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**SUBSTITUTE SENATE BILL 5872**

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**State of Washington                      63rd Legislature                      2014 Regular Session**

**By Senate Ways & Means (originally sponsored by Senator Hill)**

READ FIRST TIME 02/11/14.

1            AN ACT Relating to creating a state agency innovation and  
2 efficiency grant program; adding new sections to chapter 43.41 RCW; and  
3 creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 43.41 RCW  
6 to read as follows:

7            (1) The state agency innovation and efficiency grant program is  
8 created. The purpose of the program is to allow state agencies to  
9 compete for funds to implement projects that redesign service delivery  
10 processes that result in improved service at reduced state cost.

11           (2) For the purposes of this section, "state agency" means an  
12 office, department, board, commission, or other separate unit or  
13 division, however designated, of the state government including all  
14 offices of state government elected officials, but does not include  
15 institutions of higher education as defined by RCW 41.06.020(10) and  
16 agencies of the legislative and judicial branches.

17           (3) The office must administer the program and establish an annual  
18 process to solicit applications from state agencies. The first  
19 solicitation for applications must occur by November 1, 2014.

1 (4) The state agency innovation and efficiency council created in  
2 section 2 of this act must evaluate, rank, and make recommendations to  
3 the director for the award of grants for projects in accordance with a  
4 competitive process to be developed by the council. The council must  
5 establish its criteria and process for evaluating, ranking, and making  
6 recommendations by October 1, 2014.

7 (5) In addition to any criteria developed by the council, the  
8 council must consider:

9 (a) Will the project increase the range, efficiency, or quality of  
10 the services provided to citizens;

11 (b) Is the project ready to proceed and will it make timely use of  
12 the funds;

13 (c) The expected return on investment, based on the ratio of  
14 expected savings or cost avoidance;

15 (d) The probability of the project's success;

16 (e) The ability to replicate the project in other state agencies,  
17 institutions of higher education, and other political subdivisions;

18 (f) If the project resulted from a quality management,  
19 accountability, and performance system such as LEAN, Six Sigma, or  
20 Washington state quality award self-assessments;

21 (g) Whether the project is to implement a performance audit or  
22 other audit recommendations under RCW 43.09.470 or chapter 44.28 RCW;

23 (h) Whether the applicant has successfully completed an innovation  
24 or efficiency project in the past; and

25 (i) Whether funds from private or other nonstate resources have  
26 been committed to the project.

27 (6) The evaluation and ranking process may also include an  
28 examination of existing financial resources that state agencies may  
29 apply to the project. Grants may not be used to supplant existing  
30 funds for foreseeable or budgeted activities.

31 (7) The council must make its first set of recommendations to the  
32 director by March 1, 2015.

33 (8) Grant agreements must specify deliverables to be provided by  
34 the state agency pursuant to the grant, including a completion date  
35 that must be no later than three years from the date of the agreement.  
36 Grant agreements must also require the state agency to submit progress  
37 reports every six months. A report is also required upon completion of

1 the project, and for three years thereafter, that measures the  
2 improvements made to service delivery and state savings or cost  
3 avoidance from the project.

4 (9) The office and the council may not limit the number of  
5 applications that may be submitted by a state agency. A state agency  
6 may receive grants for multiple projects. The council may establish a  
7 maximum amount of grants that may be awarded for each project, taking  
8 into consideration the amount of funds contained in the state agency  
9 innovation and efficiency grant program account.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.41 RCW  
11 to read as follows:

12 (1) The state agency innovation and efficiency council is created.  
13 The council must consist of the following members:

14 (a) The director or the director's designee;

15 (b) The state auditor or the auditor's designee;

16 (c) The secretary of state or the secretary's designee;

17 (d) One person with experience in leading initiatives related to  
18 innovation, efficiency, or continuous improvement processes in local  
19 government, and one person with experience in leading initiatives  
20 related to innovation, efficiency, or continuous improvement processes  
21 in the private sector, appointed by the director;

22 (e) Two members of the senate, with the leaders of the two largest  
23 caucuses of the senate each appointing one member;

24 (f) Two members of the house of representatives, with the leaders  
25 of the two largest caucuses of the house of representatives each  
26 appointing one member.

27 (2) Initial appointments to the council must be made not later than  
28 ninety days from the effective date of this section. Each member  
29 appointed by the director, the senate, and the house of representatives  
30 must serve a three-year term. Members may be reappointed to the  
31 council for one additional term. Vacancies on the council must be  
32 filled in the same manner as the original appointments. In the event  
33 the office, state auditor's office, or office of the secretary of state  
34 apply for the award of grant funding, the respective director, auditor,  
35 secretary, and their designees must be recused from the evaluation and  
36 ranking of their applications.

1 (3) At its first meeting, the council must select a chair from  
2 among its members. After the first meeting, the council must meet at  
3 the call of the chair or upon the request of a majority of the  
4 council's members. A majority of the council constitutes a quorum.

5 (4) The office must provide administrative support to the council.

6 (5) Council members receive no compensation but may be reimbursed  
7 for actual and necessary expenses incurred under RCW 43.03.050 and  
8 43.03.060 in the performance of council duties.

9 NEW SECTION. **Sec. 3.** The state agency innovation and efficiency  
10 grant program account is created in the state treasury. The account  
11 must consist of legislative appropriations and gifts, grants, or  
12 endowments from other sources as permitted by law. Moneys in the  
13 account may be spent only after appropriation. Only the director of  
14 the office of financial management or the director's designee, with the  
15 recommendation of the state agency innovation and efficiency council,  
16 may authorize expenditures from the account. Expenditures from the  
17 account may be used only for grants as provided in section 2 of this  
18 act and for any state agency innovation and efficiency council  
19 expenses.

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