

SENATE BILL REPORT

ESSB 6805

As Amended by House, March 2, 2010

Title: An act relating to the Washington state economic development commission.

Brief Description: Concerning the Washington state economic development commission.

Sponsors: Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Kastama, Zarelli, Shin and Delvin).

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 2/01/10, 2/03/10 [DPS].

Passed Senate: 2/10/10, 48-0.

Passed House: 3/02/10, 76-20.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 6805 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide, Kilmer and McCaslin.

Staff: Jack Brummel (786-7428)

Background: In 2002 Governor Locke created the Washington Economic Development Commission (Commission) through executive order. The following year the Legislature established the Commission in statute with the stated intent to: have it develop and update the state's economic development strategy and performance measures; and provide advice to and oversight of the Department of Community, Trade and Economic Development, now the Department of Commerce (Department). In 2007 the Legislature revised the statutory structure, and expanded the policy role and responsibilities of the Commission. The Commission's responsibilities include conducting outcome evaluations of the state's economic development system. The Commission's funding has historically flowed through the Department. The Commission does not have specific authorization to solicit funds from non-state sources.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Workforce Training and Education Coordinating Board (WTB) was created in 1991 with strategic planning, coordination, and evaluation functions similar to the Commission's. The WTB has a biennial budget of \$57 million and a staff of 28.

Summary of Engrossed Substitute Bill: The Commission is to develop and adopt budgets and work plans consistent with legislative appropriations. The agency acting as the Commission's fiscal agent may use no more than 10 percent of funds appropriated for Commission personnel cost and 3 percent of other funds to cover administrative expenses.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: OTHER: This bill could be helpful to the Commission. The overhead rate would have to be negotiated. The IT systems at WTB and Commission are different. The Commission's purpose is aligned with the Department of Commerce. It could be awkward to have one's budget subject on an agency when trying to assess the agencies programs. The Governor's Office does not take a position.

Persons Testifying: OTHER: Egils Milbergs, WA Development Economic Commission.

House Amendment(s): The current legislative intent of having the Commission provide planning, coordination, evaluation, monitoring, and policy analysis and development for the state economic development system as a whole is removed and replaced with an intent that the Commission:

- be comprised of business, labor, academic, association, and government leaders; and
- create and update a comprehensive statewide economic development strategy.

The Commission make-up of 18 members is changed to 23 members. The current law's provision for 11 voting members with a majority (six) coming from the private sector is changed to 19 voting members with a minority (eight) coming from the private sector. Provisions related to term limits, staggered terms, vacancies and the chair of the Commission are included. The authority to use staff of existing operating agencies is removed. The Executive Director is to report on Commission operational matters solely to the Governor and the Commission.

The Commission must concentrate its major efforts on strategic planning, policy research and analysis, advocacy, evaluation, and promoting coordination and collaboration. A detailed list of Commission duties is removed. Instead, the Commission is directed to follow a general timeline and process for developing a biennial comprehensive statewide economic development strategy and annual updates. The strategy may include components such as: an assessment of the state's economic vitality; a common set of outcomes and benchmarks; and recommendations for expanding, discontinuing, redirecting, or adding programs.

The Commission and the Department of Commerce must jointly develop a memorandum of understanding to establish clear lines of authority and responsibility between them related to budget and administrative services. The Department may use no more than 10 percent of funds appropriated for Commission personnel cost plus 3 percent of nonstate funds to cover administrative expenses. The Commission must develop a biennial budget request for the Office of Financial Management approval, the Department of Commerce must forward the request along with its budget package, and the Commission must adopt an annual budget and work plan consistent with the legislatively-approved budget.

The Commission is authorized to accept gifts, grants, and other contributions from state and nonstate sources. A Commission Account is created in the state treasury into which these contributions must be deposited. Expenditures from the account are not subject to appropriation.

The Commission must not take an administrative role in service delivery but may conduct outreach activities such as regional forums and seminars. The Commission must evaluate its own performance regularly.

Commission obligations related to establishing standards for data collection, standards and metrics for program evaluation, administration of scientifically based outcome evaluations and evaluations of proposed expenditures from the economic development strategic reserve accounts are removed. Subject to available resources, the Governor or Legislature may direct the Commission to undertake research and policy analysis, assessments, or special projects.