

2019 Legislative Auditor Annual Report

We provide in-depth, objective answers to the Legislature's questions, with recommendations that improve state government

The Joint Legislative Audit and Review Committee (JLARC) is a bicameral, bipartisan committee. Its professional staff work under my direction to evaluate a broad range of state government functions. I'm pleased to share highlights of our work during 2019 with you.

New in 2019: Video Summaries

In 2019, JLARC staff began adding short video summaries to our reports. Now you can learn the key points of most reports in about 2 minutes. Visit and subscribe to our [YouTube channel](#).

- **Studies completed in 2019 address key areas of legislative interest.** JLARC staff completed 19 studies in 2019, including performance audits, sunset reviews, tax preference reviews, and data collection projects. In this annual report, we highlight studies in three key policy areas: aerospace, low-income housing, and public records. Other topics included services for people with developmental disabilities, the state Opportunity Scholarship program, and the capital budget.
- **Our research and recommendations improve state government.** Our work provides legislators with objective assessments that help them improve performance. For example, following our 2017 report on fire assessment fees, the Legislature passed SSB 5010 to make it easier for local fire districts to annex unprotected parcels. Many reports include specific and actionable recommendations that help agencies improve their work. For example, the Housing Finance Commission responded to our report by increasing incentives to for-profit developers that apply for funds to build low-income housing.

In 2020, our reports will answer questions about topics such as the regulation of ambulatory surgical facilities, the effectiveness of a local infrastructure financing tool, and the replacement of Washington State Patrol vehicles. We also will begin work on reports that are due in future years, including those directed by the 2020 Legislature. You can learn more about these studies in our [biennial work plan](#) or by following us on our website, TWW, YouTube, and Twitter.



Keenan Konopaski, Washington State Legislative Auditor



ABOUT JLARC

JLARC is a bicameral, bipartisan committee

Bicameral, bipartisan committee works to make state government operations more effective, efficient, and accountable

The Joint Legislative Audit and Review Committee (JLARC) is composed of an equal number of House and Senate members, Democrats and Republicans.

SENATORS

REPRESENTATIVES



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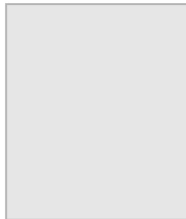
Larry Hoff



Dean Takko



Keith Wagoner



Vacant



Christine Kilduff



Vicki Kraft



Drew Stokesbary

Source: JLARC members as of December 31, 2019.

Audit authority is in state law

JLARC studies are conducted in accordance with Generally Accepted Government Auditing Standards

The Joint Legislative Audit and Review Committee (JLARC) works to make state government operations more effective, efficient, and accountable. The Committee is comprised of an equal

number of House and Senate members, Democrats and Republicans. JLARC's authority is established in [Chapter 44.28](#) Revised Code of Washington.

JLARC pursues its mission by conducting performance audits, program evaluations, sunset reviews, and other analyses. Assignments to conduct studies are made by the Legislature and the Committee itself. Based on these assignments, JLARC's non-partisan staff auditors, under the direction of the Legislative Auditor, independently seek answers to audit questions and issue recommendations to improve performance.

JLARC staff's work is conducted using Generally Accepted Government Auditing Standards.

- The standards ensure audit conclusions are independent, objective, and accurate.
- The standards require auditors to obtain sufficient and appropriate evidence to provide a basis for findings and conclusions.
- Every three years, professional auditors from other states conduct an external peer review of our practices to ensure consistency with these standards.

STUDIES COMPLETED IN 2019

Aerospace

JLARC staff completed several studies of the aerospace industry in 2019. We highlight three here.

Aerospace is one of the largest sectors in the state economy. While aerospace manufacturing is led by Boeing, the broader aerospace industry includes a diverse range of businesses and state programs. JLARC's 2019 work plan highlighted this diversity, with studies on a variety of aerospace industry topics.

Report: Package of nine aerospace tax preferences reduces the cost of doing business for the aerospace industry in Washington. The effect on employment is unclear.

[Full Report](#) | [Overview](#) | [Video](#) | [Presentation](#)

In 2019, JLARC staff reviewed a package of nine tax preferences, valued at \$569 million. This includes three preferential business and occupation (B&O) tax rates, two B&O tax credits, two sales and use tax exemptions, a property tax exemption, and a leasehold excise tax exemption. Statute requires JLARC to review the nine tax preferences every five years.

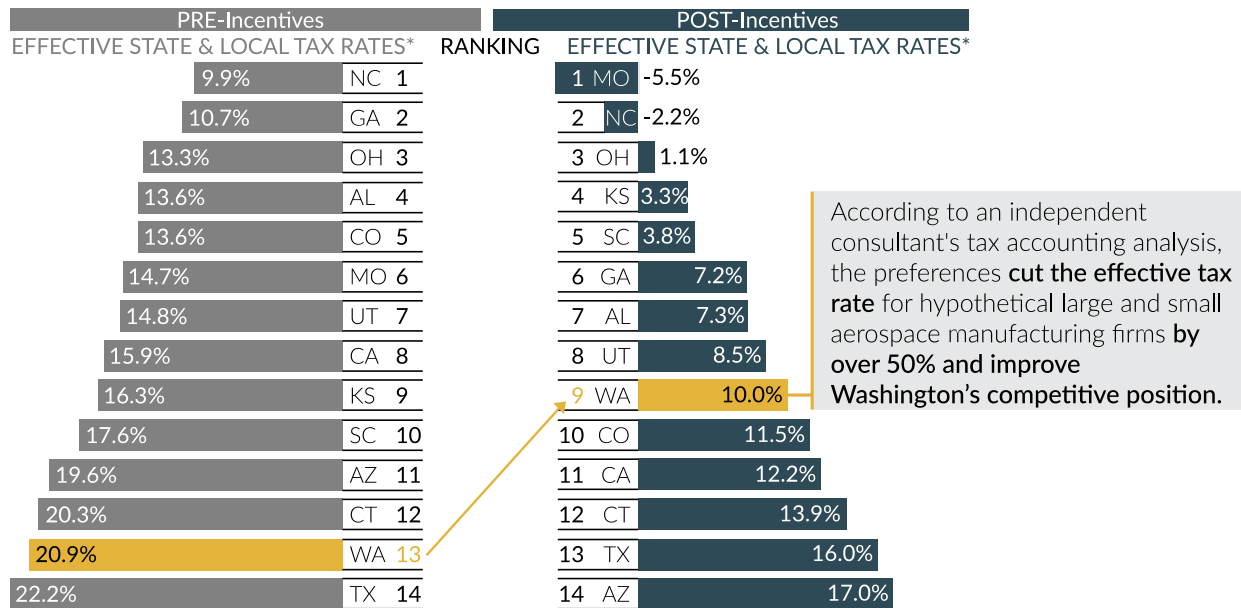
JLARC staff reviewed the preferences' effect on the cost of doing business in Washington and the state's aerospace industry workforce.

1. JLARC staff worked with Ernst & Young to evaluate the business tax climate for the aerospace industry across Washington and 13 other states. Their analysis compared the effective tax rates paid by hypothetical small and large aerospace firms that invest in new

manufacturing facilities. The results indicate that the preferences cut the effective tax rate and improved Washington's competitive position.

- JLARC staff reviewed actual changes in employment and used an economic modeling tool called REMI to estimate a range of job impacts if the Legislature had not extended the preferences in 2013. The effect of the preferences is unclear. If they led Boeing to remain in Washington, they may have kept the state from losing more jobs. If not, they reduced government spending and may have contributed to job losses.

Exhibit 1: Independent tax accounting analysis showed that preferences cut the effective tax rate by over 50% for hypothetical large and small aerospace manufacturing firms



Note: Graph shows results for a hypothetical large aerospace firm.
 *Effective tax rate is the estimated reduction in rate of return due to state and local taxes.

Source: Ernst and Young analysis.

Report: Sales and use tax exemption for nonresidents who modify large private airplanes in Washington increased economic activity and tax revenues

[Full Report](#) | [Overview](#) | [Video](#) | [Presentation](#)

JLARC staff reviewed a preference that exempts nonresidents who modify large, private airplanes in Washington from sales tax.

We found that private airplane modification did not take place in Washington before the preference was enacted. After the preference enacted, nonresidents began bringing airplanes to Washington for modification work, such as adding custom interiors to private planes the size of 737 jets or larger. This work created new jobs and increased economic activity in Moses Lake

and elsewhere in the state. JLARC staff used an economic modeling tool to assess the future impact of allowing this preference to expire over a ten year period.

Exhibit 2: Estimated statewide job and revenue losses if the preference ends

If preference expires,
economic modeling tool estimates:

Statewide job losses ranging between
347 to 569 jobs

State tax revenue losses ranging between
\$1.8 to \$3.3 million

Economic modeling tool estimates preference had **negligible impact** on Washington's broader aerospace manufacturing industry.

Source: JLARC staff analysis.

JLARC staff recommended that the preference continue. The Legislature passed SSB 6068 to extend the preference until 2031.

Report: Joint Center for Aerospace Technology Innovation meets legislative intent to pursue university-industry aerospace research

[Full Report](#) | [Overview](#) | [Video](#) | [Presentation](#)

In 2012, the Legislature created the Joint Center for Aerospace Technology Innovation (JCATI) with goals to pursue joint university-industry aerospace research, enhance student education , and work with aerospace firms in Washington.

JCATI was due to sunset on July 1, 2020. As required by law, JLARC staff completed a sunset review and found that the program achieves its goals. In addition, the program is efficient and economical, spending an average of 86% of its budget directly on grant awards.

Following the Legislative Auditor's recommendation, the Legislature approved a bill to extend the JCATI program.

Exhibit 3: JCATI achieves its three statutory goals

LEGISLATIVE GOAL FOR JCATI	RESULTS FOR FISCAL YEARS 2013 - 2019
1 Pursue university-industry research in Washington	<ul style="list-style-type: none"> Administered grant program and awarded \$9 million for 109 grants. Hosted annual aerospace symposium for industry professionals, students, and professors.
2 Enhance education of students in Washington	<ul style="list-style-type: none"> Funded research opportunities for 65 professors and 392 students from University of Washington, Washington State University, Western Washington University, and Central Washington University.
3 Work with aerospace firms in Washington	<ul style="list-style-type: none"> 64 aerospace firms have been a part of JCATI grants. 50 of those firms have a presence in Washington. Grants involve at least 1 WA firm.

Source: JLARC analysis of RCW 28B.155.010.

Low-Income Housing

JLARC staff reviewed low-income housing programs and tax preferences and recommended ways to improve effectiveness and reporting

Over the last several years, the Legislature has expressed interest in the availability of affordable housing in Washington.

Two reports reviewed the effectiveness of programs intended to increase low-income housing development. These two studies provided the Legislature with insight into how the programs are work and where they may be improved.

- One study analyzed the cost of developing low-income housing with the two largest state housing development programs.
- Another study reviewed a tax preference intended to encourage multifamily housing development in urban areas.

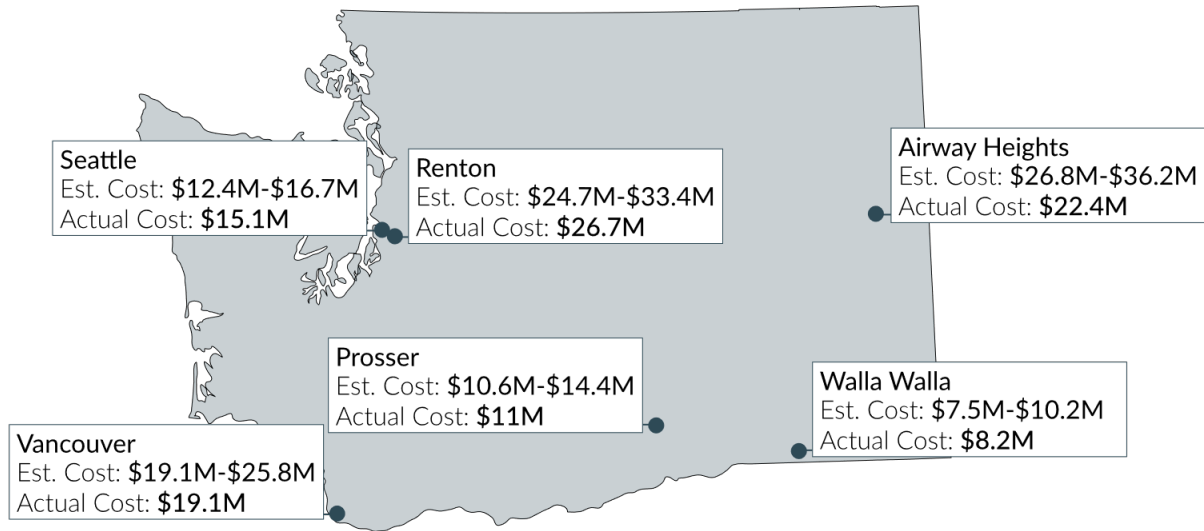
Report: Development costs for six low-income housing projects were consistent with independent estimates. There are opportunities to improve cost controls and lower costs.

[Full Report](#) | [Overview](#)

JLARC staff reviewed the two largest low-income housing development programs in Washington: the Low-Income Housing Tax Credit Program (LIHTC), administered by the Washington State Housing Finance Commission (Commission) and the Housing Trust Fund, administered by the Department of Commerce (Commerce). The study reviewed development costs and program administration:

- JLARC staff worked with professional cost estimators to review six LIHTC housing developments. They estimated a range of development costs based on architectural drawings, market and construction conditions, state standards, site visits, and other factors. For each, the actual development cost was within or below the expected range.
- JLARC staff analysis found that the Commission has opportunities to lower cost by increasing the role of for-profit developers. Staff also noted that Commerce did not collect final development cost data from funded projects.

Exhibit 4: Development costs for six low-income housing projects were consistent with independent cost estimates



Source: JLARC staff depiction of six LIHTC projects, the retrospective estimates of costs, and actual costs.

The report included three recommendations to the Commission and Commerce. Both agencies and the Legislature responded to these recommendations during the 2019 legislative session.

- The Commission issued a report to the Legislature detailing ways to increase for-profit participation in the LIHTC program, including a change to its scoring rubric that could allow for-profit developers to score higher.
- The Legislature considered multiple bills that would have implemented recommendations. This included HB 2849, which would have amended eligibility requirements for affordable housing programs and required Commerce to collect final development costs and submit annual reports to the Legislature.

Report: Developers created housing using the Multifamily Housing Tax Exemption. Cities can improve reporting and maximize the exemption's impact.

[Full Report](#) | [Overview](#) | [Video](#) | [Presentation](#)

The Multifamily Housing Tax Exemption (MFTE) is a property tax exemption program that allows eligible cities to target specific areas for multifamily housing development. The preference was intended to increase multifamily housing development (including affordable housing) by lowering operating costs to improve a project's financial feasibility.

The exemption's effect on housing development is unclear.

- While 34,885 new housing units were created with the exemption, it is unclear how many would have been built without the preference.
- To evaluate how the preference may affect decisions to build, JLARC staff worked with economist to model various scenarios. Models showed that the exemption improved financial feasibility for some projects, but not for others.

Cities could maximize the exemption's impact

- At least 12 cities already include financial analysis as a factor in offering or approving exemptions.
- Statute ties the maximum rental price for affordable housing to the county's median income. As a result, the exemption may not improve affordability for some households. To improve affordability, at least ten cities have adopted maximum rental prices that are lower than those required by statute.

Without improved reporting, the Legislature will lack critical information for evaluating the exemption

- At least 11 cities failed to report housing development information, making it impossible to determine the total value of the exemption and total units created. Statute does not require cities to report data needed to assess compliance with affordability requirements. The Legislative Auditor recommended changes in the reporting provided by the Departments of Commerce and Revenue.

The Legislature considered HB 2620, HB 2746 and HB 2950, all of which would have implemented aspects of the Legislative Auditor's recommendations. The Legislature ultimately passed HB 2950, exemption which extended the exemption for properties currently exempt until December 2021. The Governor vetoed a section that created a work group to address inconsistencies in implementation.

Exhibit 5: MFTE Results



The preference has no expiration date.

424

Developments have received an exemption

34,885

New housing units have been created

82%

Units located in Seattle, Tacoma, Spokane or Renton

21%

Units designated as affordable

Source: JLARC staff analysis of information compiled from the Department of Commerce, county assessors, and cities.

Public Records

JLARC released a public records data report and reviewed three programs providing public records support to local governments

Washington's Public Records Act (PRA) was a widely discussed topic in Olympia in 2019. JLARC staff examined programs intended to help local governments implement the law, and collected data from public agencies about responses to records requests.

Report: Programs to help local governments comply with the Public Records Act reached 420 local governments, but have yet to establish plans to evaluate long-term impacts.

[Full Report](#) | [Overview](#) | [Video](#) | [Presentation](#)

JLARC staff reviewed three programs established by the Legislature to assist local governments with public records management and disclosure. The three programs are administered by the Attorney General's Office (AGO) and State Archives (Archives). They provide training, consultation, and grants related to public records management and response to records requests.

Exhibit 6: Public records programs offered to local governments

AGO CONSULTATION	ARCHIVES' CONSULTATION AND TRAINING	ARCHIVES' LOCAL RECORDS GRANT
Assists local governments with best practices for managing records requests, incorporating technology into request response, and mitigating costs and liability related to compliance with the Public Records Act.	Provides local governments with advice, guidance, and support related to public records management and retention practices.	Provides funding to local governments for improving public records organization, digitization, and technology tools. \$2.4M awarded 2017-19 biennium

Source: JLARC staff analysis.

JLARC staff identified 420 local governments in 38 counties that participated in at least one of the programs. JLARC staff surveyed participants and found that the programs generally met their needs and led to new public records practices.

- 76% of survey respondents reported the programs met most or all of their needs.
- 66% reported their agency made changes to their records management, retention, and disclosure practices.

The study found that neither AGO nor Archives had plans to evaluate the long-term impacts of their programs. As a result, the Legislative Auditor recommended that each agency produce a strategic plan to focus their future efforts and evaluate the impact of ongoing training, consultation, and grants programs on response time, costs, and liability.

Report: 922 public entities contributed to public records data report

[Full Report](#) | [Presentation](#)

The 2017 Legislature required public agencies that spend \$100,000 or more fulfilling public records requests to report information about public records retention, management and disclosure under the PRA. JLARC staff worked with local governments and other stakeholders to standardize definitions and develop a process to collect information in 2018 and issued the first comprehensive report on the costs associated with the PRA in January 2019.

In 2019, JLARC staff worked with stakeholders to improve the reporting process and update the report to reflect changes made by the 2019 Legislature. JLARC released its second report in April 2020, with data on public records activities between January 1, 2018 and December 31, 2018.

- JLARC staff identified 2,374 public agencies that may be subject to the reporting requirements. For 2018, 922 agencies (39%) either submitted data or indicated that they did not meet the \$100,000 reporting threshold.
- The 2018 report will serve as a benchmark for future reporting periods.

Exhibit 7: The report includes interactive dashboards for each the metrics



IMPACT & AWARDS

Work recognized with Impact Award

JLARC report *Fees Assessed for Forest Fire Protection* wins 2019 NLPES Impact Award

The Joint Legislative Audit and Review Committee (JLARC) staff received the 2019 Impact Award from the National Legislative Program Evaluation Society (NLPES) for the study of [Fees Assessed for Forest Fire Protection](#). This report also won the 2018 NLPES Excellence in Research Methods Award.

In commending JLARC's work, NLPES noted that **"this study illustrates the superior program evaluation work being provided to state legislatures."**

About the study

At the Legislature's direction, JLARC staff reviewed assessment fees paid by forest landowners for wildfire protection activities such as preparedness and training. Legislators expressed particular interest in fairness. For example, they wondered if some landowners received protection without paying the fees.

JLARC staff created a database of 2.8 million land parcels from 32 sources to answer the study questions. In the 2017 report, JLARC staff:

- Identified 20,135 parcels that do not pay the assessment or a local fire district tax.
- Demonstrated the inconsistent application of the assessment across the state by combining our database and aerial imagery.
- Revealed that the Department of Natural Resources stopped reviewing parcels to determine their eligibility for the assessment fee in 2010.

Legislature responded with bills simplifying annexations to fire districts and directing agency action

JLARC staff's work to quantify and map unprotected parcels led to Senate Bill 5010, which was signed by the Governor on April 29, 2019. The first line of the bill recognizes the JLARC report.

- The bill creates a new mechanism to make it easier for local fire districts to annex a parcel that receives fire protection services but is not currently subject to a local levy or the state assessment.
- Before this law, districts had to go through an expensive and time-consuming petition and election process. In many cases, it was not worth the money and effort to annex a small number of parcels into the local fire district. The legislation simplifies the annexation and has the potential to increase revenue for local fire districts.

The Legislature also passed House Bill 2561, which the Governor signed in 2018. This bill directs the Wildland Fire Advisory Committee to develop recommendations to address JLARC's findings, including protecting areas that do not pay the state assessment or a local fire district tax.

DNR improved program based on audit recommendations

DNR is making changes to its policies and procedures, consistent with JLARC's recommendations.

State law obligates DNR to determine which lands are forest land and subject to the assessment fee. However, JLARC staff found that DNR did not have a clear or consistent definition of forest land and that agency staff used different procedures to review parcels. The report recommended that DNR develop and communicate a clear definition of forest land and implement a process to consistently apply the definition across the state.

DNR has taken concrete and documented steps to address the recommendations, including:

- Hiring a coordinator to manage the process of reviewing parcels to determine if they should pay the assessment.
- Developing and promulgating a definition of forest land.
- Convening a work group of regional DNR foresters to develop internal guidelines for parcel reviews.
- Developing procedures for communicating parcel information and data to county assessors.
- Acquiring IT solutions that incorporate GIS and remote sensing technologies to expedite parcel reviews.

STUDIES COMPLETED IN 2019

All 2019 reports

JLARC issued 19 reports in 2019 addressing a wide range of topics

JLARC pursues its mission by conducting performance audits, program evaluations, sunset reviews, tax preference performance reviews, and other analyses. At the direction of the Legislature or the Committee, JLARC staff also manage ongoing data collection and reporting efforts. The following is a list of all reports issued in 2019.

2019 report conclusions and recommendations

Study Title	Legislative Auditor Conclusions	Recommendations
Employment and Community Inclusion Services for People with Developmental Disabilities Report 19-01 One Page Overview	The Developmental Disabilities Administration prioritizes services that help clients get jobs in the community. It does not determine how its services impact individual clients' quality of life.	<ol style="list-style-type: none"> 1. DDA should implement a system to measure quality of life outcomes for its clients in employment and community inclusion services. 2. DDA should ensure that all clients are notified of the option to switch to community inclusion services. 3. DDA should continue to strengthen and expand community inclusion services.
Analyzing Development Costs for Low-Income Housing	Development costs for six projects are consistent with independent estimates. Commerce can improve cost controls, and the Housing	<ol style="list-style-type: none"> 1. The Commission should identify and evaluate options for increasing the involvement of for-profit developers in the 9% tax credit program and

Study Title	Legislative Auditor Conclusions	Recommendations
Report 19-02 One Page Overview	Finance Commission has opportunities to lower costs by examining for-profit developer involvement.	report their findings to the Legislature. 2. Commerce should collect final development cost data from Housing Trust Fund recipients to improve cost controls. 3. Commerce and the Commission should report development cost data to the Legislature annually.
Performance Measurement of Homelessness Programs Report 19-03 One Page Overview	Commerce and local governments comply with key planning and reporting requirements. As Commerce responds to 2018 legislation, it should clearly demonstrate how its actions measurably contribute to the state's goal of ending homelessness.	1. When implementing the planning and reporting requirements in RCW 43.185C.040 and RCW 43.185C.045, Commerce should clearly explain how its actions will measurably contribute to the state's goal of ending homelessness. 2. Commerce should implement processes to track compliance with WSQA application requirements in RCW 43.185C.210.
Capital Budget Staffing Report 19-04 One Page Overview	The state spent \$149 million of capital budget funds in 2015-17 on salaries and benefits for 840 FTEs. The state's accounting system has reliable staff and salary/benefit data for state agencies, but lacks detail for higher education institutions.	The Legislative Auditor did not issue recommendations for this study.
Opportunity Scholarship and Opportunity Expansion Programs Report 19-05 One Page Overview Video Overview Presentation	The Washington State Opportunity Scholarship (WSOS) complies with statute and provides scholarships to low- and middle-income students pursuing high-demand STEM and health care degrees. WSOS can improve legislative reporting by coordinating with state agencies	1. WSOS should develop and implement a plan to coordinate with state agencies such as the Office of Financial Management's (OFM) Education Research and Data Center (ERDC), the Washington Student Achievement Council (WSAC), and the Employment Security

Study Title	Legislative Auditor Conclusions	Recommendations
	for financial aid and employment data.	<p>Department (ESD) to provide additional information in its annual legislative reports.</p> <p>2. WSOS should include its overall non-scholarship costs, including the total cost to administer the Opportunity Scholarship program, in its annual legislative report.</p>
<p>Joint Center for Aerospace Technology Innovation Sunset Review</p> <p>Report 19-06 One Page Overview Video Overview Presentation</p>	<p>The Legislature should continue the JCATI program because it is meeting legislative intent to pursue joint university-industry research, enhance the education of students, and work with aerospace firms in Washington.</p>	<p>The Legislature should continue JCATI because the legislative intent to pursue industry-university aerospace research, enhance the education of students, and work with aerospace firms in Washington is being met.</p>
<p>Follow-up on WSDOT's Long-Term Estimates of Bridge Preservation Needs</p> <p>Report 19-07 One Page Overview Video Overview Presentation</p>	<p>WSDOT has taken steps to improve its long-term estimates of bridge preservation needs, but will need to continue its work to provide complete and reliable estimates.</p>	<p>1. WSDOT should report to the Legislature on its progress with implementing its bridge management system.</p> <p>2. WSDOT and OFM should develop and implement a plan to communicate long-term bridge preservation needs accurately, reliably, and transparently.</p>

2019 Tax Preference Performance Reviews

<p>2019 Tax Preference Performance Reviews</p> <p>Report 19-08 Overview Presentation</p>	<p>In 2019, JLARC staff reviewed 17 preferences in nine reports below (similar preferences may be combined into one report).</p> <p>View a more detailed summary of all the preferences here.</p> <p>The Citizen Commission for Performance Measurement of Tax Preferences also considers preferences based on information provided by the Department of Revenue. View the 2019 expedited preference report here (PDF). The table below lists estimated beneficiary savings and Legislative Auditor's conclusion for each preference.</p>
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Study Title	Legislative Auditor Recommendation	Commissioners' Recommendations
Aerospace Tax Preference Summary Video Summary	Clarify	Endorsed with comment
Aircraft Part Prototypes One Page Overview	Terminate	Endorsed
Commercial Airplane Parts: Place of Sale One Page Overview	Review and clarify	Endorsed with comment
Commuter Air Carrier Airplanes (Property Tax) One Page Overview Video Summary	Modify	Endorsed with comment
Commuter Air Carrier Airplanes (Sales and Use Tax) One Page Overview Video Summary	Clarify expectations for levels of service and locations served	Endorsed with comment
Financial Institutions' Income from Certain Airplane Loans One Page Overview Video Summary	Clarify the intent and duration	Continue and clarify intent only
Hog Fuel to Produce Energy One Page Overview Video Summary	Continue if facilities keep achieving the 75% job retention goal	Endorsed with comment
Modifying Large Private Airplanes Owned by Nonresidents One Page Overview Video Summary	Continue and clarify the objective	Endorsed with comment

Study Title	Legislative Auditor Recommendation	Commissioners' Recommendations
Property Tax Exemption for Multifamily Housing in Urban Areas One Page Overview Video Summary	Modify	Endorsed with comment

Ongoing data collection projects

Subject of data collection	Description
Public Records Reporting	<p>RCW 40.14.026 requires agencies subject to the Public Records Act to report information about public records retention, management, and disclosure. JLARC collects this information and makes it available to the public.</p>
How Washington Compares	<p>JLARC staff prepared this reference guide for Washington legislators to illustrate how Washington compares to other states in five broad areas:</p> <ul style="list-style-type: none"> • Population size, economy, education and health • Government spending and debt • Education costs and spending • Taxes and revenue • Public assistance, transportation, and public safety spending <p>This report uses information from national datasets. Our intent is to make these public data sources more accessible and interactive.</p>
Lodging Tax Expenditures	<p>In 2013, the Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to collect and report information about local use of lodging tax revenue for tourism purposes (Ch. 196, Laws of 2013). This report summarizes lodging tax data for calendar years 2014 through 2018, as reported by cities, towns, and counties that received a distribution of lodging tax revenue.</p>

IMPACT & AWARDS

Recommendations improve government performance

The Legislature and agencies use JLARC's work to improve government performance

JLARC's objective assessments help inform legislators, maximize the impact of state investments, and improve transparency

Providing legislators with objective assessments of programs' performance

- JLARC staff found that the Developmental Disabilities Administration prioritizes services that help clients get jobs in the community, but it does not determine how its services impact individual clients' quality of life.
 - [Full report](#)
- JLARC staff reviewed whether Commerce and local governments comply with key planning and reporting requirements for homelessness programs. The Legislative Auditor recommended that Commerce clearly demonstrate how its actions measurably contribute to the state's goal of ending homelessness.

- [Full report](#)

Maximizing the impact of state investments

- JLARC staff found that a tax preference for nonresidents who modify large private airplanes in Washington has likely resulted in new jobs and increased state tax revenues by \$1.8 million to \$3.3 million annually, and recommended that it be continued.

- [Full report](#)

Improving transparency

- JLARC staff reviewed the Washington State Opportunity Scholarship (WSOS), which provides scholarships to low- and middle-income students who pursue high-demand STEM and health care degrees. The report found that WSOS can improve legislative reporting by coordinating with state agencies for financial aid and employment data.
- JLARC staff introduced a new briefing report, How Washington Compares, which takes national datasets and makes them more accessible and interactive to show how Washington compares to other states.

- [Full report](#)

88% of recommendations to state agencies have been implemented or are in progress

Our audits offer recommendations to improve agencies' performance or respond directly to the Legislature's questions. Between 2015 and 2018, the Joint Legislative Audit &



Review Committee issued 31 recommendations to state agencies to improve the efficiency, effectiveness, and accountability of their operations.

Status of agency recommendations

Report Title	Agency	Recommendation	Implementation Status
Competency to Stand Trial Report 14-1	Department of Social and Health Services	The Behavioral Health and Service Integration Administration should provide accurate, consistent, and timely reporting on the number of defendants referred for competency evaluations, the number of evaluations completed, and the timelines in admitting defendants to the hospitals.	Action in Progress
Competency to Stand Trial Report 14-1	Department of Social and Health Services	After collecting and analyzing descriptive data about its current operations, the Department of Social and Health Services should hire an independent, external consultant to develop 1) a service delivery approach that enables the Behavioral Health and Service Integration Administration (the Administration) to meet the statutory targets, and 2) a staffing model to implement the new approach.	Action in Progress
Competency to Stand Trial Report 14-1	Department of Social and Health Services	The Behavioral Health and Service Integration Administration should take actions to comply with additional statutory requirements from SSB 6492.	Partially Implemented
Competency to Stand Trial Report 14-1	Department of Social and Health Services	The Behavioral Health and Service Integration Administration, its primary judicial system partners, including the Administrative Office of the Courts, and	Implemented

		other stakeholders should meet to develop an approach to assure collaboration and communication among the partners.	
Competency to Stand Trial Report 14-1	Department of Social and Health Services	The Behavioral Health and Service Integration Administration should work with its judicial system partners, including the Administrative Office of the Courts and other stakeholders, to develop training specific to their professions, as well as training material appropriate for cross training.	Action in Progress
UW Alternative Public Works Sunset Review Report 14-3	University of Washington (UW)	UW should identify opportunities to reduce the time to select contractors for Harborview projects. UW should report the results of its review to the Legislature and the Capital Projects Advisory Review Board.	Implemented
UW Alternative Public Works Sunset Review Report 14-3	University of Washington (UW)	UW should track use of woman- and minority-owned subcontractors on projects using the alternative process to determine whether it is meeting its internal goal.	Implemented
UW Alternative Public Works Sunset Review Report 14-3	University of Washington (UW)	UW should review the other contracting steps that follow contractor selection to identify opportunities to reduce the time to begin constructing Harborview projects. UW should report the results of its review to the Legislature and the Capital Projects Advisory Board.	Implemented
Gas Vapor Regulations Report 14-4	Department of Ecology, Puget Sound Clean Air Agency, Southwest Clean Air Agency	The Department of Ecology and the local clean air agencies should estimate and publish when Stage II requirements will begin to increase emissions. This analysis should determine whether keeping Stage II systems helps the regions meet Environmental Protection Agency's current ozone standard and the costs and cost effectiveness associated with keeping these systems.	Implemented

<p>Highway Maintenance and Preservation Needs</p> <p>Report 14-5</p>	<p>Department of Transportation (WSDOT)</p>	<p>WSDOT should use best practices to make its bridge estimates as reliable as its pavement estimates.</p>	<p>Action in Progress</p>
<p>Highway Maintenance and Preservation Needs</p> <p>Report 14-5</p>	<p>Office of Financial Management (OFM), Department of Transportation (WSDOT)</p>	<p>WSDOT and OFM should develop a process to improve stakeholders' confidence in its highway estimates.</p>	<p>Action in Progress</p>
<p>State Recreation and Habitat Lands</p> <p>Report 15-1</p>	<p>Recreation and Conservation Office, Department of Natural Resources, Department of Fish and Wildlife, Washington State Parks and Recreation Commission</p>	<p>The Legislative Auditor recommends that the five agencies develop a single, easily-accessible source for information about proposed recreation and habitat land acquisitions, including detailed outcomes and future costs.</p>	<p>Action in Progress</p>
<p>Workers' Compensation Claims Management</p> <p>Report 15-4</p>	<p>Department of Labor and Industries (L&I)</p>	<p>L&I should institute standards for early phone contact, claim management planning, and clear documentation in claims management. L&I should provide a plan to JLARC for how and when it will achieve the standards and provide annual progress reports describing actions taken to complete the plan.</p>	<p>Action in Progress</p>
<p>Workers' Compensation Claims Management</p> <p>Report 15-4</p>	<p>Department of Labor and Industries (L&I)</p>	<p>L&I should expand its pilot programs and enhance its claims management support systems (training, performance measures, and technology) with a focus on return to work. L&I should provide a plan to JLARC for how and when it will expand pilot programs and enhance support systems and should provide annual progress reports describing actions taken to complete the plan.</p>	<p>Action in Progress</p>



<p>Unemployment Insurance Training Benefits</p> <p>Report 16-1</p>	<p>Employment Security Department</p>	<p>The Employment Security Department should prepare a plan to identify reasons why outcomes improve for some training benefits participants and not others, and determine whether there are opportunities to change the Program to improve outcomes for all participants.</p>	<p>Action in Progress</p>
<p>Unemployment Insurance Training Benefits</p> <p>Report 16-1</p>	<p>Employment Security Department</p>	<p>The Employment Security Department should develop a plan and associated cost estimate to improve its administration of the Training Benefits Program, to include: improving the application form, improving guidance to its Program partners, improving the timeliness of its decisions, establishing quality assurance review, and improving its performance measures.</p>	<p>Action in Progress</p>
<p>Second Sunset Review of UW's Alternative Process for Selecting Medical Facility Construction Contractors</p> <p>Report 17-1</p>	<p>University of Washington (UW)</p>	<p>The UW should establish timeliness goals for selecting a contractor and beginning construction, and annually monitor its progress in meeting its goals. The UW should report this information to the Capital Projects Advisory Review Board (CPARB) by September 2017, and in its subsequent biennial reports.</p>	<p>Action in Progress</p>
<p>Second Sunset Review of UW's Alternative Process for Selecting Medical Facility Construction Contractors</p> <p>Report 17-1</p>	<p>University of Washington (UW) and Office of Minority and Women's Business Enterprises (OMWBE)</p>	<p>In consultation with the Office of Minority and Women's Business Enterprises, the UW should identify the barriers it believes impede its use of certified minority and woman owned firms and suggest remedies to those barriers. The UW should report this information to the Capital Projects Advisory Review Board (CPARB) by September 2017, and in its subsequent biennial reports. CPARB can then determine whether or not to recommend policy changes to the Legislature.</p>	<p>Action in Progress</p>
<p>Unaccompanied Homeless Youth</p> <p>Report 17-3</p>	<p>Department of Commerce (Commerce) and Office of Superintendent of Public</p>	<p>Commerce and OSPI should issue joint guidance to counties and school districts, and clarify how they can work together to improve estimates of the unaccompanied homeless youth population.</p>	<p>Partially Implemented</p>

	Instruction (OSPI)		
Governor's Interagency Coordinating Council on Health Disparities Report 17-4	The Council	The Council should submit action plan updates every two years with content that reflects the entire prioritized list of health disparities.	Partially Implemented
Governor's Interagency Coordinating Council on Health Disparities Report 17-04	The Council	The Council should include the status of all recommendations and all diseases, conditions, and health indicators from the prioritized list in its progress reports.	Action in Progress
Puget Sound Partnership 2016 Report 17-05	Puget Sound Partnership and Office of Financial Management	The Partnership should submit a plan to the Legislature that identifies and addresses needed revisions to the planning and recovery timeframes.	Implemented
Puget Sound Partnership 2016 Report 17-05	Puget Sound Partnership (Partnership) and Office of Financial Management (OFM)	The OFM and the Partnership should submit a plan to the Legislature that details how they will create a more complete inventory of recovery actions and funding.	Action in Progress
Puget Sound Partnership 2016 Report 17-05	Puget Sound Partnership (Partnership) and Office of Financial Management	The Partnership should submit a plan to the Legislature that details how it will address the deficiencies in its ability to meet the essential requirements for a monitoring program, as identified by JLARC staff. The plan should also address how the Partnership will improve and clarify links between monitoring and planning.	Partially Implemented
Fees Assessed for Forest Fire Protection	Department of Natural Resources (DNR)	DNR should clarify the definition of forest land and implement a process to	Action in Progress

Report 17-06		consistently apply the definition across the state.	
Fees Assessed for Forest Fire Protection Report 17-06	Department of Natural Resources (DNR)	DNR should coordinate with county officials to create consistent policies for administering the assessment. DNR should develop consistent guidance for county officials to address parcel changes that impact the assessment. DNR should solicit input from county officials to ensure that they can efficiently and effectively implement the guidance. In addition to guidance, DNR should develop a policy regarding communications with county officials.	Action in Progress
Measuring Outcomes of Land Acquisitions and Regulations Report 18-01	Office of Financial Management (OFM) and Recreation and Conservation Office (RCO)	<p>OFM and RCO should develop and submit a joint plan to the Legislature detailing the actions, costs, and timelines needed to comply with statutes that direct them to measure performance of land acquisitions and related grant programs.</p> <ul style="list-style-type: none"> • RCW 43.41.270 directs OFM to assist natural resource agencies in developing outcome-focused performance measures for administering natural resource-related and environmentally based grant and loan programs. • RCW 79A.15.065 directs RCO to develop outcome-focused performance measures to be used for management and performance assessment of grant programs. • Neither requirement has been implemented. 	Implemented
Measuring Outcomes of Land Acquisitions and Regulations Report 18-01	Department of Natural Resources (DNR), Department of Fish and Wildlife (WDFW), and State Parks and Recreation	DNR, WDFW, and State Parks should provide the Legislature with a plan detailing the resources necessary to report stewardship needs. Consistent with OFM's planning guidance, this reporting should include: the current state of agency-managed lands, the desired state, and actions needed to achieve the desired state.	Implemented

	Commission (State Parks)	<p>OFM’s guidance suggests agencies answer four key questions:</p> <ol style="list-style-type: none"> 1. Where are we today? 2. Where do we want to be in the future? 3. How do we close the gap? 4. How will we know if we are succeeding? 	
<p>Wildfire Suppression Funding and Costs</p> <p>Report 18-02</p>	Department of Natural Resource (DNR)	<p>DNR should refine its collection of key data elements and seek input from the appropriate Legislative committees. The Department of Natural Resources (DNR) should identify the key data elements it needs for internal management and for responding to the most common information requests. This will likely revise the current list of data collected, and some information may no longer be needed. The agency should propose its list of data elements to the appropriate legislative committees of the House and Senate to ensure the data will meet legislative needs. DNR should plan to periodically review this list internally and with the Legislature on an ongoing basis.</p>	Agency did not respond to request for status update
<p>Wildfire Suppression Funding and Costs</p> <p>Report 18-02</p>	Department of Natural Resource (DNR)	<p>DNR should improve the accuracy and reliability of the key data elements it collects Wildfire Suppression Funding and Costs. After DNR has refined the data elements it will collect (as described in the prior recommendation), it should implement agency-wide policies and procedures for data entry and validation to ensure that the data collected and reported is accurate and reliable.</p>	Agency did not respond to request for status update
<p>Wildfire Suppression Funding and Costs</p> <p>Report 18-02</p>	Department of Natural Resource (DNR)	<p>DNR should develop a systematic and verifiable way to identify the costs of individual fires. There are a variety of ways that DNR can achieve this, from simple to complex. For example, methods could include a single spreadsheet-based index of all project</p>	Agency did not respond to request for status update

		<p>codes, adding fields to existing databases, or creating an interface between the financial and fire data systems. DNR also should consider having a consistent set of fields for the spreadsheets used to track fire codes at the regions.</p> <p>Any approach should ensure that the list of codes is consistently maintained and updated throughout the fiscal year to improve the efficiency and accuracy of reporting.</p>	
<p>DES/OFM Approach to Assessing Contracting Options</p> <p>Report 18-03</p>	<p>Department of Enterprise Services (DES), Office of Financial Management (OFM)</p>	<p>Department of Enterprise Services (DES) should collect and retain evidence of contractor and DES cost and performance data associated with the pilot projects and any additional contracts entered through this statutory process.</p>	<p>Implemented</p>

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