

SENATE BILL REPORT

SHB 2140

AS REPORTED BY COMMITTEE ON TRANSPORTATION, APRIL 4, 1991

Brief Description: Assisting transportation agencies in budgeting and planning.

SPONSORS: House Committee on Transportation (originally sponsored by Representatives Schmidt, R. Fisher, H. Sommers, Holland, Franklin, Wilson and Betrozoff).

HOUSE COMMITTEE ON TRANSPORTATION

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators Patterson, Chairman; Nelson, Vice Chairman; von Reichbauer, Vice Chairman; Madsen, McMullen, Oke, Sellar, Snyder, Thorsness, and Vognild.

Staff: Robin Rettew (786-7306)

Hearing Dates: April 2, 1991; April 4, 1991

BACKGROUND:

The Governor, through the Office of Financial Management (OFM), has responsibility for developing biennial budget recommendations for all agencies. Transportation agencies develop six-year programs and financial plans from which their two-year budgets are derived. Transportation agencies submit their biennial budget requests to OFM and follow the same biennial budget procedures as all other state agencies.

The budget document contains a budget message, an outline of proposed financial policies for the ensuing biennium, a proposal for expenditures based upon estimated available revenues, and other information. The Economic and Revenue Forecast Council has responsibility for forecasting state revenues; however, if they do not prepare an official forecast for any particular fund, account, or revenue source, OFM assumes that responsibility.

If new laws affecting available estimated revenues are considered by the Governor, a separate budget proposal is submitted to the Legislature. This is commonly referred to as a new law budget.

The Governor may require submittal of a separate capital budget covering a six-year period.

Subsequent to passage of the budget bills, OFM directs agencies to develop a statement of proposed expenditures which

conform to the terms of the appropriation. These expenditure plans are called allotments.

SUMMARY:

The Office of Financial Management (OFM) is required to develop budget instructions which include directions to transportation agencies for submittal of their six-year programs and financial plans.

In developing the budget, OFM is required to include a six-year expenditure proposal based upon six-year revenue forecasts for those agencies required to submit six-year programs and financial plans, i.e. all transportation agencies.

Revenue estimates are to be made by OFM in consultation with the Interagency Revenue Task Force (IRTF). When there are variances, OFM must explain these to the Legislative Transportation Committee (LTC).

The requirement that OFM submit a balanced biennial budget is expanded to include supplemental budgets.

The requirement that OFM develop a new law budget for the biennial budget when new revenue sources are proposed is expanded to include budget proposals for supplemental and six-year budget periods for transportation agencies.

Some provisions regarding the capital budgets are changed. Although a six-year capital program is still required, a 10-year capital plan must also be developed. OFM and the appropriate legislative committees will define what constitutes a capital project.

Certain provisions to be included in the capital budget are defined, including: a statement of the reason or purpose for the project; verification that the project conforms to the provisions of the Growth Management Act; a statement about the proposed site, size, and life of the project; estimated total cost; estimated cost for each phase of the project; estimated ensuing biennium costs; estimated costs beyond the ensuing biennium; estimated construction start and completion dates; source and type of funds proposed; and other information as required by either OFM or the Legislature.

OFM is required to develop a method to monitor capital appropriations and expenditures that captures at least the following: estimates of past, current, and future costs; comparisons of actual costs to estimates; comparisons of estimated construction start and completion dates with actuals; and documentation of fund shifts between projects.

OFM is also required to report to the Legislature at least annually on the status of all appropriated capital projects, including transportation projects, showing significant cost over or underruns. Once a project is complete, the report shall provide a final summary showing estimated start and

completion dates by phase compared to actuals; estimated costs by phase compared to actuals; and whether or not there are any outstanding liabilities at the time of completion.

The requirement that the Governor eliminate estimated cash deficits by imposing across-the-board reductions is clarified to pertain only to the fund or account with the cash deficit.

Appropriation: none

Revenue: none

Fiscal Note: none requested

Effective Date: April 1, 1992

SUMMARY OF PROPOSED SENATE AMENDMENT:

The Legislative Evaluation and Accountability Program (LEAP) Committee is added to the Office of Financial Management (OFM), House capital appropriations committees, Senate Ways and Means, and Legislative Transportation Committee (LTC) representatives charged with defining what constitutes a capital project.

LEAP is also required to work with the Office of Financial Management in developing a method for monitoring capital expenditures.

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: No one