2020 Legislative Auditor Annual Report
INDEPENDENT | OBJECTIVE | CREDIBLE

Rising to challenges posed in 2020, JLARC staff completed all planned studies, providing in-depth, objective answers to the Legislature's questions

To say that 2020 was a challenging year would be an understatement. I am proud to report that JLARC and its staff rose to the challenge, swiftly moving to an online work environment. Our work plan was unaffected, and we continued to provide objective, nonpartisan analysis that informs legislative decisions.

Staff completed 20 studies on topics such as tax preferences, public records training, and wildland fire preparedness and prevention

The Legislature directs the work of JLARC staff through bills, budget provisos, and committee direction. This report lists all studies completed in 2020 and highlights six studies in three key policy areas:

1. **Emergency services:** One study evaluated a state-funded mapping system for K-12 schools and another reviewed a program that provides Medicaid reimbursement for "treat and refer" services.

2. **State procurement:** One study reviewed Washington State Patrol vehicle replacement decisions and another examined alternative public works contracting procedures.

3. **Economic development:** JLARC staff reviewed a tax preference for the state's microbreweries and the LIFT program, which is intended to support local infrastructure projects.

Studies offer recommendations to improve agencies' performance or respond directly to the Legislature's questions. Between 2016 and 2019, the Legislative Auditor issued 35 recommendations to state agencies.

About JLARC

The Joint Legislative Audit and Review Committee (JLARC) is a bicameral, bipartisan committee. Its audit authority is in state law.

JLARC's professional nonpartisan staff work under the Legislative Auditor's direction to evaluate a broad range of state government functions.

Exhibit: Recommendations over last four years aim to improve the efficiency, effectiveness, and accountability of state agencies' operations

6	10	6	3	10
Recommendations to:	Recommendations to:	Recommendations to:	Recommendations to:	Recommendations to:
Improve service delivery	Improve reporting and communication	Improve cost effectiveness and resource use	Improve legislative oversight	Improve program management

In 2021, reports will answer questions about topics such as the Health Care Authority budget structure, local government impact fees, health benefits for school employees, the Unemployment Insurance Training Benefits Program, and tax preferences for renewable energy programs. You can learn more in our biennial work plan.

JLARC's work was nationally recognized for methods, impact, and presentation

The quality and creativity of JLARC's work was recognized by the National Conference of State Legislatures with three awards in 2020:

1. Our review of Opportunity Scholarship and Opportunity Expansion Programs won the prestigious **Excellence in Research Methods Award** for the breadth of analysis and use of machine learning and modeling.

2. Our study of the Multifamily Housing Tax Exemption (MFTE) received an **Impact Award** based on actions taken by the Legislature and audited agency in response to the study's findings.

3. Our evaluation of services for people with developmental disabilities won the **Notable Document Award** for its use of data visualization and interactive charts.

Also in 2020, the National Legislative Program Evaluation Society (NLPES) and staff from legislative audit offices in New Mexico and Montana completed a peer review of our work, staff training, and quality control. JLARC received the highest possible rating.

I hope that this report conveys the exceptional work done by JLARC committee members and staff in 2020. We look forward to continuing these efforts to make state government operations more effective, efficient, and accountable. Please consider following us on our website, TVW, YouTube, and Twitter.

Keenan Konopaski, Washington State Legislative Auditor

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.

JLARC members as of date of publication.

SENATORS   REPRESENTATIVES

Mark Mullet	Lynda Wilson	Ed Orcutt	Gerry Pollet
Chair	*Secretary*	*Vice Chair*	*Asst. Secretary*

Bob Hasegawa	Ann Rivers	Rebecca Saldaña	Jake Fey	Noel Frame	Larry Hoff

Vacant	Shelly Short	Keith Wagoner	Vicki Kraft	Drew Stokesbary	*Vacant*

ABOUT JLARC
Audit authority is in state law

Professional standards ensure nonpartisan answers to Legislature's questions

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 nonpartisan 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.

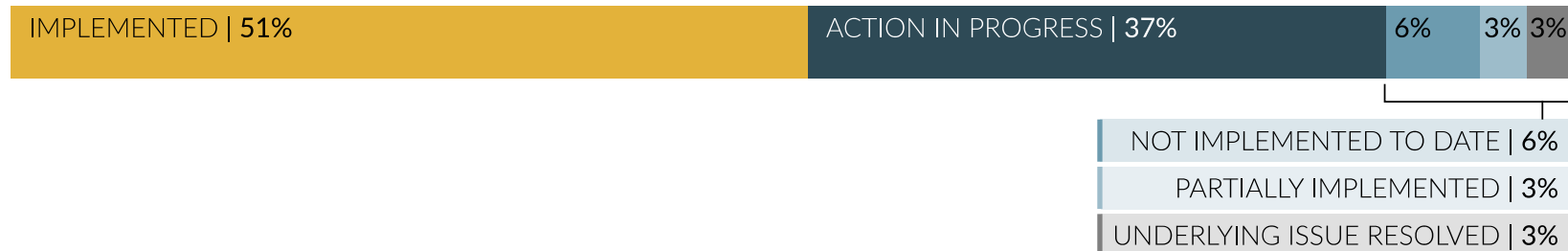## Recommendations improve government performance

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

JLARC staff have divided recommendations into five categories, listed below

- **Improve program management:** Recommendations intended to improve agency internal processes (e.g. developing strategic plans, policies, or procedures) and collect data or improve data quality (e.g. standardization, consistency, new systems). These recommendations are intended to improve state agency management of programs.

- **Improve legislative oversight:** Recommendations directed to the Legislature.

- **Improve agency reporting and communication:** Recommendations intended to enhance external accountability for state agencies. This includes recommendations for agencies to provide information or reports to the Legislature.

- **Improve service delivery:** Recommendations intended to improve the quality of programs and services delivered to the end user. Includes recommendations to conduct needs analysis, provide accountability to the public, or improve how programs serve their users.

- **Improve cost effectiveness and resource use:** Recommendations intended to streamline operations (e.g. consolidation of programs or coordination between agencies) or improve cost effectiveness (including recommendations to collect cost-related data).

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

| IMPLEMENTED | 51% | ACTION IN PROGRESS | 37% | 6% | 3% | 3% |

NOT IMPLEMENTED TO DATE | 6%
PARTIALLY IMPLEMENTED | 3%
UNDERLYING ISSUE RESOLVED | 3%

Our audits offer recommendations to improve agencies' performance or respond directly to the Legislature's questions. Between 2016 and 2019, the Joint Legislative Audit & Review Committee issued 35 recommendations to state agencies to improve the efficiency, effectiveness, and accountability of their operations.

Status of agency recommendations

Click here for acronym definitions

Report Title	Agency	Recommendation	Recommendation Category	Implementation Status
Unemployment Insurance Training Benefits **Report 16-01**	ESD	The ESD 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.	Improve service delivery	Action in progress
Unemployment Insurance Training Benefits **Report 16-01**	ESD	The ESD 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.	Improve program management	Action in progress
Second Sunset Review of UW's Alternative Process for Selecting Medical Facility Construction Contractors **Report 17-01**	UW	The Legislature should continue UW's alternative process for selecting medical facility construction contractors because overall timeliness and contractor performance ratings have improved.	Improve legislative oversight	Implemented
Second Sunset Review of UW's Alternative Process for Selecting Medical Facility Construction Contractors **Report 17-01**	UW	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 CPARB by September 2017, and in its subsequent biennial reports.	Improve program management	Action in progress

Second Sunset Review of UW's Alternative Process for Selecting Medical Facility Construction Contractors **Report 17-01**	UW and OMWBE	In consultation with the OMWBE, 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 CPARB by September 2017, and in its subsequent biennial reports. CPARB can then determine whether or not to recommend policy changes to the Legislature.	Improve service delivery	Action in progress
Unaccompanied Homeless Youth **Report 17-03**	Commerce	Commerce should brief relevant legislative committees about how current consent law is interpreted, its effect on collecting data from homeless youth, and the potential impacts and trade-offs of collecting this data to evaluate program outcomes.	Improve agency reporting and communication	Implemented
Unaccompanied Homeless Youth **Report 17-03**	Commerce	Commerce should develop program-specific performance measures. Commerce should incorporate performance measurement into grant agreements beginning in fiscal year 2018.	Improve program management	Implemented
Unaccompanied Homeless Youth **Report 17-03**	Commerce and OSPI	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.	Improve program management	Implemented
Governor's Interagency Coordinating Council on Health Disparities **Report 17-04**	The Council	The Council should submit action plan updates every two years with content that reflects the entire prioritized list of health disparities.	Improve program management	Partially implemented
Governor's Interagency Coordinating Council on Health Disparities	The Council	The Council should include the status of all recommendations and all diseases, conditions, and	Improve agency reporting and communication	Action in progress

Report 17-04		health indicators from the prioritized list in its progress reports.		
Puget Sound Partnership 2016 Report 17-05	Partnership and 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.	Improve agency reporting and communication	Implemented
Puget Sound Partnership 2016 Report 17-05	Partnership and 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.	Improve agency reporting and communication	Implemented
Puget Sound Partnership 2016 Report 17-05	Partnership and OFM	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.	Improve agency reporting and communication	Implemented
Fees Assessed for Forest Fire Protection Report 17-06	DNR	DNR should clarify the definition of forest land and implement a process to consistently apply the definition across the state.	Improve service delivery	Action in progress
Fees Assessed for Forest Fire Protection Report 17-06	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	Improve program management	Action in progress

		develop a policy regarding communications with county officials.		
Measuring Outcomes of Land Acquisitions and Regulations Report 18-01	RCO and OFM	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. • 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.	Improve agency reporting and communication	Implemented
Measuring Outcomes of Land Acquisitions and Regulations Report 18-01	Legislature	If the Legislature wants reliable information about the outcomes of regulatory programs implemented at the local level, it should consider requiring state agencies to work with local governments to develop outcome-focused performance measures. Agencies should work with local governments to develop an approach to monitoring and work with the Legislature to identify funding needs and sources. The effective practices identified in Commerce's guidance for local governments and the consultants' analysis in Appendix 2 would inform the development of performance measures and a monitoring approach	Improve legislative oversight	Implemented

Measuring Outcomes of Land Acquisitions and Regulations **Report 18-01**	DNR, WDFW, and State Parks	DNR, WDFW, and State Parks should provide the Legislature with a plan detailing the resources necessary to report stewardship needs.	Improve agency reporting and communication	Implemented
Wildfire Suppression Funding and Costs **Report 18-02**	DNR	DNR should refine its collection of key data elements and seek input from the appropriate Legislative committees. The 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.	Improve program management	Action in progress
Wildfire Suppression Funding and Costs **Report 18-02**	DNR	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.	Improve program management	Action in progress
Wildfire Suppression Funding and Costs **Report 18-02**	DNR	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 codes, adding fields to existing	Improve cost effectiveness and resource use	Action in progress

		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. 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.		
DES/OFM Approach to Assessing Contracting Options Report 18-03	DES and OFM	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.	Improve cost effectiveness and resource use	Implemented
Employment and Community Inclusion Services for People with Developmental Disabilities Report 19-01	DSHS and DDA	DDA should implement a system to measure quality of life outcomes for its clients in employment and community inclusion services.	Improve service delivery	Not implemented to date
Employment and Community Inclusion Services for People with Developmental Disabilities Report 19-01	DSHS and DDA	DDA should ensure that all clients are notified of the option to switch to community inclusion services. DDA should verify and track whether its staff follow the legislative requirements in RCW71A.12.290.	Improve service delivery	Implemented
Employment and Community Inclusion Services for People with Developmental Disabilities Report 19-01	DSHS and DDA	DDA should continue to strengthen and expand community inclusion services. As required by RCW71A.12.290, DDA should continue to work with counties and stakeholders to strengthen and expand community inclusion services. In doing so, DDA should continue its efforts to train and assist service providers. It also should analyze the service	Improve service delivery	Not implemented to date

		capacity in each county and the sufficiency of payment rates for providers.		
Analyzing Development Costs for Low-Income Housing **Report 19-02**	Commission	The Commission should identify and evaluate options for increasing the involvement of for-profit developers in the 9% tax credit program and report their findings to the Legislature.	Improve cost effectiveness and resource use	Implemented
Analyzing Development Costs for Low-Income Housing **Report 19-02**	Commerce	Commerce should collect final development cost data from Housing Trust Fund recipients to improve cost controls.	Improve cost effectiveness and resource use	Action in progress
Analyzing Development Costs for Low-Income Housing **Report 19-02**	Commission and Commerce	Commerce and the Commission should report development cost data to the Legislature annually.	Improve cost effectiveness and resource use	Action in progress
Performance Measurement of Homelessness Programs **Report 19-03**	Commerce	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.	Improve agency reporting and communication	Implemented
Performance Measurement of Homelessness Programs **Report 19-03**	Commerce	Commerce should implement processes to track compliance with WSQA application requirements in RCW 43.185C.210.	Improve program management	Underlying issue resolved
Opportunity Scholarship and Opportunity Expansion Programs **Report 19-05**	WSOS and OFM	WSOS should develop and implement a plan to coordinate with state agencies such as the OFM's Education Research and Data Center, the WSAC, and the ESD to provide additional information in its annual legislative reports. Planning efforts should	Improve program management	Action in progress

		focus on how to compile, protect confidentiality, and include financial aid and employment data on Opportunity Scholars. WSOS should include updates on its plan implementation and any additional metrics in its annual legislative reports.		
Opportunity Scholarship and Opportunity Expansion Programs **Report 19-05**	WSOS	WSOS should include its overall non-scholarship costs, including the total cost to administer the Opportunity Scholarship program, in its annual legislative report.	Improve agency reporting and communication	Implemented
Joint Center for Aerospace Technology Innovation Sunset Review **Report 19-06**	Legislature	The Legislature should continue JCATI because it is meeting legislative intent to pursue university-industry aerospace research, enhance the education of students, and work with aerospace firms in Washington. Without legislative action, JCATI will end on July 1, 2020.	Improve legislative oversight	Implemented
Follow-Up on WSDOT's Long-Term Estimates of Bridge Preservation Needs **Report 19-07**	WSDOT	WSDOT should report to the Legislature on its progress with implementing its bridge management system.	Improve cost effectiveness and resource use	Implemented
Follow-Up on WSDOT's Long-Term Estimates of Bridge Preservation Needs **Report 19-07**	WSDOT and OFM	WSDOT and OFM should develop and implement a plan to communicate long-term bridge preservation needs accurately, reliably, and transparently.	Improve agency reporting and communication	Implemented

IMPACT & AWARDS

Excellence Award recognized innovative research methods

JLARC report "Opportunity Scholarship and Opportunity Expansion Programs" won 2020 NLPES Excellence in Research Methods Award

The Joint Legislative Audit and Review Committee (JLARC) staff received the 2020 Excellence in Research Methods Award from the National Legislative Program Evaluation Society (NLPES) for the study of Opportunity Scholarship and Opportunity Expansion Programs. The award criteria recognized the "exceptional breadth, depth and scope of fieldwork" and the study's "technical difficulty and sophistication."

Study evaluated scholarship's impact on affordability and outcomes

At the Legislature's direction, JLARC staff reviewed the Opportunity Scholarship and Opportunity Expansion Programs. The Washington State Opportunity Scholarship (WSOS) provides scholarships to low- and middle-income students who are pursuing bachelor's degrees in high-demand science, technology, engineering, and mathematics (STEM) or health care fields. The Legislature was particularly interested in whether the program would make higher education more affordable or increase the number of degrees earned in STEM and health care fields.

JLARC staff used a multi-method approach to collect data

- **Interviews:** Our interviews with financial aid professionals across Washington state suggested that more aid from one source did not necessarily equal more aid overall. This situation reinforced the need for a comparative analysis of college affordability for students who did and did not receive a scholarship.

- **Literature review**: We identified key evaluation metrics and outcomes through a literature review.

- **Data collection and compilation:** We collected K-12 education data, public and private higher education class and financial data, and employment data from multiple state agencies and higher education institutions.

JLARC staff developed a predictive model using machine learning to determine which peer students are pursuing a STEM or health care degree

After considering several research design approaches, we determined that the most robust evaluation would compare Opportunity Scholars to other students who met the eligibility requirements but did not receive a scholarship.

Data provided by the state's Education Research and Data Center (ERDC) contained information about four eligibility requirements (residency, financial aid status, family income, and GPA). However, it did not indicate whether a student was majoring in a STEM or health care field. We used modeling and machine learning on 13.7 million class records to identify whether students met this requirement. Our approach is detailed in Appendix A of the report.

Our methodology allowed us to:

- Identify 29,848 students who met the WSOS eligibility requirements but did not receive a scholarship.

- Report that compared to their peers, Opportunity Scholars have lower out of pocket costs and fewer student loans.

- Provide initial results suggesting that Opportunity Scholars are more like to graduate and earn middle-income wages than their peers.

This analysis suggested that WSOS was meeting its legislative intent and enabled us to make recommendations to improve the information available to the Legislature in the future.

Impact Award recognized study's effect

JLARC tax preference performance report Multifamily Housing Tax Exemption wins 2020 NLPES Impact Award

The Joint Legislative Audit and Review Committee (JLARC) staff received the 2020 Impact Award from the National Legislative Program Evaluation Society (NLPES) for the study of [Multifamily Housing Tax Exemption](#).

Multifamily Housing Tax Exemption (MFTE) intended to encourage development by lowering operating costs

The Multifamily Housing Tax Exemption (MFTE) is a property tax exemption program that allows eligible cities and counties to target specific areas for multifamily housing development. The premise is that if the MFTE can improve a project's financial feasibility by lowering operating costs, it will incentivize more development.

19-08 FINAL REPORT
2019 TAX PREFERENCE PERFORMANCE REVIEWS
Property Tax Exemption for Multifamily Housing in Urban Areas

LEGISLATIVE AUDITOR'S CONCLUSION:

Developers have created housing using the Multifamily Housing Tax Exemption. It is inconclusive whether this use represents a net increase in development. Cities have opportunities to maximize the impact of the exemption and improve reporting on results.

Eligibility is based on population and certain urban planning requirements. Property owners may apply for an 8-year or 12-year exemption for building or rehabilitating multifamily housing. The 12-year exemption requires owners to offer at least 20% of their units as affordable housing. Cities and counties must report to the Department of Commerce (Commerce) when they approve exemptions.

Effect of the program has been inconclusive

JLARC's study found that although the intent of the program was to incentivize more development, its effect has been inconclusive.

- Developers created 34,885 new housing units using the exemption. However, it is unclear how many would have been built without it.

- Financial models showed that the exemption could improve profitability, but could show how often that actually occurred.

The report also demonstrated that without financial analysis by cities on proposed developments, some projects may have been unnecessarily subsidized through MFTE.

Finally, JLARC's report noted critical gaps in reporting. As a result of the gaps, the Legislature lacked critical information for evaluating MFTE and it was impossible to consistently and accurately determine the total value of the exemption and total units created statewide.

Statute does not require cities to report data needed to assess compliance with affordability requirements. The Legislative Auditor recommended modifying the preference to direct cities to include analysis of profitability as a consideration in offering or approving exemptions.

Legislature considered bills pairing expansion of the program with implementation of Legislative Auditor recommendations

Members introduced three bills with a range of provisions expanding the program and implementing recommendations from the JLARC report. Ultimately, the Legislature passed a bill creating a work group to continue policy discussions, as recommended by the Citizen Commission for Performance Measurement of Tax Preferences. The Governor vetoed the provision due to budget constraints resulting from COVID-19.

Commerce improved reporting process and outreach based on audit recommendations

In response to the Legislative Auditor's recommendations to improve its reporting to the Legislature, Commerce added fields to the annual reports it collects from cities. These fields include the metrics such as household size and rent at the per-unit level that Commerce needs to report on the affordability of housing created through the program. Commerce also informed JLARC staff it was improving its outreach process so that cities would be more aware of the program and their obligations.

IMPACT & AWARDS
Notable Document Award recognized data visualizations

JLARC report evaluating services for people with developmental disabilities wins 2020 Notable Document Award

The Joint Legislative Audit and Review Committee (JLARC) staff received the 2020 Notable Document Award from the National Conference of State Legislature's (NCSL) Research Librarian staff section for the study of Employment and Community Inclusion Services for People with Developmental Disabilities.

The NCSL Research Librarian section awards the notable document distinction for legislative documents that:

- Present information accurately and clearly in an organized fashion.
- Significantly contribute to knowledge of concern to legislators.
- Offer graphics that are readily grasped.
- Expand understanding of government processes, functions, or relationships.

One of our core values is ensuring our reports are clear, accessible, and responsive to the needs of legislators. The notable document award is one sign that our efforts are succeeding.

About the study

At the Legislature's direction, JLARC staff reviewed the Developmental Disability Administration's processes to enroll people in services, as well as the outcomes for clients receiving those services. JLARC staff evaluated services that help clients achieve employment and community inclusion services, which help clients develop skills, foster independence, and connect with non-disabled community members.

The report uses a data visualizations and explanatory graphics. An appendix to the report includes interactive charts with additional detail about the number of clients served, amount spent, client earnings, and hours clients worked over time.

In 2020, JLARC staff reviewed two programs related to emergency services: one intended to assist emergency responders at schools and another to reimburse fire departments for certain Medicaid services

While local governments are responsible for providing emergency services[1], the state can play a key role in ensuring these services are delivered in an efficient and equitable manner.

20-02 FINAL REPORT:
First Responder Mapping System in K-12 Schools

First responder mapping system in K-12 schools can be improved with training, outreach strategies, and data use

Full Report | Overview | Video | Presentation

JLARC staff reviewed how school districts and emergency response agencies use the statewide first responder mapping system (Rapid Responder).

- The state-funded system is intended to provide information[2] about schools to emergency response agencies.

- The Washington Association of Sheriffs and Police Chiefs (WASPC) contracts with a private vendor to provide the system statewide.

The study included surveys of school districts and law enforcement agencies, as well as a review of system data. In the survey, 80% of school district respondents and 70% of law enforcement agency respondents reported using the mapping system (see report appendix for all survey responses). However, system data showed that login frequency varied widely and it was unclear if school information was current.

---

[1]Such as fire or law enforcement.
[2]Examples include floor plans, contacts, utilities.

Exhibit: Some districts and emergency response agencies log into the system on a weekly or daily basis, but most log in less routinely

Districts		Emergency response agencies
7	At least daily during school year	1
45	At least weekly	3
59	At least monthly	25
68	At least three times per year	59
42	At least once per year	73
32	Less than annually, but at least once	110
Total: 253		Total: 271
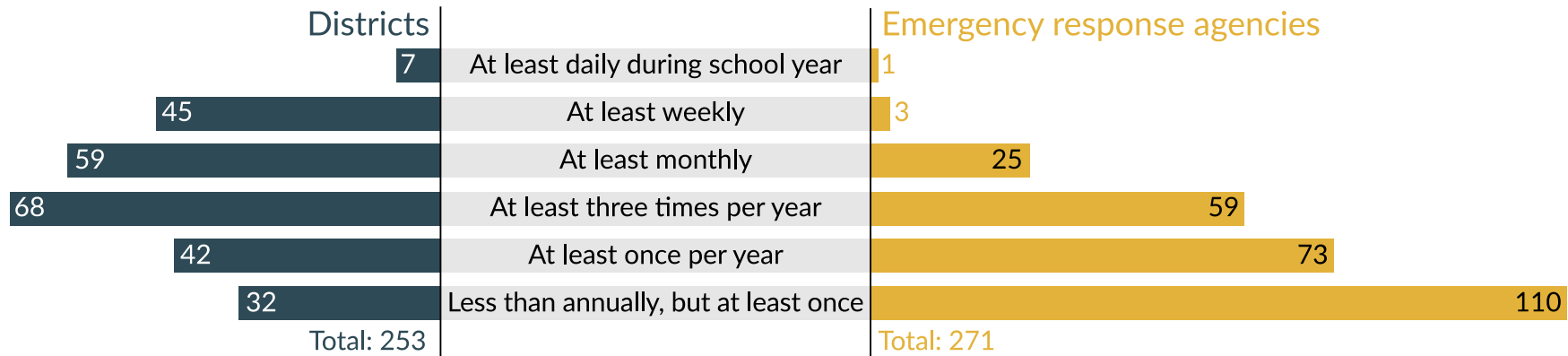
Source: JLARC staff analysis of login data (7/1/2015 through 10/10/2019).

Some limitations are associated with WASPC program management, leading to two recommendations

A majority of survey respondents perceived both advantages and limitations of the system. Some of the limitations were associated with WASPC's approach to program management.

The Legislative Auditor made two recommendations to improve WASPC's program management. WASPC partially concurred, citing resource limitations.

1. WASPC should develop and implement detailed training and outreach strategies that have measurable goals and targets.

2. WASPC should periodically review technology standards, address user feedback about technology issues, and use system data to inform its program management decisions.

Medicaid reimbursement under CARES programs is unlikely to generate additional savings for state

Full Report | Overview | Video | Presentation

JLARC staff reviewed the cost-effectiveness of Medicaid reimbursement standards for services provided by fire departments under Community Assistance Referral and Education Services (CARES) programs.

- In 2013, the Legislature authorized fire departments to establish CARES programs. The programs aim to provide community outreach and assistance to any resident in a department's jurisdiction.

- In 2017, the Legislature directed the Health Care Authority (HCA) to develop standards to reimburse fire departments for health care services provided to Medicaid clients through a CARES program.

- HCA developed standards that it calls "treat and refer" and began allowing reimbursement on July 1, 2019. Reimbursement is equal to the basic life support rate (about $115 per call).

How HCA's treat and refer reimbursement works: Patient calls 911 → Fire department responds → **Treat** patient if no transport is needed... → ...And **refer** patient to providers or services → Request CARES reimbursement

The law requires JLARC to recommend repealing the reimbursement standards if they do not result in cost savings for the state

JLARC staff found that HCA's standards were unlikely to yield cost savings for the state:

- The reimbursement standards overlap with an established program that is paid for with federal funds.

- Achieving cost savings to the state's Medicaid program would require new or expanded CARES programs. However, HCA stated that it did not expect participation to increase significantly.

The Legislative Auditor recommended that because the HCA's approach was unlikely to yield cost savings, the Legislature should consider repealing or revising the statutory direction for reimbursement. The statute that permits CARES programs would not be affected by the repeal of Medicaid reimbursement.

- A Committee addendum stated that if the CARES reimbursement is maintained in law, it should be redesigned. The Committee asked HCA to report options to JLARC and the appropriate policy committees before the 2021 legislative session.

Procurement: we reviewed vehicle replacement and alternative contracting

Legislative Auditor offered recommendations to improve vehicle replacement decisions and continue use of alternative public works contracting procedures

Sound procurement practices are a cornerstone of good governance and a frequent focus for performance audits. JLARC staff conducted two procurement-related studies in 2020.

20-05 FINAL REPORT:
Washington State Patrol Pursuit Vehicle Replacement

Washington State Patrol pursuit vehicle replacement decisions should be based on a revised analysis

Full Report | Overview | Video | Presentation

JLARC staff reviewed the life cycle cost model that the Washington State Patrol (WSP) uses to determine when to replace pursuit vehicles.

- The model determines the mileage at which total life cycle costs per mile is lowest (the optimal replacement target).
- Replacing vehicles at this mileage target results in the lowest cost.
- WSP's model indicated that the optimal replacement target was 110,000 miles.

JLARC staff updated the model to align with available fleet data and best practices. The revised model identified an optimal replacement range between 130,000 and 175,000 miles. After adjusting for factors not included[3] in the model, JLARC staff determined an optimal replacement target of 130,000 miles.

JLARC staff found that WSP is not following some best practices, leading to three recommendations

JLARC staff found that while WSP continued to use the vehicle life cycle cost model, it was not following best practices for updating the analysis and communicating the results with the Legislature. The Legislative Auditor issued three recommendations and WSP concurred .

1. WSP should improve the procedures and data systems it uses to collect and track vehicle maintenance data.
2. WSP should establish and document procedures for conducting life cycle cost analysis each biennium.

---

[3]Example: vehicle safety at high mileage.

3. WSP should provide the Legislature with additional information on its life cycle cost analysis and pursuit vehicle budget when it submits its biennial budget requests.

Alternative public works contracting methods are widely used and should be continued

Full Report | Overview | Video | Presentation

JLARC staff completed a sunset review of the alternative public works contracting procedures authorized in RCW 39.10.

The statute authorizes three alternative public works contracting procedures and creates the Capital Projects Advisory Review Board (CPARB):

- The three contracting procedures — general contractor/construction manager (GC/CM),design-build, and job order contracting — allow public entities to select contractors based on qualifications and price factors.

- CPARB evaluates public works contracting, provides policy advice to the Legislature, and serves as a forum through which stakeholders can continually improve alternative public works contracting methods.

A CPARB committee called the Project Review Committee (PRC) makes decisions about public entities' applications to use alternative methods. The Committee has maintained a consistent application review process across the state.

Exhibit: More than $23 billion of projects have been approved by or reported to the PRC since 2013
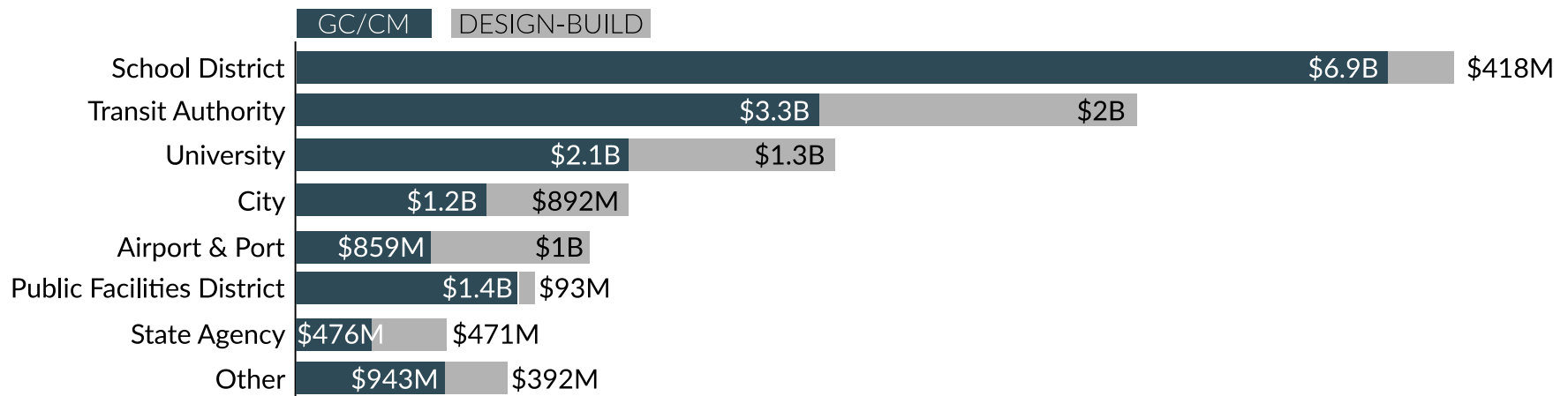
Source: JLARC staff analysis of Project Review Committee records.

Legislative Auditor recommended reauthorization and revised data collection

Absent legislative reauthorization, RCW 39.10 was scheduled to sunset in June 2021. The Legislative Auditor recommended that the Legislature reauthorize the statute. As of March 2021, the Senate had passed SB 5032 reauthorizing the procedures.

The Legislative Auditor also recommended that CPARB evaluate which job order contracting data it needs to perform its functions and propose appropriate modifications to the Legislature. Public bodies using this contracting procedure must report specific metrics to CPARB each year, but there have been gaps in data collection and some of the statutory reporting requirements may not align with CPARB's primary duties or interests. Modifications to JOC data collection are included in SB 5032.

STUDIES COMPLETED IN 2020
Economic development: we reviewed incentives for breweries and infrastructure

JLARC reviewed two of the state's economic development initiatives

State lawmakers use a wide range of policy levers in their efforts to spur economic growth and development. While the approaches vary, the policy objectives are broadly the same: increase economic growth in a specific geographic area or industry. The following highlights two of the many incentives and tax preferences that JLARC staff reviewed in 2020.

A $7.2 million biennial beer tax exemption intended for microbreweries provided 84% of the direct savings to beer distributors

Full Report | Overview | Video | Presentation

As part of the 2020 tax preference performance reviews, JLARC staff analyzed the impact of a 1993 beer tax exemption. We found that Washington's beer industry had changed since the preference was enacted and microbreweries were not the primary beneficiaries.

- Washington has hundreds of small breweries. While 89% of Washington's breweries used the preference, they realized just 16% of the savings.

- Conversely, 27 beer distributors used the preference to realize 84% of the savings.

- For all beneficiaries, the $7.2 million biennial tax savings amounted to less than 1% of their total gross income.

JLARC staff used an economic modeling tool to estimate the impact of the beer tax exemption on state employment.

- The exemption likely increased the number of jobs in the beverage manufacturing industry by two to six jobs.

- The impact on overall employment in the state was likely a job loss due to decreased government employment as less tax income was generated.

The Legislative Auditor recommended the Legislature clarify the intent of the tax preference, clarify the intended beneficiaries, and ensure that the preference directly targets the intended businesses.

Amount of economic activity attributable to Local Infrastructure Finance Tool (LIFT) is unknown

Full Report | Overview | Video | Presentation

JLARC staff completed its second report about the Local Infrastructure Finance Tool (LIFT).

- The Local Infrastructure Finance Tool (LIFT) was enacted in 2006 and expires in 2044.

- Under LIFT, the state provides financial support for local infrastructure projects in designated areas called Revenue Development Areas (RDAs).

- LIFT is based on a premise that investments in public infrastructure will attract private development and increase economic activity. The economic activity is expected to generate tax revenue that meets or exceeds the state's contribution.

JLARC staff found that five key economic indicators improved in most RDAs. Taken together, economic activity in the eight active Revenue Development Areas outpaced the cities' non-RDA areas between 2013 and 2018. However, JLARC staff found that it was not possible to attribute economic changes to the LIFT program itself.

- Employment in the RDAs grew by 10.9% compared to 5.3% in the cities' non-RDA areas. Most new jobs (74%) were associated with accommodations, food services, health care, or social assistance.

- Wages grew by an average of $9,200 in the RDAs compared to $7,800 in the cities' non-RDA areas. The average wage in the RDAs ($44,600) is still lower than in the non-RDA areas ($58,100).

- Taxable sales in the RDAs grew by 39%, compared to 30% in the cities' non-RDA areas.

- New private construction made up 42% of the total assessed value of all property in the RDAs. In comparison, it was 14% of the assessed value of the cities' non-RDA areas.

- Property values in the RDAs increased by 97.1% compared to 56.2% in the cities' non-RDA areas.

It is unlikely there will be sufficient evidence to support an audit recommendation in 2028 when JLARC must recommend whether LIFT should be expanded statewide and estimate the impact of an expansion on the state's economic development.

Inconsistent reporting led to one Legislative Auditor recommendation

The study also found that cities' reporting errors and a lack of state oversight led to potential excess payments and incomplete information for monitoring projects in the RDA.

The report recommended that the Department of Revenue and the Community Economic Revitalization Board should work with participating cities to clarify the annual reporting form, standardize calculation methods, and provide training and/or instructions to avoid reporting errors. The agencies partially concurred.

STUDIES COMPLETED IN 2020

All 2020 reports

JLARC issued 20 reports in 2020 addressing issues of legislative interest

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 tables list the reports and data collection efforts completed in 2020.

2020 performance audits and sunset reviews

Study Title	One Page Overview	Video	Presentation	Legislative Auditor Conclusions	Recommendations
Review of Public Records Training, Consultation, and Grant Programs **Report 20-01**				The Attorney General's Office and State Archives have served at least 420 local governments through their public records programs. Participants report they are satisfied, but the programs have yet to establish a plan to evaluate long-term impacts.	*Category: Improve program management* The Attorney General's Office and State Archives should each produce strategic plans to focus their future efforts and evaluate the ongoing impact of the training, consultation, and grant programs on response times, costs, and liability.
Impact of Tourism Marketing Authority **Briefing Report**		N/A		Washington's new Tourism Marketing Authority is developing a statewide marketing plan. Once it identifies specific marketing strategies, JLARC staff can identify options for evaluating the Authority's impact.	The Legislative Auditor did not issue recommendations.

First Responder Mapping System in K-12 Schools **Report 20-02**				School districts and law enforcement see both advantages and limitations of the state school mapping system. WASPC can address many limitations by developing training and outreach strategies, using data, and coordinating with school safety centers.	*Category: Improve program management* 1. WASPC should develop and implement detailed training and outreach strategies that have measurable goals and targets. 2. WASPC should periodically review technology standards, address user feedback about technology issues, and use system data to inform its program management decisions.
Medicaid Reimbursement Under CARES Programs **Report 20-03**				The Health Care Authority's reimbursement standards for CARES are unlikely to generate additional savings for the state Medicaid program because they overlap with an established federally funded program.	*Category: Improve legislative oversight* Because the Health Care Authority's (HCA's) current approach to Medicaid reimbursement for CARES is unlikely to yield cost savings, the Legislature should consider repealing or revising the statutory direction for reimbursement. • There may be other factors to consider, such as providing funding to local fire departments. • If the Legislature wants to increase the likelihood for cost savings to the state, it could direct HCA to create standards that do not overlap with other programs in order to provide more incentive for fire department participation and emergency room avoidance.

Local Infrastructure Financing Tool (LIFT) **Report 20-04**				While economic activity has increased in designated areas, it is unknown how much can be attributed to LIFT.	*Category: Improve cost effectiveness and resource use* The Department of Revenue and the Community Economic Revitalization Board should work with participating cities to clarify the annual reporting form, standardize calculation methods, and provide training and/or instructions to avoid reporting errors.
Washington State Patrol Pursuit Vehicle Replacement **Report 20-05**				Washington State Patrol continues to use a vehicle life cycle cost model, but it is not following best practices. Vehicle replacement decisions should be based on a revised analysis and also consider other important factors.	*Category: Improve cost effectiveness and resource use* 1. WSP should improve the procedures and data systems it uses to collect and track vehicle maintenance data. 2. WSP should establish and document procedures for conducting life cycle cost analysis each biennium. 3. WSP should provide the Legislature with additional information on its life cycle cost analysis and pursuit vehicle budget when it submits its biennial budget requests.
Alternative Public Works Contracting Procedures Sunset Review **Report 20-06**				The Legislature should continue the alternative public works contracting statute. Alternative delivery methods are widely used, and CPARB has created a forum for stakeholders to continually improve project delivery.	*Category: Improve legislative oversight* Without legislative action, RCW 39.10 will terminate on June 30, 2021. 1. The Legislature should continue the alternative contracting methods in RCW 39.10.

					2. CPARB should evaluate which JOC data it needs to perform its functions and propose appropriate modifications to the Legislature.

Note: Recommendation categories are explained in the recommendations section of this report.

2020 Tax Preference Performance Reviews

Report 20-07 | Presentation

In 2020, JLARC staff conducted eight tax preference reviews as part of its annual reporting cycle. These include preferences for agriculture, economic development, and hiring unemployed veterans.

The table below includes the recommendations from both the Legislative Auditor and the Citizen Commission for Performance Measurement of Tax Preferences. The Commission also considered preferences based on information provided by the Department of Revenue. View the 2020 expedited preference report here (PDF).

Study Title	One Page Overview	Video	Legislative Auditor Recommendation	Commissioners' Recommendations
Customized Training			Allow to expire	Not endorsed with comment
Unemployed Veterans			Modify the preference	Endorsed with comment
Farmworker Housing			Clarify	Endorsed with comment

Study Title	One Page Overview	Video	Legislative Auditor Recommendation	Commissioners' Recommendations
Microbrewers			Review and clarify	Endorsed with comment
Tribal Lands			Continue the preference as amended in 2020	Endorsed with comment
Shipping Farm Products			Continue	Endorsed
Livestock Nutrient Management			Continue	Endorsed
Anaerobic Digesters			Continue and monitor future use	Endorsed

Ongoing data collection projects

Subject of Data Collection	Description
Public Records Reporting	RCW 40.14.026 requires agencies subject to the Public Records Act to report information about public records retention, management, and disclosure. JLARC staff collects this information and makes it available to the public.

Subject of Data Collection	Description
How Washington Compares	JLARC staff prepared this reference guide for Washington legislators to illustrate how Washington compares to other states in five broad areas: • Population size, economy, health and environment • Government spending and debt • Education costs and spending • Taxes and revenue • Public assistance, transportation, and public safety spending This report uses information from national datasets. Our intent is to make these public data sources more accessible and interactive.
Lodging Tax Expenditures	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 currently summarizes lodging tax data for calendar years 2014 through 2019, as reported by cities, towns, and counties that received a distribution of lodging tax revenue.