

2 **SHB 1399** - S COMM AMD
3 By Committee on Ways & Means

4

5 Strike everything after the enacting clause and insert the
6 following:

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

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

29 Along with examining the performance of state agencies and
30 programs, the legislature, public officials, state employees, and
31 citizens must also consider: The effect that state government programs
32 can reasonably expect to have on citizens' lives; how the level of
33 programs and services of Washington state government compares with
34 other states; and alternatives for service delivery, including other
35 levels of government and the private sector. It is essential that the
36 legislature, public officials, state employees, and citizens share a

1 common understanding of the role of state government. The performance
2 and relative priority of state agency programs and activities must be
3 the basis for managing and allocating resources within Washington state
4 government.

5 NEW SECTION. **Sec. 2.** Unless the context clearly requires
6 otherwise, the definitions in this section apply throughout this
7 chapter.

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

11 (2) "Performance audit" means an objective and systematic
12 assessment of state government or any of its agencies, programs,
13 functions, or activities, or any unit of local government receiving
14 state funds, by an independent evaluator in order to help public
15 officials improve efficiency, effectiveness, and accountability.
16 Performance audits include economy and efficiency audits, program
17 audits, and performance verifications.

18 (3) "Economy and efficiency audits" means performance audits that
19 establish: (a) Whether the state or any of its agencies is acquiring,
20 protecting, and using its resources such as personnel, property, and
21 space economically and efficiently; (b) the causes of inefficiencies or
22 uneconomical practices; and (c) whether the state or any of its
23 agencies has complied with significant laws and rules in acquiring,
24 protecting, and using its resources.

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

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

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

35 NEW SECTION. **Sec. 3.** The joint committee on performance audits is
36 established.

37 (1) The committee shall consist of:

1 (a) The majority leader of the senate;
2 (b) The speaker of the house of representatives;
3 (c) The minority leader of the senate;
4 (d) The minority leader of the house of representatives;
5 (e) The chair and ranking minority member of the senate ways and
6 means committee;

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

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

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

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

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

31 (5) The director shall hire additional staff and direct the
32 performance review and fiscal analysis functions described in this
33 chapter.

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

37 (2) In consultation with the executive committee, the director is
38 empowered to select and employ personnel necessary to carry out the

1 purposes of this act and fix their salary. Salaries for employees of
2 the legislative office of performance audit and fiscal analysis, other
3 than the director, shall be set with the approval of the executive
4 committee, the secretary of the senate, and the chief clerk of the
5 house of representatives.

6 NEW SECTION. **Sec. 5.** (1) The director shall have the primary
7 responsibility for performance audits of state agencies, programs,
8 functions, and activities, including economy and efficiency audits and
9 program audits.

10 (2) The director shall work in consultation with the state auditor
11 to conduct performance audits and performance verification. The
12 director shall also work closely with the chairs and staff of standing
13 committees of the senate and house of representatives.

14 (3) In conducting performance audits, the director shall use public
15 and private independent professional and technical experts as necessary
16 in conducting performance audits.

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

19 (5) The legislative office of performance audit and fiscal analysis
20 shall work with the Washington performance partnership to facilitate
21 the implementation of effective performance measures throughout state
22 government. In agencies and programs where effective systems for
23 performance measurement exist, the measurements incorporated into those
24 systems shall be the basis for performance audits carried out under
25 this chapter.

26 (6) A provision of law directing the director, or another entity,
27 to conduct a performance audit of any state agency, program, or
28 function shall be deemed a request to the joint committee on
29 performance audits to direct the director to undertake that audit. The
30 request shall be considered by the joint committee for inclusion in the
31 subsequent annual audit plan approved by the joint committee.

32 (7) Subject to the requirements of the annual performance audit
33 plan approved by the joint committee, performance audits may require
34 the director to:

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

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

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

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

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

4 (f) Examine the costs and benefits of agency programs, functions,
5 and activities;

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

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

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

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

17 (9) The joint committee on performance audits shall receive a copy
18 of each report of examination issued by the state auditor under RCW
19 43.09.310, shall review the reports, and shall make the recommendations
20 to the legislature and the state auditor as it deems appropriate.

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

26 The zero-base review shall include a delineation of the costs and
27 full-time equivalent staff associated with each discreet program,
28 function, and activity included in the base budget. The review should
29 also include estimates of administrative costs and staffing levels and,
30 where appropriate, an estimate of the amount of funds that reach the
31 intended recipients of the program or activity.

32 NEW SECTION. **Sec. 7.** The legislative office of performance audit
33 and fiscal analysis shall coordinate a process for procurement,
34 independent analysis, and distribution of legislative fiscal notes to
35 all standing committees of the senate and house of representatives
36 under chapters 43.88A and 43.132 RCW. Requests for fiscal notes to

1 state agencies shall be transmitted by the office, and completed fiscal
2 notes shall be submitted to the office.

3 Upon receipt of fiscal notes from state agencies, the office shall
4 analyze each note. Based on an independent analysis, the director
5 shall either endorse the fiscal note as submitted, facilitate revision
6 of the fiscal note by the submitting agency, or prepare a replacement
7 or amended fiscal note that will be the approved fiscal note for
8 consideration before committees of the legislature. No fiscal notes
9 shall be submitted to standing committees of the legislature without
10 the approval of the director or a designee.

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

13 In conducting performance audits, the director shall review the
14 costs of programs recently implemented by the legislature to compare
15 actual agency costs with the appropriations provided and the cost
16 estimates that were included in the fiscal note for the program at the
17 time the program was enacted.

18 The office shall work with the staff of the standing committees of
19 the legislature to improve understanding and evaluation of fiscal notes
20 of legislation pending in those committees. In addition, the director
21 shall recommend to the joint committee on performance audits additional
22 modifications intended to improve the objectivity and timeliness of
23 fiscal notes necessary for legislative consideration.

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

36 In developing a draft plan for submission to the joint committee,
37 the director shall consult with the state auditor, the director of

1 financial management, chairs and staff of appropriate legislative
2 committees, and representatives of state employee organizations.

3 (2) When the director has completed a performance audit authorized
4 in the annual performance audit plan, the director shall transmit the
5 audit to the affected state or local agency for its comments. The
6 agency shall provide any response to the director within thirty days
7 after receipt of the performance audit. The response of the agency
8 shall be incorporated into the final performance audit report.

9 (3) Before releasing the results of any performance audit to the
10 legislature or the public, the director shall submit the performance
11 audit to the joint committee on performance audits for its review and
12 comment. Upon consideration and incorporation of the review and
13 comments of the joint committee, the director shall transmit the final
14 performance audit report to the agency, the director of financial
15 management, and appropriate legislative committees and shall make the
16 report available for public review.

17 NEW SECTION. **Sec. 9.** The performance audit revolving fund is
18 established in the state treasury. Expenditures from the fund may be
19 spent only by appropriation. The fund is established to assist in
20 recovering the costs of performance audits and zero-based budget
21 reviews from the audited agency or program. Subject to appropriation,
22 the director shall assess agencies all or a portion of the cost of
23 performance audits and zero-based budget reviews.

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

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

29 NEW SECTION. **Sec. 10.** To ensure the accuracy and timeliness of
30 information used as the basis for performance audits and other
31 responsibilities of the legislature, the director shall be provided
32 direct and unrestricted access to information held by any state agency.
33 Agencies shall submit directly to the legislature, on a confidential
34 basis, all data and other information requested, including tax records
35 and client data.

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

3 The joint committee on performance audits, in consultation with the
4 legislative systems administrative committee under RCW 44.68.030, shall
5 acquire a data processing service capability under the exclusive
6 jurisdiction and control of the legislature acting through the
7 committee and (~~its administrator~~) the director of the legislative
8 office of performance audit and fiscal analysis for the purpose of
9 providing the legislature and its staff with the type of information
10 required for in-depth analysis and monitoring of state agency
11 expenditures, budgets, and related fiscal matters. (~~The legislative~~
12 ~~evaluation and accountability program established in this section may~~
13 ~~be referred to in this chapter as the LEAP administration.~~)

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

16 To carry out the provisions of RCW 44.48.070 (as recodified by this
17 act) the (~~LEAP administration~~) joint committee on performance audits
18 shall provide for:

19 (1) Automated data bases and application systems in support of
20 legislative requirements to monitor, evaluate, analyze, report, and
21 review;

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

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

25 (4) Procedural documentation support; and

26 (5) Consulting assistance on special projects.

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

29 The joint committee on performance audits shall have the following
30 powers:

31 (1) To have timely access, upon written request of the
32 (~~administrator~~) director of the legislative office of performance
33 audit and fiscal analysis, to all machine readable, printed, and other
34 data of state agencies relative to expenditures, budgets, and related
35 fiscal matters;

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

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

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

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

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

14 In the discharge of any duty herein imposed, the joint committee on
15 performance audits or any personnel under its authority and its
16 subcommittees shall have the authority to examine and inspect all
17 properties, equipment, facilities, files, records and accounts of any
18 state office, department, institution, board, committee, commission or
19 agency, and to administer oaths, issue subpoenas, compel the attendance
20 of witnesses and the production of any papers, books, accounts,
21 documents and testimony, and to cause the deposition of witnesses,
22 either residing within or without the state, to be taken in the manner
23 prescribed by laws for taking depositions in civil actions in the
24 superior courts.

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

27 In case of the failure on the part of any person to comply with any
28 subpoena issued in behalf of the joint committee on performance audits,
29 or on the refusal of any witness to testify to any matters regarding
30 which he or she may be lawfully interrogated, it shall be the duty of
31 the superior court of any county, or of the judge thereof, on
32 application of the committee, to compel obedience by proceedings for
33 contempt, as in the case of disobedience of the requirements of a
34 subpoena issued from such court or a refusal to testify therein.

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

3 The joint committee on performance audits shall cooperate, act, and
4 function with legislative committees and with the councils or
5 committees of other states similar to this committee and with other
6 interstate research organizations.

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

9 (1) "Budget" means a proposed plan of expenditures for a given
10 period or purpose and the proposed means for financing these
11 expenditures.

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

14 (3) "Director of financial management" means the official appointed
15 by the governor to serve at the governor's pleasure and to whom the
16 governor may delegate necessary authority to carry out the governor's
17 duties as provided in this chapter. The director of financial
18 management shall be head of the office of financial management which
19 shall be in the office of the governor.

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

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

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

34 (7) "Ensuing biennium" means the fiscal biennium beginning on July
35 1st of the same year in which a regular session of the legislature is
36 held during an odd-numbered year pursuant to Article II, section 12 of
37 the Constitution and which biennium next succeeds the current biennium.

1 (8) "Dedicated fund" means a fund in the state treasury, or a
2 separate account or fund in the general fund in the state treasury,
3 that by law is dedicated, appropriated or set aside for a limited
4 object or purpose; but "dedicated fund" does not include a revolving
5 fund or a trust fund.

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

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

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

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

22 (13) "Lapse" means the termination of authority to expend an
23 appropriation.

24 (14) "Legislative fiscal committees" means the (~~legislative budget~~
25 ~~committee, the legislative evaluation and accountability program~~)
26 joint committee on performance audits, the ways and means committees of
27 the senate and house of representatives, and, where appropriate, the
28 legislative transportation committee.

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

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

36 (17) "Stabilization account" means the budget stabilization account
37 created under RCW 43.88.525 as an account in the general fund of the
38 state treasury.

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

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

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

9 (21) "Estimated revenues" means estimates of revenue in the most
10 recent official economic and revenue forecast prepared under RCW
11 82.33.020, and prepared by the office of financial management for those
12 funds, accounts, and sources for which the office of the economic and
13 revenue forecast council does not prepare an official forecast
14 including estimates of revenues to support financial plans under RCW
15 44.40.070, that are prepared by the office of financial management in
16 consultation with the interagency task force.

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

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

27 (24) "Allotment of appropriation" means the agency's statement of
28 proposed expenditures, the director of financial management's review of
29 that statement, and the placement of the approved statement into the
30 state budgeting, accounting, and reporting system.

31 (25) "Statement of proposed expenditures" means a plan prepared by
32 each agency that breaks each appropriation out into monthly detail
33 representing the best estimate of how the appropriation will be
34 expended.

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

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

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

12 ~~(29) "Program evaluation" means the use of a variety of policy and
13 fiscal research methods to (a) determine the extent to which a program
14 is achieving its legislative intent in terms of producing the effects
15 expected, and (b) make an objective judgment of the implementation,
16 outcomes, and net cost or benefit impact of programs in the context of
17 their goals and objectives. It includes the application of systematic
18 methods to measure the results, intended or unintended, of program
19 activities.))~~

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

22 (1) For purposes of developing budget proposals to the legislature,
23 the governor shall have the power, and it shall be the governor's duty,
24 to require from proper agency officials such detailed estimates and
25 other information in such form and at such times as the governor shall
26 direct. The estimates for the legislature and the judiciary shall be
27 transmitted to the governor and shall be included in the budget without
28 revision. The estimates for state pension contributions shall be based
29 on the rates provided in chapter 41.45 RCW. Copies of all such
30 estimates shall be transmitted to the standing committees on ways and
31 means of the house and senate at the same time as they are filed with
32 the governor and the office of financial management.

33 The estimates shall include statements or tables which indicate, by
34 agency, the state funds which are required for the receipt of federal
35 matching revenues. The estimates shall be revised as necessary to
36 reflect legislative enactments and adopted appropriations and shall be
37 included with the initial biennial allotment submitted under RCW
38 43.88.110. The estimates shall include consideration of findings made

1 by the director of the legislative office of performance audit and
2 fiscal analysis pursuant to a performance audit of the agency.

3 (2) In the year of the gubernatorial election, the governor shall
4 invite the governor-elect or the governor-elect's designee to attend
5 all hearings provided in RCW 43.88.100; and the governor shall furnish
6 the governor-elect or the governor-elect's designee with such
7 information as will enable the governor-elect or the governor-elect's
8 designee to gain an understanding of the state's budget requirements.
9 The governor-elect or the governor-elect's designee may ask such
10 questions during the hearings and require such information as the
11 governor-elect or the governor-elect's designee deems necessary and may
12 make recommendations in connection with any item of the budget which,
13 with the governor-elect's reasons therefor, shall be presented to the
14 legislature in writing with the budget document. Copies of all such
15 estimates and other required information shall also be submitted to the
16 standing committees on ways and means of the house and senate.

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

19 This section sets forth the major fiscal duties and
20 responsibilities of officers and agencies of the executive branch. The
21 regulations issued by the governor pursuant to this chapter shall
22 provide for a comprehensive, orderly basis for fiscal management and
23 control, including efficient accounting and reporting therefor, for the
24 executive branch of the state government and may include, in addition,
25 such requirements as will generally promote more efficient public
26 management in the state.

27 (1) Governor; director of financial management. The governor,
28 through the director of financial management, shall devise and
29 supervise a modern and complete accounting system for each agency to
30 the end that all revenues, expenditures, receipts, disbursements,
31 resources, and obligations of the state shall be properly and
32 systematically accounted for. The accounting system shall include the
33 development of accurate, timely records and reports of all financial
34 affairs of the state. The system shall also provide for central
35 accounts in the office of financial management at the level of detail
36 deemed necessary by the director to perform central financial
37 management. The director of financial management shall adopt and
38 periodically update an accounting procedures manual. Any agency

1 maintaining its own accounting and reporting system shall comply with
2 the updated accounting procedures manual and the rules of the director
3 adopted under this chapter. An agency may receive a waiver from
4 complying with this requirement if the waiver is approved by the
5 director. Waivers expire at the end of the fiscal biennium for which
6 they are granted. The director shall forward notice of waivers granted
7 to the appropriate legislative fiscal committees. The director of
8 financial management may require such financial, statistical, and other
9 reports as the director deems necessary from all agencies covering any
10 period.

11 (2) The director of financial management is responsible for
12 quarterly reporting of primary operating budget drivers such as
13 applicable workloads, caseload estimates, and appropriate unit cost
14 data. These reports shall be transmitted to the legislative fiscal
15 committees or by electronic means to the legislative evaluation and
16 accountability program committee. Quarterly reports shall include
17 actual monthly data and the variance between actual and estimated data
18 to date. The reports shall also include estimates of these items for
19 the remainder of the budget period.

20 (3) The director of financial management shall report at least
21 annually to the appropriate legislative committees regarding the status
22 of all appropriated capital projects, including transportation
23 projects, showing significant cost overruns or underruns. If funds are
24 shifted from one project to another, the office of financial management
25 shall also reflect this in the annual variance report. Once a project
26 is complete, the report shall provide a final summary showing estimated
27 start and completion dates of each project phase compared to actual
28 dates, estimated costs of each project phase compared to actual costs,
29 and whether or not there are any outstanding liabilities or unsettled
30 claims at the time of completion.

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

33 (a) Develop and maintain a system of internal controls and internal
34 audits comprising methods and procedures to be adopted by each agency
35 that will safeguard its assets, check the accuracy and reliability of
36 its accounting data, promote operational efficiency, and encourage
37 adherence to prescribed managerial policies for accounting and
38 financial controls. The system developed by the director shall include
39 criteria for determining the scope and comprehensiveness of internal

1 controls required by classes of agencies, depending on the level of
2 resources at risk.

3 Each agency head or authorized designee shall be assigned the
4 responsibility and authority for establishing and maintaining internal
5 audits following the standards of internal auditing of the institute of
6 internal auditors;

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

12 (c) Establish policies for allowing the contracting of child care
13 services;

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

16 (e) Review any pay and classification plans, and changes
17 thereunder, developed by any agency for their fiscal impact: PROVIDED,
18 That none of the provisions of this subsection shall affect merit
19 systems of personnel management now existing or hereafter established
20 by statute relating to the fixing of qualifications requirements for
21 recruitment, appointment, or promotion of employees of any agency. The
22 director shall advise and confer with agencies including appropriate
23 standing committees of the legislature as may be designated by the
24 speaker of the house and the president of the senate regarding the
25 fiscal impact of such plans and may amend or alter said plans, except
26 that for the following agencies no amendment or alteration of said
27 plans may be made without the approval of the agency concerned:
28 Agencies headed by elective officials;

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

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

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

39 (5) The treasurer shall:

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

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

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

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

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

15 It shall be unlawful for the treasurer to disburse public funds in
16 the treasury except upon forms or by alternative means duly prescribed
17 by the director of financial management. These forms or alternative
18 means shall provide for authentication and certification by the agency
19 head or the agency head's designee that the services have been rendered
20 or the materials have been furnished; or, in the case of loans or
21 grants, that the loans or grants are authorized by law; or, in the case
22 of payments for periodic maintenance services to be performed on state
23 owned equipment, that a written contract for such periodic maintenance
24 services is currently in effect and copies thereof are on file with the
25 office of financial management; and the treasurer shall not be liable
26 under the treasurer's surety bond for erroneous or improper payments so
27 made. When services are lawfully paid for in advance of full
28 performance by any private individual or business entity other than as
29 provided for by RCW 42.24.035, such individual or entity other than
30 central stores rendering such services shall make a cash deposit or
31 furnish surety bond coverage to the state as shall be fixed in an
32 amount by law, or if not fixed by law, then in such amounts as shall be
33 fixed by the director of the department of general administration but
34 in no case shall such required cash deposit or surety bond be less than
35 an amount which will fully indemnify the state against any and all
36 losses on account of breach of promise to fully perform such services.
37 No payments shall be made in advance for any equipment maintenance
38 services to be performed more than three months after such payment.
39 Any such bond so furnished shall be conditioned that the person, firm

1 or corporation receiving the advance payment will apply it toward
2 performance of the contract. The responsibility for recovery of
3 erroneous or improper payments made under this section shall lie with
4 the agency head or the agency head's designee in accordance with
5 regulations issued pursuant to this chapter. Nothing in this section
6 shall be construed to permit a public body to advance funds to a
7 private service provider pursuant to a grant or loan before services
8 have been rendered or material furnished.

9 (6) The state auditor shall:

10 (a) Report to the legislature the results of current post audits
11 that have been made of the financial transactions of each agency; to
12 this end the auditor may, in the auditor's discretion, examine the
13 books and accounts of any agency, official or employee charged with the
14 receipt, custody or safekeeping of public funds. Where feasible in
15 conducting examinations, the auditor shall utilize data and findings
16 from the internal control system prescribed by the office of financial
17 management. The current post audit of each agency may include a
18 section on recommendations to the legislature as provided in (c) of
19 this subsection.

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

22 (c) Make the auditor's official report on or before the thirty-
23 first of December which precedes the meeting of the legislature. The
24 report shall be for the last complete fiscal period and shall include
25 determinations as to whether agencies, in making expenditures, complied
26 with the laws of this state. The state auditor is authorized to
27 perform or participate in performance verifications (~~((only))~~) and
28 performance audits as expressly authorized by the legislature in the
29 omnibus biennial appropriations acts or in the annual performance audit
30 plan approved by the joint committee on performance audits. The state
31 auditor, upon completing an audit for legal and financial compliance
32 under chapter 43.09 RCW (~~((or a performance verification,))~~) may report
33 to the (~~((legislative budget))~~) joint committee on performance audits or
34 other appropriate committees of the legislature, in a manner prescribed
35 by the (~~((legislative budget))~~) joint committee on performance audits, on
36 facts relating to the management or performance of governmental
37 programs where such facts are discovered incidental to the legal and
38 financial audit or performance verification. The auditor may make such
39 a report to a legislative committee only if the auditor has determined

1 that the agency has been given an opportunity and has failed to resolve
2 the management or performance issues raised by the auditor. If the
3 auditor makes a report to a legislative committee, the agency may
4 submit to the committee a response to the report. (~~This subsection~~
5 ~~(6) shall not be construed to authorize the auditor to allocate other~~
6 ~~than de minimis resources to performance audits except as expressly~~
7 ~~authorized in the appropriations acts)) The results of a performance
8 audit or performance verification conducted by the state auditor shall
9 be transmitted only to the director of the legislative office of
10 performance audit and fiscal analysis for incorporation into the final
11 performance audit report, subject to review and comment by the affected
12 state agency under section 8(2) of this act.~~

13 (d) Be empowered to take exception to specific expenditures that
14 have been incurred by any agency or to take exception to other
15 practices related in any way to the agency's financial transactions and
16 to cause such exceptions to be made a matter of public record,
17 including disclosure to the agency concerned and to the director of
18 financial management. It shall be the duty of the director of
19 financial management to cause corrective action to be taken promptly,
20 such action to include, as appropriate, the withholding of funds as
21 provided in RCW 43.88.110.

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

23 (f) Investigate improper governmental activity under chapter 42.40
24 RCW.

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

26 ~~(a) Make post audits of the financial transactions of any agency~~
27 ~~and management surveys and program reviews as provided for in RCW~~
28 ~~44.28.085 as well as performance audits and program evaluations. To~~
29 ~~this end the committee may in its discretion examine the books,~~
30 ~~accounts, and other records of any agency, official, or employee.~~

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

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

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

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

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

7 The director of financial management or the director's designee
8 shall, in cooperation with appropriate legislative committees and
9 legislative staff, establish a mechanism for the determination of the
10 fiscal impact of proposed legislation which if enacted into law would
11 directly or indirectly increase or decrease revenues received or
12 expenditures incurred by counties, cities, towns, or any other
13 political subdivisions of the state. The office of financial
14 management shall, when requested by a member of the state legislature,
15 report in writing as to such fiscal impact and said report shall be
16 known as a "fiscal note".

17 Such fiscal notes shall indicate by fiscal year the total impact on
18 the subdivisions involved for the first two years the legislation would
19 be in effect and also a cumulative six year forecast of the fiscal
20 impact. Where feasible and applicable, the fiscal note also shall
21 indicate the fiscal impact on each individual county or on a
22 representative sampling of cities, towns, or other political
23 subdivisions.

24 A fiscal note as defined in this section shall be provided only
25 upon request of the joint committee on performance audits on behalf of
26 any member of the state legislature. ~~((A legislator))~~ The joint
27 committee also may request that such a fiscal note be revised to
28 reflect the impact of proposed amendments or substitute bills. Fiscal
29 notes shall be completed within seventy-two hours of the request unless
30 a longer time period is allowed by the ~~((requesting legislator))~~ joint
31 committee. In the event a fiscal note has not been completed within
32 seventy-two hours of a request, a daily report shall be prepared for
33 the ~~((requesting legislator))~~ joint committee by the director of
34 financial management which report summarizes the progress in preparing
35 the fiscal note. If the request is referred to the director of
36 community, trade, and economic development, the daily report shall also
37 include the date and time such referral was made.

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

3 When a fiscal note is prepared and approved as to form, accuracy,
4 and completeness by the office of financial management, which depicts
5 the expected fiscal impact of a bill or resolution, copies shall be
6 filed immediately with((:

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

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

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

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

15 ~~((When a fiscal note has been prepared for a bill or resolution, a~~
16 ~~copy of the fiscal note shall be placed in the bill books or otherwise~~
17 ~~attached to the bill or resolution and shall remain with the bill or~~
18 ~~resolution throughout the legislative process insofar as possible.))~~

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

21 The office of financial management shall also provide a fiscal note
22 on any legislative proposal at the request of the joint committee on
23 performance audits on behalf of any legislator. ~~((Such))~~ The fiscal
24 note shall be returned to the requesting legislator, and copies shall
25 be filed with the appropriate legislative committees ~~((pursuant to))~~
26 under RCW 43.88A.030 at the time ~~((such))~~ the proposed legislation is
27 introduced in either house.

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

30 When a fiscal note is prepared and approved as to form and
31 completeness by the director of financial management, the director
32 shall transmit copies immediately to((:

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

34 ~~(2) With respect to proposed legislation held by the senate, the~~
35 ~~chairperson of the committee which holds or has acted upon the proposed~~
36 ~~legislation, the chairperson of the ways and means committee, the~~

1 chairperson of the local government committee, and the secretary of the
2 senate; and

3 (3) ~~With respect to proposed legislation held by the house of~~
4 ~~representatives, the chairperson of the committee which holds or has~~
5 ~~acted upon the proposed legislation, the chairpersons of the revenue~~
6 ~~and taxation and appropriations committees, the chairperson of the~~
7 ~~local government committee, and the chief clerk of the house of~~
8 ~~representatives)) the joint committee on performance audits.~~

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

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

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

22 (3) An approved in-service training program shall be a program
23 approved by a school district board of directors, which meet standards
24 adopted by the state board of education, and the development of said
25 program has been participated in by an in-service training task force
26 whose membership is the same as provided under RCW 28A.415.040, or a
27 program offered by an education agency approved to provide in-service
28 for the purposes of continuing education as provided for under rules
29 adopted by the state board of education, or both.

30 (4) Clock hours eligible for application to the salary schedule
31 developed by the ~~((legislative evaluation and accountability program))~~
32 joint committee on performance audits as described in subsections (1)
33 and (2) of this section, shall be those hours acquired after August 31,
34 1987.

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

1 (1) The selection advisory committee is created. The committee
2 shall be composed of up to three members from the house of
3 representatives, up to three members from the senate, up to two members
4 from the office of the superintendent of public instruction, and one
5 member from each of the following: The office of financial management,
6 Washington state special education coalition, transitional bilingual
7 instruction educators, and Washington education association.

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

11 (3) The selection advisory committee shall:

12 (a) Develop appropriate criteria for selecting demonstration
13 projects;

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

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

18 (d) Advise the superintendent of public instruction on the
19 evaluation design.

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

22 Until authorized and empowered to do so by statute of the
23 legislature, the board of regents of the university, with respect to
24 that certain tract of land in the city of Seattle originally known as
25 the "old university grounds" and more recently known as the
26 "Metropolitan Tract" and any land contiguous thereto, shall not sell
27 (~~said~~) the land or any part thereof or any improvement thereon, or
28 lease (~~said~~) the land or any part thereof or any improvement thereon
29 or renew or extend any lease thereof for a term ending more than sixty
30 years beyond midnight, December 31, 1980. Any sale of (~~said~~) land or
31 any part thereof or any improvement thereon, or any lease or renewal or
32 extension of any lease of (~~said~~) land or any part thereof or any
33 improvement thereon for a term ending more than sixty years after
34 midnight, December 31, 1980, made or attempted to be made by the board
35 of regents shall be null and void unless and until the same has been
36 approved or ratified and confirmed by legislative act.

37 The board of regents shall have power from time to time to lease
38 (~~said~~) the land, or any part thereof or any improvement thereon for

1 a term ending not more than sixty years beyond midnight, December 31,
2 1980: PROVIDED, That the board of regents shall make a full, detailed
3 report of all leases and transactions pertaining to (~~said~~) the land
4 or any part thereof or any improvement thereon to the (~~legislative~~
5 ~~budget committee~~) joint committee on performance audits, including one
6 copy to the staff of the committee, during an odd-numbered year:
7 PROVIDED FURTHER, That any and all records, books, accounts and/or
8 agreements of any lessee or sublessee under this section, pertaining to
9 compliance with the terms and conditions of such lease or sublease,
10 shall be open to inspection by the board of regents and/or the ways and
11 means committees of the senate or the house of representatives or the
12 (~~legislative budget committee~~) joint committee on performance audits
13 or any successor committees. It is not intended by this proviso that
14 unrelated records, books, accounts and/or agreements of lessees,
15 sublessees or related companies be open to such inspection.

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

18 Each state agency and educational institution shall comply with the
19 annual goals established for that agency or institution under this
20 chapter for public works and procuring goods or services. This chapter
21 applies to all public works and procurement by state agencies and
22 educational institutions, including all contracts and other procurement
23 under chapters 28B.10, 39.04, 39.29, 43.19, and 47.28 RCW. Each state
24 agency shall adopt a plan, developed in consultation with the director
25 and the advisory committee, to insure that minority and women-owned
26 businesses are afforded the maximum practicable opportunity to directly
27 and meaningfully participate in the execution of public contracts for
28 public works and goods and services. The plan shall include specific
29 measures the agency will undertake to increase the participation of
30 certified minority and women-owned businesses. The office shall
31 annually notify the governor, the state auditor, and the (~~legislative~~
32 ~~budget committee~~) joint committee on performance audits of all
33 agencies and educational institutions not in compliance with this
34 chapter.

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

1 Emergency contracts shall be filed with the office of financial
2 management and the (~~legislative budget committee~~) joint committee on
3 performance audits and made available for public inspection within
4 three working days following the commencement of work or execution of
5 the contract, whichever occurs first. Documented justification for
6 emergency contracts shall be provided to the office of financial
7 management and the (~~legislative budget committee~~) joint committee on
8 performance audits when the contract is filed.

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

11 (1) Sole source contracts shall be filed with the office of
12 financial management and the (~~legislative budget committee~~) joint
13 committee on performance audits and made available for public
14 inspection at least ten working days prior to the proposed starting
15 date of the contract. Documented justification for sole source
16 contracts shall be provided to the office of financial management and
17 the (~~legislative budget committee~~) joint committee on performance
18 audits when the contract is filed. For sole source contracts of ten
19 thousand dollars or more that are state funded, documented
20 justification shall include evidence that the agency attempted to
21 identify potential consultants by advertising through state-wide or
22 regional newspapers.

23 (2) The office of financial management shall approve sole source
24 contracts of ten thousand dollars or more that are state funded, before
25 any such contract becomes binding and before any services may be
26 performed under the contract. These requirements shall also apply to
27 sole source contracts of less than ten thousand dollars if the total
28 amount of such contracts between an agency and the same consultant is
29 ten thousand dollars or more within a fiscal year. Agencies shall
30 ensure that the costs, fees, or rates negotiated in filed sole source
31 contracts of ten thousand dollars or more are reasonable.

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

34 (1) Substantial changes in either the scope of work specified in
35 the contract or in the scope of work specified in the formal
36 solicitation document must generally be awarded as new contracts.
37 Substantial changes executed by contract amendments must be submitted

1 to the office of financial management and the (~~legislative budget~~
2 ~~committee~~) joint committee on performance audits, and are subject to
3 approval by the office of financial management.

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

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

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

16 (5) The office of financial management shall approve amendments
17 provided to it under this section only if they meet the criteria for
18 approval of the amendments established by the director of the office of
19 financial management.

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

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

27 (2) The office of financial management shall review and approve
28 state-funded personal service contracts subject to competitive
29 solicitation that provide services relating to management consulting,
30 organizational development, marketing, communications, employee
31 training, or employee recruiting.

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

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

35 (a) The members of the legislature or to any employee of, or
36 position in, the legislative branch of the state government including
37 (~~members, officers, and employees of the legislative council,~~

1 ~~legislative budget committee))~~ the joint committee on performance
2 audits, statute law committee, and any interim committee of the
3 legislature;

4 (b) The justices of the supreme court, judges of the court of
5 appeals, judges of the superior courts or of the inferior courts, or to
6 any employee of, or position in the judicial branch of state
7 government;

8 (c) Officers, academic personnel, and employees of technical
9 colleges;

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

11 (e) Elective officers of the state;

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

13 (g) In the departments of employment security and social and health
14 services, the director and the director's confidential secretary; in
15 all other departments, the executive head of which is an individual
16 appointed by the governor, the director, his or her confidential
17 secretary, and his or her statutory assistant directors;

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

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

22 (ii) If the members of the board, commission, or committee serve on
23 a part-time basis and there is a statutory executive officer: The
24 secretary of the board, commission, or committee; the chief executive
25 officer of the board, commission, or committee; and the confidential
26 secretary of the chief executive officer of the board, commission, or
27 committee;

28 (iii) If the members of the board, commission, or committee serve
29 on a full-time basis: The chief executive officer or administrative
30 officer as designated by the board, commission, or committee; and a
31 confidential secretary to the chair of the board, commission, or
32 committee;

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

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

38 (j) Assistant attorneys general;

1 (k) Commissioned and enlisted personnel in the military service of
2 the state;

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

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

8 (n) Officers and employees of the Washington state fruit
9 commission;

10 (o) Officers and employees of the Washington state apple
11 advertising commission;

12 (p) Officers and employees of the Washington state dairy products
13 commission;

14 (q) Officers and employees of the Washington tree fruit research
15 commission;

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

17 (s) Officers and employees of any commission formed under chapter
18 15.66 RCW;

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

21 (u) Officers and employees of agricultural commissions formed under
22 chapter 15.65 RCW;

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

25 (w) Liquor vendors appointed by the Washington state liquor control
26 board pursuant to RCW 66.08.050: PROVIDED, HOWEVER, That rules adopted
27 by the Washington personnel resources board pursuant to RCW 41.06.150
28 regarding the basis for, and procedures to be followed for, the
29 dismissal, suspension, or demotion of an employee, and appeals
30 therefrom shall be fully applicable to liquor vendors except those part
31 time agency vendors employed by the liquor control board when, in
32 addition to the sale of liquor for the state, they sell goods, wares,
33 merchandise, or services as a self-sustaining private retail business;

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

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

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

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

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

13 (a) Members of the governing board of each institution of higher
14 education and related boards, all presidents, vice-presidents and their
15 confidential secretaries, administrative and personal assistants;
16 deans, directors, and chairs; academic personnel; and executive heads
17 of major administrative or academic divisions employed by institutions
18 of higher education; principal assistants to executive heads of major
19 administrative or academic divisions; other managerial or professional
20 employees in an institution or related board having substantial
21 responsibility for directing or controlling program operations and
22 accountable for allocation of resources and program results, or for the
23 formulation of institutional policy, or for carrying out personnel
24 administration or labor relations functions, legislative relations,
25 public information, development, senior computer systems and network
26 programming, or internal audits and investigations; and any employee of
27 a community college district whose place of work is one which is
28 physically located outside the state of Washington and who is employed
29 pursuant to RCW 28B.50.092 and assigned to an educational program
30 operating outside of the state of Washington;

31 (b) Student, part-time, or temporary employees, and part-time
32 professional consultants, as defined by the Washington personnel
33 resources board, employed by institutions of higher education and
34 related boards;

35 (c) The governing board of each institution, and related boards,
36 may also exempt from this chapter classifications involving research
37 activities, counseling of students, extension or continuing education
38 activities, graphic arts or publications activities requiring
39 prescribed academic preparation or special training as determined by

1 the board: PROVIDED, That no nonacademic employee engaged in office,
2 clerical, maintenance, or food and trade services may be exempted by
3 the board under this provision;

4 (d) Printing craft employees in the department of printing at the
5 University of Washington.

6 (3) In addition to the exemptions specifically provided by this
7 chapter, the Washington personnel resources board may provide for
8 further exemptions pursuant to the following procedures. The governor
9 or other appropriate elected official may submit requests for exemption
10 to the Washington personnel resources board stating the reasons for
11 requesting such exemptions. The Washington personnel resources board
12 shall hold a public hearing, after proper notice, on requests submitted
13 pursuant to this subsection. If the board determines that the position
14 for which exemption is requested is one involving substantial
15 responsibility for the formulation of basic agency or executive policy
16 or one involving directing and controlling program operations of an
17 agency or a major administrative division thereof, the Washington
18 personnel resources board shall grant the request and such
19 determination shall be final as to any decision made before July 1,
20 1993. The total number of additional exemptions permitted under this
21 subsection shall not exceed one percent of the number of employees in
22 the classified service not including employees of institutions of
23 higher education and related boards for those agencies not directly
24 under the authority of any elected public official other than the
25 governor, and shall not exceed a total of twenty-five for all agencies
26 under the authority of elected public officials other than the
27 governor. The Washington personnel resources board shall report to
28 each regular session of the legislature during an odd-numbered year all
29 exemptions granted under subsections (1) (x) and (y) and (2) of this
30 section, together with the reasons for such exemptions.

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

38 Any person holding a classified position subject to the provisions
39 of this chapter shall, when and if such position is subsequently

1 exempted from the application of this chapter, be afforded the
2 following rights: If such person previously held permanent status in
3 another classified position, such person shall have a right of
4 reversion to the highest class of position previously held, or to a
5 position of similar nature and salary.

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

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

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

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

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

20 The state auditor, through the division of departmental audits,
21 shall annually audit the state-wide combined financial statements
22 prepared by the office of financial management and make post-audits of
23 state agencies. Post-audits of state agencies shall be made at such
24 periodic intervals as is determined by the state auditor. Audits of
25 combined financial statements shall include determinations as to the
26 validity and accuracy of accounting methods, procedures and standards
27 utilized in their preparation, as well as the accuracy of the financial
28 statements themselves. A report shall be made of each such audit and
29 post-audit upon completion thereof, and one copy shall be transmitted
30 to the governor, one to the director of financial management, one to
31 the attorney general, one to the state department audited, one to the
32 (~~legislative budget committee~~) joint committee on performance audits,
33 one each to the standing committees on ways and means of the house and
34 senate, (~~one to the chief clerk of the house, one to the secretary of~~
35 ~~the senate,~~) and at least one shall be kept on file in the office of
36 the state auditor. For purposes of reporting the annual audit of

1 state-wide combined financial statements, "state department audited"
2 refers solely to the office of financial management.

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

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

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

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

14 A study to determine the desirability and feasibility of
15 consolidating the following programs, services, and funding sources
16 into the delivery and financing of uniform benefits package services
17 through certified health plans:

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

19 (b) Civilian health and medical program of the uniformed services
20 (CHAMPUS) of the federal department of defense and other federal
21 agencies; and

22 (c) Federal employee health benefits.

23 (2) The (~~legislative budget committee~~) joint committee on
24 performance audits shall evaluate the implementation of the provisions
25 of chapter 492, Laws of 1993. The study shall determine to what extent
26 chapter 492, Laws of 1993 has been implemented consistent with the
27 principles and elements set forth in chapter 492, Laws of 1993 and
28 shall report its findings to the governor and appropriate committees of
29 the legislature by July 1, 2003.

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

32 Whenever any money, from the federal government, or from other
33 sources, which was not anticipated in the budget approved by the
34 legislature has actually been received and is designated to be spent
35 for a specific purpose, the head of any department, agency, board, or
36 commission through which such expenditure shall be made is to submit to

1 the governor a statement which may be in the form of a request for an
2 allotment amendment setting forth the facts constituting the need for
3 such expenditure and the estimated amount to be expended: PROVIDED,
4 That no expenditure shall be made in excess of the actual amount
5 received, and no money shall be expended for any purpose except the
6 specific purpose for which it was received. A copy of any proposal
7 submitted to the governor to expend money from an appropriated fund or
8 account in excess of appropriations provided by law which is based on
9 the receipt of unanticipated revenues shall be submitted to the
10 (~~legislative budget committee~~) joint committee on performance audits
11 and also to the standing committees on ways and means of the house and
12 senate if the legislature is in session at the same time as it is
13 transmitted to the governor.

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

16 If the governor approves such estimate in whole or part, he or she
17 shall endorse on each copy of the statement his or her approval,
18 together with a statement of the amount approved in the form of an
19 allotment amendment, and transmit one copy to the head of the
20 department, agency, board, or commission authorizing the expenditure.
21 An identical copy of the governor's statement of approval and a
22 statement of the amount approved for expenditure shall be transmitted
23 simultaneously to the (~~legislative budget committee~~) joint committee
24 on performance audits and also to the standing committee on ways and
25 means of the house and senate of all executive approvals of proposals
26 to expend money in excess of appropriations provided by law.

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

29 (1) The director of financial management shall provide all agencies
30 with a complete set of instructions for submitting biennial budget
31 requests to the director at least three months before agency budget
32 documents are due into the office of financial management. The
33 director shall provide agencies that are required under RCW 44.40.070
34 to develop comprehensive six-year program and financial plans with a
35 complete set of instructions for submitting these program and financial
36 plans at the same time that instructions for submitting other budget
37 requests are provided. The budget document or documents shall consist

1 of the governor's budget message which shall be explanatory of the
2 budget and shall contain an outline of the proposed financial policies
3 of the state for the ensuing fiscal period, as well as an outline of
4 the proposed six-year financial policies where applicable, and shall
5 describe in connection therewith the important features of the budget.
6 The message shall set forth the reasons for salient changes from the
7 previous fiscal period in expenditure and revenue items and shall
8 explain any major changes in financial policy. Attached to the budget
9 message shall be such supporting schedules, exhibits and other
10 explanatory material in respect to both current operations and capital
11 improvements as the governor shall deem to be useful to the
12 legislature. The budget document or documents shall set forth a
13 proposal for expenditures in the ensuing fiscal period, or six-year
14 period where applicable, based upon the estimated revenues as approved
15 by the economic and revenue forecast council or upon the estimated
16 revenues of the office of financial management for those funds,
17 accounts, and sources for which the office of the economic and revenue
18 forecast council does not prepare an official forecast, including those
19 revenues anticipated to support the six-year programs and financial
20 plans under RCW 44.40.070. In estimating revenues to support financial
21 plans under RCW 44.40.070, the office of financial management shall
22 rely on information and advice from the interagency revenue task force.
23 Revenues shall be estimated for such fiscal period from the source and
24 at the rates existing by law at the time of submission of the budget
25 document, including the supplemental budgets submitted in the even-
26 numbered years of a biennium. However, the estimated revenues for use
27 in the governor's budget document may be adjusted to reflect budgetary
28 revenue transfers and revenue estimates dependent upon budgetary
29 assumptions of enrollments, workloads, and caseloads. All adjustments
30 to the approved estimated revenues must be set forth in the budget
31 document. The governor may additionally submit, as an appendix to each
32 supplemental, biennial, or six-year agency budget or to the budget
33 document or documents, a proposal for expenditures in the ensuing
34 fiscal period from revenue sources derived from proposed changes in
35 existing statutes.

36 Supplemental and biennial documents shall reflect a six-year
37 expenditure plan consistent with estimated revenues from existing
38 sources and at existing rates for those agencies required to submit
39 six-year program and financial plans under RCW 44.40.070. Any

1 additional revenue resulting from proposed changes to existing statutes
2 shall be separately identified within the document as well as related
3 expenditures for the six-year period.

4 The budget document or documents shall also contain:

5 (a) Revenues classified by fund and source for the immediately past
6 fiscal period, those received or anticipated for the current fiscal
7 period, those anticipated for the ensuing biennium, and those
8 anticipated for the ensuing six-year period to support the six-year
9 programs and financial plans required under RCW 44.40.070;

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

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

14 (d) Such additional information dealing with revenues and
15 expenditures as the governor shall deem pertinent and useful to the
16 legislature;

17 (e) Tabulations showing expenditures classified by fund, function,
18 activity and object;

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

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

25 (h) Tabulations showing each postretirement adjustment by
26 retirement system established after fiscal year 1991, to include, but
27 not be limited to, estimated total payments made to the end of the
28 previous biennial period, estimated payments for the present biennium,
29 and estimated payments for the ensuing biennium.

30 (2) The budget document or documents shall include detailed
31 estimates of all anticipated revenues applicable to proposed operating
32 or capital expenditures and shall also include all proposed operating
33 or capital expenditures. The total of beginning undesignated fund
34 balance and estimated revenues less working capital and other reserves
35 shall equal or exceed the total of proposed applicable expenditures.
36 The budget document or documents shall further include:

37 (a) Interest, amortization and redemption charges on the state
38 debt;

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

1 (c) Other statutory expenditures;

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

3 (e) Revenues derived from agency operations;

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

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

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

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

16 (j) A showing and explanation of anticipated amounts of general
17 fund and other funds required to amortize the unfunded actuarial
18 accrued liability of the retirement system specified under chapter
19 41.45 RCW, and the contributions to meet such amortization, stated in
20 total dollars and as a level percentage of total compensation.

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

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

26 (b) A capital program consisting of proposed capital projects for
27 the next biennium and the two biennia succeeding the next biennium
28 consistent with the long-range facilities plan. Inasmuch as is
29 practical, and recognizing emergent needs, the capital program shall
30 reflect the priorities, projects, and spending levels proposed in
31 previously submitted capital budget documents in order to provide a
32 reliable long-range planning tool for the legislature and state
33 agencies;

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

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

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

- 1 (f) A statement about the proposed site, size, and estimated life
2 of the project, if applicable;
- 3 (g) Estimated total project cost;
- 4 (h) For major projects valued over five million dollars, estimated
5 costs for the following project components: Acquisition, consultant
6 services, construction, equipment, project management, and other costs
7 included as part of the project. Project component costs shall be
8 displayed in a standard format defined by the office of financial
9 management to allow comparisons between projects;
- 10 (i) Estimated total project cost for each phase of the project as
11 defined by the office of financial management;
- 12 (j) Estimated ensuing biennium costs;
- 13 (k) Estimated costs beyond the ensuing biennium;
- 14 (l) Estimated construction start and completion dates;
- 15 (m) Source and type of funds proposed;
- 16 (n) Estimated ongoing operating budget costs or savings resulting
17 from the project, including staffing and maintenance costs;
- 18 (o) For any capital appropriation requested for a state agency for
19 the acquisition of land or the capital improvement of land in which the
20 primary purpose of the acquisition or improvement is recreation or
21 wildlife habitat conservation, the capital budget document, or an
22 omnibus list of recreation and habitat acquisitions provided with the
23 governor's budget document, shall identify the projected costs of
24 operation and maintenance for at least the two biennia succeeding the
25 next biennium. Omnibus lists of habitat and recreation land
26 acquisitions shall include individual project cost estimates for
27 operation and maintenance as well as a total for all state projects
28 included in the list. The document shall identify the source of funds
29 from which the operation and maintenance costs are proposed to be
30 funded;
- 31 (p) Such other information bearing upon capital projects as the
32 governor deems to be useful;
- 33 (q) Standard terms, including a standard and uniform definition of
34 maintenance for all capital projects;
- 35 (r) Such other information as the legislature may direct by law or
36 concurrent resolution.

37 For purposes of this subsection (3), the term "capital project"
38 shall be defined subsequent to the analysis, findings, and
39 recommendations of a joint committee comprised of representatives from

1 the house capital appropriations committee, senate ways and means
2 committee, legislative transportation committee, (~~legislative~~
3 ~~evaluation and accountability program~~) joint committee on performance
4 audits, and office of financial management.

5 (4) No change affecting the comparability of agency or program
6 information relating to expenditures, revenues, workload, performance
7 and personnel shall be made in the format of any budget document or
8 report presented to the legislature under this section or RCW
9 43.88.160(1) relative to the format of the budget document or report
10 which was presented to the previous regular session of the legislature
11 during an odd-numbered year without prior legislative concurrence.
12 Prior legislative concurrence shall consist of (a) a favorable majority
13 vote on the proposal by the standing committees on ways and means of
14 both houses if the legislature is in session or (b) a favorable
15 majority vote on the proposal by members of the (~~legislative~~
16 ~~evaluation and accountability program~~) joint committee on performance
17 audits if the legislature is not in session.

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

20 (1) Whenever an agency makes application, enters into a contract or
21 agreement, or submits state plans for participation in, and for grants
22 of federal funds under any federal law, the agency making such
23 application shall at the time of such action, give notice in such form
24 and manner as the director of financial management may prescribe, or
25 the (~~chairman~~) chair of the (~~legislative budget committee,~~) joint
26 committee on performance audits or standing committees on ways and
27 means of the house and senate(~~(, the chief clerk of the house, or the~~
28 ~~secretary of the senate)) may request.~~

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

33 (3) Such agency shall promptly furnish such progress reports in
34 relation to each such application, contract, agreement, or state plan
35 as may be requested following the date of the filing of the
36 application, contract, agreement, or state plan; and shall also file
37 with each such officer a final report as to the final disposition of

1 each such application, contract, agreement, or state plan if such is
2 requested.

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

5 For the purposes of this chapter, the statute law committee, the
6 (~~legislative budget committee~~) joint committee on performance audits,
7 the legislative transportation committee, (~~the legislative evaluation~~
8 ~~and accountability program committee,~~) the office of state actuary,
9 and all legislative standing committees of both houses shall be deemed
10 a part of the legislative branch of state government.

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

13 (1) The (~~legislative auditor~~) director of the legislative office
14 of performance audit and fiscal analysis, with the concurrence of the
15 (~~legislative budget committee~~) joint committee on performance audits,
16 may file with the attorney general any audit exceptions or other
17 findings of any performance audit, management study, or special report
18 prepared for the (~~legislative budget committee~~) joint committee on
19 performance audits, any standing or special committees of the house or
20 senate, or the entire legislature which indicate a violation of RCW
21 43.88.290, or any other act of malfeasance, misfeasance, or nonfeasance
22 on the part of any state officer or employee.

23 (2) The attorney general shall promptly review each filing received
24 from the (~~legislative auditor~~) director of the legislative office of
25 performance audit and fiscal analysis and may act thereon as provided
26 in RCW 43.88.300, or any other applicable statute authorizing
27 enforcement proceedings by the attorney general. The attorney general
28 shall advise the (~~legislative budget committee~~) joint committee on
29 performance audits of the status of exceptions or findings referred
30 under this section.

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

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

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

4 (2) The chair of the (~~legislative budget committee~~) joint
5 committee on performance audits, including a copy to the staff of the
6 committee;

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

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

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

14 The amendments to chapter 43.88 RCW by chapter 215, Laws of 1986
15 are intended to improve the reporting of state budgeting, accounting,
16 and other fiscal data. The (~~legislative evaluation and accountability~~
17 ~~program~~) joint committee on performance audits shall periodically
18 review chapter 43.88 RCW and shall recommend further revisions if
19 needed.

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

22 The (~~legislative budget committee~~) joint committee on performance
23 audits shall cause to be conducted a program and fiscal review of any
24 state agency or program scheduled for termination by the processes
25 provided in this chapter. Such program and fiscal review shall be
26 completed and a preliminary report prepared on or before June 30th of
27 the year prior to the date established for termination. Upon
28 completion of its preliminary report, the (~~legislative budget~~
29 ~~committee~~) joint committee on performance audits shall transmit copies
30 of the report to the office of financial management. The office of
31 financial management may then conduct its own program and fiscal review
32 of the agency scheduled for termination and shall prepare a report on
33 or before September 30th of the year prior to the date established for
34 termination. Upon completion of its report the office of financial
35 management shall transmit copies of its report to the (~~legislative~~
36 ~~budget committee~~) joint committee on performance audits. The
37 (~~legislative budget committee~~) joint committee on performance audits

1 shall prepare a final report that includes the reports of both the
2 office of financial management and the (~~legislative budget committee~~)
3 joint committee on performance audits. The (~~legislative budget~~
4 ~~committee~~) joint committee on performance audits and the office of
5 financial management shall, upon request, make available to each other
6 all working papers, studies, and other documents which relate to
7 reports required under this section. The (~~legislative budget~~
8 ~~committee~~) joint committee on performance audits shall transmit the
9 final report to the legislature, to the state agency concerned, to the
10 governor, and to the state library.

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

13 In conducting the review of a regulatory entity, the (~~legislative~~
14 ~~budget committee~~) joint committee on performance audits shall
15 consider, but not be limited to, the following factors where
16 applicable:

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

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

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

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

25 (5) The extent to which the regulatory entity duplicates the
26 activities of other regulatory entities or of the private sector, where
27 appropriate; and

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

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

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

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

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

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

8 (4) The extent to which the state agency duplicates the activities
9 of other state agencies or of the private sector, where appropriate;
10 and

11 (5) The extent to which the termination or modification of the
12 state agency would adversely affect the public health, safety, or
13 welfare.

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

16 (1) Following receipt of the final report from the ((legislative
17 budget committee)) joint committee on performance audits, the
18 appropriate committees of reference in the senate and the house of
19 representatives shall each hold a public hearing, unless a joint
20 hearing is held, to consider the final report and any related data.
21 The committees shall also receive testimony from representatives of the
22 state agency or agencies involved, which shall have the burden of
23 demonstrating a public need for its continued existence; and from the
24 governor or the governor's designee, and other interested parties,
25 including the general public.

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

35 (3) The presiding members of the senate committee on ways and means
36 and the house committee on appropriations may designate one or more
37 liaison members to each committee of reference in their respective
38 chambers for purposes of participating in any hearing and in subsequent

1 committee of reference discussions and to seek a coordinated approach
2 between the committee of reference and the committee they represent in
3 a liaison capacity.

4 (4) Following any hearing under subsection (1) of this section by
5 the committees of reference, such committees may hold additional
6 meetings or hearings to come to a final determination as to whether a
7 state agency has demonstrated a public need for its continued existence
8 or whether modifications in existing procedures are needed. In the
9 event that a committee of reference concludes that a state agency shall
10 be reestablished or modified or its functions transferred elsewhere, it
11 shall make such determination as a bill. No more than one state agency
12 shall be reestablished or modified in any one bill.

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

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

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

20 At the end of each fiscal year, the state treasurer shall submit to
21 the governor, the state auditor, and the (~~legislative budget~~
22 ~~committee~~) joint committee on performance audits a summary of the
23 activity of the investment pool. The summary shall indicate the
24 quantity of funds deposited; the earnings of the pool; the investments
25 purchased, sold, or exchanged; the administrative expenses of the
26 investment pool; and such other information as the state treasurer
27 deems relevant.

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

30 In addition to the powers and duties authorized in RCW 44.40.020,
31 the committee and the standing committees on transportation of the
32 house and senate shall, in coordination with the (~~legislative budget~~
33 ~~committee, the legislative evaluation and accountability program~~
34 ~~committee,~~) joint committee on performance audits and the ways and
35 means committees of the senate and house of representatives, ascertain,
36 study, and/or analyze all available facts and matters relating or

1 pertaining to sources of revenue, appropriations, expenditures, and
2 financial condition of the motor vehicle fund and accounts thereof, the
3 highway safety fund, and all other funds or accounts related to
4 transportation programs of the state.

5 The (~~legislative budget committee, the legislative evaluation and~~
6 ~~accountability program committee,~~) joint committee on performance
7 audits and the ways and means committees of the senate and house of
8 representatives shall coordinate their activities with the legislative
9 transportation committee in carrying out the committees' powers and
10 duties under chapter 43.88 RCW in matters relating to the
11 transportation programs of the state.

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

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

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

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

22 (3) The manner and type of lottery being conducted, and the
23 expenses incidental thereto, are the most efficient and cost-effective;
24 and

25 (4) The commission is not unnecessarily incurring operating and
26 administrative costs.

27 In conducting a management review, the director of financial
28 management may inspect the books, documents, and records of the
29 commission. Upon completion of a management review, all irregularities
30 shall be reported to the attorney general, the (~~legislative budget~~
31 ~~committee~~) joint committee on performance audits, and the state
32 auditor. The director of financial management shall make such
33 recommendations as may be necessary for the most efficient and cost-
34 effective operation of the lottery.

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

1 (1) Every five years the department of social and health services
2 and other state agencies that operate institutions shall conduct an
3 inventory of all real property subject to the charitable, educational,
4 penal, and reformatory institution account and other real property
5 acquired for institutional purposes or for the benefit of the blind,
6 deaf, mentally ill, developmentally disabled, or otherwise disabled.
7 The inventory shall identify which of those real properties are not
8 needed for state-provided residential care, custody, or treatment. By
9 December 1, 1992, and every five years thereafter the department shall
10 report the results of the inventory to the house of representatives
11 committee on capital facilities and financing, the senate committee on
12 ways and means, and the ~~((legislative budget committee))~~ joint
13 committee on performance audits.

14 (2) Real property identified as not needed for state-provided
15 residential care, custody, or treatment shall be transferred to the
16 corpus of the charitable, educational, penal, and reformatory
17 institution account. This subsection shall not apply to real property
18 subject to binding conditions that conflict with the other provisions
19 of this subsection.

20 (3) The department of natural resources shall manage all property
21 subject to the charitable, educational, penal, and reformatory
22 institution account and, in consultation with the department of social
23 and health services and other affected agencies, shall adopt a plan for
24 the management of real property subject to the account and other real
25 property acquired for institutional purposes or for the benefit of the
26 blind, deaf, mentally ill, developmentally disabled, or otherwise
27 disabled.

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

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

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

36 The ~~((administrator of the legislative evaluation and~~
37 ~~accountability program committee))~~ director of the legislative office
38 of performance audit and fiscal analysis may request, and the

1 supervisor shall provide, alternative economic and revenue forecasts
2 based on assumptions specified by the (~~administrator~~) director of the
3 legislative office of performance audit and fiscal analysis.

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

6 (1) To promote the free flow of information and to promote
7 legislative input in the preparation of forecasts, immediate access to
8 all information relating to economic and revenue forecasts shall be
9 available to the economic and revenue forecast work group, hereby
10 created. Revenue collection information shall be available to the
11 economic and revenue forecast work group the first business day
12 following the conclusion of each collection period. The economic and
13 revenue forecast work group shall consist of one staff member selected
14 by the executive head or chairperson of each of the following agencies
15 or committees:

16 (a) Department of revenue;

17 (b) Office of financial management;

18 (c) (~~Legislative evaluation and accountability program~~) joint
19 committee on performance audits;

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

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

22 (2) The economic and revenue forecast work group shall provide
23 technical support to the economic and revenue forecast council.
24 Meetings of the economic and revenue forecast work group may be called
25 by any member of the group for the purpose of assisting the economic
26 and revenue forecast council, reviewing the state economic and revenue
27 forecasts, or reviewing monthly revenue collection data or for any
28 other purpose which may assist the economic and revenue forecast
29 council.

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

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

1 NEW SECTION. **Sec. 58.**

2 (1) The legislative budget committee and
3 the legislative evaluation and accountability program (LEAP) are hereby
4 abolished and their powers, duties, and functions are hereby
5 transferred to the joint committee on performance audits. All
6 references to the legislative budget committee and the legislative
7 evaluation and accountability program (LEAP) in the Revised Code of
8 Washington shall be construed to mean the director of the legislative
9 office of performance audit and fiscal analysis or the joint committee
10 on performance audits.

11 (2)(a) All reports, documents, surveys, books, records, files,
12 papers, or written material in the possession of the legislative budget
13 committee and the legislative evaluation and accountability program
14 (LEAP) shall be delivered to the custody of the joint committee on
15 performance audits. All cabinets, furniture, office equipment, motor
16 vehicles, and other tangible property employed by the legislative
17 budget committee and the legislative evaluation and accountability
18 program (LEAP) shall be made available to the joint committee on
19 performance audits. All funds, credits, or other assets held by the
20 legislative budget committee and the legislative evaluation and
21 accountability program (LEAP) shall be assigned to the joint committee
22 on performance audits.

23 (b) Any appropriations made to the legislative budget committee and
24 the legislative evaluation and accountability program (LEAP) shall, on
25 the effective date of this section, be transferred and credited to the
26 joint committee on performance audits.

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

33 (3) All employees of the legislative budget committee and the
34 legislative evaluation and accountability program (LEAP) are
35 transferred to the jurisdiction of the joint committee on performance
36 audits. All employees classified under chapter 41.06 RCW, the state
37 civil service law, are assigned to the joint committee on performance
38 audits to perform their usual duties upon the same terms as formerly,
without any loss of rights, subject to any action that may be

1 appropriate thereafter in accordance with the laws and rules governing
2 state civil service.

3 (4) All rules and all pending business before the legislative
4 budget committee and the legislative evaluation and accountability
5 program (LEAP) shall be continued and acted upon by the joint committee
6 on performance audits. All existing contracts and obligations shall
7 remain in full force and shall be performed by the joint committee on
8 performance audits.

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

13 (6) If apportionments of budgeted funds are required because of the
14 transfers directed by this section, the director of financial
15 management shall certify the apportionments to the agencies affected,
16 the state auditor, and the state treasurer. Each of these shall make
17 the appropriate transfer and adjustments in funds and appropriation
18 accounts and equipment records in accordance with the certification.

19 (7) Nothing contained in this section may be construed to alter any
20 existing collective bargaining unit or the provisions of any existing
21 collective bargaining agreement until the agreement has expired or
22 until the bargaining unit has been modified by action of the personnel
23 board as provided by law.

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

26 NEW SECTION. **Sec. 60.** RCW 44.28.110, 44.28.120, 44.28.150,
27 44.48.070, 44.48.080, 44.28.090, and 44.28.130 are each recodified as
28 sections in the new chapter created in section 59 of this act.

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

31 (1) RCW 44.28.010 and 1983 c 52 s 1, 1980 c 87 s 30, 1969 c 10 s 4,
32 1967 ex.s. c 114 s 1, 1963 ex.s. c 20 s 1, 1955 c 206 s 4, & 1951 c 43
33 s 1;

34 (2) RCW 44.28.020 and 1980 c 87 s 31, 1969 c 10 s 5, 1955 c 206 s
35 5, & 1951 c 43 s 12;

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

- 1 (4) RCW 44.28.040 and 1975-'76 2nd ex.s. c 34 s 134 & 1951 c 43 s
2 14;
- 3 (5) RCW 44.28.050 and 1989 c 137 s 1, 1955 c 206 s 7, & 1951 c 43
4 s 15;
- 5 (6) RCW 44.28.060 and 1975 1st ex.s. c 293 s 13 & 1951 c 43 s 2;
- 6 (7) RCW 44.28.080 and 1975 1st ex.s. c 293 s 14, 1955 c 206 s 10,
7 & 1951 c 43 s 4;
- 8 (8) RCW 44.28.085 and 1993 c 406 s 6, 1975 1st ex.s. c 293 s 15, &
9 1971 ex.s. c 170 s 3;
- 10 (9) RCW 44.28.086 and 1973 1st ex.s. c 197 s 1;
- 11 (10) RCW 44.28.087 and 1973 1st ex.s. c 197 s 2;
- 12 (11) RCW 44.28.100 and 1987 c 505 s 45, 1975 1st ex.s. c 293 s 16,
13 & 1951 c 43 s 6;
- 14 (12) RCW 44.28.130 and 1951 c 43 s 10;
- 15 (13) RCW 44.28.140 and 1975 1st ex.s. c 293 s 17, 1955 c 206 s 9,
16 & 1951 c 43 s 11;
- 17 (14) RCW 44.28.180 and 1993 c 406 s 5;
- 18 (15) RCW 44.28.900 and 1951 c 43 s 16;
- 19 (16) RCW 44.48.010 and 1980 c 87 s 40 & 1977 ex.s. c 373 s 1;
- 20 (17) RCW 44.48.020 and 1980 c 87 s 41 & 1977 ex.s. c 373 s 2;
- 21 (18) RCW 44.48.030 and 1980 c 87 s 42 & 1977 ex.s. c 373 s 3;
- 22 (19) RCW 44.48.040 and 1977 ex.s. c 373 s 4;
- 23 (20) RCW 44.48.050 and 1977 ex.s. c 373 s 5;
- 24 (21) RCW 44.48.060 and 1977 ex.s. c 373 s 6;
- 25 (22) RCW 44.48.100 and 1987 c 505 s 46 & 1977 ex.s. c 373 s 10;
- 26 (23) RCW 44.48.110 and 1977 ex.s. c 373 s 11;
- 27 (24) RCW 44.48.120 and 1977 ex.s. c 373 s 12;
- 28 (25) RCW 44.48.140 and 1977 ex.s. c 373 s 14; and
- 29 (26) RCW 44.48.900 and 1977 ex.s. c 373 s 16."

30 **SHB 1399** - S COMM AMD
31 By Committee on Ways & Means

32

33 On page 1, line 3 of the title, after "review;" strike the
34 remainder of the title and insert "amending RCW 44.48.070, 44.48.080,
35 44.48.090, 44.48.130, 44.28.110, 44.28.120, 44.28.150, 43.88.020,
36 43.88.090, 43.88.160, 43.132.020, 43.88A.030, 43.88A.040, 43.132.040,
37 28A.415.020, 28A.630.830, 28B.20.382, 39.19.060, 39.29.016, 39.29.018,

1 39.29.025, 39.29.055, 41.06.070, 42.48.060, 43.09.310, 43.21J.800,
2 43.72.830, 43.79.270, 43.79.280, 43.88.205, 43.88.230, 43.88.310,
3 43.88.510, 43.88.899, 43.131.050, 43.131.060, 43.131.070, 43.131.080,
4 43.131.110, 43.250.080, 44.40.025, 67.70.310, 79.01.006, 82.33.030,
5 82.33.040, and 88.46.920; reenacting and amending RCW 43.88.030; adding
6 a new chapter to Title 44 RCW; creating a new section; recodifying RCW
7 44.28.110, 44.28.120, 44.28.150, 44.48.070, 44.48.080, 44.28.090, and
8 44.28.130; and repealing RCW 44.28.010, 44.28.020, 44.28.030,
9 44.28.040, 44.28.050, 44.28.060, 44.28.080, 44.28.085, 44.28.086,
10 44.28.087, 44.28.100, 44.28.130, 44.28.140, 44.28.180, 44.28.900,
11 44.48.010, 44.48.020, 44.48.030, 44.48.040, 44.48.050, 44.48.060,
12 44.48.100, 44.48.110, 44.48.120, 44.48.140, and 44.48.900."

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