Regulatory Reform: Improving Permit Timeliness

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This performance audit finds that state agencies could shorten the time it takes to submit, review, and make decisions on business permit applications through simple improvements. Agencies and businesses don't always know how long processes take, because not all agencies measure permitting times or provide that information online. Regulatory agencies can improve permit processing times by providing more information and assistance as businesses are preparing their applications, by measuring how long permit decisions take, and using that data and other measures to identify and correct process bottlenecks.

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Executive summary

Business permitting could be improved with simple, low-cost actions

Agencies could shorten the time it takes to submit, review, and make decisions on business permit applications through simple improvements, according to our review of state processes and business feedback. By providing more information and assistance as businesses are preparing their applications, agencies can help to reduce permit decision times. In addition, agencies should tell businesses how long permit decisions take, and they could continue to reduce permit decision times by using performance data to identify and correct bottlenecks in the future.

🔍 What we found   💡 What we recommend

Not all agencies:	To improve permitting, agencies should:
• Track permit processing times	✔ Track and publish permit processing times
• Tell businesses processing times	✔ Identify decision time targets
• Provide businesses sufficient up front assistance	✔ Provide assistance to applicants early in the process
• Use data to identify and correct process delays	✔ Use performance data to identify and eliminate process bottlenecks
	✔ Share effective practices among agencies

Lawmakers recognize the need for efficient permitting

Lawmakers have long recognized that businesses need predictability and efficiency in permitting. In Washington, various laws and executive orders direct state agencies to tell businesses how long permit decisions can take and to ensure those decision processes are as streamlined as possible.

Predictable permit decision times help businesses successfully plan their activities and make sound investment choices. When permitting decisions take longer than expected, businesses can face higher costs and lost revenue. Inefficient permitting can also cost the state money in the form of unnecessary staff work and lost tax revenues that pay for state programs.

Businesses want prompt, predictable, and transparent permit processes

To better understand businesses' recent experiences with state permitting processes, we surveyed more than 4,200 recent permit applicants. Survey results revealed a 90 percent overall business satisfaction with permitting processes statewide. However, two areas whose scores were among the lowest – and therefore offer the most opportunity for improvement – are also what businesses say are their most important permitting needs. They are: knowing how long a permit decision will take, and prompt permit decisions.

We also conducted focus groups in Port Angeles, Seattle, Spokane and Tri Cities. In those discussions, businesses confirmed that predictable permitting timelines are critical. Businesses want transparent processes with more information and help as they prepare to apply, so that they are better able to submit a complete application and easily navigate the permitting process.

What businesses say are important aspects of successful permitting

- Knowing how long a permit process will take
- Knowing what the permit process will require
- Early assistance to help them submit a complete application
- Consistency of expectations among regulatory agencies
- Receiving positive and helpful customer service

Businesses know permitting times in advance less than half the time

We surveyed each of the 14 permitting agencies to learn which permits they track for timeliness, how long their decisions take, and which permits have formal timeline targets. We also looked on application forms and agency websites to see how often agencies provide businesses with processing time information before they apply for a permit.

We found that:

- Agencies provide businesses with information about how long a permit decision will take, either online or on the application form, for less than half (40 percent) of all permits.
- Agencies formally track processing times for less than two-thirds (62 percent) of the states' business permits, and tracking is inconsistent. Some agencies begin tracking as soon as the permit application is submitted; others begin tracking once the application is deemed complete.
- Slightly more than half (57 percent) of all business permits have formal decision-time targets found in statute, rule, or policy.

Providing assistance as businesses prepare their applications and using performance data to reduce delays can improve permitting

To look for opportunities to reduce permit decision times, we compared current permitting practices of selected permits to best practices in permitting from around the country. We looked at best practices in four broad areas.

Best practices by permit process phase

1 Pre Application

Clear process information
Clear permit requirements
Early assistance to applicants

2 Application & Intake

User-friendly forms
Screening for application completeness

3 Review & Notification

Prompt staff assignments
Managing process bottlenecks
Communication with applicants

4 Performance Management

Performance measures
Performance targets
Performance management

We found that while agencies are already doing many of the practices we looked for, each permit we evaluated had opportunities for improvement. The two areas where we found the greatest opportunities were in the pre-application phase when an applicant is preparing the application, and throughout the process management phase, where agencies collect and use data to improve their processes.

Agencies can help businesses be more successful and reduce processing times by providing more information and assistance to businesses early in the process as they are preparing their applications, by developing performance measures and targets, and by using the data to identify and eliminate bottlenecks.

Fourteen state agencies issue 225 business permits.

Agriculture
Archeology & Historic Preservation
Ecology
Fish & Wildlife
Gambling Commission
Health
Labor & Industries
Licensing
Liquor Control Board
Natural Resources
Parks
Revenue
Transportation
Utilities & Transportation Commission

To improve business permit processes, we recommend:

- Agencies measure the time it takes to make a permit decision, provide businesses with estimates of the time required, and report to the Legislature on progress toward providing this information for all permits.
- On their websites, agencies provide the following information to applicants: the types of assistance available and how to access them, the maximum time an applicant will wait for a response, checklists for completing applications, and examples of successful applications.
- Agencies develop and use performance measures to improve permit processes that take longer than an average of two weeks and report to the Legislature on how they used their performance data to improve their processes.
- The Governor's Office or its delegate compile and publish the most effective permit process streamlining practices of state agencies, based on agency reports of performance to the Legislature.

The full recommendations are provided on page 19.

Introduction

Washington is home to nearly 235,000 small businesses and sole proprietors and more than 3,700 large businesses that together employ more than 2.7 million people. Regulation of those businesses helps to ensure the health and safety of Washingtonians, while creating a climate where businesses can grow and prosper. To operate in our state, businesses need an assortment of regulatory approvals that include state permits. Many permits are designed to help protect the environment. Other permitted activities range from performing electrical work to selling homemade food at a farmers' market.

Businesses spend time and money waiting for regulatory decisions. To plan effectively, business owners need predictable permit decision times. Unnecessary delays that postpone business activities can cost businesses money through higher expenses and lost revenue.

Inefficient processing practices within the regulatory agencies also waste staff time and taxpayer money. Recognizing this, some agencies have taken steps to reduce the time it takes to make permit decisions, using process improvement tools such as Lean and Six Sigma to streamline their internal processes. Governors Inslee and Gregoire both introduced Lean initiatives in state government activities.

In Washington, lawmakers have long recognized that businesses need information and timeliness around permitting. Various laws and executive orders direct state agencies to tell businesses how long permit decisions can take, and to ensure those decision processes are as streamlined as possible. Good management practices require that agencies collect data and develop targets for improvement, then use that data to identify where and how to make the improvements needed to reach their targets. Agencies must implement their improvement strategies, and determine over time whether they achieved the desired results.

Scope and methodology

We conducted this audit, the second in a series of audits to improve the state's interactions with businesses, to answer the following questions:

1. Do regulatory agencies and their business customers know how long it takes agencies to make permit decisions?

2. Are there opportunities to reduce the time it takes regulatory agencies to make permit decisions?

We conducted the audit in three phases to answer our audit questions.

1. *Agency survey.* We surveyed the 14 state agencies that issue permits to businesses to learn about their tracking and measuring activities. For each permit, we asked:

   - Whether the agency tracks processing time
   - The average decision time, if known
   - Whether the agency has processing time targets

   In addition, we reviewed agency websites and permit application forms to see if the agency gave applicants any information about how long a decision will take.

2. *Business engagement.* We conducted a business survey and held focus groups around the state to learn more about businesses' experiences with and expectations around permitting at the state level.

   Drawing on the preliminary results of our agency survey, we selected a sample of permits from the nine agencies with permits that take longer than two weeks to process or where no process information was known. Then, using a questionnaire created by the Department of Ecology in collaboration with business representatives, we surveyed 3,000 recent permit applicants of those permits. We combined our survey results with 1,200 permit applicant responses from Ecology's most recent customer satisfaction survey, conducted using the same questions and methodology.

   We conducted four focus groups in Port Angeles, Seattle, Spokane and Tri Cities. We spoke with 30 business representatives from a cross-section of industries and business sizes.

3. *Permit evaluations.* To determine whether agencies have opportunities to reduce the time it takes to make permit decisions, we reviewed the decision processes of a subset of permits in detail.

   We worked closely with agency staff to create a high-level process map for each permit, and compared key elements of the agency permit processes to permitting best practices from around the country. We looked at practices in four phases of the permitting process: pre-application, application and intake, review and notification, and performance management.

   Appendix A describes the provisions of Initiative 900 and how the audit addressed those provisions.

   Appendix B describes the audit methodology in more detail.

We conducted this audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with generally accepted government auditing standards, prescribed by U.S. Government Accountability Office. Those standards require that we plan and obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Next steps

Our performance audits of state programs and services are reviewed by the Joint Legislative Audit Review Committee (JLARC) and by other legislative committees whose members wish to consider findings and recommendations on specific topics. Representatives of the State Auditor's Office will review this audit with JLARC's Initiative 900 Subcommittee in Olympia. The public will have the opportunity to comment at this hearing.

Please check the JLARC website for the exact date, time, and location (**www.leg.wa.gov/JLARC**). The State Auditor's Office conducts periodic follow-up evaluations to assess the status of recommendations and may conduct follow-up audits at its discretion.

Background

Our Inventory of Regulations, initially published in October 2011 as part of our first audit on regulatory reform, reveals that 14 state agencies issue 225 business permits. Some permits are issued as soon as the agency receives a completed application; others can take years, depending on the complexity of the business activity. We found that in the five-year period from 2006 through 2010, those 14 agencies processed nearly two million business permit applications. **Exhibit 1** lists Washington's 14 permitting agencies and the number of permits each administers.

Exhibit 1 – Fourteen state agencies issue 225 business permits

Agency	Permits[1]	Applications (2006-10)
Agriculture	12	15,678
Archeology	1	174
Ecology	57	14,400
Fish & Wildlife	12	9,751
Gambling Commission	6	162
Health	20	436
Labor & Industries	60	736,336[2]
Licensing	4	1,953
Liquor Control Board	12	10,389
Natural Resources	13	37,593
Parks	2	144
Revenue	2	253,535
Transportation	20	747,256[2]
Utilities & Transportation Commission	4	2,088
Total	**225**	**1,829,895**

1. Represents the number of uses for permit application forms listed in the Inventory of Regulations. The numbers have been revised since the inventory was first published, based on additional agency information.

2. Includes an unknown number of non-business permits.

Source: State Auditor's Office Inventory of Regulations.

Both lawmakers and businesses recognize the need for making complete permitting information available for businesses, and for processing business permits as efficiently as possible.

As part of our first audit on regulatory reform, we looked at whether agencies provided permit and license processing time information to businesses online. At that time, agencies only provided business permit processing time information online for 15 percent of all permits. In many cases, the agencies provided some information, but that information offered little certainty to businesses, such as a processing time of "a minimum of six months."

To be able to provide accurate permit processing times to businesses, agencies need to track and analyze the time it takes them to approve or deny permit applications. To ensure that permit turnaround is as quick as possible, their processes must be free of unnecessary delays that arise from inefficiencies such as a lack of coordination or duplicated effort. Performance management – the process of collecting and using data to inform decisions for the purpose of improving results – allows agencies to continually improve and streamline their permitting processes over time.

Lawmakers tell agencies to track and measure permit decision times and streamline processes

Over the past three decades, executives and legislators nationally and in Washington have repeatedly instructed regulatory agencies to:

- Provide information to businesses about processing times
- Take steps to ensure they process permits in a timely manner
- Measure their results

Providing processing time information to businesses. Legislators recognize that businesses need to know how long permit decisions are likely to take.

- In 2003, the Legislature created the Office of Regulatory Assistance (ORA) within the Governor's office "to promote accountability, timeliness, and predictability for…businesses" and to provide regulatory information. ORA is directed by statute (43.42.020 RCW) to "provide the following information regarding permits to citizens and businesses: An agency's average turnaround time from the date of application to date of decision for the required permit…"
- In 2007, c. 231, the Legislature recommended that when someone applies for a development permit from a city, county, or state agency, they should be told "the minimum and maximum time an agency will need to make a decision on a permit."

Streamlined permitting processes. Lawmakers at both the state and federal level have recognized the need for streamlined permitting processes since the early 1990s.

- In 2001, the Legislature created the Environmental Permit Streamlining Act to help streamline the permitting of transportation projects within the state. The legislation formed and funded the Transportation Permit Efficiency and Accountability Committee to facilitate that streamlining.
- Governor Gregoire's Executive Order 06-02 promoting regulatory improvement "to make it easy to do business in the state of Washington" said that "Businesses should expect state agencies to provide…timely responses."
- In 2013, Governor Inslee's Results Washington initiative includes government reform priorities with a goal to "streamline state government with a focus on growing private-sector jobs."
- President Obama signed Executive Order 13604 in March 2013, directing federal agencies to expedite permitting and review decisions for key infrastructure projects.

Measuring results. Both the current and previous governors recognized the importance of using data and performance targets to improve public sector results. For example:

- Governor Gregoire's Executive Order 06-02 required agencies to "be accountable through measurable service delivery standards and measure progress" and to "set targets for improvement and report results."
- In 2013, Governor Inslee's Executive Order 13-04 created Results Washington, requiring each cabinet director to "produce a report… to track progress against defined measurable goals," and to "allow for more frequent reporting, review of goals, and thorough analysis of organizations' data, measures, and communications as necessary, to facilitate the achievement of specific goals…"

Timely permit issuance helps minimize the cost to both businesses and government

A number of state and national studies identify the effects of delayed permitting processes. For example:

- A study by Price Waterhouse Coopers showed a significant correlation between reducing permitting times and businesses making investments, and found that permitting delays reduce potential revenue that both government and businesses would otherwise generate.
- The state of California found that permitting delays increased project costs or caused projects to be abandoned altogether.
- At the federal level, the US Chamber of Commerce published a study in 2011 that showed a substantial loss of investment revenues and resulting indirect revenues that resulted from 350 delayed or cancelled energy projects brought about by federal permitting delays.

Businesses want prompt, predictable and transparent permit processes

Both business survey responses and focus group conversations revealed that businesses want to understand up front what obtaining a permit will entail, including how long they will wait for a permit decision.

Using a questionnaire developed by Ecology, we surveyed more than 4,200 recent applicants for primarily medium- and longer-term permits, or those where no processing time information was known. Questions ranged from customer satisfaction with staff assistance to timeliness; see **Appendix C** for the full survey text, and **Appendix D** for the list of permits we drew on for our survey group.

Among the statewide survey results, shown in **Exhibit 2** on the following page:

- 90 percent of responses agreed or strongly agreed with the 15 questions addressing positive descriptions of customer service.
- The highest scoring categories were satisfaction with staff friendliness, staff willingness to answer questions, and clear decisions.
- The lowest scoring question, and therefore the category with the most opportunity for improvement, was "informed about permit time," with 17 percent of respondents who disagreed or strongly disagreed.
- Applicants also gave lower scores to the reasonableness of the issue time and the willingness of staff to find innovative solutions to problems that arise in the permitting process.

We gave agencies the customer satisfaction survey results, including all respondent comments, for each of their permits included in our survey.

Agencies can use that information to help them understand where they have opportunities to improve their processes.

Exhibit 2 - Business survey responses confirm that providing permit time information is the area of permitting with the most opportunity for improvement

	Number of responses	Agree or Strongly agree	Disagree or Strongly disagree
They were friendly	2,877	95%	5%
The permit decision was clear	2,988	95%	5%
They answered my permit questions	2,657	95%	5%
They listened	2,846	94%	6%
They informed me about permit requirements	2,807	93%	7%
They used professional judgment	2,722	93%	7%
They were helpful	2,896	93%	7%
They communicated clearly	2,924	92%	8%
Cooperative relationship	2,732	89%	11%
The permit instructions were clear	3,029	89%	11%
The permit decision was timely	3,021	86%	14%
The permit forms were easy	3,025	86%	14%
Permit issue time was reasonable	3,058	85%	15%
They offered innovative solutions to my permit problem	2,010	83%	17%
They informed me about permit time	2,675	83%	17%
All customer service responses	**42,267**	**90%**	**10%**

Source: State Auditor's Office business survey results.

> ***Survey suggests the greatest opportunities for improvement:***
> - Keep applicants informed about permit time
> - Offer innovative solutions to permit problems
> - Issue permits in a reasonable time frame

Our four focus groups included 30 business representatives from construction, real estate, energy, agriculture, telecom, mining, and environmental and engineering consulting. Participants represented a mix of small, medium, and large businesses, almost equally distributed.

In the focus group discussions, business representatives identified a number of priorities they said would help them with permitting at the state level.

Predictability. Participants told us that knowing how long a permit will take is critical to their project decisions. They pointed out that because some businesses are seasonal, permitting delays can push construction into higher cost seasons or delay sales until peak demand for their products has passed. For example, one participant cited an unexpected permit delay that caused his business to sell its forest products after the market passed its peak pricing, and he estimated the loss to be substantial. Others said that unexpected delays can lead to lost clients or subcontractors.

To help with predictability, participants suggested that agencies could:
- Identify permit process milestones
- Make more staff available to process permits during peak times for seasonal industries
- Identify internal permit turnaround goals, with consequences if they are not met

Transparency. Participants said they need to know what they need to do to submit a complete permit application before they begin the process. They also said they needed to know who they could ask for help with specific parts of the permitting process.

To help with transparent processes, participants suggested agencies offer:

- Pre-application assistance paid for by businesses
- Extra help for new businesses with steeper learning curves, so they understand what the process will entail
- Resources for applicants, such as:
  - Access to any pre-existing approvals or work related to specific locations, such as a previous State Environmental Policy Act (SEPA) approval for the same property
  - Best management practices for businesses to increase their likelihood of getting the permit approved

Consistency. Focus group participants stressed the need for consistency – among staff of the same agency but also between agencies. They pointed out that many regulatory decisions depend upon staff judgment, which can vary depending on who is assigned to the project. They said that agencies with overlapping jurisdictions may interpret the same term or concept differently, and that multiple regulatory agencies involved in permitting a single project do not always communicate with one another, and can make conflicting determinations or have conflicting requirements. Participants stressed the need for consistent responses to questions or problems when working with multiple staff on the same project.

To help with permitting consistency, participants suggested the state:

- Identify a single agency to lead a multi-agency permitting project
- Increase coordination between agencies, such as requiring them to hold concurrent application reviews and public comment periods
- Ensure that each agency accept other agencies' permitting documents

Customer service. Participants said that in some cases, they have been met with staff less willing to help them succeed with their permitting. They cited incidents where phone calls to agency staff to ask questions or seek help were not returned for several weeks. They said an agency culture of partnership would help them succeed with their permitting needs more quickly.

To improve regulatory customer service, participants suggested agencies adopt:

- Performance-based government pay
- Accountability measures for agencies and staff

Audit results

We found that agencies could improve permitting predictability for businesses by tracking and measuring processing times, and providing that information online or on application forms. Predictable timeframes help businesses develop realistic project plans.

We also found that the time it takes to submit, review, and make decisions on business permit applications could be shortened through simple, low-cost improvements. Agencies could reduce permit decision times by providing more information and help as businesses prepare their applications. By collecting and using data to identify and correct bottlenecks, and by having processes in place to implement their strategies, agencies could continue to reduce permit decision times over time.

Agencies do not always know how long business permit decisions take, and they do not always give businesses information they have

Permitting agencies do not always know precisely how long permit decisions take because not all measure their decision times. Tracking is sometimes inconsistent; some agencies begin tracking the processing time when they receive the initial application, while others track only after an application is deemed complete. In some cases, even when agencies do know how long it is likely to take, they do not tell permit applicants.

Agencies do not always track permit processing times

Agencies cannot give applicants accurate processing times if they haven't tracked the time it takes to make permit decisions. The agency survey showed that agencies make decisions for about half of all permits in two weeks or less; some can take one or more months or even years.

Exhibit 3 on page 14 shows the results of our survey of the 14 business permitting agencies. We found that:
- Agencies formally track decision times for less than two-thirds (62 percent) of all business permits.
- While many agencies track the timeliness of most or all of their permits, three agencies – Licensing, Liquor Control Board, and Parks – track few or none of their permits.
- Agencies have timeline targets, set in statute, rule or policy, for only slightly more than half (57 percent) of all permits.

Agencies gave a number of reasons for not tracking the decision times of their permits:
- They believe business permitting is not a priority function of the agency.
- They do not have systems in place that would allow them to track processing times.
- Too many factors that contribute to the timeliness are out of their control.

Exhibit 3 – Not all permits are formally tracked, nor are performance targets maintained

Agency	Number of permits	Does the agency formally track the timeliness of its permits?	Has the agency identified target timelines?	Is the processing time available on the web or application?
Agriculture	12	●	●	◕
Archeology	1	●	●	●
Ecology	57	●	◔	◐
Fish & Wildlife	12	◐	●	●
Gambling Commission	6	●	●	◕
Health	20	●	◐	◔
Labor & Industries	60	◔	○	○
Licensing	4	○	◔	◔
Liquor Control Board	12	○	◔	○
Natural Resources	13	◐	◕	◕
Parks	2	○	◐	◐
Revenue	2	●	●	●
Transportation	20	◕	◕	◕
Utilities & Transportation	4	●	○	○
Statewide total	**225**	◐	◐	◐

Source: State Auditor's Office analysis of permit processing times.

Key to table – Criteria were met for:

All or nearly all permits ● | *Most permits* ◕ | *About half of permits* ◐ | *Some permits* ◔ | *None or very few permits* ○

Agencies have improved online information about decision times but there is more to do

In our first regulatory reform audit, we found that agencies provided business permit processing times online or on the application forms for only 15 percent of permits. Since then, some agencies have improved their online information, and overall, agencies now provide decision times for 40 percent of all permits. Fish & Wildlife, Natural Resources, and Transportation have made the biggest improvements. Despite the progress, agencies could do more to provide timeliness information to businesses. Exhibit 3 also shows that:

- Three agencies already provide decision time information for all or nearly all of their permits: Archeology and Historic Preservation, Fish & Wildlife, and Revenue.
- Three agencies provide little or no permit timeliness information on their websites or their application forms: Labor and Industries, Liquor Control Board, and Utilities & Transportation Commission.

Managers at many of the regulatory agencies we visited in the first regulatory reform audit said it is difficult to include such information on their websites because:

- Their agency cannot control how long some permitting elements will take, such as background checks conducted by federal agencies.
- Complexity of projects can vary significantly, as can agency review times.
- Predicting processing time could create false hope for business owners.
- Doing so could increase the agency's legal liability and the potential for lawsuits if it cannot meet the published time period.

Progress has been made in online timeliness information

*2012: **15% of permits***

*2013: **40% of permits***

Regulatory agencies have simple, low-cost opportunities to reduce the time it takes for a business permit decision

We primarily relied on research of Lean permitting efforts in municipal, state and federal agencies and on efforts by other performance auditors to compile our permitting best practices. A table containing the best practices we used to evaluate each phase of the permitting process is provided in **Appendix E**. The information contained in the table serves as a useful tool for agencies to help them evaluate all of their business permitting and licensing processes to ensure they are as efficient as possible.

How we evaluated the sample of permit processes

We compared eight business permitting processes to best practices in four phases of the decision-making process. Best practices include the following:

1. *Pre-application*
   - Clear process information – The agency gives applicants clear information about the permit process, including how it makes decisions, milestones, and how long the process is expected to take.
   - Clear permit requirements – The agency provides clear, complete requirements and directions for completing the application, and for how and where to obtain the information.
   - Early assistance to applicants – The agency offers help early in the process for all permits, and encourages pre-submittal meetings for more complex projects.

2. *Application and Intake*
   - User-friendly forms – The permit application forms and instructions are easy to understand, with clear guidance about what constitutes a complete application.
   - Screening for application completeness – Agency staff screen incoming permit applications for completeness, and to the extent possible, accept only complete submissions.

3. *Review and notification*
   - Prompt staff assignments – Applications are promptly assigned to a reviewer.
   - Managing process bottlenecks – The agency actively identifies and manages bottlenecks.
   - Communication with applicants – Staff communicate proactively with the applicant when necessary, by mail, email, phone, or automated notification.

4. *Performance management*
   - Performance measures – The agency collects data to track timeliness, process efficiency, quality, and customer service at each stage of the permit process.
   - Performance targets – The agency identifies a desired level of success against which it can track its actual performance.
   - Performance management – The agency regularly uses its measurement data to streamline and improve the quality and effectiveness of its permit operations.

Agencies can reduce permit decision times by providing more help earlier in the process, and by collecting and using data to identify and manage delays

We evaluated eight permit processes in detail, looking for areas where agencies might be able to improve the process and reduce the time it takes to make a permit decision. In many cases, agencies had leading practices to share, and we highlight several later in the report.

Based on our evaluations, we found that all agencies are using at least some of the best practices we evaluated them against. However, all permits had some opportunities for improvement. In all the permits we evaluated, we found the greatest potential for improvement in two phases: before the completed application is submitted and throughout performance management activities. Agencies can improve the former by giving businesses better assistance at the start of the application process.

Agencies can also improve in all areas of performance management. They are generally doing a good job of processing permits through the application and intake phase and the review and notification phase.

Pre-application phase. Applicants need to understand fully what the permitting process will involve before they apply. Businesses said a more transparent process was key in allowing them to plan their projects. We looked for information or process maps on agency websites that would help businesses understand the entire permit decision process before they apply and found only a few posted such information.

We also found many opportunities for agencies to improve their processes by providing better early assistance to applicants, including telling them what help is available, how to access it, and how long it will take agency staff to respond to requests for assistance. We looked on agency websites for that information, and found that many agencies list contact information if an applicant has questions or needs help, but none told businesses how long they must wait for a response.

Performance management. Performance management helps agencies ensure that they meet their goals and targets efficiently and effectively. In permitting, performance management involves collecting and analyzing data at each phase of the permitting process in order to identify and resolve any bottlenecks or other delays.

For example, an agency cannot control the time it takes an applicant to submit a complete permit application, but if data showed a large number of incomplete applications with many subsequent revisions, the agency might recognize the need for better instructions or more resources to help the applicant before they apply. By tracking the number of applications that were complete on the first attempt, over time the agency can assess the success of any additional assistance it provided.

Only a few of the permits we evaluated had performance measures associated with any phase of the permitting processes. By collecting performance data at each phase of the permitting process and comparing the data to targets, agencies have an accurate way of knowing how well they are performing, and where they may have opportunities to reduce processing time. Over time, any process improvements the agency does make can be evaluated by using data and benchmarks against which they can be compared.

Permits we evaluated

Cottage Food (Agriculture)

Air Quality Notice of Construction (Ecology)

Construction Stormwater (Ecology)

Hydraulic Project Approval (Fish & Wildlife)

Large On-Site Sewage System (Health)

For-Hire Vehicles (Licensing)

Silvicultural Burn Permit (Natural Resources)

Commercial Recreation Use (Parks)

Some agencies use leading practices that may benefit others

We found examples of good permit management practices at many agencies, that can serve as resources to other agencies faced with similar permitting challenges.

Pre-application

- The Department of Ecology maintains a **permit resource file** that provides examples of completed permits to applicants of its Air Quality Notice of Construction (NOC) permit.
- Ecology offers two hours of **free pre-application** assistance to all its NOC applicants.

Application and intake

- Ecology allows applicants to submit their Construction Stormwater **applications online**. The Department of Fish & Wildlife's new Hydraulic Project Approval (HPA) web-based permitting system will also allow applicants to submit online.
- In its Cottage Food application, the Department of Agriculture provides a **checklist** of everything that the application process includes.
- The Department of Health's Large On-Site Sewage System program provides renewal applicants with **pre-populated renewal forms**.

Review and notification

- Applicants for Ecology's Stormwater permit can **check their permit status online** without calling agency staff, and can access their own permit records, documents, and history. Applicants for Fish & Wildlife's HPA permit will also be able to check their status online, once their new web-based permitting system is activated.
- Fish & Wildlife's new HPA permitting system will provide **automatic text and email notification** to applicants at each step in the permitting process. Their website will also allow the public to view progress on any permit.
- Ecology's Stormwater permit applicants are notified by email as a permit passes **identified milestones**.

Performance management

- Ecology regularly conducts **customer satisfaction surveys** and uses the information to improve permit administration. Staff incorporate the data into action plans for continuous process improvement.
- Ecology's Stormwater permit staff have **regularly scheduled meetings** to discuss issues and review performance data.
- Fish & Wildlife has incorporated a new **training program** in its HPA process, designed to improve consistency and service quality.

Recommendations

While permitting agencies employ many leading practices, all have opportunities to improve their processes, reducing the time it takes them to make permit decisions. In particular, agencies can improve by giving applicants more help earlier in the permitting process, and by collecting and using data to identify delays within their own workflow.

We recommend the state take the following steps to improve business permit processes, consistent with executive and legislative direction:

1. For all permits, each regulatory agency:
   - Measure the time it takes to make a permit decision (for permits taking longer than two weeks, measure both the time from initial application to a complete application, and the time from a complete application to a decision).
   - Provide businesses, either on the website or permit application form, an estimate of the time required to process the application. Estimates could take several forms, such as:
     - the maximum processing time,
     - a range of time based on recent experience, or
     - the average time required to process 95 percent of applications during a recent period.
   - Report to the Legislature each year for the next four years on the percentage of its permits that list the processing time on the website or application form.

2. Agencies develop and publish online performance measures and targets for improvements for permits that take longer than an average of two weeks from initial application to a decision (representing various phases of the process). Agencies report annually to the Legislature on how they use their data to improve their permit processes, beginning with those with the lowest customer satisfaction or the highest number of applicants.

3. The Governor's Office or its delegate compile effective permit process streamlining practices of Washington's regulatory agencies based on their reports to the Legislature, as well as from other research on best permitting practices from around the country, and produce a report by December 31, 2014.

4. For all permits, agencies provide the following information to applicants on their websites:
   - A list of the types of assistance available, how to access them, and the maximum time an applicant will wait for a response.
   - Other tools to help the applicant submit a complete application, such as:
     - Examples of complete applications
     - Examples of approved applications
     - Checklists for ensuring a complete application

Agency responses

STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

December 23, 2013

The Honorable Troy Kelley
Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Auditor Kelley:

Thank you for the opportunity to respond to the State Auditor's Office (SAO) performance audit report on Regulatory Reform: Permit Timeliness. The Office of Financial Management worked with the audited agencies and the Governor's Office for Regulatory Innovation and Assistance and the Office of the Chief Information Officer to provide a consolidated response. The Department of Natural Resources will respond separately.

We appreciate the professionalism of your staff and their efforts to identify and make recommendations to improve the predictability and timeliness of permit decisions. Businesses need predictability and clarity of regulatory requirements to understand what is expected in submitting complete and accurate permit applications to eliminate redundant and costly permit reviews.

As you know, agencies must delicately balance streamlining efforts to improve timeliness and predictability for our business customers while maintaining the intent of the regulation, such as protecting public health and safety or preserving the environment.

We are particularly pleased with the outcomes identified by your staff as a result of engaging businesses. Overall the business survey responses were 90 percent positive. Businesses also responded with a 95 percent positive rating in the areas of: (1) their permit interactions with regulatory agencies were friendly; (2) they received answers to their questions; and (3) their permit decision was clear. While these are outstanding results, we recognize there is more work to do. Continuously improving business regulations, such as permit processing, will improve Washington's economic vitality. The data confirm that we are focusing improvement in the right areas and that efforts to improve the business climate are working.

We also appreciate that the report recognizes the progress made by regulatory agencies in adding timeliness information to their websites, from 15 percent of permits in 2012 to 40 percent in 2013. However, these results do not show that many more permits are processed the same day, with applicants receiving a decision immediately. The web stats, while helpful, may not be the best indicator of predictability for processing timelines. And while the performance audit report reflects the importance to lawmakers and businesses of streamlining permit timeliness, we wish it better reflected the commitment of state agencies and the Governor's Office to making improvements.

Last September Governor Inslee launched Results Washington — his comprehensive, data-driven performance management system — with Executive Order 13-04. This performance management system builds on the best aspects of previous executive branch initiatives and requires agencies to use Lean management to continually improve state government. Permit processing is among those improvements. In fact, two of the Governor's five goal areas have measures that will focus on streamlining regulatory processes related to permits. Goal 2, a prosperous economy, includes developing a Standard Cost Model Regulatory Index that will target improvements by considering regulatory costs, burden, time, frustration and customer satisfaction. And Goal 5 — effective, efficient and accountable government — will measure and target timeliness and customer satisfaction improvements for some permits.

We also appreciate the recognition of several agencies you identified as using leading practices that could benefit others. We believe the Governor's Office for Regulatory Innovation and Assistance (ORIA) can help share best practice information among agencies. ORIA has an important role in assisting, tracking and improving the permitting system across the state.

Agency resources are precious, and we remain very conscious that any action required of agencies requires shifting efforts from elsewhere. Even so, agencies have made good progress and are dedicated to making additional improvements. We believe the attached response and action plan makes the best use of our resources while holding state agencies accountable to continuously improve permit timeliness.

Sincerely,

David Schumacher
Director

Enclosure

cc: Joby Shimomura, Chief of Staff, Office of the Governor
      Kelly Wicker, Deputy Chief of Staff, Office of the Governor
      Ted Sturdevant, Executive Director for Legislative Affairs, Office of the Governor
      Jesus Sanchez, Director, Governor's Office for Regulatory Innovation and Assistance
      Michael Cockrill, Governor's Chief Information Officer
      Wendy Korthuis-Smith, Director, Results Washington, Office of the Governor
      Tammy Firkins, Performance Audit Liaison, Results Washington, Office of the Governor
      Honorable Peter Goldmark, Commissioner of Public Lands, Department of Natural Resources
      Bud Hover, Director, Department of Agriculture
      Allyson Brooks, State Historic Preservation Officer, Department of Archaeology & Historic
         Preservation
      Maia Bellon, Director, Department of Ecology
      Philip Anderson, Director, Department of Fish and Wildlife
      David Trujillo, Director, Gambling Commission
      John Wiesman, Secretary, Department of Health
      Joel Sacks, Director, Department of Labor and Industries

Pat Kohler, Director, Department of Licensing
Sharon Foster, Administrative Director, Liquor Control Board
Don Hoch, Director, State Parks and Recreation Commission
Carol Kobuke Nelson, Director, Department of Revenue
Lynn Peterson, Secretary, Department of Transportation
David Danner, Chairman, Utilities and Transportation Commission

OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON REGULATORY REFORM: PERMIT TIMELINESS

DECEMBER 23, 2013

This coordinated management response to the State Auditor's Office (SAO) performance audit report received December 3, 2013, is provided by the Office of Financial Management on behalf of the following regulatory agencies: departments of Agriculture, Archeology & Historic Preservation, Ecology, Fish and Wildlife, Health, Labor and Industries, Licensing, Revenue, Transportation, Gambling Commission, Liquor Control Board, State Parks and Recreation Commission, and the Utilities and Transportation Commission.

PERFORMANCE AUDIT OBJECTIVES:

1. Do regulatory agencies and their business customers know how long it takes agencies to make permit decisions?

2. Are there opportunities to reduce the time it takes regulatory agencies to make permit decisions?

ISSUE 1: Agencies do not always know how long business permit decisions take, and they do not always give businesses information they have.

RECOMMENDATION 1: For all permits, each regulatory agency:

A. Measure the time it takes to make a permit decision (for permits taking longer than two weeks, measure both the time from initial application to complete application, and the time from a complete application to a decision).

B. Provide businesses, either on the website or permit application form an estimate of the time required to process the application.

C. Report to the Legislature each year for the next four years on the percent of permits that list the processing time on the website or application form.

RESPONSE

We agree that our business customers must be able to predict how long it will take for permit decisions. Businesses must also understand what is expected so they can submit complete and accurate applications and eliminate costly, redundant application reviews.

Permitting processes vary dramatically in their complexity. Agencies must delicately balance their resources in measuring, streamlining and reporting. Similarly, they must balance the need for speedy permit processing with the need to protect public health and safety.

We appreciate that the report recognizes the progress regulatory agencies have made in adding timeliness information to their websites, from 15 percent in 2012 to 40 percent in 2013. It's also important to note that many permits are processed within a day, with applicants receiving a decision

immediately. So web stats, while helpful, may not be the best indicator of predictability for businesses.

Permit requirements are designed to provide some level of protection to Washingtonians. For example, restaurant health permits protect public safety, while hydraulic project approval permits protect the environment for future generations. Some processes are instantaneous, while others take six months to a year or longer to meet statutory requirements, public standards and coordination with federal and local partners. For these reasons, we believe that measuring the time for permit decisions that take longer than two weeks is an arbitrary time frame. Businesses need an estimated processing time regardless if it is one day or one year.

We appreciate the recommendations identified to address Issue 1 in the audit report, as well as those recommendations identified for Issue 2: "Regulatory agencies have simple, low-cost opportunities to reduce the time it takes for a business permit decision." We believe agencies can best address both issues through a modified approach to these recommendations.

Regulatory agencies will continue to prioritize and focus first on what matters most to best serve all customers. Recognizing the range of complexity among agencies and permits, agencies need plans tailored to their unique missions, permits, customers, applicable regulations and resources.

We believe the state, regulatory customers and Washingtonians will be best served by addressing the two issues through the following actions:

1) Agency-specific plans to improve clarity, predictability and timeliness of permitting.

Results Washington will ensure that each regulatory agency prepares a plan that includes a schedule of its permits. The plans will include:

- When the agency will be able to measure and estimate permit-processing time frames (from submission to decision) if those time frames are unknown.
- When the agency will publish estimated permit-processing times for those not published.
- The methodology to identify processes that may need improving, assistive tools or reduction in processing time. (Assistive tools could include customer assistance, process overview, examples of complete or approved applications, and checklists.)

The schedule of work will not exceed four years. Results Washington will track each agency's progress in developing its plan. See results.wa.gov/whatWeDo/audits/agencyActionPlans.aspx.

2) Agency-specific progress report on improving clarity, predictability and timeliness of permitting.

We believe that agencies, the business community and the Legislature will be better served by having agencies report permitting progress information to the Governor's Office for Regulatory Innovation and Assistance (ORIA). ORIA has statutory authority to collect this information and is in the best position to facilitate information-sharing among state, local and federal agencies. Each regulatory agency will prepare a progress report that includes:

- A list of permits the agency regulates;
- Estimated processing time for each permit from submission to decision (for those that have been measured);

- Date that the estimated processing time for each permit will be known (for those that have not been measured);
- Percentage of permits that have the estimated processing time on its website and/or application form;
- Whether assistive tools have been provided to help clarify the permitting process for customers (if applicable);
- Agency permits that have been improved and the results;
- Agency permits targeted for an improvement effort with target date; and
- Lessons learned from permit processing improvement efforts.

3) Comprehensive progress report on improving clarity, predictability and timeliness of regulatory permitting.

We believe agencies, the regulatory business community and the Legislature will be best served by having ORIA produce a comprehensive progress report based on the information provided by regulatory agencies. The report may also include lessons or best practices learned from local or national partners. This report will be published for the Governor, Legislature, business customers and the public.

ACTION STEPS AND TIME FRAME

- By June 30, 2014: Each regulatory agency will prepare a plan to improve clarity, predictability and timeliness of permitting.
- By June 30, 2015: Each regulatory agency will report progress to ORIA on improving clarity, predictability and timeliness of permitting.
- By December 31, 2015: Based on agency reports, ORIA will publish a comprehensive progress report on improving clarity, predictability and timeliness of regulatory permitting for the Governor, Legislature, business customers and the public.

ISSUE 2: Regulatory agencies have simple, low-cost opportunities to reduce the time it takes for a business permit decision.

RECOMMENDATION 2:

A. Agencies develop and publish online performance measures and targets for improvements for permits that take longer than an average of two weeks from initial application to a decision.

B. Agencies report annually to the Legislature on how they use their data to improve their permit processes, beginning with those with the lowest customer satisfaction or the highest number of applicants.

RESPONSE

We agree that state agencies should continue to develop performance measures and improvements for permitting. This work has been embraced by agencies, and significant effort has gone into achieving improvements despite current budget constraints.

Although we are focused on continuous improvement, we are pleased with the outcomes identified by businesses in your performance audit. Overall, the business survey responses were 90 percent positive. Businesses also responded with a 95 percent positive rating in the areas of: (1) their permit interactions with regulatory agencies were friendly; (2) they received answers to their questions; and (3) their permit decision was clear. While these are outstanding results, we recognize there is more work to do. Continuously improving business regulations, such as permit processing, will improve Washington's economic vitality. The data confirm that we are focusing improvement in the right areas and that efforts to improve the business climate are working.

Governor Inslee launched Results Washington — his comprehensive data-driven performance management system – with Executive Order 13-04. The performance management system builds on the best aspects of previous executive branch leadership and requires agencies to use Lean management to continually improve state government for Washingtonians. Those improvements include permit processing. Each agency will use Lean thinking to determine the best methodology for continuous improvement efforts, as is already being done in some regulatory agencies. These measures may be agency specific or be reported as part of Results Washington's cross-agency outcome measures. Results Washington's goal, "Prosperous Economy," includes developing a Standard Cost Model Regulatory Index that will target improvements by considering regulatory business time and costs (administrative burden), frustration and customer satisfaction. And, the Results Washington goal, "Effective, Efficient and Accountable Government," will measure and target timeliness and customer satisfaction improvements for some of these permits.

We recognize the challenge the SAO had in defining and compiling permit tracking and performance target information. A one-size-fits-all tracking approach may not accurately reflect how well an agency is serving its customers. For example, in the performance audit report, Exhibit 3 focuses on agencies that formally track and maintain performance targets. Agencies were given credit for timeliness references on websites or application forms. This is somewhat misleading. As noted above, agencies that process large numbers of permits immediately or in the same day are reported as though their performance is not tracked or maintained.

We believe the best approach would be for each agency to establish a methodology for measuring and improving what matters most to its unique customers. As stated above, we also believe that agencies, the regulatory business community, and the Legislature will be better served by having agencies report this information to the Governor's Office for Regulatory Innovation and Assistance.

ACTION STEPS AND TIME FRAME

 › See action steps above for issue 1.

RECOMMENDATION 3: The Governor's Office or its delegate compile effective permit process streamlining practices of Washington's regulatory agencies based on their reports to the Legislature, as well as from other research on best permitting practices from around the country, and produce a report by December 31, 2014.

RESPONSE

We agree that sharing best practices more formally among regulatory agencies can be beneficial. However, we believe it is more efficient for state agencies to report more comprehensive

information related to permit timeliness and improvement as outlined under Issue 1 than multiple reporting mechanisms. ORIA is in the best position to collect and share this information.

Additionally, producing a comprehensive report would not be feasible in the recommended time frame given the date of the performance audit report and the necessary work that regulatory agencies will need to complete and report progress on. ORIA will produce a comprehensive report by December 31, 2015, as outlined under Issue 1.

ACTION STEPS AND TIME FRAME

› See action step above for Issue 1.

RECOMMENDATION 4: For all permits, agencies provide the following information to applicants on their websites:

    A. A list of the types of assistance available, how to access them, and the maximum time an applicant will wait for a response.

    B. Other tools to help the applicant submit a complete application, such as: examples of complete applications, examples of approved applications, and checklists for ensuring a complete application.

RESPONSE

We agree that our regulated business customers and the state would benefit from providing more clarity on many of the regulatory permits. Applications that are not completed correctly the first time are costly to the customer and the state.

We appreciate the recognition in the performance audit report of several agencies that are using leading practices you are recommending for all agencies. Each permit, regulatory agency and its customers has unique requirements. We believe that each regulatory agency will need to assess what additional tools may be needed for each permit to assist customers.

We have included this important work as part of a comprehensive strategy under Issue 1.

ACTION STEPS AND TIME FRAME

› See action steps above for Issue 1.

WASHINGTON STATE DEPARTMENT OF
Natural Resources
Peter Goldmark - Commissioner of Public Lands

Caring for
your natural resources
... now and forever

December 23, 2013

The Honorable Troy Kelley
Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Auditor Kelley:

This letter provides the Department of Natural Resources' (DNR) response to the State Auditor's Office (SAO) Performance Audit titled "Regulatory Reform: Improving Permit Timeliness".
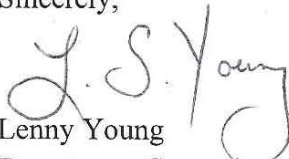
The audit report highlighted the importance of improving permit timeliness. We are pleased with how the audit report outlined many improvements made by regulatory agencies, including the DNR.

The audit provided four recommendations to improve permit timeliness. The third recommendation was for the Governor's Office, or its delegate, to compile a list of effective permit process-streaming practices of Washington regulatory agencies based on their reports to the Legislature, as well as from other research on best permitting practices from around the country, and produce a report by December 31, 2014. We believe the deadline of December 31, 2014, is unrealistic due to the scope of gathering this level of information.

Except for the December 31 deadline, we support all of SAO's recommendations.

Thank you for the opportunity to comment on this audit. Your staff was very helpful during DNR's review of the report.

Sincerely,

Lenny Young
Department Supervisor

c: Peter Goldmark, Commissioner of Public Lands
        Benjamin Hainline, Department Auditor

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Appendix A: Initiative 900

I-900 element	Addressed in the audit
1. Identification of cost savings	**Yes.** The audit makes recommendations about ways agencies can streamline their permit processes and reduce the time it takes to process permits. Implementing these recommendations would result in lower costs for both businesses and the agencies issuing permits.
2. Identification of services that can be reduced or eliminated	**No.** This audit did not address the issue of deregulation, but addressed ways the state could improve its interactions with businesses. Specifically, the audit focuses on the timeliness of regulatory agencies' business permitting decisions.
3. Identification of programs or services that can be transferred to the private sector	**No.** Regulation of business activities is a core function of government. The audit recommends ways the state can improve its interactions with businesses.
4. Analysis of gaps or overlaps in programs or services and recommendations to correct gaps or overlaps	**Yes.** The audit identifies best practices for issuing permits. For a select number of permits, the audit examines gaps between these best practices and current agency practices. The report includes recommendations to improve agency permit administration.
5. Feasibility of pooling information technology systems within the department	**No.** The feasibility of pooling information technology systems was not within the scope of this performance audit.
6. Analysis of the roles and functions of the department, and recommendations to change or eliminate departmental roles or functions	**Yes.** The audit evaluates the function of permit administration in detail. The report includes information about how long permit decisions take, what businesses expect and their recent permit experiences, and ways in which agencies can improve permit administration.
7. Recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	**No.** The final audit report includes a series of recommendations intended to promote and improve the performance, accountability, and transparency of agency permit administration. The report includes a scoring template tool for agencies to use on their own to improve permit administration.
8. Analysis of departmental performance, data performance measures, and self-assessment systems	**Yes.** The audit includes analysis of performance data developed using a survey of permitting agencies, a second survey of businesses that had recently applied for a permit, and information that we gathered about existing permitting processes. The audit also examines agencies' own self-assessment systems.
9. Identification of best practices	**Yes.** To evaluate agency permit administration activities, the audit developed detailed criteria based on best practices described in professional literature and in use in other jurisdictions around the country.

Appendix B: Methodology

This performance audit focuses on the timeliness of regulatory agencies' business permitting decisions. The audit examines agencies' processes for approving or denying business permit applications. Research for the report centered on the following two questions:

- Do regulatory agencies and their business customers know how long business permit decisions take?
- Can agencies reduce the time it takes to make permit decisions?

Agency survey. To learn how long business permit decisions take, we surveyed the 14 permitting agencies about each of their 225 permits. For each permit, we asked the following:

- Whether they track processing time
- If so, the average decision time for completed permits from 2011 through 2012
- Whether they have target time frames for making decisions
- If so, what those targets are based on

We followed up with agencies that do not track decision times or those without targets to learn why they lack these performance management tools. We also looked on agency websites and permit application forms to learn whether agencies provide processing time information to businesses online. Because we had calculated the same information using the same methodology for all permits and licenses in our first regulatory reform audit, we compared information for permits to determine where agencies have made progress in this area since 2012.

Business engagement. To learn about businesses' expectations and experiences around permit timeliness, we surveyed businesses and conducted business focus groups. For this part of the audit, we used preliminary information available from our agency survey to identify and to focus on permits taking longer than two weeks, and those where no processing time information was known.

For our *business survey*, we selected permits from 10 agencies. We excluded four agencies from consideration, because our preliminary research suggested that all of their permits took two weeks or less to process, or the number of permit applications was very low for those taking longer than two weeks.

The agencies we excluded were: Gambling Commission, Labor and Industries, Revenue, and the Utilities and Transportation Commission.

In planning the survey, we first contacted some key regulatory agencies to learn the viability of obtaining business contact information for permit applicants from 2011 through 2012. The agencies we contacted all indicated that they could provide contact information for recent permit applicants.

Managers at the Department of Ecology told us they had recently completed their biennial customer service survey of all their customers for the same time frame. We looked at their survey instrument, which had been developed in collaboration with businesses, and determined it contained questions that would fully serve our needs. We hired the same organization that regularly conducts Ecology's survey, the National Agricultural Statistics Service (NASS), to conduct our survey.

NASS used relevant questions from Ecology's instrument (**Appendix C**) to survey 3,000 recent permit applicants to the remaining nine agencies we identified. They used the same telephone method and sampling process they applied to Ecology's customers. NASS combined the data regarding those nine agencies with comparable data from Ecology – using responses from business permit applicants only – to complete the statewide results. Ecology's data included an additional 1,200 business permit applicant responses.

While we used only statewide survey results in our report, we sent each participating agency their individual permit results, their overall agency results, and all survey comments received.

For the *business focus groups*, we spoke with 30 participants from diverse industries, including construction, real estate, energy, agriculture, telecom, mining, and environmental and engineering consulting. We met in four cities: Port Angeles, Seattle, Spokane, and Tri-Cities. We selected these locations around the state to represent business issues in both urban and rural communities, and in diverse industry clusters.

In all but Seattle, we worked with Economic Development Councils to help us identify business participants. In Seattle, we worked with the Manufacturing Industrial Council.

In the focus group discussions, we asked about experiences and expectations with state permitting, and we solicited suggestions and recommendations to help solve perceived issues.

Permit evaluations. To see if there are opportunities to shorten permit decision times, we evaluated a subset of the state's business permits. We selected the following eight permits from seven agencies, representing a broad cross-section of regulatory agencies, business uses, and processing times:
- Cottage Food (Agriculture)
- Air Quality Notice of Construction (Ecology)
- Construction Stormwater (Ecology)
- Hydraulic Project Approval (Fish & Wildlife)
- Large On-Site Sewage System (Health)
- For-Hire Vehicles (Licensing)
- Silvicultural Burn Permit (Natural Resources)
- Commercial Recreation Use (Parks)

We developed audit criteria based on best practices in four areas of permitting: pre-application, application and intake, review and notification, and performance management. We derived the best practices from professional literature, including Lean permitting efforts in state and federal agencies, and from the work of other performance auditors. All of the best practices can potentially reduce the permit processing time, saving both businesses and agencies money.

We developed a permit evaluation tool (**Appendix E**) to assess each permit process against the defined criteria. That tool can be used by agencies on an ongoing basis to evaluate and improve all of their permitting and licensing processes.

For each selected permit, we met with agency staff to better understand the complete decision-making process and to create a high-level process map. We then compared elements of each permit process to our criteria.

While each process we evaluated had unique opportunities for streamlining based on our criteria, we looked for issues in common areas. We shared the individual permit evaluations with the agencies, to help them improve the specific permits we examined.

We conducted this audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with generally accepted government auditing standards, prescribed by U.S. Government Accountability Office. Those standards require that we plan and obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C: Business survey

Introduction

Hello. This is _____calling on behalf of the Washington State Auditor's Office. We are looking for feedback about your experience applying for a permit. You were selected from a sample of individuals who applied for business permits from Washington state regulatory agencies during the last two years.

Your cooperation is extremely important to the accuracy of the survey. Your responses will be completely anonymous. Response to this survey is voluntary.

Survey questions

The following questions relate to your application for a _____ permit from [appropriate agency] in either 2011 or 2012.

Was your application for a permit:

(1)   Approved, permit issued (including conditionally approved)?

(2)   Withdrawn by you or your company?

(3)   Denied?

(4)   Pending a decision?

(5)   Or something else? Specify_____

Now I have some questions regarding [appropriate agency] staff and their customer service.

Promptness

4. When applying for the permit, how long did it usually take [appropriate agency] staff to respond to:

	Within one day	Within one week	Two to four weeks	Longer than a month	Does not apply
Phone calls					
Emails					
Letters					
Materials you requested					

Now we're asking about:

Customer service: business relationship and permit process

Please indicate whether you strongly disagree, disagree, agree, or strongly agree with the following statements. If the statement does not apply please indicate.

Communications with [appropriate agency]

They were helpful.

They were friendly.

They listened.

They used professional judgment rather than personal opinion to influence their work on the application.

They communicated information clearly.

They worked to build a cooperative relationship.

They worked with you to find innovative ways to solve problems.

Now we are going to ask about the:

Permit process

Please indicate whether you strongly disagree, disagree, agree, or strongly agree with the following statements. If the statement does not apply please indicate.

They informed you about what was needed to submit a complete permit application.

They answered your questions about the permitting process.

You were informed about how long it would take to get a permit decision.

Now I have a few statements about the permit itself, using the same ratings.

The permit forms were easy to use.

The application instructions were clear.

The decision was timely.

The decision was clear.

The time required to issue the permit was reasonable.

Miscellaneous

Open ended questions.

How should the [appropriate agency] improve the process of getting a permit?

Any other comments?

Appendix D: List of permits included in the business survey

Note: Not all permits were included in the business survey. Please see the Methodology in Appendix B for a description of how we selected the permits that we did include.

Agency	Permit application name
Agriculture	Experimental Pesticide Use Permit (on Aquatic Sites)
	Pasture to Pasture Permit
	Plant Sale Permit
	Restricted Feedlot Permit
	Seed Label Permit (and Annual Assessment)
	Special Poultry Permit
Archaeology and Historic Preservation	Archaeological Excavation Permit
Ecology	401 Water Quality Certification
	Agricultural Burning Permits
	Air Operating Permit (AOP)
	Air Quality Notice of Construction Permit
	Air Quality Prevention of Significant Deterioration Permit
	Change/Transfer of Water Right
	Coverage under the Construction Stormwater General Permit (Notice of Intent)
	Coverage under the Fresh Fruit Packing General Permit
	Coverage under the General Permit to Discharge Stormwater Associated with Industrial Activity
	Coverage under the National Pollutant Discharge Elimination System (NPDES) Boatyard General Permit
	Coverage under the Sand & Gravel General Permits
	Dam Construction Permit
	Dangerous Waste Permit
	General Order for Asphalt Plants
	General Order for Automobile
	General Order for Concrete Batch Plants
	General Order for Small Water Heaters and Steam Generating Boilers
	General Order for Stationary and Portable Rock Crushers
	General Permit for Biosolids Management
	Individual National Pollutant Discharge Elimination System (NPDES) Permit
	Outdoor Burn Permits
	State Waste Discharge Permit to Discharge Industrial Wastewater to a Publicly-Owned Treatment Works (POTW)
	State Wastewater Discharge Permit to Discharge Industrial Wastewater to Ground Water by Land Treatment or Application
	Water Quality Industrial (IU) to POTW/PRIVATE (SWDP IP) Permit
	Water Rights Permit

Agency	Permit application name
Fish and Wildlife	Fish Transport Application Permit - (Shellfish)
	Fish Stocking Application Permit - (Shellfish)
	Fish Stocking Application Permit - (Finfish)
	Fish Transportation Application Permit - (Finfish)
	Joint Aquatic Resources Permit (JARPA - Hydraulic Project Approval)
	Scientific Collection Permit (SCPs)
Health	Drinking Water Operating Permit
	Large On-Site Sewage System (LOSS) Operating Permit
	Water Recreation Facilities Construction Permit
Licensing	Registered Tow Truck Permit
	Vehicles for Hire (Taxi) Permit
Liquor Control Board	Class 1, 2, or 6 Ethyl Alcohol Permit
	Class 4 Employees/Guests Liquor Permit
	Class 5 Import for Manufacturing Permit
	Class 8 or 9 Non-Retail Trade Show Permit
	Class 11 Bed and Breakfast Liquor Permit
	Raffle Liquor Permit
	Temporary Pre-Approval Liquor Permit
Natural Resources	Burn Permit-(Silvicultural Burning)
Parks	Commercial Recreation Use Provider Registration/Permit
Transportation	Access Connection Permit

Appendix E: Permitting best practices

Pre-application best practices

	Criteria		
	Clear process information	**Clear permit requirements**	**Early assistance**
Definition	The agency provides applicants with clear information about the permit process, including the decision making process, milestones, and expected time frames.	The agency provides clear, complete requirements and directions for completing the application and obtaining the information required for the permit.	The agency provides early assistance for all permits and encourages and provides pre-submittal meetings for more complex projects.
Best practices	Website or application provides detailed overview of process: • Purpose/need of the permit • Permit timelines • Up to date permit fees • Complete description of agency permitting process or process map Website or application allows easy navigation to any additional information about process requirements Content written in plain English Clearly organized process information on the website with sufficient white space	Website or application includes: • Complete description of required information in list or checklist • Comprehensive directions Website or application allows easy navigation to additional requirement information	Website or application includes: • Information on available assistance • Contact or access information for assistance and expected response time • Information about pre-application meetings for more complex permits

Application and intake best practices

	Criteria	
	User-friendly forms	**Screening for completeness**
Definition	The permit has user-friendly application forms and instructions, with clear guidance about what constitutes a complete application.	Agency staff screen incoming permit applications for completeness, and to the extent possible, accept only permit applications that are complete upon submittal.
Best practices	Forms use plain language Forms include definitions of technical terms Forms are organized so that related information is collected together Agency provides clear guidance on the form or website about how to submit a complete application Agency provides assistance on the website such as examples of acceptable answers or a link to a help section for more complex permits	Agency has checklist or written guidelines to check for completeness Agency uses a standard practice to promptly screen for completeness Agency has clear staff assignments/responsibilities Agency promptly notifies applicant if the application is incomplete

Review and notification best practices

	Criteria		
	Prompt assignments	**Managing process bottlenecks**	**Communication with applicants**
Definition	Applications are promptly assigned to a reviewer.	The agency actively identifies and manages bottlenecks.	Staff communicate proactively with the applicant, when applicable, such as through mail, email, phone, or automated notification.
Best practices	Agency uses consistent process to promptly assign staff for permit review	Agency uses a process for identifying and managing bottlenecks, such as: • Conducting review meetings with staff • Using detailed process maps • Using training programs Agency avoids delays in processing applications by either: • Performing simultaneous reviews • Providing staff backups	Agency communicates with the applicant through mail, email or phone about information needs Agency communicates with applicant as major milestones are reached for more complex permits

Performance management best practices

	Criteria		
	Performance measures	**Performance targets**	**Performance management**
Definition	The agency has measures for timeliness, efficiency, quality, and customer service at each stage of the permit process.	The permit has performance targets.	The agency regularly uses its performance management information to streamline and improve the quality and effectiveness of its permit operations.
Best practices	Agency regularly collects performance data including: • Timeliness, such as time to permit decision and time to response to help request • Quantity, such as number of applications reviewed by each staff member • Quality, such as percent of applications complete upon receipt Agency tracks customer satisfaction	Agency prominently publishes one or more measures and targets Agency prominently publishes decision timeliness goal	Agency regularly analyzes process performance data Agency formally uses analysis of process performance data to improve permitting practices