

SENATE BILL REPORT

SB 5414

As Reported by Senate Committee On:
State Government, Tribal Affairs & Elections, February 7, 2025

Title: An act relating to requiring social equity impact analysis in performance audits and legislative public hearings thereon.

Brief Description: Requiring social equity impact analysis in performance audits and legislative public hearings thereon.

Sponsors: Senators Hasegawa, Nobles and Valdez; by request of State Auditor.

Brief History:

Committee Activity: State Government, Tribal Affairs & Elections: 2/04/25, 2/07/25 [DP, DNP, w/oRec].

Brief Summary of Bill

- Requires performance audits to include social equity impact analysis of programs or services.
- Extends the deadline for legislative bodies to hold public hearings on the findings of performance audits.

SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL AFFAIRS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Valdez, Chair; Krishnadasan, Vice Chair; Hasegawa, Kauffman and Riccelli.

Minority Report: Do not pass.

Signed by Senators Fortunato and McCune.

Minority Report: That it be referred without recommendation.

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

Signed by Senators Wilson, J., Ranking Member; Short.

Staff: Danielle Creech (786-7412)

Background: By State Constitution, the State Auditor's Office (SAO) has the power to examine the financial affairs of all governments in the state, including local governments, schools, state agencies, and institutions of higher education. The SAO also carries out special investigations and independent, comprehensive performance audits of state agencies and local governments. Performance audits evaluate the efficiency and effectiveness of government programs by comparing agency practices against legal requirements and industry best-practices. Under current law, performance audits are required, at a minimum, to include:

- identification of cost savings;
- identification of programs or services that can be transferred to the private sector;
- analysis of gaps or overlaps in programs or services, and recommendations to correct them;
- feasibility of pooling information technology systems within the department;
- analysis of the roles and functions of the department, and recommendations to change or eliminate departmental roles or functions;
- recommendations for statutory or regulatory changes;
- analysis of departmental performance data, performance measures, and self-assessment systems; and
- identification of best practices.

Audit reports are required to be submitted to the corresponding legislative body or bodies, and made publicly available within 30 days after completion of the audit. Within 30 days after a performance audit is made public, the corresponding legislative body or bodies must hold at least one public hearing to consider audit findings and receive public comment.

Summary of Bill: Performance audits must include social equity impact analysis of programs or services. Within 90 days after a performance audit is made public, the corresponding legislative body or bodies must hold at least one public hearing on the audit findings and receive public comment.

Appropriation: None.

Fiscal Note: Requested on January 27, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: This is agency request legislation and is very simple and straightforward. A bill was passed a few years ago to require the Joint

Legislative Audit and Review Committee to conduct this type of analysis, but cannot do the analysis because the agencies are not collecting the data. Perhaps the Auditor's office can take a closer look at this. This simply adds social equity impact analysis as a requirement in consideration of audits. Extending the deadline for public hearings allows for flexibility when more reports are published than can be heard.

Persons Testifying: PRO: Senator Bob Hasegawa, Prime Sponsor; Scott Nelson, Washington State Auditor; Scott Frank, Washington State Auditor.

Persons Signed In To Testify But Not Testifying: No one.