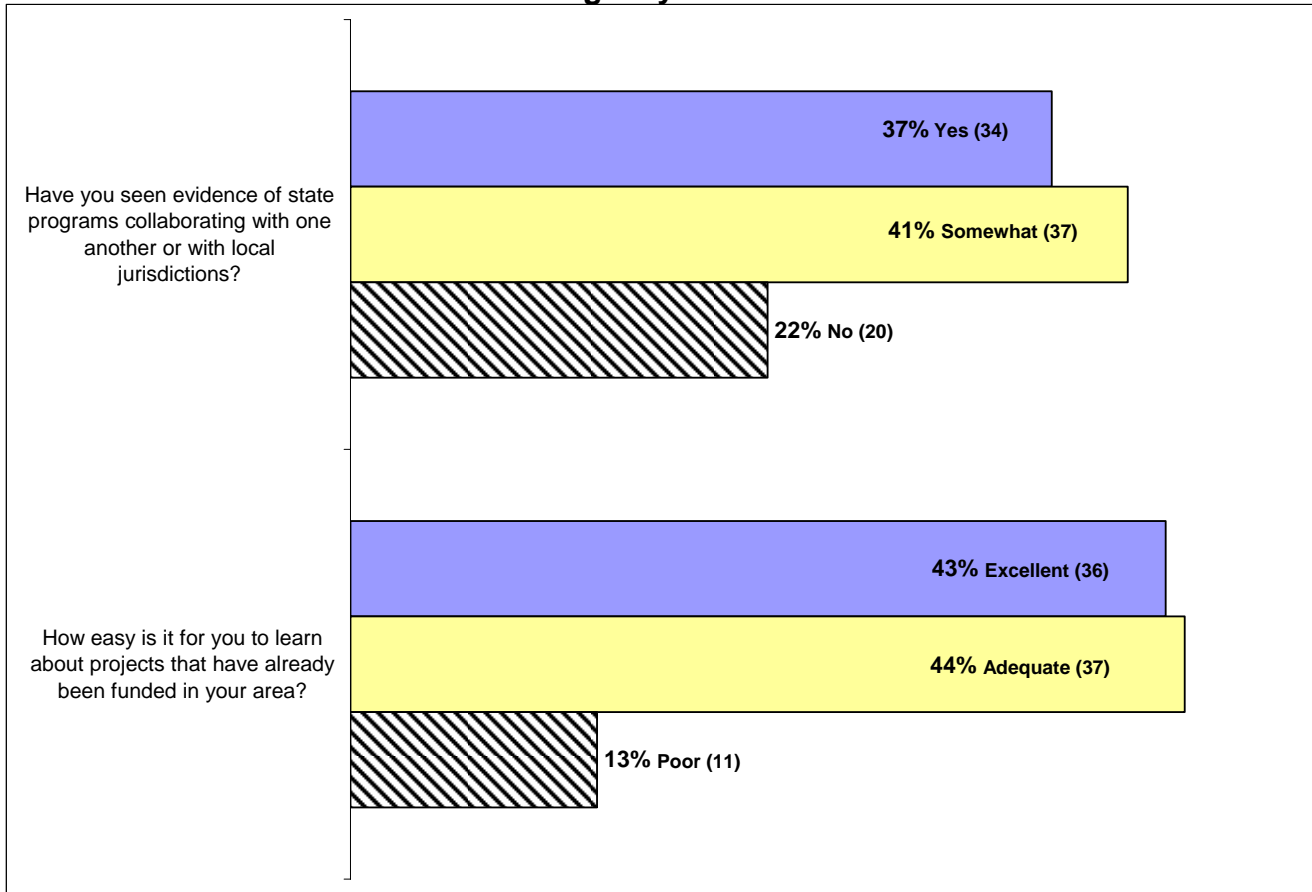
Substitute House Bill 1204 (1999) indicates legislative intent for state agencies to “more effectively meet that obligation [environmental mitigation] through better coordination and identification of projects with highest environmental benefit.” To encourage coordination, the bill created a cross-agency advisory committee with the specific intent of improving project coordination, application forms and procedures, eligibility requirements, assessment and evaluation criteria, reporting and monitoring protocols, and consistent project-related data. As discussed previously in the Application Phase section, coordination among programs could improve services to local governments. Additionally, coordination among the programs and with local jurisdictions can provide the means to address systemic environmental issues.

¹⁰ RCW 77.85.010 defines adaptive management as “reliance on scientific methods to test the results of actions taken so that the management and related policy can be changed promptly and appropriately.” This “learning as you go” approach was also adopted as part of the state’s salmon recovery strategy.

Locals Would Like Better Coordination from Programs

Table 4 summarizes the applicants’ responses to questions about the coordination efforts of the state environmental grant and loan programs. Beyond fulfilling legislative requirements, feedback from this survey indicates that coordination among grant and loan programs is an area where programs can substantially improve. The 2001 study noted that, although the state programs were not created to function as a single unit, local jurisdictions would prefer that they function as one. In this survey, we asked respondents 1) if they had experience with state programs collaborating with one another or with local jurisdictions, and 2) if they could learn of other projects that state-run programs had funded in their area. Feedback from respondents concerning the application phase indicates that coordination remains a concern, and that enhanced coordination could streamline and improve service.

Table 4: Local Jurisdictions’ Review of 12 Environmental Programs’ Cross-Agency Coordination



Coordination Needed to Address Systemic Issues

In order to address systemic environmental issues, state programs and local jurisdictions will need to coordinate their efforts. *Systemic issues*, such as salmon recovery and improving the water quality of an entire river basin, often span large geographic regions where an environmental “cause and effect” may not be known and project outcomes will not be known for long periods of time.

In the original audit, JLARC noted that effectively addressing systemic issues will require a coordinated and integrated response by many entities, rather than a piecemeal collection of projects and activities that target individual sites or sources of environmental degradation. One respondent noted a desire to receive encouragement to collaborate with other entities: *“There could be greater emphasis on awarding points for projects which are jointly supported by multiple local jurisdictions.”*

Locals Lack Resources to Coordinate Projects

Survey responses indicate that local jurisdictions lack the resources to collectively address systemic issues with other jurisdictions. Forty-three percent of respondents described their ability to learn of previously funded projects as “Excellent,” while the remainder either responded “Adequate” or “Poor.” Some of these respondents explained that it is difficult to learn about environmental projects occurring in other jurisdictions which might complement or enhance projects that their jurisdiction is considering. One respondent explained that assistance from the state would be welcome in this area: *“Sometimes I don’t know what is going on. Perhaps a map with dots for projects would help to know what’s up in your area. Website?”* Another respondent commented that *“It’s easy to learn the name of the projects that have been funded; more difficult to learn details about the funded projects.”*

As discussed in both previous follow-ups, the intended vehicle to accomplish this, the Uniform Environmental Project Reporting System (UEPRS), did not mature into the comprehensive data depository envisioned by the Legislature in SHB 1204 (1999).¹¹ The natural resources portal developed through SSB 5637 (2001) to help users access environmental and natural resources datasets from a single website may have the potential to provide proactive project identification, but has yet to evolve to perform this function.¹² As a result, the state currently lacks a key resource in addressing systemic environmental issues.

CONCLUSION

This third follow-up review indicates that state programs have progressed in meeting the needs of local jurisdictions. Most programs received favorable feedback on individual improvements. Collectively, however, the local jurisdictions cite the need for programs to better coordinate services.

This is not a new issue. In both previous follow-ups, JLARC raised coordination as an area of concern. Following the 2003 follow-up, the six agencies requested additional guidance from the Legislature on where coordination was needed. The survey responses in this follow-up provide specific examples and instances where the grant and loan recipients would appreciate coordination between the programs.¹³ Their suggestions and feedback provide a good starting point for the state programs to coordinate and improve their services.

¹¹ SHB 1204 (1999) cites that UEPRS will “better address the needs of the environment on a local and regional basis, and to better address statewide priorities to achieve the most beneficial and cost-effective results.”

¹² www.swim.wa.gov

¹³ See Appendix 3 for responses about each of the 12 programs. A separate document, available upon request contains respondents’ comments about each program.

Cindi Yates
Legislative Auditor

On June 16, 2004, this report was approved
for distribution by the Joint Legislative
Audit and Review Committee.

Senator Jim Horn
Chair

APPENDIX 1 – 2001 REPORT DIGEST

**INVESTING IN THE
ENVIRONMENT:
ENVIRONMENTAL QUALITY
GRANT AND LOAN PROGRAMS**

REPORT 01-1

REPORT DIGEST

JANUARY 22, 2001



STATE OF WASHINGTON

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ENVIRONMENTAL QUALITY GRANT AND LOAN PROGRAMS PERFORMANCE AUDIT

Twelve capital budget programs administered by six agencies provide grants and loans to local governments and other entities to maintain, restore, or enhance environmental quality. Examples of the broad range of projects and activities funded by the programs include construction of sewage treatment plants, hazardous waste cleanup, dairy waste management, environmental education, and salmon habitat restoration. Approximately \$440 million has been budgeted for these programs in the 1999-01 Biennium – the largest amount in their history.

This audit was initiated by the Joint Legislative Audit and Review Committee (JLARC) in response to legislative interest in the performance of the programs. The audit focuses on two primary themes: the investment performance of the programs (their effectiveness in financing projects with high environmental quality returns), and their collective ability to serve local government environmental investment needs.

Program Overview

Most of the programs have been created since the mid-1980s to respond to emergent environmental issues in the areas of water quality, solid and hazardous waste management, habitat loss, and, most recently, endangered species recovery. The programs play an important role in a complex environmental quality system. They distribute the vast majority of the funding the state provides to local governments for environmental quality purposes, and consume **over one-fourth of the state's overall natural resources budget**.

Requests for program funding have been growing. The number of funding applications increased 37 percent over the past five years. During this time, programs were able to accommodate 59 percent of the \$1.4 billion in total funding requested.

There are large variations in the amount of funding provided to projects across the state's 39 counties. There are, however, **no comprehensive environmental indices** that might be used to explain these variations or gauge the impacts of expenditures. Our analysis shows that program funding allocations closely follow population – more funding is consistently allocated to projects taking place within counties with higher populations.

Distributing Versus Investing

Environmental investments are intended to produce a return of quality improvements in water, land, or species resources. Without measurable returns, it is impossible to determine if investments have been effective. Measuring investment returns can be difficult, particularly within large and complex environmental systems.

It is often not clear how individual projects contribute to long-term solutions over time. Many of the **systemic environmental issues** we are now facing in Washington, such as salmon recovery and water quality planning for entire river basins, pose significant new challenges to making investments and measuring their returns.

Solid data is missing for monitoring environmental quality, learning from past projects, and coordinating investments across programs. While some steps have been taken towards developing meaningful environmental performance measures and coordinating projects, these efforts are only in their infancy.

At this time, the one output that is most clearly and consistently documented across programs is that money has been distributed. Thus, the programs under this audit can be characterized as being primarily **distributional** in nature.

Program Investment Practices

Based on our research of environmental funding programs in Washington and other states, we developed a **model** for evaluating program investment practices. The model's 16 key investment practices represent a new program benchmark—a **framework for deliberate environmental investment decision making**. In comparing program structures and operations to the model, we found that many **programs performed well on basic practices related to funding distribution, but poorly in practices that ensure the effectiveness of investments**. Adoption of some of the missing key investment practices could shift the focus of program activities away from distribution and towards investment results.

Local Government Perspectives

Eighty-two local jurisdictions and organizations across Washington that have applied for and/or received program funding commented on their capacity to make sound environmental investments, as well as on program services.

These 82 local entities identified a number of barriers to making strategic long-term environmental investments at the local level. Several cross-program service issues that increase the time, complexity, and cost of accessing program funding were also identified. Individuals from local entities offered a series of structural and process improvements to increase local capacity to make sound investments and improve program services.

Recommendations

The report includes six recommendations intended to achieve the following:

- **Increase the systematic collection and sharing of information** about applications for funding, project locations, baseline conditions, and investment outcomes that can be used to plan and design projects, coordinate investments across programs, evaluate investment performance, and learn from past investments;
- **Integrate practices from the investment model into program structures and operations** to shift the focus of program activities towards making sound environmental investments;
- **Streamline and better integrate program services** to local governments; and
- **Ensure that funding agencies work together** to achieve these goals.

By implementing these recommendations, **confidence surrounding the state's environmental investments can be increased and services to local governments can be improved**. Being able to more clearly define and efficiently produce desired long-term environmental results across programs can help **increase certainty that policy-makers' intent to spend scarce public resources effectively will be achieved**.

APPENDIX 2 – PROGRAM LEVEL DETAIL

Agency	Program	1999-01 Appropriation	2001-03 Appropriation	2003-05 Appropriation
Department of Ecology	Local Toxics Coordinated Prevention Grants Program	\$17,699,684	\$52,000,000	\$18,050,000
	Local Toxics Remedial Action Grants Program	\$25,347,203		\$26,750,000
	Local Toxics Public Participation Grants	\$896,538		\$810,000
	Water Quality Financial Assistance Program	\$173,883,259	\$209,112,802	\$170,764,213
Interagency Committee for Outdoor Recreation/ Salmon Recovery Funding Board	Washington Wildlife and Recreation Program (habitat portion)	\$25,561,000	\$22,500,000	\$22,500,000
	Salmon Recovery Grants Program	\$92,657,752	\$55,642,000	\$46,375,000
	Aquatic Lands Enhancement Grants Program	\$5,087,600	\$5,565,000	\$5,356,400
Public Works Board	Public Works Trust Fund (wastewater, stormwater, and solid waste portions)	\$80,900,000	\$115,344,200	\$189,000,000
State Conservation Commission	Conservation Reserve Enhancement Program	\$6,417,595	\$1,000,000	\$10,757,352
	Dairy Waste Management Grants	\$5,408,546	\$5,500,000	\$1,950,000
	Water Quality Grants Program	\$5,194,000	\$4,340,000	\$3,694,500
State Parks and Recreation Commission	Statewide Boat Pumpout Grants Program	\$996,000	\$1,000,000	\$1,400,000
	Grand total, 12 grant and loan programs:	\$440,049,177	\$472,004,002	\$497,407,465

APPENDIX 3 – PROGRAM TOTALS

Program Totals				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	36	33	21	90
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	34	43	10	87
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)	36	34	14	84
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.	27	39	20	86
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	63	27	5	95
What is the quality of the technical assistance provided by state programs?	46	38	3	87
How easy is it for you to learn about the availability of environmental grants and loans?	53	35	6	94
How easy is it for you to learn about projects that have already been funded in your area?	36	37	11	84
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	39	26	25	90
Are you kept informed of your projects' status during the selection process?	45	30	16	91
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	34	37	20	91
Do state agencies work with you to develop meaningful outcome measures for funded projects?	47	26	17	90
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	42	29	22	93

Conservation Commission: Conservation Reserve Enhancement Program				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	4	2	4	10
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	6	2	2	10
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g., annual reporting)	6	2	2	10
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.	2	2	6	10
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	7	3	1	11
What is the quality of the technical assistance provided by state programs?	5	4		9
How easy is it for you to learn about the availability of environmental grants and loans?	6	4		10
How easy is it for you to learn about projects that have already been funded in your area?	4	3	1	8
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	5	3	2	10
Are you kept informed of your projects' status during the selection process?	4	4	2	10
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	4	5	1	10
Do state agencies work with you to develop meaningful outcome measures for funded projects?	6	1	2	9
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	5	2	2	9

Conservation Commission: Dairy Waste Nutrient Management Grants				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	4	4		8
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	4	3		7
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)	5	3		8
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.	5	2	1	8
	Excellent	Adequate	Poor	Total Response
How well do state program staff support and communicate with your jurisdiction through this process?	6	1	1	8
What is the quality of the technical assistance provided by state programs?	4	2	1	7
How easy is it for you to learn about the availability of environmental grants and loans?	5	2	1	8
How easy is it for you to learn about projects that have already been funded in your area?	4	1	2	7
	Yes	Somewhat	No	Total Response
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	6	1	1	8
Are you kept informed of your projects' status during the selection process?	4	1	3	8
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	3	2	3	8
Do state agencies work with you to develop meaningful outcome measures for funded projects?	5	2	1	8
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	5	1	2	8

Conservation Commission: Water Quality				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	9	5	2	16
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	7	7	1	15
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)	10	4	2	16
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.	8	4	3	15
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	13	3		16
What is the quality of the technical assistance provided by state programs?	11	4		15
How easy is it for you to learn about the availability of environmental grants and loans?	10	5	1	16
How easy is it for you to learn about projects that have already been funded in your area?	5	5	3	13
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	8	5	2	15
Are you kept informed of your projects' status during the selection process?	10	2	4	16
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	7	5	4	16
Do state agencies work with you to develop meaningful outcome measures for funded projects?	10	3	3	16
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	7	3	6	16

Aquatic Lands Enhancement Grants				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.		2	1	3
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	1	2		3
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)			1	1
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.		1	1	2
	Excellent	Adequate	Poor	Total Response
How well do state program staff support and communicate with your jurisdiction through this process?	3		3	
What is the quality of the technical assistance provided by state programs?	1	1	2	
How easy is it for you to learn about the availability of environmental grants and loans?	3		3	
How easy is it for you to learn about projects that have already been funded in your area?	2	1	3	
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?		1	1	2
Are you kept informed of your projects' status during the selection process?		2		2
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	2			2
Do state agencies work with you to develop meaningful outcome measures for funded projects?	1			1
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	2	1		3

Ecology: Coordinated Prevention Grants				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	4	4	2	10
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	1	8		9
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)	4	3	1	8
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.	2	5	2	9
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	7	1	2	10
What is the quality of the technical assistance provided by state programs?	6	3	1	10
How easy is it for you to learn about the availability of environmental grants and loans?	6	3	1	10
How easy is it for you to learn about projects that have already been funded in your area?	5	5		10
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	6		4	10
Are you kept informed of your projects' status during the selection process?	7	1	2	10
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	5	3	1	9
Do state agencies work with you to develop meaningful outcome measures for funded projects?	7	1	2	10
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	2	5	3	10

Ecology: Remedial Action Grant				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	1	1		2
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.		1	1	2
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)		1	1	2
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.		1	1	2
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?		1	1	
What is the quality of the technical assistance provided by state programs?		2		
How easy is it for you to learn about the availability of environmental grants and loans?		2		
How easy is it for you to learn about projects that have already been funded in your area?		2		
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?		1	1	
Are you kept informed of your projects' status during the selection process?		1	1	
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?		2		
Do state agencies work with you to develop meaningful outcome measures for funded projects?		2		
Do you have the resources and ability to report the outcomes of projects funded by the state programs?		2		

Ecology: Water Quality				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	6	4	7	17
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	7	6	4	17
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)	6	5	4	15
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.	7	7	2	16
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	10	9		19
What is the quality of the technical assistance provided by state programs?	6	11		17
How easy is it for you to learn about the availability of environmental grants and loans?	11	8		19
How easy is it for you to learn about projects that have already been funded in your area?	6	8	3	17
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	7	5	6	18
Are you kept informed of your projects' status during the selection process?	7	9	3	19
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	5	7	6	18
Do state agencies work with you to develop meaningful outcome measures for funded projects?	8	7	4	19
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	9	5	5	19

Salmon Recovery Funding Board				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	5	8	3	16
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	6	9	1	16
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)	4	10	2	16
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.	3	10	3	16
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	9	8		17
What is the quality of the technical assistance provided by state programs?	7	8	1	16
How easy is it for you to learn about the availability of environmental grants and loans?	6	9	2	17
How easy is it for you to learn about projects that have already been funded in your area?	6	7	2	15
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	4	8	5	17
Are you kept informed of your projects' status during the selection process?	8	6	1	15
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	4	9	4	17
Do state agencies work with you to develop meaningful outcome measures for funded projects?	5	8	4	17
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	8	6	3	17

Washington Wildlife				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	1			1
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.		1		1
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)		1		1
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.		1		1
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	1			1
What is the quality of the technical assistance provided by state programs?	1			1
How easy is it for you to learn about the availability of environmental grants and loans?	1			1
How easy is it for you to learn about projects that have already been funded in your area?	1			1
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	1			1
Are you kept informed of your projects' status during the selection process?	1			1
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	1			1
Do state agencies work with you to develop meaningful outcome measures for funded projects?				1
Do you have the resources and ability to report the outcomes of projects funded by the state programs?			1	1

Public Works Trust Fund				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	1	3	2	6
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	1	4	1	6
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)	1	4	1	6
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.		5	1	6
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	6	1		7
What is the quality of the technical assistance provided by state programs?	4	3		7
How easy is it for you to learn about the availability of environmental grants and loans?	4	2	1	7
How easy is it for you to learn about projects that have already been funded in your area?	3	4		7
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	1	2	2	5
Are you kept informed of your projects' status during the selection process?	3	4		7
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?	3	3	1	7
Do state agencies work with you to develop meaningful outcome measures for funded projects?	4	2	1	7
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	3	4		7

State Boat Pumpout Grants				
	Improved	Same (Continues to be good)	Same (Continues to be frustrating)	Total Responses
Application forms and requirements for grant and loan programs. Improvements might include consistent applications, common definitions, and common forms for common data to reduce the administrative burden on applicants.	1			1
Eligibility requirements: Improvements might include clearer and more consistent communication of this information from program staff in state agencies.	1			1
Reporting requirements: Improvements might include consistency across programs, programs only requiring the reporting of necessary information, and deadlines that are coordinated with other state grant and loan programs (e.g. annual reporting)		1		1
Program schedules (application deadlines, funds available dates): Improvements might include schedules that are reliable, well-advertised, and coordinated with other state grant and loan programs.		1		1
	Excellent	Adequate	Poor	Total Responses
How well do state program staff support and communicate with your jurisdiction through this process?	1			1
What is the quality of the technical assistance provided by state programs?	1			1
How easy is it for you to learn about the availability of environmental grants and loans?	1			1
How easy is it for you to learn about projects that have already been funded in your area?		1		1
	Yes	Somewhat	No	Total Responses
Have you noted any improvements in service/ease of applying for services from the environmental grant and loan programs you have dealt with?	1			1
Are you kept informed of your projects' status during the selection process?	1			1
Have you seen evidence of state programs collaborating with one another or with local jurisdictions?		1		1
Do state agencies work with you to develop meaningful outcome measures for funded projects?	1			1
Do you have the resources and ability to report the outcomes of projects funded by the state programs?	1			1

