



## **GOVERNOR'S COMMITTEE ON TRANSFORMING WASHINGTON'S BUDGET**

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Last July, Governor Gregoire appointed 35 members of the public to the Governor's Committee on Transforming Washington's Budget. The committee held four public hearings across the state to hear citizens' views on the state budget.

The members of the committee were divided into six subgroups which met with state agency directors and the Governor's budget and policy staff to examine the activities and spending in the state budget. Committee members developed ideas on how to eliminate or improve current budget activities. The committee also met with the Governor to share and discuss these ideas.

The following list represents the ideas of the committee members. They are organized as Restructuring Ideas, Budget Ideas, Cost Savings and Other Ways to Pay for Services, Privatization or Outsourcing Ideas, Better Customer Service Ideas, and Regulatory Ideas. Some of the ideas may fit into more than one category.

→ There were no votes taken or attempts to achieve consensus, nor is this list of ideas designed to represent a majority opinion. Instead, the list contains ideas put forward by at least one of the committee members.

The Governor and her staff will now study each of the ideas and determine which are viable either in the short or long term. Ideas that can be successfully implemented, save money, or improve the delivery of services to the people of the state will be included in the Governor's budget proposal in December. Ideas which the Governor chooses not to pursue at this time may be picked up by members of the Legislature or others for consideration at any time.

The committee will no longer meet as a whole but many members have agreed to continue providing input and support during the budget transformation process. The Governor is extremely grateful for the ideas submitted by the committee members and for the effort and time invested by these dedicated individuals.

### **RESTRUCTURING IDEAS**

1. School and district consolidation, efficiency and partnership. Increase inter-district cost-sharing through effective use of Educational Service Districts (ESD) and other entities or mechanisms. Look at ways to improve ESDs and use them to achieve greater cross-district efficiencies and effectiveness. Consider state funding formula changes to increase local pressure toward consolidation of districts, schools and/or programs. (Education)

2. Decide whether we want state or local control. **State control** - focus on consolidation and use a master compensation contract for all teachers (much like recommended by Dan Grimm in the January 2009 education reform report). Local levies only used for extracurricular programs. Facilities would be a state responsibility. OSPI becomes a cabinet agency for direct accountability to the Governor. **Local control** - switch to funding the students directly versus the education infrastructure with funding weighted for particular needs. The dollars would follow the child to the public school of their choice. A school could lose the ability to receive the state funds if it doesn't meet certain performance requirements. Districts decide personnel and compensation and only are subject to the regulations that private school currently are. Parents would be required to notify districts/OSPI of the school of their choice in May so teacher staffing decisions could be made for the next school year. In either case, any school that graduates a child that requires remedial education at the two- or four-years would be responsible for the cost of the remedial education. (Education)
3. Explore the potential benefits of a Governor-appointed state Superintendent of Public Instruction (streamlined accountability, connections to rest of the government, visibility). Examine what the education gains might be from an appointed vs. elected position, and balance potential gains against the effort involved in achieving a constitutional change of this magnitude. (Education)
4. Halt the school-to-prison pipeline by reinvesting the savings from public safety caseload reductions into education and evidence-based programs and making offsetting investments in preventative services when implementing custody changes, such as mental health counseling, housing, job training, vocational education, and community college courses. (Public Safety)
5. Community college district consolidation, efficiency and partnership. Increase cross-college cost-sharing through district consolidation and/or coordination. Look at ways to improve efficiencies and effectiveness. (Education)
6. Eliminate the office of the Lieutenant Governor and let the Senate elect its own presiding officer. (Government Efficiency)
7. Establish a unicameral Legislature. (Government Efficiency)
8. Create a Continuous Performance Improvement (lean technology) Center by repurposing some planning staff leaders from across agencies. Develop the Center for expert leadership in CPI as an ongoing sustained effort to increase productivity and efficiency and improve the public's support for government. (Public Safety)
9. Consolidate Natural Resource agencies into three agencies: Reorganizes 13 natural resource agencies for the major functions of the 21st century. The agencies would be aligned under one or more of the following: the Department of Agriculture; the Department of Environmental Regulation; and the Department of Resource, Recreation and Land Management. The restructured agencies would report directly to the Governor. Current agency commissions would be redesigned to function as stakeholder outreach groups. This proposal would also merge natural resource law enforcement officers with the Washington State Patrol (WSP), but as a separate program within WSP. (Natural Resources)

10. Create an umbrella administrative agency combining the Department of Information Services (DIS), Office of Financial Management (OFM), Department of Personnel, Department of General Administration, and State Printer. Prioritize essential state services, and define state roles to increase effectiveness and save time and money. (Government Efficiency)
11. Create one single health care agency (combine Health Care Authority, DSHS health functions and Department of Health). (Government Efficiency)
12. Investigate a Unified Court System and Penal System to align public safety services with cities, counties, and the state to eliminate redundancy and improve cost effectiveness, evaluate and increase coordination between state and local law enforcement, and prioritize resources on best practices and reinvestment opportunities for evidence-based programs. (Public Safety)
13. Decide if four-year universities are state agencies or not. If they are agencies, then the HECB should become a cabinet agency with full authority over the four-years. If they aren't agencies, funding could be switched to block performance agreements with additional funds structured around the student achievement initiative the two-years are using. (Education)
14. Combine the Economic & Revenue Forecast Council and Caseload Forecast Council into one Forecasting Council and possibly move some of OFM's forecasting duties to new council. (Government Efficiency)
15. Combine regional offices of state agencies in smaller communities. British Columbia does this, and has a name affixed to the buildings, something like "One BC." (Government Efficiency)
16. Combine all the ethnic commissions into one commission or eliminate them completely. (Government Efficiency)
17. Consolidate transportation agencies/functions that drive dollars to locals. (Transportation and Economic Development)
18. Move the housing and community programs out of the Department of Commerce. (Transportation and Economic Development)
19. Include the Department of Commerce in the development of land use and environmental policies and regulations, to reflect economic development interests. (Transportation and Economic Development)
20. Information Technology (IT) – Negotiate master contracts; require enterprise systems (email and phones); have agencies identify IT functions needed (not specific programs); and consider a central authority (DIS, OFM, or Information Services Board?) to provide direct service or contracts to meet agency needs. (Government Efficiency)

### **BUDGET IDEAS, COST SAVINGS AND OTHER WAYS TO PAY FOR SERVICES**

1. Enhance the Rainy Day Fund. Include mechanism to ensure extraordinary and unsustainable growth is saved, rather than spent. (Government Efficiency)
2. Long-term pension stability. Create defined contribution plan for new employees. (Government Efficiency)

3. Review base K-12 funding for savings, all or a portion of which could be redirected back into targeted investments/improvements in education to improve student learning outcomes. (Education)

Examples of education improvements or enhancements:

- expansion of preschool opportunities
- high quality teaching through school-based instructional specialists
- better student interventions and assistance
- more useful and streamlined student assessment
- more rigorous high school opportunities (12<sup>th</sup> grade as first year of college)
- greater community involvement schools



Savings to fund improvements and/or reduce state budget deficit:

- Reduce the school year from 180 days to 175 days
- Explore differentiating length of school year across different groups of students (age groups or achievement levels).
- Consider increasing class sizes in K-12
- Administrative and programmatic streamlining

4. K-12 financing reform – increase state funding and reduce local levy authority. (Government Efficiency *and* Education)
5. Transform Washington's Medicaid program – get a waiver for those mandates that don't make financial sense or which get in the way of health outcomes. Streamline benefit eligibility and payment systems, such as increased use of electronic benefit transaction cards. (Health and Human Services)
6. Consider moving to an outcome-based funding model for higher education including: (1) Fund students on a per-credit basis rather than funding institutions; and (2) Pay for degree completions rather than student enrollment. (Education)
7. Increase tuition so students pay a higher proportion of higher education costs. (Education)
8. Negotiate master contracts and require joint purchasing of reference data bases by law libraries and higher education institutions. The state should buy in bulk in order to get better prices. Regarding law libraries – this purchasing at lower rates could also benefit county law libraries. Purchasing should allow at least some public access. (Education)
9. Limit state support to one baccalaureate degree per individual. Individuals seeking another BA degree would pay full cost of second degree. (Education)
10. Add all public employees to the Public Employees Benefits Board (PEBB). (Government Efficiency)
11. Develop a “standardized” contract for school building construction and architect services. (Education)
- ➔ 12. Consider K-12 transportation service levels. Explore an expectation change for parents and kids. Can we continue to serve at this level? Consider health and other benefits of increased walking and biking to school. (Education)
13. Invest a portion of school bus money in safe walking routes to reduce ongoing transportation costs. (Education)

14. Require youth from higher income families to pay a portion of the cost of Running Start programs. (Education)
15. Reenact sovereign immunity, at least include severability. (Government Efficiency)
16. Local infrastructure grant and loan award programs should be tied to major state policy priorities – such as clean air, clean water, congestion reduction, pollution reduction, climate change reduction, etc. (Transportation and Economic Development)
17. Housing programs should focus on housing people rather than building housing. State housing programs should give more emphasis to preventing homelessness. State and county plan for ending homelessness should be coordinated to ensure that housing programs are cost effective. (Health and Human Services)
18. Reduce use of more costly institutional placements and place those needing services in the community. (Health and Human Services)
19. Economic tax incentives and economic development grant and loan award programs should have more vigor, logic, and cost benefit analysis to support them. (Transportation and Economic Development)
20. Increase the building fees on student tuition – so students contribute more to the cost of higher education buildings. (Education)
21. Dedicate a portion of revenues from patents and royalties generated from research at universities and colleges to a higher education building funds. (Education)
22. Expedite the closure of McNeil Island prison. (Public Safety)
23. Be creative on prison sentence changes by looking at the risk level posed to society and utilize the Washington State Institute for Public Policy's sentencing tool that is being developed to cost out sentencing changes and to determine the most cost-effective program reinvestment strategies. In addition, change the definition of "earned good time" for prison offenders to include requirements for education programming and a demonstration of self sufficiency. (Public Safety)
24. Limit coverage of non-evidence based health care services and pay to incent behavior. (Health and Human Services)
25. Invest in strategies to reduce growth in health care costs, such as funding preventive services and utilizing the most cost-effective options for service delivery. (Health and Human Services)
26. Incentivize use of green power and energy efficiency measures. Save money on utility bills and increase efficiency. (Education)
27. Consider clearer guidelines or protocols in special education. Explore whether more standardization in evaluation of students and delivery of services would provide financial savings. (Education)
28. Allow for all public legal notices to be filed on the Internet. (Government Efficiency)
29. Consolidate bulk mail options. (Government Efficiency)
30. Reduce mailings to save both printing and postage costs. (Government Efficiency)

31. Expand the use of the Department of Corrections' offender work crews. (Public Safety)
32. Build on the success of juvenile military academies to enable more juveniles to participate. (Public Safety)
33. Partner with non-governmental providers to improve health care system. (Health and Human Services)
34. Charge user fees: Charge fees where there is a clear nexus and clear beneficiaries, but collect fees on a cost recovery basis. Before doing so, eliminate related tax exemptions and ability to sweep account fund balances. (Natural Resources)
35. Expand use of tolling. (Transportation and Economic Development)
36. Expand use of congestion pricing. (Transportation and Economic Development)

### **PRIVATIZATION OR OUTSOURCING IDEAS**

1. Contract out licensing services where the state already uses contractors using performance contracts and state oversight. (Government Efficiency)
2. Eliminate state electrical inspection in favor of locals. (Government Efficiency)
3. Outsource local audit functions. (Government Efficiency)
4. Incentivize greater private higher education investment in the state. Look at options to privatize programs and components of colleges and universities. Balance with concerns regarding quality and cost-effectiveness of some of the current private for-profit programs. (Education)
5. Amend the law to allow for more contracting out and easier state employee competitive bidding in general. (Government Efficiency)
6. Privatize planning, design and engineering for transportation and ecology. (Transportation and Economic Development)
7. Privatize transit. (Transportation and Economic Development)
8. Privatize the ferry system. (Transportation and Economic Development)
9. Make publicly owned transportation facilities, like ferry terminals, open to the private sector and for public-private partnerships. (Transportation and Economic Development)
10. Do economic development (marketing, tourism and recruitment) through contracts or public-private partnerships. (Transportation and Economic Development)

### **BETTER CUSTOMER SERVICE IDEAS**

1. Create one single inbound call center for multiple state agencies. (Government Efficiency)
2. Centralize the infrastructure for call centers especially the logistical infrastructure (phone lines, switches, etc.) so calls could come into a central switchboard and then be routed to a subject area or specific person for a response. (Government Efficiency)

3. Simplify/consolidate revenue collection. (Government Efficiency)
4. Streamline process by doing more state business online. (Government Efficiency)
5. Align transit schedules region wide (bus, rail, bike). (Transportation & Economic Development)
6. Strongly encourage incentives to use regional transit and rail: establish more park & ride lots and allow overnight parking at park & ride lots. Develop computer programs and "apps" showing how to use transit and rail schedules more efficiently. (Transportation and Economic Development)
7. Streamline interfaces between agencies (both state and local) and eliminate redundancies in service delivery. (Health and Human Services)
8. Reconsider state K-12 assessment system. There is a role for standards and a need for assessment, both for accountability and improving instruction, but concerns with the current system. How can the system be streamlined and improved? (Education)

## REGULATORY IDEAS

1. Tie transportation to land use by using statewide policies around commute trip reduction, energy, and economic development to drive what we do in transportation. (Transportation and Economic Development)
2. Continue to move toward a clean energy economy. (Natural Resources)
3. Integrate the State Environmental Policy Act (SEPA) better with the Growth Management Act (GMA) to reduce duplication. Since adoption of the GMA, SEPA (as a disclosure and public involvement tool) has been much diminished. This idea is to amend SEPA to avoid doing SEPA review in cases or places where there is no value added. (Natural Resources)
4. Evaluate where state natural resource regulations duplicate or go beyond federal requirements, and where feasible, eliminate duplication and align the state rules with federal programs. When a biological opinion is issued by the federal government, the state would coordinate its review requirements with the federal requirement. State requirements for National Pollutant Discharge Elimination System (NPDES) permits could match those required by federal law and regulations with regard to monitoring and reporting. (Natural Resources)

