

1 **SHB 1410 - H AMD 474 FAILED 3/24/95**

2 By Representative Romero

3 On page 112, after line 9, insert the following:

4 "NEW SECTION. Sec. 920. Washington state government has the
5 vision to be the most effective and best performing service
6 organization in the state. The state of Washington also expects to
7 be the most effective and best performing state government in the
8 United States, measured in terms of quality of customer service,
9 accountability for cost-effective services, and productivity. With
10 the passage of Initiative 601 there are additional constraints on
11 the growth of state government. The system that allows the
12 spending of public money should reward frugality and innovation,
13 not encourage wasteful spending. It is the intent of the
14 legislature to provide incentives to agencies to spend public funds
15 in the most efficient and effective manner possible. Agencies are
16 encouraged to identify savings and entrepreneurial opportunities,
17 then use a portion of the resulting savings and earnings to improve
18 the quality of service to the customers of state government.

19
20 NEW SECTION. Sec. 921. (1) The efficiency fund is created in
21 the custody of the state treasurer for the 1995-97 biennium. An
22 account within the fund shall be established for each state agency.

23 (2) The source of revenue for the fund is as follows: At the
24 close of each fiscal year in the 1995-97 biennium, the state
25 treasurer is to transfer into each agency's account in the
26 efficiency fund sixty-six percent of each agency's administrative
27 savings.

28 (a) The administrative savings shall be approved by the
29 director of the office of financial management; and

30 (b) The funds may be transferred to the efficiency fund when
31 there are no restrictions on the funds that would prohibit (i)

1 their transfer or (ii) their use for the purposes allowed in
2 subsection (3) of this section.

3 (3)(a) For the purposes of this section, "administrative
4 savings" means unspent appropriations resulting from cost
5 effectiveness measures or productivity gains such as:

6 (i) Improved systems and procedures;

7 (ii) Better deployment and utilization of personnel;

8 (iii) Elimination of unnecessary expenditures;

9 (iv) Reductions in the cost of goods and services; or

10 (v) Elimination of waste, duplication, and operations of
11 doubtful value.

12 (b) Administrative savings may not result from:

13 (i) Lower workloads, caseloads, or enrollments than were
14 budgeted;

15 (ii) A lowering of the quality of services rendered; or

16 (iii) Shifting of expenses to another unit of government,
17 revenue source, or fiscal period.

18 Administrative savings cannot exceed the amount of reversions
19 due to efficiency measures.

20 (4) The amount in a particular agency's account may be
21 authorized for expenditure only by that agency.

22 (5) Funds may be expended from the efficiency fund to improve
23 the quality of services to the customers of the state. This
24 includes one-time expenditures for employee training, technology
25 improvements, new work processes, program innovations, equipment
26 upgrades, office remodels, performance measurement and
27 benchmarking, or employee bonuses. The expenditure shall not be
28 used to expand a current program or create new programs that would
29 have ongoing costs that would require future appropriations from
30 the legislature.

31 (6) The fund is not subject to allotment under this chapter
32 and no appropriation is required for expenditures from the
33 efficiency fund.

1 NEW SECTION. **Sec. 922.** (1) The enterprise fund is created
2 for the 1995-97 biennium in the custody of the state treasurer. An
3 account within the fund shall be established for each state agency.
4 Revenue for the fund shall come from money each agency earns for
5 services provided. This includes user fees, proceeds from the sale
6 of publications, products, or services, royalties, concessions,
7 rent, and other various services provided. Money not directed by
8 law to another account shall be deposited into the enterprise fund.

9 (2) Funds may be validly expended from the enterprise fund
10 during the 1995-97 biennium for those purposes that are consistent
11 with the agency's priorities established in the budget process, and
12 within either the agency's charter, or statutory intent, or both.

13 (3) The amount of money in a particular agency's account may
14 be authorized for expenditure only by that agency.

15 (4) The fund is not subject to allotment under this chapter,
16 and no appropriation is required for expenditures."

 Renumber remaining sections consecutively and correct internal references and title accordingly.

EFFECT: Establishes an efficiency fund and an enterprise fund. Two-thirds of each state agency's administrative savings shall be transferred to that agency's account within the efficiency fund. Agencies may expend moneys from the efficiency funds for improvements to the quality of services for customers of the state. Unless directed by law to another account, moneys earned by agencies for services provided will be deposited within that agency's account in the state enterprise fund. Funds may be expended from the enterprise fund for purposes consistent with each agency's priorities, as determined by the agency's charter or enabling statutes.