
SUBSTITUTE SENATE BILL 5607

State of Washington**54th Legislature****1995 Regular Session**

By Senate Committee on Ways & Means (originally sponsored by Senators Gaspard, Cantu, Haugen, Prentice, Wood, Snyder, Long, A. Anderson, Deccio, Kohl, Wojahn, Oke, Rasmussen and Winsley; by request of State Auditor)

Read first time 03/06/95.

1 AN ACT Relating to performance audits of state government; amending
2 RCW 44.48.070, 44.48.080, 44.48.090, 44.48.130, 44.28.110, 44.28.120,
3 44.28.150, 43.88.020, 43.88.090, 43.88.160, 43.132.020, 43.88A.030,
4 43.88A.040, 43.132.040, 28A.415.020, 28A.630.830, 28B.20.382,
5 39.19.060, 39.29.016, 39.29.018, 39.29.025, 39.29.055, 41.06.070,
6 42.48.060, 43.09.310, 43.21J.800, 43.72.830, 43.79.270, 43.79.280,
7 43.88.205, 43.88.230, 43.88.310, 43.88.510, 43.88.899, 43.131.050,
8 43.131.060, 43.131.070, 43.131.080, 43.131.110, 43.250.080, 44.40.025,
9 67.70.310, 79.01.006, 82.33.030, 82.33.040, and 88.46.920; reenacting
10 and amending RCW 43.88.030; adding a new chapter to Title 44 RCW;
11 creating a new section; recodifying RCW 44.28.110, 44.28.120,
12 44.28.150, 44.48.070, 44.48.080, 44.28.090, and 44.28.130; and
13 repealing RCW 44.28.010, 44.28.020, 44.28.030, 44.28.040, 44.28.050,
14 44.28.060, 44.28.080, 44.28.085, 44.28.086, 44.28.087, 44.28.100,
15 44.28.130, 44.28.140, 44.28.180, 44.28.900, 44.48.010, 44.48.020,
16 44.48.030, 44.48.040, 44.48.050, 44.48.060, 44.48.100, 44.48.110,
17 44.48.120, 44.48.140, and 44.48.900.

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

1 NEW SECTION. **Sec. 1.** The public expects the legislature to
2 address citizens' increasing demand for the basic services of state
3 government, while limiting the growth in spending. The public demands
4 that public officials and state employees be accountable to provide
5 maximum value for every dollar entrusted to state government. In
6 creating the Washington performance partnership, the legislature
7 established improved service delivery and responsiveness as significant
8 priorities for state government. The public believes that it is
9 possible to improve the responsiveness of state government and to save
10 the taxpayers' money, and that efficiency and effectiveness should
11 result in savings.

12 It is the intent of the legislature to thoroughly examine all
13 expenditures for state government. The base expenditure level for each
14 agency and program must be subject to the same scrutiny as incremental
15 changes to the base level. The legislature, public officials, state
16 employees, and citizens need to know the extent to which state
17 agencies, programs, and activities are achieving the purposes for which
18 they were created. It is essential to compare the conditions,
19 problems, and priorities that led to the creation of government
20 programs with current conditions, problems, and priorities, and to
21 examine the need for and performance of those programs in the current
22 environment.

23 Along with examining the performance of state agencies and
24 programs, the legislature, public officials, state employees, and
25 citizens must also consider: The effect that state government programs
26 can reasonably expect to have on citizens' lives; how the level of
27 programs and services of Washington state government compares with
28 other states; and alternatives for service delivery, including other
29 levels of government and the private sector. It is essential that the
30 legislature, public officials, state employees, and citizens share a
31 common understanding of the role of state government. The performance
32 and relative priority of state agency programs and activities must be
33 the basis for managing and allocating resources within Washington state
34 government.

35 NEW SECTION. **Sec. 2.** Unless the context clearly requires
36 otherwise, the definitions in this section apply throughout this
37 chapter.

1 (1) "Performance measures" means realistic estimates, generally in
2 quantifiable terms, of what the state or any of its agencies or
3 programs is expected to achieve.

4 (2) "Performance audit" means an objective and systematic
5 assessment of state government or any of its agencies, programs,
6 functions, or activities, or any unit of local government receiving
7 state funds, by an independent evaluator in order to help public
8 officials improve efficiency, effectiveness, and accountability.
9 Performance audits include economy and efficiency audits, program
10 audits, and performance verifications.

11 (3) "Economy and efficiency audits" means performance audits that
12 establish: (a) Whether the state or any of its agencies is acquiring,
13 protecting, and using its resources such as personnel, property, and
14 space economically and efficiently; (b) the causes of inefficiencies or
15 uneconomical practices; and (c) whether the state or any of its
16 agencies has complied with significant laws and rules in acquiring,
17 protecting, and using its resources.

18 (4) "Program audits" means performance audits that determine: (a)
19 The extent to which desired outcomes or results are being achieved; (b)
20 the causes for not achieving intended outcomes or results; and (c)
21 compliance with significant laws and rules applicable to the program.

22 (5) "Performance verification" means an analysis that verifies:
23 (a) The accuracy of data used by state agencies in quantifying intended
24 results and measuring performance toward those results; and (b)
25 whether the reported results were achieved.

26 (6) "Director" means the director of the legislative office of
27 performance audit and fiscal analysis.

28 NEW SECTION. **Sec. 3.** The joint committee on performance audits is
29 established.

30 (1) The committee shall consist of:

31 (a) The majority leader of the senate;

32 (b) The speaker of the house of representatives;

33 (c) The minority leader of the senate;

34 (d) The minority leader of the house of representatives;

35 (e) The chair and ranking minority member of the senate ways and
36 means committee;

37 (f) The chair and ranking minority member of the house of
38 representatives appropriations committee; and

1 (g) Four additional members, one each from the majority and
2 minority caucuses of the senate and the house of representatives.

3 (2) The chair of the committee shall be selected by the committee,
4 to serve for a period not to exceed one year. The chair shall
5 alternate between the members of the senate and the house of
6 representatives, and between each political party.

7 (3) Members of the committee shall serve without additional
8 compensation but shall be reimbursed for travel expenses in accordance
9 with RCW 44.04.120 while attending meetings of the committee or any
10 subcommittee or on other business authorized by the committee.

11 (4) An executive committee is established consisting of the
12 majority leader and minority leader of the senate and the speaker and
13 minority leader of the house of representatives. The function of the
14 executive committee is to appoint the director. Approval by an
15 affirmative vote of at least three members of the committee is required
16 for any decisions regarding employment of the director. Employment of
17 the director shall terminate after each term of three years. At the
18 end of the first year of each three-year term, the council shall
19 consider extension of the term by one year. However, at any time
20 during the term of office, the employment of the director may be
21 terminated by a unanimous vote of the executive committee. The salary
22 of the director shall be set by the executive committee.

23 (5) The director shall hire additional staff and direct the
24 performance review and fiscal analysis functions described in this
25 chapter.

26 NEW SECTION. **Sec. 4.** (1) The director shall establish and manage
27 a legislative office of performance audit and fiscal analysis to carry
28 out the functions described in this chapter.

29 (2) In consultation with the executive committee, the director is
30 empowered to select and employ personnel necessary to carry out the
31 purposes of this act and fix their salary. Salaries for employees of
32 the legislative office of performance audit and fiscal analysis, other
33 than the director, shall be set with the approval of the executive
34 committee, the secretary of the senate, and the chief clerk of the
35 house of representatives.

36 NEW SECTION. **Sec. 5.** (1) The director shall have the primary
37 responsibility for performance audits of state agencies, programs,

1 functions, and activities, including economy and efficiency audits and
2 program audits.

3 (2) The director shall work in consultation with the state auditor
4 to conduct performance audits and performance verification. The
5 director shall also work closely with the chairs and staff of standing
6 committees of the senate and house of representatives.

7 (3) In conducting performance audits, the director shall use public
8 and private independent professional and technical experts as necessary
9 in conducting performance audits.

10 (4) The director shall involve front-line employees and internal
11 auditors to the degree possible in the performance audit process.

12 (5) The legislative office of performance audit and fiscal analysis
13 shall work with the Washington performance partnership to facilitate
14 the implementation of effective performance measures throughout state
15 government. In agencies and programs where effective systems for
16 performance measurement exist, the measurements incorporated into those
17 systems shall be the basis for performance audits carried out under
18 this chapter.

19 (6) A provision of law directing the director, or another entity,
20 to conduct a performance audit of any state agency, program, or
21 function shall be deemed a request to the joint committee on
22 performance audits to direct the director to undertake that audit. The
23 request shall be considered by the joint committee for inclusion in the
24 subsequent annual audit plan approved by the joint committee.

25 (7) Subject to the requirements of the annual performance audit
26 plan approved by the joint committee, performance audits may require
27 the director to:

28 (a) Determine whether an agency, program, or function is using its
29 resources economically and efficiently;

30 (b) Identify causes for inefficient or uneconomical practices;

31 (c) Determine compliance with applicable laws and rules;

32 (d) Determine the extent to which results desired by the
33 legislature are being achieved;

34 (e) Identify causes for not achieving desired results;

35 (f) Examine the costs and benefits of agency programs, functions,
36 and activities;

37 (g) Identify viable alternatives for reducing costs or improving
38 service delivery, including elimination of functions or transferring
39 functions to the private sector;

1 (h) Identify gaps and overlaps in service delivery, along with
2 corrective action; and

3 (i) Identify agencies, programs, functions, and processes that can
4 be improved with the assistance of the Washington performance
5 partnership to redesign and improve processes.

6 (8) The legislative office of performance audit and fiscal analysis
7 shall develop information system capabilities necessary for the
8 performance review requirements of this chapter.

9 (9) The joint committee on performance audits shall receive a copy
10 of each report of examination issued by the state auditor under RCW
11 43.09.310, shall review the reports, and shall make the recommendations
12 to the legislature and the state auditor as it deems appropriate.

13 NEW SECTION. **Sec. 6.** In examining state agencies and programs
14 subject to the annual audit plan, the director shall thoroughly examine
15 all expenditures. The base expenditure level for each agency and
16 program shall be examined without consideration of or reference to past
17 incremental funding provided to the agency or program.

18 The zero-base review shall include a delineation of the costs and
19 full-time equivalent staff associated with each discreet program,
20 function, and activity included in the base budget. The review should
21 also include estimates of administrative costs and staffing levels and,
22 where appropriate, an estimate of the amount of funds that reach the
23 intended recipients of the program or activity.

24 NEW SECTION. **Sec. 7.** The legislative office of performance audit
25 and fiscal analysis shall coordinate a process for procurement,
26 independent analysis, and distribution of legislative fiscal notes to
27 all standing committees of the senate and house of representatives
28 under chapters 43.88A and 43.132 RCW. Requests for fiscal notes to
29 state agencies shall be transmitted by the office, and completed fiscal
30 notes shall be submitted to the office.

31 Upon receipt of fiscal notes from state agencies, the office shall
32 analyze each note. Based on an independent analysis, the director
33 shall either endorse the fiscal note as submitted, facilitate revision
34 of the fiscal note by the submitting agency, or prepare a replacement
35 or amended fiscal note that will be the approved fiscal note for
36 consideration before committees of the legislature. No fiscal notes

1 shall be submitted to standing committees of the legislature without
2 the approval of the director or a designee.

3 The office shall facilitate the timely revision of fiscal notes to
4 reflect legislative action on pending legislation.

5 In conducting performance audits, the director shall review the
6 costs of programs recently implemented by the legislature to compare
7 actual agency costs with the appropriations provided and the cost
8 estimates that were included in the fiscal note for the program at the
9 time the program was enacted.

10 The office shall work with the staff of the standing committees of
11 the legislature to improve understanding and evaluation of fiscal notes
12 of legislation pending in those committees. In addition, the director
13 shall recommend to the joint committee on performance audits additional
14 modifications intended to improve the objectivity and timeliness of
15 fiscal notes necessary for legislative consideration.

16 NEW SECTION. **Sec. 8.** (1) Prior to the completion of each
17 legislative session, the joint committee on performance audits shall
18 approve a performance audit plan for the subsequent twelve to fifteen-
19 month period. The audit plan shall include a schedule of agencies,
20 programs, and activities for which performance audits will be initiated
21 during the period. The audit plan shall include timelines for the
22 start and completion of each audit. The plan shall also identify the
23 role of the legislative office of performance audit and fiscal
24 analysis, the state auditor, and public and private sector experts
25 necessary to complete each performance audit. The director may submit
26 revisions to the plan for consideration by the joint committee
27 throughout the year.

28 In developing a draft plan for submission to the joint committee,
29 the director shall consult with the state auditor, the director of
30 financial management, chairs and staff of appropriate legislative
31 committees, and representatives of state employee organizations.

32 (2) When the director has completed a performance audit authorized
33 in the annual performance audit plan, the director shall transmit the
34 audit to the affected state or local agency for its comments. The
35 agency shall provide any response to the director within thirty days
36 after receipt of the performance audit. The response of the agency
37 shall be incorporated into the final performance audit report.

1 (3) Before releasing the results of any performance audit to the
2 legislature or the public, the director shall submit the performance
3 audit to the joint committee on performance audits for its review and
4 comment. Upon consideration and incorporation of the review and
5 comments of the joint committee, the director shall transmit the final
6 performance audit report to the agency, the director of financial
7 management, and appropriate legislative committees and shall make the
8 report available for public review.

9 NEW SECTION. **Sec. 9.** The performance audit revolving fund is
10 established in the state treasury. Expenditures from the fund may be
11 spent only by appropriation. The fund is established to assist in
12 recovering the costs of performance audits and zero-based budget
13 reviews from the audited agency or program. Subject to appropriation,
14 the director shall assess agencies all or a portion of the cost of
15 performance audits and zero-based budget reviews.

16 The cost of performance audits and budget reviews shall include all
17 direct and indirect costs and any other expenses incurred by the
18 director in fulfilling his or her statutory responsibilities.

19 Costs of audits may also be paid from other funds appropriated to
20 the legislative office of performance audit and fiscal analysis.

21 NEW SECTION. **Sec. 10.** To ensure the accuracy and timeliness of
22 information used as the basis for performance audits and other
23 responsibilities of the legislature, the director shall be provided
24 direct and unrestricted access to information held by any state agency.
25 Agencies shall submit directly to the legislature, on a confidential
26 basis, all data and other information requested, including tax records
27 and client data.

28 **Sec. 11.** RCW 44.48.070 and 1977 ex.s. c 373 s 7 are each amended
29 to read as follows:

30 The joint committee on performance audits shall acquire a data
31 processing service capability under the exclusive jurisdiction and
32 control of the legislature acting through the committee and (~~its~~
33 ~~administrator~~) the director of the legislative office of performance
34 audit and fiscal analysis for the purpose of providing the legislature
35 and its staff with the type of information required for in-depth
36 analysis and monitoring of state agency expenditures, budgets, and

1 related fiscal matters. ((The legislative evaluation and
2 accountability program established in this section may be referred to
3 in this chapter as the LEAP administration.))

4 **Sec. 12.** RCW 44.48.080 and 1977 ex.s. c 373 s 8 are each amended
5 to read as follows:

6 To carry out the provisions of RCW 44.48.070 (as recodified by this
7 act) the ((LEAP administration)) joint committee on performance audits
8 shall provide for:

9 (1) Automated data bases and application systems in support of
10 legislative requirements to monitor, evaluate, analyze, report, and
11 review;

12 (2) Maintenance of computer software, application programs, data
13 bases, and related documentation;

14 (3) Education, training, and programming services;

15 (4) Procedural documentation support; and

16 (5) Consulting assistance on special projects.

17 **Sec. 13.** RCW 44.48.090 and 1979 c 151 s 158 are each amended to
18 read as follows:

19 The joint committee on performance audits shall have the following
20 powers:

21 (1) To have timely access, upon written request of the
22 ((administrator)) director of the legislative office of performance
23 audit and fiscal analysis, to all machine readable, printed, and other
24 data of state agencies relative to expenditures, budgets, and related
25 fiscal matters;

26 (2) To suggest changes relative to state accounting and reporting
27 systems to the office of financial management or its successor and to
28 require timely written responses to such suggestions; and

29 (3) To enter into contracts; and when entering into any contract
30 for computer access, make necessary provisions relative to the
31 scheduling of computer time and usage in recognition of the unique
32 requirements and priorities of the legislative process.

33 **Sec. 14.** RCW 44.48.130 and 1977 ex.s. c 373 s 13 are each amended
34 to read as follows:

35 The joint committee on performance audits is hereby expressly
36 exempted from the provisions of chapter 43.105 RCW.

1 **Sec. 15.** RCW 44.28.110 and 1955 c 206 s 8 are each amended to read
2 as follows:

3 In the discharge of any duty herein imposed, the joint committee on
4 performance audits or any personnel under its authority and its
5 subcommittees shall have the authority to examine and inspect all
6 properties, equipment, facilities, files, records and accounts of any
7 state office, department, institution, board, committee, commission or
8 agency, and to administer oaths, issue subpoenas, compel the attendance
9 of witnesses and the production of any papers, books, accounts,
10 documents and testimony, and to cause the deposition of witnesses,
11 either residing within or without the state, to be taken in the manner
12 prescribed by laws for taking depositions in civil actions in the
13 superior courts.

14 **Sec. 16.** RCW 44.28.120 and 1951 c 43 s 9 are each amended to read
15 as follows:

16 In case of the failure on the part of any person to comply with any
17 subpoena issued in behalf of the joint committee on performance audits,
18 or on the refusal of any witness to testify to any matters regarding
19 which he or she may be lawfully interrogated, it shall be the duty of
20 the superior court of any county, or of the judge thereof, on
21 application of the committee, to compel obedience by proceedings for
22 contempt, as in the case of disobedience of the requirements of a
23 subpoena issued from such court or a refusal to testify therein.

24 **Sec. 17.** RCW 44.28.150 and 1975 1st ex.s. c 293 s 18 are each
25 amended to read as follows:

26 The joint committee on performance audits shall cooperate, act, and
27 function with legislative committees and with the councils or
28 committees of other states similar to this committee and with other
29 interstate research organizations.

30 **Sec. 18.** RCW 43.88.020 and 1994 c 184 s 9 are each amended to read
31 as follows:

32 (1) "Budget" means a proposed plan of expenditures for a given
33 period or purpose and the proposed means for financing these
34 expenditures.

35 (2) "Budget document" means a formal, written statement offered by
36 the governor to the legislature, as provided in RCW 43.88.030.

1 (3) "Director of financial management" means the official appointed
2 by the governor to serve at the governor's pleasure and to whom the
3 governor may delegate necessary authority to carry out the governor's
4 duties as provided in this chapter. The director of financial
5 management shall be head of the office of financial management which
6 shall be in the office of the governor.

7 (4) "Agency" means and includes every state office, officer, each
8 institution, whether educational, correctional or other, and every
9 department, division, board and commission, except as otherwise
10 provided in this chapter.

11 (5) "Public funds", for purposes of this chapter, means all moneys,
12 including cash, checks, bills, notes, drafts, stocks, and bonds,
13 whether held in trust, for operating purposes, or for capital purposes,
14 and collected or disbursed under law, whether or not such funds are
15 otherwise subject to legislative appropriation, including funds
16 maintained outside the state treasury.

17 (6) "Regulations" means the policies, standards, and requirements,
18 stated in writing, designed to carry out the purposes of this chapter,
19 as issued by the governor or the governor's designated agent, and which
20 shall have the force and effect of law.

21 (7) "Ensuing biennium" means the fiscal biennium beginning on July
22 1st of the same year in which a regular session of the legislature is
23 held during an odd-numbered year pursuant to Article II, section 12 of
24 the Constitution and which biennium next succeeds the current biennium.

25 (8) "Dedicated fund" means a fund in the state treasury, or a
26 separate account or fund in the general fund in the state treasury,
27 that by law is dedicated, appropriated or set aside for a limited
28 object or purpose; but "dedicated fund" does not include a revolving
29 fund or a trust fund.

30 (9) "Revolving fund" means a fund in the state treasury,
31 established by law, from which is paid the cost of goods or services
32 furnished to or by a state agency, and which is replenished through
33 charges made for such goods or services or through transfers from other
34 accounts or funds.

35 (10) "Trust fund" means a fund in the state treasury in which
36 designated persons or classes of persons have a vested beneficial
37 interest or equitable ownership, or which was created or established by
38 a gift, grant, contribution, devise, or bequest that limits the use of
39 the fund to designated objects or purposes.

1 (11) "Administrative expenses" means expenditures for: (a)
2 Salaries, wages, and related costs of personnel and (b) operations and
3 maintenance including but not limited to costs of supplies, materials,
4 services, and equipment.

5 (12) "Fiscal year" means the year beginning July 1st and ending the
6 following June 30th.

7 (13) "Lapse" means the termination of authority to expend an
8 appropriation.

9 (14) "Legislative fiscal committees" means the (~~legislative budget~~
10 ~~committee, the legislative evaluation and accountability program~~)
11 joint committee on performance audits, the ways and means committees of
12 the senate and house of representatives, and, where appropriate, the
13 legislative transportation committee.

14 (15) "Fiscal period" means the period for which an appropriation is
15 made as specified within the act making the appropriation.

16 (16) "Primary budget driver" means the primary determinant of a
17 budget level, other than a price variable, which causes or is
18 associated with the major expenditure of an agency or budget unit
19 within an agency, such as a caseload, enrollment, workload, or
20 population statistic.

21 (17) "Stabilization account" means the budget stabilization account
22 created under RCW 43.88.525 as an account in the general fund of the
23 state treasury.

24 (18) "State tax revenue limit" means the limitation created by
25 chapter 43.135 RCW.

26 (19) "General state revenues" means the revenues defined by Article
27 VIII, section 1(c) of the state Constitution.

28 (20) "Annual growth rate in real personal income" means the
29 estimated percentage growth in personal income for the state during the
30 current fiscal year, expressed in constant value dollars, as published
31 by the office of financial management or its successor agency.

32 (21) "Estimated revenues" means estimates of revenue in the most
33 recent official economic and revenue forecast prepared under RCW
34 82.33.020, and prepared by the office of financial management for those
35 funds, accounts, and sources for which the office of the economic and
36 revenue forecast council does not prepare an official forecast
37 including estimates of revenues to support financial plans under RCW
38 44.40.070, that are prepared by the office of financial management in
39 consultation with the interagency task force.

1 (22) "Estimated receipts" means the estimated receipt of cash in
2 the most recent official economic and revenue forecast prepared under
3 RCW 82.33.020, and prepared by the office of financial management for
4 those funds, accounts, and sources for which the office of the economic
5 and revenue forecast council does not prepare an official forecast.

6 (23) "State budgeting, accounting, and reporting system" means a
7 system that gathers, maintains, and communicates fiscal information.
8 The system links fiscal information beginning with development of
9 agency budget requests through adoption of legislative appropriations
10 to tracking actual receipts and expenditures against approved plans.

11 (24) "Allotment of appropriation" means the agency's statement of
12 proposed expenditures, the director of financial management's review of
13 that statement, and the placement of the approved statement into the
14 state budgeting, accounting, and reporting system.

15 (25) "Statement of proposed expenditures" means a plan prepared by
16 each agency that breaks each appropriation out into monthly detail
17 representing the best estimate of how the appropriation will be
18 expended.

19 (26) "Undesignated fund balance (or deficit)" means unreserved and
20 undesignated current assets or other resources available for
21 expenditure over and above any current liabilities which are expected
22 to be incurred by the close of the fiscal period.

23 (27) "Internal audit" means an independent appraisal activity
24 within an agency for the review of operations as a service to
25 management, including a systematic examination of accounting and fiscal
26 controls to assure that human and material resources are guarded
27 against waste, loss, or misuse; and that reliable data are gathered,
28 maintained, and fairly disclosed in a written report of the audit
29 findings.

30 ~~((28) "Performance verification" means an analysis that (a)~~
31 ~~verifies the accuracy of data used by state agencies in quantifying~~
32 ~~intended results and measuring performance toward those results, and~~
33 ~~(b) verifies whether or not the reported results were achieved.~~

34 ~~(29) "Program evaluation" means the use of a variety of policy and~~
35 ~~fiscal research methods to (a) determine the extent to which a program~~
36 ~~is achieving its legislative intent in terms of producing the effects~~
37 ~~expected, and (b) make an objective judgment of the implementation,~~
38 ~~outcomes, and net cost or benefit impact of programs in the context of~~
39 ~~their goals and objectives. It includes the application of systematic~~

1 ~~methods to measure the results, intended or unintended, of program~~
2 ~~activities.))~~

3 **Sec. 19.** RCW 43.88.090 and 1994 c 184 s 10 are each amended to
4 read as follows:

5 (1) For purposes of developing budget proposals to the legislature,
6 the governor shall have the power, and it shall be the governor's duty,
7 to require from proper agency officials such detailed estimates and
8 other information in such form and at such times as the governor shall
9 direct. The estimates for the legislature and the judiciary shall be
10 transmitted to the governor and shall be included in the budget without
11 revision. The estimates for state pension contributions shall be based
12 on the rates provided in chapter 41.45 RCW. Copies of all such
13 estimates shall be transmitted to the standing committees on ways and
14 means of the house and senate at the same time as they are filed with
15 the governor and the office of financial management.

16 The estimates shall include statements or tables which indicate, by
17 agency, the state funds which are required for the receipt of federal
18 matching revenues. The estimates shall be revised as necessary to
19 reflect legislative enactments and adopted appropriations and shall be
20 included with the initial biennial allotment submitted under RCW
21 43.88.110. The estimates shall include consideration of findings made
22 by the director of the legislative office of performance audit and
23 fiscal analysis pursuant to a performance audit of the agency.

24 (2) In the year of the gubernatorial election, the governor shall
25 invite the governor-elect or the governor-elect's designee to attend
26 all hearings provided in RCW 43.88.100; and the governor shall furnish
27 the governor-elect or the governor-elect's designee with such
28 information as will enable the governor-elect or the governor-elect's
29 designee to gain an understanding of the state's budget requirements.
30 The governor-elect or the governor-elect's designee may ask such
31 questions during the hearings and require such information as the
32 governor-elect or the governor-elect's designee deems necessary and may
33 make recommendations in connection with any item of the budget which,
34 with the governor-elect's reasons therefor, shall be presented to the
35 legislature in writing with the budget document. Copies of all such
36 estimates and other required information shall also be submitted to the
37 standing committees on ways and means of the house and senate.

1 **Sec. 20.** RCW 43.88.160 and 1994 c 184 s 11 are each amended to
2 read as follows:

3 This section sets forth the major fiscal duties and
4 responsibilities of officers and agencies of the executive branch. The
5 regulations issued by the governor pursuant to this chapter shall
6 provide for a comprehensive, orderly basis for fiscal management and
7 control, including efficient accounting and reporting therefor, for the
8 executive branch of the state government and may include, in addition,
9 such requirements as will generally promote more efficient public
10 management in the state.

11 (1) Governor; director of financial management. The governor,
12 through the director of financial management, shall devise and
13 supervise a modern and complete accounting system for each agency to
14 the end that all revenues, expenditures, receipts, disbursements,
15 resources, and obligations of the state shall be properly and
16 systematically accounted for. The accounting system shall include the
17 development of accurate, timely records and reports of all financial
18 affairs of the state. The system shall also provide for central
19 accounts in the office of financial management at the level of detail
20 deemed necessary by the director to perform central financial
21 management. The director of financial management shall adopt and
22 periodically update an accounting procedures manual. Any agency
23 maintaining its own accounting and reporting system shall comply with
24 the updated accounting procedures manual and the rules of the director
25 adopted under this chapter. An agency may receive a waiver from
26 complying with this requirement if the waiver is approved by the
27 director. Waivers expire at the end of the fiscal biennium for which
28 they are granted. The director shall forward notice of waivers granted
29 to the appropriate legislative fiscal committees. The director of
30 financial management may require such financial, statistical, and other
31 reports as the director deems necessary from all agencies covering any
32 period.

33 (2) The director of financial management is responsible for
34 quarterly reporting of primary operating budget drivers such as
35 applicable workloads, caseload estimates, and appropriate unit cost
36 data. These reports shall be transmitted to the legislative fiscal
37 committees or by electronic means to the legislative evaluation and
38 accountability program committee. Quarterly reports shall include
39 actual monthly data and the variance between actual and estimated data

1 to date. The reports shall also include estimates of these items for
2 the remainder of the budget period.

3 (3) The director of financial management shall report at least
4 annually to the appropriate legislative committees regarding the status
5 of all appropriated capital projects, including transportation
6 projects, showing significant cost overruns or underruns. If funds are
7 shifted from one project to another, the office of financial management
8 shall also reflect this in the annual variance report. Once a project
9 is complete, the report shall provide a final summary showing estimated
10 start and completion dates of each project phase compared to actual
11 dates, estimated costs of each project phase compared to actual costs,
12 and whether or not there are any outstanding liabilities or unsettled
13 claims at the time of completion.

14 (4) In addition, the director of financial management, as agent of
15 the governor, shall:

16 (a) Develop and maintain a system of internal controls and internal
17 audits comprising methods and procedures to be adopted by each agency
18 that will safeguard its assets, check the accuracy and reliability of
19 its accounting data, promote operational efficiency, and encourage
20 adherence to prescribed managerial policies for accounting and
21 financial controls. The system developed by the director shall include
22 criteria for determining the scope and comprehensiveness of internal
23 controls required by classes of agencies, depending on the level of
24 resources at risk.

25 Each agency head or authorized designee shall be assigned the
26 responsibility and authority for establishing and maintaining internal
27 audits following the standards of internal auditing of the institute of
28 internal auditors;

29 (b) Make surveys and analyses of agencies with the object of
30 determining better methods and increased effectiveness in the use of
31 manpower and materials; and the director shall authorize expenditures
32 for employee training to the end that the state may benefit from
33 training facilities made available to state employees;

34 (c) Establish policies for allowing the contracting of child care
35 services;

36 (d) Report to the governor with regard to duplication of effort or
37 lack of coordination among agencies;

38 (e) Review any pay and classification plans, and changes
39 thereunder, developed by any agency for their fiscal impact: PROVIDED,

1 That none of the provisions of this subsection shall affect merit
2 systems of personnel management now existing or hereafter established
3 by statute relating to the fixing of qualifications requirements for
4 recruitment, appointment, or promotion of employees of any agency. The
5 director shall advise and confer with agencies including appropriate
6 standing committees of the legislature as may be designated by the
7 speaker of the house and the president of the senate regarding the
8 fiscal impact of such plans and may amend or alter said plans, except
9 that for the following agencies no amendment or alteration of said
10 plans may be made without the approval of the agency concerned:
11 Agencies headed by elective officials;

12 (f) Fix the number and classes of positions or authorized man years
13 of employment for each agency and during the fiscal period amend the
14 determinations previously fixed by the director except that the
15 director shall not be empowered to fix said number or said classes for
16 the following: Agencies headed by elective officials;

17 (g) ~~((Provide for transfers and repayments between the budget
18 stabilization account and the general fund as directed by appropriation
19 and RCW 43.88.525 through 43.88.540;~~

20 ~~(h))~~ Adopt rules to effectuate provisions contained in (a) through
21 ~~((g))~~ (f) of this subsection.

22 (5) The treasurer shall:

23 (a) Receive, keep, and disburse all public funds of the state not
24 expressly required by law to be received, kept, and disbursed by some
25 other persons: PROVIDED, That this subsection shall not apply to those
26 public funds of the institutions of higher learning which are not
27 subject to appropriation;

28 (b) Receive, disburse, or transfer public funds under the
29 treasurer's supervision or custody;

30 (c) Keep a correct and current account of all moneys received and
31 disbursed by the treasurer, classified by fund or account;

32 (d) Coordinate agencies' acceptance and use of credit cards and
33 other payment methods, if the agencies have received authorization
34 under RCW 43.41.180;

35 (e) Perform such other duties as may be required by law or by
36 regulations issued pursuant to this law.

37 It shall be unlawful for the treasurer to disburse public funds in
38 the treasury except upon forms or by alternative means duly prescribed
39 by the director of financial management. These forms or alternative

1 means shall provide for authentication and certification by the agency
2 head or the agency head's designee that the services have been rendered
3 or the materials have been furnished; or, in the case of loans or
4 grants, that the loans or grants are authorized by law; or, in the case
5 of payments for periodic maintenance services to be performed on state
6 owned equipment, that a written contract for such periodic maintenance
7 services is currently in effect and copies thereof are on file with the
8 office of financial management; and the treasurer shall not be liable
9 under the treasurer's surety bond for erroneous or improper payments so
10 made. When services are lawfully paid for in advance of full
11 performance by any private individual or business entity other than as
12 provided for by RCW 42.24.035, such individual or entity other than
13 central stores rendering such services shall make a cash deposit or
14 furnish surety bond coverage to the state as shall be fixed in an
15 amount by law, or if not fixed by law, then in such amounts as shall be
16 fixed by the director of the department of general administration but
17 in no case shall such required cash deposit or surety bond be less than
18 an amount which will fully indemnify the state against any and all
19 losses on account of breach of promise to fully perform such services.
20 No payments shall be made in advance for any equipment maintenance
21 services to be performed more than three months after such payment.
22 Any such bond so furnished shall be conditioned that the person, firm
23 or corporation receiving the advance payment will apply it toward
24 performance of the contract. The responsibility for recovery of
25 erroneous or improper payments made under this section shall lie with
26 the agency head or the agency head's designee in accordance with
27 regulations issued pursuant to this chapter. Nothing in this section
28 shall be construed to permit a public body to advance funds to a
29 private service provider pursuant to a grant or loan before services
30 have been rendered or material furnished.

31 (6) The state auditor shall:

32 (a) Report to the legislature the results of current post audits
33 that have been made of the financial transactions of each agency; to
34 this end the auditor may, in the auditor's discretion, examine the
35 books and accounts of any agency, official or employee charged with the
36 receipt, custody or safekeeping of public funds. Where feasible in
37 conducting examinations, the auditor shall utilize data and findings
38 from the internal control system prescribed by the office of financial
39 management. The current post audit of each agency may include a

1 section on recommendations to the legislature as provided in (c) of
2 this subsection.

3 (b) Give information to the legislature, whenever required, upon
4 any subject relating to the financial affairs of the state.

5 (c) Make the auditor's official report on or before the thirty-
6 first of December which precedes the meeting of the legislature. The
7 report shall be for the last complete fiscal period and shall include
8 determinations as to whether agencies, in making expenditures, complied
9 with the laws of this state. The state auditor is authorized to
10 perform or participate in performance verifications ~~((only))~~ and
11 performance audits as expressly authorized by the legislature in the
12 omnibus biennial appropriations acts or in the annual performance audit
13 plan approved by the joint committee on performance audits. The state
14 auditor, upon completing an audit for legal and financial compliance
15 under chapter 43.09 RCW ~~((or a performance verification,))~~ may report
16 to the ~~((legislative budget))~~ joint committee on performance audits or
17 other appropriate committees of the legislature, in a manner prescribed
18 by the ~~((legislative budget))~~ joint committee on performance audits, on
19 facts relating to the management or performance of governmental
20 programs where such facts are discovered incidental to the legal and
21 financial audit or performance verification. The auditor may make such
22 a report to a legislative committee only if the auditor has determined
23 that the agency has been given an opportunity and has failed to resolve
24 the management or performance issues raised by the auditor. If the
25 auditor makes a report to a legislative committee, the agency may
26 submit to the committee a response to the report. ~~((This subsection~~
27 ~~(6) shall not be construed to authorize the auditor to allocate other~~
28 ~~than de minimis resources to performance audits except as expressly~~
29 ~~authorized in the appropriations acts))~~ The results of a performance
30 audit or performance verification conducted by the state auditor shall
31 be transmitted only to the director of the legislative office of
32 performance audit and fiscal analysis for incorporation into the final
33 performance audit report, subject to review and comment by the affected
34 state agency under section 8(2) of this act.

35 (d) Be empowered to take exception to specific expenditures that
36 have been incurred by any agency or to take exception to other
37 practices related in any way to the agency's financial transactions and
38 to cause such exceptions to be made a matter of public record,
39 including disclosure to the agency concerned and to the director of

1 financial management. It shall be the duty of the director of
2 financial management to cause corrective action to be taken promptly,
3 such action to include, as appropriate, the withholding of funds as
4 provided in RCW 43.88.110.

5 (e) Promptly report any irregularities to the attorney general.

6 (f) Investigate improper governmental activity under chapter 42.40
7 RCW.

8 ~~((7) The legislative budget committee may:~~

9 ~~(a) Make post audits of the financial transactions of any agency
10 and management surveys and program reviews as provided for in RCW
11 44.28.085 as well as performance audits and program evaluations. To
12 this end the committee may in its discretion examine the books,
13 accounts, and other records of any agency, official, or employee.~~

14 ~~(b) Give information to the legislature or any legislative
15 committee whenever required upon any subject relating to the
16 performance and management of state agencies.~~

17 ~~(c) Make a report to the legislature which shall include at least
18 the following:~~

19 ~~(i) Determinations as to the extent to which agencies in making
20 expenditures have complied with the will of the legislature and in this
21 connection, may take exception to specific expenditures or financial
22 practices of any agencies; and~~

23 ~~(ii) Such plans as it deems expedient for the support of the
24 state's credit, for lessening expenditures, for promoting frugality and
25 economy in agency affairs and generally for an improved level of fiscal
26 management.))~~

27 **Sec. 21.** RCW 43.132.020 and 1984 c 125 s 16 are each amended to
28 read as follows:

29 The director of financial management or the director's designee
30 shall, in cooperation with appropriate legislative committees and
31 legislative staff, establish a mechanism for the determination of the
32 fiscal impact of proposed legislation which if enacted into law would
33 directly or indirectly increase or decrease revenues received or
34 expenditures incurred by counties, cities, towns, or any other
35 political subdivisions of the state. The office of financial
36 management shall, when requested by a member of the state legislature,
37 report in writing as to such fiscal impact and said report shall be
38 known as a "fiscal note".

1 Such fiscal notes shall indicate by fiscal year the total impact on
2 the subdivisions involved for the first two years the legislation would
3 be in effect and also a cumulative six year forecast of the fiscal
4 impact. Where feasible and applicable, the fiscal note also shall
5 indicate the fiscal impact on each individual county or on a
6 representative sampling of cities, towns, or other political
7 subdivisions.

8 A fiscal note as defined in this section shall be provided only
9 upon request of the joint committee on performance audits on behalf of
10 any member of the state legislature. (~~(A legislator)~~) The joint
11 committee also may request that such a fiscal note be revised to
12 reflect the impact of proposed amendments or substitute bills. Fiscal
13 notes shall be completed within seventy-two hours of the request unless
14 a longer time period is allowed by the (~~(requesting legislator)~~) joint
15 committee. In the event a fiscal note has not been completed within
16 seventy-two hours of a request, a daily report shall be prepared for
17 the (~~(requesting legislator)~~) joint committee by the director of
18 financial management which report summarizes the progress in preparing
19 the fiscal note. If the request is referred to the director of
20 community, trade, and economic development, the daily report shall also
21 include the date and time such referral was made.

22 **Sec. 22.** RCW 43.88A.030 and 1986 c 158 s 16 are each amended to
23 read as follows:

24 When a fiscal note is prepared and approved as to form, accuracy,
25 and completeness by the office of financial management, which depicts
26 the expected fiscal impact of a bill or resolution, copies shall be
27 filed immediately with(~~(:~~

28 ~~(1) The chairperson of the committee to which the bill or~~
29 ~~resolution was referred upon introduction in the house of origin;~~

30 ~~(2) The senate committee on ways and means, or its successor; and~~

31 ~~(3) The house committees on revenue and appropriations, or their~~
32 ~~successors)) the joint committee on performance audits.~~

33 Whenever possible, such fiscal note shall be provided prior to or
34 at the time the bill or resolution is first heard by the committee of
35 reference in the house of origin.

36 (~~When a fiscal note has been prepared for a bill or resolution, a~~
37 ~~copy of the fiscal note shall be placed in the bill books or otherwise~~

1 ~~attached to the bill or resolution and shall remain with the bill or~~
2 ~~resolution throughout the legislative process insofar as possible.))~~

3 **Sec. 23.** RCW 43.88A.040 and 1979 c 151 s 148 are each amended to
4 read as follows:

5 The office of financial management shall also provide a fiscal note
6 on any legislative proposal at the request of the joint committee on
7 performance audits on behalf of any legislator. ~~((Such))~~ The fiscal
8 note shall be returned to the requesting legislator, and copies shall
9 be filed with the appropriate legislative committees ~~((pursuant to))~~
10 under RCW 43.88A.030 at the time ~~((such))~~ the proposed legislation is
11 introduced in either house.

12 **Sec. 24.** RCW 43.132.040 and 1986 c 158 s 18 are each amended to
13 read as follows:

14 When a fiscal note is prepared and approved as to form and
15 completeness by the director of financial management, the director
16 shall transmit copies immediately to(~~+~~

17 ~~(1) The requesting legislator;~~

18 ~~(2) With respect to proposed legislation held by the senate, the~~
19 ~~chairperson of the committee which holds or has acted upon the proposed~~
20 ~~legislation, the chairperson of the ways and means committee, the~~
21 ~~chairperson of the local government committee, and the secretary of the~~
22 ~~senate; and~~

23 ~~(3) With respect to proposed legislation held by the house of~~
24 ~~representatives, the chairperson of the committee which holds or has~~
25 ~~acted upon the proposed legislation, the chairpersons of the revenue~~
26 ~~and taxation and appropriations committees, the chairperson of the~~
27 ~~local government committee, and the chief clerk of the house of~~
28 ~~representatives)) the joint committee on performance audits.~~

29 **Sec. 25.** RCW 28A.415.020 and 1990 c 33 s 415 are each amended to
30 read as follows:

31 (1) Certificated personnel shall receive for each ten clock hours
32 of approved in-service training attended the equivalent of a one credit
33 college quarter course on the salary schedule developed by the
34 ~~((legislative evaluation and accountability program))~~ joint committee
35 on performance audits.

1 (2) Certificated personnel shall receive for each ten clock hours
2 of approved continuing education earned, as continuing education is
3 defined by rule adopted by the state board of education, the equivalent
4 of a one credit college quarter course on the salary schedule developed
5 by the ((~~legislative evaluation and accountability program~~)) joint
6 committee on performance audits.

7 (3) An approved in-service training program shall be a program
8 approved by a school district board of directors, which meet standards
9 adopted by the state board of education, and the development of said
10 program has been participated in by an in-service training task force
11 whose membership is the same as provided under RCW 28A.415.040, or a
12 program offered by an education agency approved to provide in-service
13 for the purposes of continuing education as provided for under rules
14 adopted by the state board of education, or both.

15 (4) Clock hours eligible for application to the salary schedule
16 developed by the ((~~legislative evaluation and accountability program~~))
17 joint committee on performance audits as described in subsections (1)
18 and (2) of this section, shall be those hours acquired after August 31,
19 1987.

20 **Sec. 26.** RCW 28A.630.830 and 1994 c 13 s 5 are each amended to
21 read as follows:

22 (1) The selection advisory committee is created. The committee
23 shall be composed of up to three members from the house of
24 representatives, up to three members from the senate, up to two members
25 from the office of the superintendent of public instruction, and one
26 member from each of the following: The office of financial management,
27 Washington state special education coalition, transitional bilingual
28 instruction educators, and Washington education association.

29 (2) The ((~~legislative budget committee~~)) joint committee on
30 performance audits and the superintendent of public instruction shall
31 provide staff for the selection advisory committee.

32 (3) The selection advisory committee shall:

33 (a) Develop appropriate criteria for selecting demonstration
34 projects;

35 (b) Issue requests for proposals in accordance with RCW 28A.630.820
36 through 28A.630.845 for demonstration projects;

37 (c) Review proposals and recommend demonstration projects for
38 approval by the superintendent of public instruction; and

1 (d) Advise the superintendent of public instruction on the
2 evaluation design.

3 **Sec. 27.** RCW 28B.20.382 and 1987 c 505 s 13 are each amended to
4 read as follows:

5 Until authorized and empowered to do so by statute of the
6 legislature, the board of regents of the university, with respect to
7 that certain tract of land in the city of Seattle originally known as
8 the "old university grounds" and more recently known as the
9 "Metropolitan Tract" and any land contiguous thereto, shall not sell
10 ((said)) the land or any part thereof or any improvement thereon, or
11 lease ((said)) the land or any part thereof or any improvement thereon
12 or renew or extend any lease thereof for a term ending more than sixty
13 years beyond midnight, December 31, 1980. Any sale of ((said)) land or
14 any part thereof or any improvement thereon, or any lease or renewal or
15 extension of any lease of ((said)) land or any part thereof or any
16 improvement thereon for a term ending more than sixty years after
17 midnight, December 31, 1980, made or attempted to be made by the board
18 of regents shall be null and void unless and until the same has been
19 approved or ratified and confirmed by legislative act.

20 The board of regents shall have power from time to time to lease
21 ((said)) the land, or any part thereof or any improvement thereon for
22 a term ending not more than sixty years beyond midnight, December 31,
23 1980: PROVIDED, That the board of regents shall make a full, detailed
24 report of all leases and transactions pertaining to ((said)) the land
25 or any part thereof or any improvement thereon to the ((~~legislative~~
26 ~~budget committee~~)) joint committee on performance audits, including one
27 copy to the staff of the committee, during an odd-numbered year:
28 PROVIDED FURTHER, That any and all records, books, accounts and/or
29 agreements of any lessee or sublessee under this section, pertaining to
30 compliance with the terms and conditions of such lease or sublease,
31 shall be open to inspection by the board of regents and/or the ways and
32 means committees of the senate or the house of representatives or the
33 ((~~legislative budget committee~~)) joint committee on performance audits
34 or any successor committees. It is not intended by this proviso that
35 unrelated records, books, accounts and/or agreements of lessees,
36 sublessees or related companies be open to such inspection.

1 **Sec. 28.** RCW 39.19.060 and 1993 c 512 s 9 are each amended to read
2 as follows:

3 Each state agency and educational institution shall comply with the
4 annual goals established for that agency or institution under this
5 chapter for public works and procuring goods or services. This chapter
6 applies to all public works and procurement by state agencies and
7 educational institutions, including all contracts and other procurement
8 under chapters 28B.10, 39.04, 39.29, 43.19, and 47.28 RCW. Each state
9 agency shall adopt a plan, developed in consultation with the director
10 and the advisory committee, to insure that minority and women-owned
11 businesses are afforded the maximum practicable opportunity to directly
12 and meaningfully participate in the execution of public contracts for
13 public works and goods and services. The plan shall include specific
14 measures the agency will undertake to increase the participation of
15 certified minority and women-owned businesses. The office shall
16 annually notify the governor, the state auditor, and the ((~~legislative~~
17 ~~budget committee~~)) joint committee on performance audits of all
18 agencies and educational institutions not in compliance with this
19 chapter.

20 **Sec. 29.** RCW 39.29.016 and 1987 c 414 s 4 are each amended to read
21 as follows:

22 Emergency contracts shall be filed with the office of financial
23 management and the ((~~legislative budget committee~~)) joint committee on
24 performance audits and made available for public inspection within
25 three working days following the commencement of work or execution of
26 the contract, whichever occurs first. Documented justification for
27 emergency contracts shall be provided to the office of financial
28 management and the ((~~legislative budget committee~~)) joint committee on
29 performance audits when the contract is filed.

30 **Sec. 30.** RCW 39.29.018 and 1993 c 433 s 5 are each amended to read
31 as follows:

32 (1) Sole source contracts shall be filed with the office of
33 financial management and the ((~~legislative budget committee~~)) joint
34 committee on performance audits and made available for public
35 inspection at least ten working days prior to the proposed starting
36 date of the contract. Documented justification for sole source
37 contracts shall be provided to the office of financial management and

1 the (~~legislative budget committee~~) joint committee on performance
2 audits when the contract is filed. For sole source contracts of ten
3 thousand dollars or more that are state funded, documented
4 justification shall include evidence that the agency attempted to
5 identify potential consultants by advertising through state-wide or
6 regional newspapers.

7 (2) The office of financial management shall approve sole source
8 contracts of ten thousand dollars or more that are state funded, before
9 any such contract becomes binding and before any services may be
10 performed under the contract. These requirements shall also apply to
11 sole source contracts of less than ten thousand dollars if the total
12 amount of such contracts between an agency and the same consultant is
13 ten thousand dollars or more within a fiscal year. Agencies shall
14 ensure that the costs, fees, or rates negotiated in filed sole source
15 contracts of ten thousand dollars or more are reasonable.

16 **Sec. 31.** RCW 39.29.025 and 1993 c 433 s 3 are each amended to read
17 as follows:

18 (1) Substantial changes in either the scope of work specified in
19 the contract or in the scope of work specified in the formal
20 solicitation document must generally be awarded as new contracts.
21 Substantial changes executed by contract amendments must be submitted
22 to the office of financial management and the (~~legislative budget~~
23 ~~committee~~) joint committee on performance audits, and are subject to
24 approval by the office of financial management.

25 (2) An amendment or amendments to personal service contracts, if
26 the value of the amendment or amendments, whether singly or
27 cumulatively, exceeds fifty percent of the value of the original
28 contract must be provided to the office of financial management and the
29 (~~legislative budget committee~~) joint committee on performance audits.

30 (3) The office of financial management shall approve amendments
31 provided to it under this section before the amendments become binding
32 and before services may be performed under the amendments.

33 (4) The amendments must be filed with the office of financial
34 management and made available for public inspection at least ten
35 working days prior to the proposed starting date of services under the
36 amendments.

37 (5) The office of financial management shall approve amendments
38 provided to it under this section only if they meet the criteria for

1 approval of the amendments established by the director of the office of
2 financial management.

3 **Sec. 32.** RCW 39.29.055 and 1993 c 433 s 7 are each amended to read
4 as follows:

5 (1) State-funded personal service contracts subject to competitive
6 solicitation shall be filed with the office of financial management and
7 the (~~legislative budget committee~~) joint committee on performance
8 audits and made available for public inspection at least ten working
9 days before the proposed starting date of the contract.

10 (2) The office of financial management shall review and approve
11 state-funded personal service contracts subject to competitive
12 solicitation that provide services relating to management consulting,
13 organizational development, marketing, communications, employee
14 training, or employee recruiting.

15 **Sec. 33.** RCW 41.06.070 and 1994 c 264 s 13 are each amended to
16 read as follows:

17 (1) The provisions of this chapter do not apply to:

18 (a) The members of the legislature or to any employee of, or
19 position in, the legislative branch of the state government including
20 members, officers, and employees of the legislative council,
21 (~~legislative budget committee~~) joint committee on performance audits,
22 statute law committee, and any interim committee of the legislature;

23 (b) The justices of the supreme court, judges of the court of
24 appeals, judges of the superior courts or of the inferior courts, or to
25 any employee of, or position in the judicial branch of state
26 government;

27 (c) Officers, academic personnel, and employees of technical
28 colleges;

29 (d) The officers of the Washington state patrol;

30 (e) Elective officers of the state;

31 (f) The chief executive officer of each agency;

32 (g) In the departments of employment security and social and health
33 services, the director and the director's confidential secretary; in
34 all other departments, the executive head of which is an individual
35 appointed by the governor, the director, his or her confidential
36 secretary, and his or her statutory assistant directors;

1 (h) In the case of a multimember board, commission, or committee,
2 whether the members thereof are elected, appointed by the governor or
3 other authority, serve ex officio, or are otherwise chosen:

4 (i) All members of such boards, commissions, or committees;

5 (ii) If the members of the board, commission, or committee serve on
6 a part-time basis and there is a statutory executive officer: The
7 secretary of the board, commission, or committee; the chief executive
8 officer of the board, commission, or committee; and the confidential
9 secretary of the chief executive officer of the board, commission, or
10 committee;

11 (iii) If the members of the board, commission, or committee serve
12 on a full-time basis: The chief executive officer or administrative
13 officer as designated by the board, commission, or committee; and a
14 confidential secretary to the chair of the board, commission, or
15 committee;

16 (iv) If all members of the board, commission, or committee serve ex
17 officio: The chief executive officer; and the confidential secretary
18 of such chief executive officer;

19 (i) The confidential secretaries and administrative assistants in
20 the immediate offices of the elective officers of the state;

21 (j) Assistant attorneys general;

22 (k) Commissioned and enlisted personnel in the military service of
23 the state;

24 (l) Inmate, student, part-time, or temporary employees, and part-
25 time professional consultants, as defined by the Washington personnel
26 resources board;

27 (m) The public printer or to any employees of or positions in the
28 state printing plant;

29 (n) Officers and employees of the Washington state fruit
30 commission;

31 (o) Officers and employees of the Washington state apple
32 advertising commission;

33 (p) Officers and employees of the Washington state dairy products
34 commission;

35 (q) Officers and employees of the Washington tree fruit research
36 commission;

37 (r) Officers and employees of the Washington state beef commission;

38 (s) Officers and employees of any commission formed under chapter
39 15.66 RCW;

1 (t) Officers and employees of the state wheat commission formed
2 under chapter 15.63 RCW;

3 (u) Officers and employees of agricultural commissions formed under
4 chapter 15.65 RCW;

5 (v) Officers and employees of the nonprofit corporation formed
6 under chapter 67.40 RCW;

7 (w) Liquor vendors appointed by the Washington state liquor control
8 board pursuant to RCW 66.08.050: PROVIDED, HOWEVER, That rules adopted
9 by the Washington personnel resources board pursuant to RCW 41.06.150
10 regarding the basis for, and procedures to be followed for, the
11 dismissal, suspension, or demotion of an employee, and appeals
12 therefrom shall be fully applicable to liquor vendors except those part
13 time agency vendors employed by the liquor control board when, in
14 addition to the sale of liquor for the state, they sell goods, wares,
15 merchandise, or services as a self-sustaining private retail business;

16 (x) Executive assistants for personnel administration and labor
17 relations in all state agencies employing such executive assistants
18 including but not limited to all departments, offices, commissions,
19 committees, boards, or other bodies subject to the provisions of this
20 chapter and this subsection shall prevail over any provision of law
21 inconsistent herewith unless specific exception is made in such law;

22 (y) In each agency with fifty or more employees: Deputy agency
23 heads, assistant directors or division directors, and not more than
24 three principal policy assistants who report directly to the agency
25 head or deputy agency heads;

26 (z) All employees of the marine employees' commission;

27 (aa) Up to a total of five senior staff positions of the western
28 library network under chapter 27.26 RCW responsible for formulating
29 policy or for directing program management of a major administrative
30 unit. This subsection shall expire on June 30, 1997.

31 (2) The following classifications, positions, and employees of
32 institutions of higher education and related boards are hereby exempted
33 from coverage of this chapter:

34 (a) Members of the governing board of each institution of higher
35 education and related boards, all presidents, vice-presidents and their
36 confidential secretaries, administrative and personal assistants;
37 deans, directors, and chairs; academic personnel; and executive heads
38 of major administrative or academic divisions employed by institutions
39 of higher education; principal assistants to executive heads of major

1 administrative or academic divisions; other managerial or professional
2 employees in an institution or related board having substantial
3 responsibility for directing or controlling program operations and
4 accountable for allocation of resources and program results, or for the
5 formulation of institutional policy, or for carrying out personnel
6 administration or labor relations functions, legislative relations,
7 public information, development, senior computer systems and network
8 programming, or internal audits and investigations; and any employee of
9 a community college district whose place of work is one which is
10 physically located outside the state of Washington and who is employed
11 pursuant to RCW 28B.50.092 and assigned to an educational program
12 operating outside of the state of Washington;

13 (b) Student, part-time, or temporary employees, and part-time
14 professional consultants, as defined by the Washington personnel
15 resources board, employed by institutions of higher education and
16 related boards;

17 (c) The governing board of each institution, and related boards,
18 may also exempt from this chapter classifications involving research
19 activities, counseling of students, extension or continuing education
20 activities, graphic arts or publications activities requiring
21 prescribed academic preparation or special training as determined by
22 the board: PROVIDED, That no nonacademic employee engaged in office,
23 clerical, maintenance, or food and trade services may be exempted by
24 the board under this provision;

25 (d) Printing craft employees in the department of printing at the
26 University of Washington.

27 (3) In addition to the exemptions specifically provided by this
28 chapter, the Washington personnel resources board may provide for
29 further exemptions pursuant to the following procedures. The governor
30 or other appropriate elected official may submit requests for exemption
31 to the Washington personnel resources board stating the reasons for
32 requesting such exemptions. The Washington personnel resources board
33 shall hold a public hearing, after proper notice, on requests submitted
34 pursuant to this subsection. If the board determines that the position
35 for which exemption is requested is one involving substantial
36 responsibility for the formulation of basic agency or executive policy
37 or one involving directing and controlling program operations of an
38 agency or a major administrative division thereof, the Washington
39 personnel resources board shall grant the request and such

1 determination shall be final as to any decision made before July 1,
2 1993. The total number of additional exemptions permitted under this
3 subsection shall not exceed one percent of the number of employees in
4 the classified service not including employees of institutions of
5 higher education and related boards for those agencies not directly
6 under the authority of any elected public official other than the
7 governor, and shall not exceed a total of twenty-five for all agencies
8 under the authority of elected public officials other than the
9 governor. The Washington personnel resources board shall report to
10 each regular session of the legislature during an odd-numbered year all
11 exemptions granted under subsections (1) (x) and (y) and (2) of this
12 section, together with the reasons for such exemptions.

13 The salary and fringe benefits of all positions presently or
14 hereafter exempted except for the chief executive officer of each
15 agency, full-time members of boards and commissions, administrative
16 assistants and confidential secretaries in the immediate office of an
17 elected state official, and the personnel listed in subsections (1) (j)
18 through (v) and (2) of this section, shall be determined by the
19 Washington personnel resources board.

20 Any person holding a classified position subject to the provisions
21 of this chapter shall, when and if such position is subsequently
22 exempted from the application of this chapter, be afforded the
23 following rights: If such person previously held permanent status in
24 another classified position, such person shall have a right of
25 reversion to the highest class of position previously held, or to a
26 position of similar nature and salary.

27 Any classified employee having civil service status in a classified
28 position who accepts an appointment in an exempt position shall have
29 the right of reversion to the highest class of position previously
30 held, or to a position of similar nature and salary.

31 A person occupying an exempt position who is terminated from the
32 position for gross misconduct or malfeasance does not have the right of
33 reversion to a classified position as provided for in this section.

34 **Sec. 34.** RCW 42.48.060 and 1985 c 334 s 6 are each amended to read
35 as follows:

36 Nothing in this chapter is applicable to, or in any way affects,
37 the powers and duties of the state auditor or the (~~legislative budget~~
38 ~~committee~~) joint committee on performance audits.

1 **Sec. 35.** RCW 43.09.310 and 1981 c 217 s 1 are each amended to read
2 as follows:

3 The state auditor, through the division of departmental audits,
4 shall annually audit the state-wide combined financial statements
5 prepared by the office of financial management and make post-audits of
6 state agencies. Post-audits of state agencies shall be made at such
7 periodic intervals as is determined by the state auditor. Audits of
8 combined financial statements shall include determinations as to the
9 validity and accuracy of accounting methods, procedures and standards
10 utilized in their preparation, as well as the accuracy of the financial
11 statements themselves. A report shall be made of each such audit and
12 post-audit upon completion thereof, and one copy shall be transmitted
13 to the governor, one to the director of financial management, one to
14 the attorney general, one to the state department audited, one to the
15 (~~legislative budget committee~~) joint committee on performance audits,
16 one each to the standing committees on ways and means of the house and
17 senate, one to the chief clerk of the house, one to the secretary of
18 the senate, and at least one shall be kept on file in the office of the
19 state auditor. For purposes of reporting the annual audit of state-
20 wide combined financial statements, "state department audited" refers
21 solely to the office of financial management.

22 **Sec. 36.** RCW 43.21J.800 and 1993 c 516 s 11 are each amended to
23 read as follows:

24 On or before June 30, 1998, the (~~legislative budget committee~~)
25 joint committee on performance audits shall prepare a report to the
26 legislature evaluating the implementation of the environmental
27 restoration jobs act of 1993, chapter 516, Laws of 1993.

28 **Sec. 37.** RCW 43.72.830 and 1993 c 492 s 476 are each amended to
29 read as follows:

30 (1) By July 1, 1997, the (~~legislative budget committee~~) joint
31 committee on performance audits either directly or by contract shall
32 conduct the following study:

33 A study to determine the desirability and feasibility of
34 consolidating the following programs, services, and funding sources
35 into the delivery and financing of uniform benefits package services
36 through certified health plans:

37 (a) State and federal veterans' health services;

1 (b) Civilian health and medical program of the uniformed services
2 (CHAMPUS) of the federal department of defense and other federal
3 agencies; and

4 (c) Federal employee health benefits.

5 (2) The (~~legislative budget committee~~) joint committee on
6 performance audits shall evaluate the implementation of the provisions
7 of chapter 492, Laws of 1993. The study shall determine to what extent
8 chapter 492, Laws of 1993 has been implemented consistent with the
9 principles and elements set forth in chapter 492, Laws of 1993 and
10 shall report its findings to the governor and appropriate committees of
11 the legislature by July 1, 2003.

12 **Sec. 38.** RCW 43.79.270 and 1973 c 144 s 2 are each amended to read
13 as follows:

14 Whenever any money, from the federal government, or from other
15 sources, which was not anticipated in the budget approved by the
16 legislature has actually been received and is designated to be spent
17 for a specific purpose, the head of any department, agency, board, or
18 commission through which such expenditure shall be made is to submit to
19 the governor a statement which may be in the form of a request for an
20 allotment amendment setting forth the facts constituting the need for
21 such expenditure and the estimated amount to be expended: PROVIDED,
22 That no expenditure shall be made in excess of the actual amount
23 received, and no money shall be expended for any purpose except the
24 specific purpose for which it was received. A copy of any proposal
25 submitted to the governor to expend money from an appropriated fund or
26 account in excess of appropriations provided by law which is based on
27 the receipt of unanticipated revenues shall be submitted to the
28 (~~legislative budget committee~~) joint committee on performance audits
29 and also to the standing committees on ways and means of the house and
30 senate if the legislature is in session at the same time as it is
31 transmitted to the governor.

32 **Sec. 39.** RCW 43.79.280 and 1973 c 144 s 3 are each amended to read
33 as follows:

34 If the governor approves such estimate in whole or part, he or she
35 shall endorse on each copy of the statement his or her approval,
36 together with a statement of the amount approved in the form of an
37 allotment amendment, and transmit one copy to the head of the

1 department, agency, board, or commission authorizing the expenditure.
2 An identical copy of the governor's statement of approval and a
3 statement of the amount approved for expenditure shall be transmitted
4 simultaneously to the (~~legislative budget committee~~) joint committee
5 on performance audits and also to the standing committee on ways and
6 means of the house and senate of all executive approvals of proposals
7 to expend money in excess of appropriations provided by law.

8 **Sec. 40.** RCW 43.88.030 and 1994 c 247 s 7 and 1994 c 219 s 2 are
9 each reenacted and amended to read as follows:

10 (1) The director of financial management shall provide all agencies
11 with a complete set of instructions for submitting biennial budget
12 requests to the director at least three months before agency budget
13 documents are due into the office of financial management. The
14 director shall provide agencies that are required under RCW 44.40.070
15 to develop comprehensive six-year program and financial plans with a
16 complete set of instructions for submitting these program and financial
17 plans at the same time that instructions for submitting other budget
18 requests are provided. The budget document or documents shall consist
19 of the governor's budget message which shall be explanatory of the
20 budget and shall contain an outline of the proposed financial policies
21 of the state for the ensuing fiscal period, as well as an outline of
22 the proposed six-year financial policies where applicable, and shall
23 describe in connection therewith the important features of the budget.
24 The message shall set forth the reasons for salient changes from the
25 previous fiscal period in expenditure and revenue items and shall
26 explain any major changes in financial policy. Attached to the budget
27 message shall be such supporting schedules, exhibits and other
28 explanatory material in respect to both current operations and capital
29 improvements as the governor shall deem to be useful to the
30 legislature. The budget document or documents shall set forth a
31 proposal for expenditures in the ensuing fiscal period, or six-year
32 period where applicable, based upon the estimated revenues as approved
33 by the economic and revenue forecast council or upon the estimated
34 revenues of the office of financial management for those funds,
35 accounts, and sources for which the office of the economic and revenue
36 forecast council does not prepare an official forecast, including those
37 revenues anticipated to support the six-year programs and financial
38 plans under RCW 44.40.070. In estimating revenues to support financial

1 plans under RCW 44.40.070, the office of financial management shall
2 rely on information and advice from the interagency revenue task force.
3 Revenues shall be estimated for such fiscal period from the source and
4 at the rates existing by law at the time of submission of the budget
5 document, including the supplemental budgets submitted in the even-
6 numbered years of a biennium. However, the estimated revenues for use
7 in the governor's budget document may be adjusted to reflect budgetary
8 revenue transfers and revenue estimates dependent upon budgetary
9 assumptions of enrollments, workloads, and caseloads. All adjustments
10 to the approved estimated revenues must be set forth in the budget
11 document. The governor may additionally submit, as an appendix to each
12 supplemental, biennial, or six-year agency budget or to the budget
13 document or documents, a proposal for expenditures in the ensuing
14 fiscal period from revenue sources derived from proposed changes in
15 existing statutes.

16 Supplemental and biennial documents shall reflect a six-year
17 expenditure plan consistent with estimated revenues from existing
18 sources and at existing rates for those agencies required to submit
19 six-year program and financial plans under RCW 44.40.070. Any
20 additional revenue resulting from proposed changes to existing statutes
21 shall be separately identified within the document as well as related
22 expenditures for the six-year period.

23 The budget document or documents shall also contain:

24 (a) Revenues classified by fund and source for the immediately past
25 fiscal period, those received or anticipated for the current fiscal
26 period, those anticipated for the ensuing biennium, and those
27 anticipated for the ensuing six-year period to support the six-year
28 programs and financial plans required under RCW 44.40.070;

29 (b) The undesignated fund balance or deficit, by fund;

30 (c) Such additional information dealing with expenditures,
31 revenues, workload, performance, and personnel as the legislature may
32 direct by law or concurrent resolution;

33 (d) Such additional information dealing with revenues and
34 expenditures as the governor shall deem pertinent and useful to the
35 legislature;

36 (e) Tabulations showing expenditures classified by fund, function,
37 activity and object;

1 (f) A delineation of each agency's activities, including those
2 activities funded from nonbudgeted, nonappropriated sources, including
3 funds maintained outside the state treasury;

4 (g) Identification of all proposed direct expenditures to implement
5 the Puget Sound water quality plan under chapter 90.70 RCW, shown by
6 agency and in total; and

7 (h) Tabulations showing each postretirement adjustment by
8 retirement system established after fiscal year 1991, to include, but
9 not be limited to, estimated total payments made to the end of the
10 previous biennial period, estimated payments for the present biennium,
11 and estimated payments for the ensuing biennium.

12 (2) The budget document or documents shall include detailed
13 estimates of all anticipated revenues applicable to proposed operating
14 or capital expenditures and shall also include all proposed operating
15 or capital expenditures. The total of beginning undesignated fund
16 balance and estimated revenues less working capital and other reserves
17 shall equal or exceed the total of proposed applicable expenditures.
18 The budget document or documents shall further include:

19 (a) Interest, amortization and redemption charges on the state
20 debt;

21 (b) Payments of all reliefs, judgments and claims;

22 (c) Other statutory expenditures;

23 (d) Expenditures incident to the operation for each agency;

24 (e) Revenues derived from agency operations;

25 (f) Expenditures and revenues shall be given in comparative form
26 showing those incurred or received for the immediately past fiscal
27 period and those anticipated for the current biennium and next ensuing
28 biennium, as well as those required to support the six-year programs
29 and financial plans required under RCW 44.40.070;

30 (g) A showing and explanation of amounts of general fund and other
31 funds obligations for debt service and any transfers of moneys that
32 otherwise would have been available for appropriation;

33 (h) Common school expenditures on a fiscal-year basis;

34 (i) A showing, by agency, of the value and purpose of financing
35 contracts for the lease/purchase or acquisition of personal or real
36 property for the current and ensuing fiscal periods; and

37 (j) A showing and explanation of anticipated amounts of general
38 fund and other funds required to amortize the unfunded actuarial
39 accrued liability of the retirement system specified under chapter

1 41.45 RCW, and the contributions to meet such amortization, stated in
2 total dollars and as a level percentage of total compensation.

3 (3) A separate capital budget document or schedule shall be
4 submitted that will contain the following:

5 (a) A statement setting forth a long-range facilities plan for the
6 state that identifies and includes the highest priority needs within
7 affordable spending levels;

8 (b) A capital program consisting of proposed capital projects for
9 the next biennium and the two biennia succeeding the next biennium
10 consistent with the long-range facilities plan. Inasmuch as is
11 practical, and recognizing emergent needs, the capital program shall
12 reflect the priorities, projects, and spending levels proposed in
13 previously submitted capital budget documents in order to provide a
14 reliable long-range planning tool for the legislature and state
15 agencies;

16 (c) A capital plan consisting of proposed capital spending for at
17 least four biennia succeeding the next biennium;

18 (d) A statement of the reason or purpose for a project;

19 (e) Verification that a project is consistent with the provisions
20 set forth in chapter 36.70A RCW;

21 (f) A statement about the proposed site, size, and estimated life
22 of the project, if applicable;

23 (g) Estimated total project cost;

24 (h) For major projects valued over five million dollars, estimated
25 costs for the following project components: Acquisition, consultant
26 services, construction, equipment, project management, and other costs
27 included as part of the project. Project component costs shall be
28 displayed in a standard format defined by the office of financial
29 management to allow comparisons between projects;

30 (i) Estimated total project cost for each phase of the project as
31 defined by the office of financial management;

32 (j) Estimated ensuing biennium costs;

33 (k) Estimated costs beyond the ensuing biennium;

34 (l) Estimated construction start and completion dates;

35 (m) Source and type of funds proposed;

36 (n) Estimated ongoing operating budget costs or savings resulting
37 from the project, including staffing and maintenance costs;

38 (o) For any capital appropriation requested for a state agency for
39 the acquisition of land or the capital improvement of land in which the

1 primary purpose of the acquisition or improvement is recreation or
2 wildlife habitat conservation, the capital budget document, or an
3 omnibus list of recreation and habitat acquisitions provided with the
4 governor's budget document, shall identify the projected costs of
5 operation and maintenance for at least the two biennia succeeding the
6 next biennium. Omnibus lists of habitat and recreation land
7 acquisitions shall include individual project cost estimates for
8 operation and maintenance as well as a total for all state projects
9 included in the list. The document shall identify the source of funds
10 from which the operation and maintenance costs are proposed to be
11 funded;

12 (p) Such other information bearing upon capital projects as the
13 governor deems to be useful;

14 (q) Standard terms, including a standard and uniform definition of
15 maintenance for all capital projects;

16 (r) Such other information as the legislature may direct by law or
17 concurrent resolution.

18 For purposes of this subsection (3), the term "capital project"
19 shall be defined subsequent to the analysis, findings, and
20 recommendations of a joint committee comprised of representatives from
21 the house capital appropriations committee, senate ways and means
22 committee, legislative transportation committee, (~~legislative~~
23 ~~evaluation and accountability program~~) joint committee on performance
24 audits, and office of financial management.

25 (4) No change affecting the comparability of agency or program
26 information relating to expenditures, revenues, workload, performance
27 and personnel shall be made in the format of any budget document or
28 report presented to the legislature under this section or RCW
29 43.88.160(1) relative to the format of the budget document or report
30 which was presented to the previous regular session of the legislature
31 during an odd-numbered year without prior legislative concurrence.
32 Prior legislative concurrence shall consist of (a) a favorable majority
33 vote on the proposal by the standing committees on ways and means of
34 both houses if the legislature is in session or (b) a favorable
35 majority vote on the proposal by members of the (~~legislative~~
36 ~~evaluation and accountability program~~) joint committee on performance
37 audits if the legislature is not in session.

1 **Sec. 41.** RCW 43.88.205 and 1979 c 151 s 141 are each amended to
2 read as follows:

3 (1) Whenever an agency makes application, enters into a contract or
4 agreement, or submits state plans for participation in, and for grants
5 of federal funds under any federal law, the agency making such
6 application shall at the time of such action, give notice in such form
7 and manner as the director of financial management may prescribe, or
8 the ~~((chairman))~~ chair of the ~~((legislative budget committee))~~ joint
9 committee on performance audits, standing committees on ways and means
10 of the house and senate, the chief clerk of the house, or the secretary
11 of the senate may request.

12 (2) Whenever any such application, contract, agreement, or state
13 plan is amended, such agency shall notify each such officer of such
14 action in the same manner as prescribed or requested pursuant to
15 subsection (1) of this section.

16 (3) Such agency shall promptly furnish such progress reports in
17 relation to each such application, contract, agreement, or state plan
18 as may be requested following the date of the filing of the
19 application, contract, agreement, or state plan; and shall also file
20 with each such officer a final report as to the final disposition of
21 each such application, contract, agreement, or state plan if such is
22 requested.

23 **Sec. 42.** RCW 43.88.230 and 1981 c 270 s 12 are each amended to
24 read as follows:

25 For the purposes of this chapter, the statute law committee, the
26 ~~((legislative budget committee))~~ joint committee on performance audits,
27 the legislative transportation committee, ~~((the legislative evaluation~~
28 ~~and accountability program committee,))~~ the office of state actuary,
29 and all legislative standing committees of both houses shall be deemed
30 a part of the legislative branch of state government.

31 **Sec. 43.** RCW 43.88.310 and 1993 c 157 s 1 are each amended to read
32 as follows:

33 (1) The ~~((legislative auditor))~~ director of the legislative office
34 of performance audit and fiscal analysis, with the concurrence of the
35 ~~((legislative budget committee))~~ joint committee on performance audits,
36 may file with the attorney general any audit exceptions or other
37 findings of any performance audit, management study, or special report

1 prepared for the (~~legislative budget committee~~) joint committee on
2 performance audits, any standing or special committees of the house or
3 senate, or the entire legislature which indicate a violation of RCW
4 43.88.290, or any other act of malfeasance, misfeasance, or nonfeasance
5 on the part of any state officer or employee.

6 (2) The attorney general shall promptly review each filing received
7 from the (~~legislative auditor~~) director of the legislative office of
8 performance audit and fiscal analysis and may act thereon as provided
9 in RCW 43.88.300, or any other applicable statute authorizing
10 enforcement proceedings by the attorney general. The attorney general
11 shall advise the (~~legislative budget committee~~) joint committee on
12 performance audits of the status of exceptions or findings referred
13 under this section.

14 **Sec. 44.** RCW 43.88.510 and 1987 c 505 s 37 are each amended to
15 read as follows:

16 Not later than ninety days after the beginning of each biennium,
17 the director of financial management shall submit the compiled list of
18 boards, commissions, councils, and committees, together with the
19 information on each such group, that is required by RCW 43.88.505 to:

20 (1) The speaker of the house and the president of the senate for
21 distribution to the appropriate standing committees, including one copy
22 to the staff of each of the committees;

23 (2) The chair of the (~~legislative budget committee~~) joint
24 committee on performance audits, including a copy to the staff of the
25 committee;

26 (3) The chairs of the committees on ways and means of the senate
27 and house of representatives; and

28 (4) Members of the state government committee of the house of
29 representatives and of the governmental operations committee of the
30 senate, including one copy to the staff of each of the committees.

31 **Sec. 45.** RCW 43.88.899 and 1986 c 215 s 8 are each amended to read
32 as follows:

33 The amendments to chapter 43.88 RCW by chapter 215, Laws of 1986
34 are intended to improve the reporting of state budgeting, accounting,
35 and other fiscal data. The (~~legislative evaluation and accountability~~
36 ~~program~~) joint committee on performance audits shall periodically

1 review chapter 43.88 RCW and shall recommend further revisions if
2 needed.

3 **Sec. 46.** RCW 43.131.050 and 1990 c 297 s 2 are each amended to
4 read as follows:

5 The (~~legislative budget committee~~) joint committee on performance
6 audits shall cause to be conducted a program and fiscal review of any
7 state agency or program scheduled for termination by the processes
8 provided in this chapter. Such program and fiscal review shall be
9 completed and a preliminary report prepared on or before June 30th of
10 the year prior to the date established for termination. Upon
11 completion of its preliminary report, the (~~legislative budget~~
12 ~~committee~~) joint committee on performance audits shall transmit copies
13 of the report to the office of financial management. The office of
14 financial management may then conduct its own program and fiscal review
15 of the agency scheduled for termination and shall prepare a report on
16 or before September 30th of the year prior to the date established for
17 termination. Upon completion of its report the office of financial
18 management shall transmit copies of its report to the (~~legislative~~
19 ~~budget committee~~) joint committee on performance audits. The
20 (~~legislative budget committee~~) joint committee on performance audits
21 shall prepare a final report that includes the reports of both the
22 office of financial management and the (~~legislative budget committee~~)
23 joint committee on performance audits. The (~~legislative budget~~
24 ~~committee~~) joint committee on performance audits and the office of
25 financial management shall, upon request, make available to each other
26 all working papers, studies, and other documents which relate to
27 reports required under this section. The (~~legislative budget~~
28 ~~committee~~) joint committee on performance audits shall transmit the
29 final report to the legislature, to the state agency concerned, to the
30 governor, and to the state library.

31 **Sec. 47.** RCW 43.131.060 and 1988 c 17 s 1 are each amended to read
32 as follows:

33 In conducting the review of a regulatory entity, the (~~legislative~~
34 ~~budget committee~~) joint committee on performance audits shall
35 consider, but not be limited to, the following factors where
36 applicable:

1 (1) The extent to which the regulatory entity has operated in the
2 public interest and fulfilled its statutory obligations;

3 (2) The duties of the regulatory entity and the costs incurred in
4 carrying out those duties;

5 (3) The extent to which the regulatory entity is operating in an
6 efficient, effective, and economical manner;

7 (4) The extent to which the regulatory entity inhibits competition
8 or otherwise adversely affects the state's economic climate;

9 (5) The extent to which the regulatory entity duplicates the
10 activities of other regulatory entities or of the private sector, where
11 appropriate; and

12 (6) The extent to which the absence or modification of regulation
13 would adversely affect, maintain, or improve the public health, safety,
14 or welfare.

15 **Sec. 48.** RCW 43.131.070 and 1977 ex.s. c 289 s 7 are each amended
16 to read as follows:

17 In conducting the review of a state agency other than a regulatory
18 entity, the (~~legislative budget committee~~) joint committee on
19 performance audits shall consider, but not be limited to, the following
20 factors where applicable:

21 (1) The extent to which the state agency has complied with
22 legislative intent;

23 (2) The extent to which the state agency is operating in an
24 efficient and economical manner which results in optimum performance;

25 (3) The extent to which the state agency is operating in the public
26 interest by effectively providing a needed service that should be
27 continued rather than modified, consolidated, or eliminated;

28 (4) The extent to which the state agency duplicates the activities
29 of other state agencies or of the private sector, where appropriate;
30 and

31 (5) The extent to which the termination or modification of the
32 state agency would adversely affect the public health, safety, or
33 welfare.

34 **Sec. 49.** RCW 43.131.080 and 1989 c 175 s 109 are each amended to
35 read as follows:

36 (1) Following receipt of the final report from the (~~legislative~~
37 ~~budget committee~~) joint committee on performance audits, the

1 appropriate committees of reference in the senate and the house of
2 representatives shall each hold a public hearing, unless a joint
3 hearing is held, to consider the final report and any related data.
4 The committees shall also receive testimony from representatives of the
5 state agency or agencies involved, which shall have the burden of
6 demonstrating a public need for its continued existence; and from the
7 governor or the governor's designee, and other interested parties,
8 including the general public.

9 (2) When requested by either of the presiding members of the
10 appropriate senate and house committees of reference, a regulatory
11 entity under review shall mail an announcement of any hearing to the
12 persons it regulates who have requested notice of agency rule-making
13 proceedings as provided in RCW 34.05.320, or who have requested notice
14 of hearings held pursuant to the provisions of this section. On
15 request of either presiding member, such mailing shall include an
16 explanatory statement not exceeding one page in length prepared and
17 supplied by the member's committee.

18 (3) The presiding members of the senate committee on ways and means
19 and the house committee on appropriations may designate one or more
20 liaison members to each committee of reference in their respective
21 chambers for purposes of participating in any hearing and in subsequent
22 committee of reference discussions and to seek a coordinated approach
23 between the committee of reference and the committee they represent in
24 a liaison capacity.

25 (4) Following any hearing under subsection (1) of this section by
26 the committees of reference, such committees may hold additional
27 meetings or hearings to come to a final determination as to whether a
28 state agency has demonstrated a public need for its continued existence
29 or whether modifications in existing procedures are needed. In the
30 event that a committee of reference concludes that a state agency shall
31 be reestablished or modified or its functions transferred elsewhere, it
32 shall make such determination as a bill. No more than one state agency
33 shall be reestablished or modified in any one bill.

34 **Sec. 50.** RCW 43.131.110 and 1977 ex.s. c 289 s 11 are each amended
35 to read as follows:

36 Any reference in this chapter to a committee of the legislature
37 including the (~~legislative budget committee~~) joint committee on
38 performance audits shall also refer to the successor of that committee.

1 **Sec. 51.** RCW 43.250.080 and 1986 c 294 s 8 are each amended to
2 read as follows:

3 At the end of each fiscal year, the state treasurer shall submit to
4 the governor, the state auditor, and the (~~legislative budget~~
5 ~~committee~~) joint committee on performance audits a summary of the
6 activity of the investment pool. The summary shall indicate the
7 quantity of funds deposited; the earnings of the pool; the investments
8 purchased, sold, or exchanged; the administrative expenses of the
9 investment pool; and such other information as the state treasurer
10 deems relevant.

11 **Sec. 52.** RCW 44.40.025 and 1981 c 270 s 15 are each amended to
12 read as follows:

13 In addition to the powers and duties authorized in RCW 44.40.020,
14 the committee and the standing committees on transportation of the
15 house and senate shall, in coordination with the (~~legislative budget~~
16 ~~committee, the legislative evaluation and accountability program~~
17 ~~committee,~~) joint committee on performance audits and the ways and
18 means committees of the senate and house of representatives, ascertain,
19 study, and/or analyze all available facts and matters relating or
20 pertaining to sources of revenue, appropriations, expenditures, and
21 financial condition of the motor vehicle fund and accounts thereof, the
22 highway safety fund, and all other funds or accounts related to
23 transportation programs of the state.

24 The (~~legislative budget committee, the legislative evaluation and~~
25 ~~accountability program committee,~~) joint committee on performance
26 audits and the ways and means committees of the senate and house of
27 representatives shall coordinate their activities with the legislative
28 transportation committee in carrying out the committees' powers and
29 duties under chapter 43.88 RCW in matters relating to the
30 transportation programs of the state.

31 **Sec. 53.** RCW 67.70.310 and 1982 2nd ex.s. c 7 s 31 are each
32 amended to read as follows:

33 The director of financial management may conduct a management
34 review of the commission's lottery operations to assure that:

35 (1) The manner and time of payment of prizes to the holder of
36 winning tickets or shares is consistent with this chapter and the rules
37 adopted under this chapter;

1 (2) The apportionment of total revenues accruing from the sale of
2 lottery tickets or shares and from all other sources is consistent with
3 this chapter;

4 (3) The manner and type of lottery being conducted, and the
5 expenses incidental thereto, are the most efficient and cost-effective;
6 and

7 (4) The commission is not unnecessarily incurring operating and
8 administrative costs.

9 In conducting a management review, the director of financial
10 management may inspect the books, documents, and records of the
11 commission. Upon completion of a management review, all irregularities
12 shall be reported to the attorney general, the (~~legislative budget~~
13 ~~committee~~) joint committee on performance audits, and the state
14 auditor. The director of financial management shall make such
15 recommendations as may be necessary for the most efficient and cost-
16 effective operation of the lottery.

17 **Sec. 54.** RCW 79.01.006 and 1991 c 204 s 1 are each amended to read
18 as follows:

19 (1) Every five years the department of social and health services
20 and other state agencies that operate institutions shall conduct an
21 inventory of all real property subject to the charitable, educational,
22 penal, and reformatory institution account and other real property
23 acquired for institutional purposes or for the benefit of the blind,
24 deaf, mentally ill, developmentally disabled, or otherwise disabled.
25 The inventory shall identify which of those real properties are not
26 needed for state-provided residential care, custody, or treatment. By
27 December 1, 1992, and every five years thereafter the department shall
28 report the results of the inventory to the house of representatives
29 committee on capital facilities and financing, the senate committee on
30 ways and means, and the (~~legislative budget committee~~) joint
31 committee on performance audits.

32 (2) Real property identified as not needed for state-provided
33 residential care, custody, or treatment shall be transferred to the
34 corpus of the charitable, educational, penal, and reformatory
35 institution account. This subsection shall not apply to real property
36 subject to binding conditions that conflict with the other provisions
37 of this subsection.

1 (3) The department of natural resources shall manage all property
2 subject to the charitable, educational, penal, and reformatory
3 institution account and, in consultation with the department of social
4 and health services and other affected agencies, shall adopt a plan for
5 the management of real property subject to the account and other real
6 property acquired for institutional purposes or for the benefit of the
7 blind, deaf, mentally ill, developmentally disabled, or otherwise
8 disabled.

9 (a) The plan shall be consistent with state trust land policies and
10 shall be compatible with the needs of institutions adjacent to real
11 property subject to the plan.

12 (b) The plan may be modified as necessary to ensure the quality of
13 future management and to address the acquisition of additional real
14 property.

15 **Sec. 55.** RCW 82.33.030 and 1984 c 138 s 3 are each amended to read
16 as follows:

17 The (~~administrator of the legislative evaluation and~~
18 ~~accountability program committee~~) director of the legislative office
19 of performance audit and fiscal analysis may request, and the
20 supervisor shall provide, alternative economic and revenue forecasts
21 based on assumptions specified by the (~~administrator~~) director of the
22 legislative office of performance audit and fiscal analysis.

23 **Sec. 56.** RCW 82.33.040 and 1986 c 158 s 23 are each amended to
24 read as follows:

25 (1) To promote the free flow of information and to promote
26 legislative input in the preparation of forecasts, immediate access to
27 all information relating to economic and revenue forecasts shall be
28 available to the economic and revenue forecast work group, hereby
29 created. Revenue collection information shall be available to the
30 economic and revenue forecast work group the first business day
31 following the conclusion of each collection period. The economic and
32 revenue forecast work group shall consist of one staff member selected
33 by the executive head or chairperson of each of the following agencies
34 or committees:

35 (a) Department of revenue;

36 (b) Office of financial management;

1 (c) (~~Legislative evaluation and accountability program~~) joint
2 committee on performance audits;

3 (d) Ways and means committee of the senate; and

4 (e) Ways and means committee of the house of representatives.

5 (2) The economic and revenue forecast work group shall provide
6 technical support to the economic and revenue forecast council.
7 Meetings of the economic and revenue forecast work group may be called
8 by any member of the group for the purpose of assisting the economic
9 and revenue forecast council, reviewing the state economic and revenue
10 forecasts, or reviewing monthly revenue collection data or for any
11 other purpose which may assist the economic and revenue forecast
12 council.

13 **Sec. 57.** RCW 88.46.920 and 1991 c 200 s 429 are each amended to
14 read as follows:

15 On or before November 15, 1996, the (~~legislative budget~~
16 ~~committee~~) joint committee on performance audits shall prepare a
17 report to the legislature on the means for future implementation of the
18 provisions in chapter 88.46 RCW.

19 NEW SECTION. **Sec. 58.** (1) The legislative budget committee and
20 the legislative evaluation and accountability program (LEAP) are hereby
21 abolished and their powers, duties, and functions are hereby
22 transferred to the joint committee on performance audits. All
23 references to the legislative budget committee and the legislative
24 evaluation and accountability program (LEAP) in the Revised Code of
25 Washington shall be construed to mean the director of the legislative
26 office of performance audit and fiscal analysis or the joint committee
27 on performance audits.

28 (2)(a) All reports, documents, surveys, books, records, files,
29 papers, or written material in the possession of the legislative budget
30 committee and the legislative evaluation and accountability program
31 (LEAP) shall be delivered to the custody of the joint committee on
32 performance audits. All cabinets, furniture, office equipment, motor
33 vehicles, and other tangible property employed by the legislative
34 budget committee and the legislative evaluation and accountability
35 program (LEAP) shall be made available to the joint committee on
36 performance audits. All funds, credits, or other assets held by the
37 legislative budget committee and the legislative evaluation and

1 accountability program (LEAP) shall be assigned to the joint committee
2 on performance audits.

3 (b) Any appropriations made to the legislative budget committee and
4 the legislative evaluation and accountability program (LEAP) shall, on
5 the effective date of this section, be transferred and credited to the
6 joint committee on performance audits.

7 (c) If any question arises as to the transfer of any personnel,
8 funds, books, documents, records, papers, files, equipment, or other
9 tangible property used or held in the exercise of the powers and the
10 performance of the duties and functions transferred, the director of
11 financial management shall make a determination as to the proper
12 allocation and certify the same to the state agencies concerned.

13 (3) All employees of the legislative budget committee and the
14 legislative evaluation and accountability program (LEAP) are
15 transferred to the jurisdiction of the joint committee on performance
16 audits. All employees classified under chapter 41.06 RCW, the state
17 civil service law, are assigned to the joint committee on performance
18 audits to perform their usual duties upon the same terms as formerly,
19 without any loss of rights, subject to any action that may be
20 appropriate thereafter in accordance with the laws and rules governing
21 state civil service.

22 (4) All rules and all pending business before the legislative
23 budget committee and the legislative evaluation and accountability
24 program (LEAP) shall be continued and acted upon by the joint committee
25 on performance audits. All existing contracts and obligations shall
26 remain in full force and shall be performed by the joint committee on
27 performance audits.

28 (5) The transfer of the powers, duties, functions, and personnel of
29 the legislative budget committee and the legislative evaluation and
30 accountability program (LEAP) shall not affect the validity of any act
31 performed before the effective date of this section.

32 (6) If apportionments of budgeted funds are required because of the
33 transfers directed by this section, the director of financial
34 management shall certify the apportionments to the agencies affected,
35 the state auditor, and the state treasurer. Each of these shall make
36 the appropriate transfer and adjustments in funds and appropriation
37 accounts and equipment records in accordance with the certification.

38 (7) Nothing contained in this section may be construed to alter any
39 existing collective bargaining unit or the provisions of any existing

1 collective bargaining agreement until the agreement has expired or
2 until the bargaining unit has been modified by action of the personnel
3 board as provided by law.

4 NEW SECTION. **Sec. 59.** Sections 1 through 10 of this act shall
5 constitute a new chapter in Title 44 RCW.

6 NEW SECTION. **Sec. 60.** RCW 44.28.110, 44.28.120, 44.28.150,
7 44.48.070, 44.48.080, 44.28.090, and 44.28.130 are each recodified as
8 sections in the new chapter created in section 59 of this act.

9 NEW SECTION. **Sec. 61.** The following acts or parts of acts are
10 each repealed:

11 (1) RCW 44.28.010 and 1983 c 52 s 1, 1980 c 87 s 30, 1969 c 10 s 4,
12 1967 ex.s. c 114 s 1, 1963 ex.s. c 20 s 1, 1955 c 206 s 4, & 1951 c 43
13 s 1;

14 (2) RCW 44.28.020 and 1980 c 87 s 31, 1969 c 10 s 5, 1955 c 206 s
15 5, & 1951 c 43 s 12;

16 (3) RCW 44.28.030 and 1955 c 206 s 6 & 1951 c 43 s 13;

17 (4) RCW 44.28.040 and 1975-'76 2nd ex.s. c 34 s 134 & 1951 c 43 s
18 14;

19 (5) RCW 44.28.050 and 1989 c 137 s 1, 1955 c 206 s 7, & 1951 c 43
20 s 15;

21 (6) RCW 44.28.060 and 1975 1st ex.s. c 293 s 13 & 1951 c 43 s 2;

22 (7) RCW 44.28.080 and 1975 1st ex.s. c 293 s 14, 1955 c 206 s 10,
23 & 1951 c 43 s 4;

24 (8) RCW 44.28.085 and 1993 c 406 s 6, 1975 1st ex.s. c 293 s 15, &
25 1971 ex.s. c 170 s 3;

26 (9) RCW 44.28.086 and 1973 1st ex.s. c 197 s 1;

27 (10) RCW 44.28.087 and 1973 1st ex.s. c 197 s 2;

28 (11) RCW 44.28.100 and 1987 c 505 s 45, 1975 1st ex.s. c 293 s 16,
29 & 1951 c 43 s 6;

30 (12) RCW 44.28.130 and 1951 c 43 s 10;

31 (13) RCW 44.28.140 and 1975 1st ex.s. c 293 s 17, 1955 c 206 s 9,
32 & 1951 c 43 s 11;

33 (14) RCW 44.28.180 and 1993 c 406 s 5;

34 (15) RCW 44.28.900 and 1951 c 43 s 16;

35 (16) RCW 44.48.010 and 1980 c 87 s 40 & 1977 ex.s. c 373 s 1;

36 (17) RCW 44.48.020 and 1980 c 87 s 41 & 1977 ex.s. c 373 s 2;

- 1 (18) RCW 44.48.030 and 1980 c 87 s 42 & 1977 ex.s. c 373 s 3;
- 2 (19) RCW 44.48.040 and 1977 ex.s. c 373 s 4;
- 3 (20) RCW 44.48.050 and 1977 ex.s. c 373 s 5;
- 4 (21) RCW 44.48.060 and 1977 ex.s. c 373 s 6;
- 5 (22) RCW 44.48.100 and 1987 c 505 s 46 & 1977 ex.s. c 373 s 10;
- 6 (23) RCW 44.48.110 and 1977 ex.s. c 373 s 11;
- 7 (24) RCW 44.48.120 and 1977 ex.s. c 373 s 12;
- 8 (25) RCW 44.48.140 and 1977 ex.s. c 373 s 14; and
- 9 (26) RCW 44.48.900 and 1977 ex.s. c 373 s 16.

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