
ENGROSSED SUBSTITUTE SENATE BILL 5607

State of Washington

54th Legislature

1995 Regular Session

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

Read first time 03/06/95.

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (1) The committee shall consist of:

31 (a) The majority leader of the senate;

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

33 (c) The minority leader of the senate;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 The joint committee on performance audits, in consultation with the
31 legislative systems administrative committee under RCW 44.68.030, shall
32 acquire a data processing service capability under the exclusive
33 jurisdiction and control of the legislature acting through the
34 committee and (~~its administrator~~) the director of the legislative
35 office of performance audit and fiscal analysis for the purpose of
36 providing the legislature and its staff with the type of information

1 required for in-depth analysis and monitoring of state agency
2 expenditures, budgets, and related fiscal matters. ((The legislative
3 evaluation and accountability program established in this section may
4 be referred to in this chapter as the LEAP administration.))

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

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

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

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

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

16 (4) Procedural documentation support; and

17 (5) Consulting assistance on special projects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (7) "Ensuing biennium" means the fiscal biennium beginning on July
27 1st of the same year in which a regular session of the legislature is
28 held during an odd-numbered year pursuant to Article II, section 12 of
29 the Constitution and which biennium next succeeds the current biennium.

30 (8) "Dedicated fund" means a fund in the state treasury, or a
31 separate account or fund in the general fund in the state treasury,
32 that by law is dedicated, appropriated or set aside for a limited
33 object or purpose; but "dedicated fund" does not include a revolving
34 fund or a trust fund.

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

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

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

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

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

14 (14) "Legislative fiscal committees" means the (~~legislative budget~~
15 ~~committee, the legislative evaluation and accountability program~~)
16 joint committee on performance audits, the ways and means committees of
17 the senate and house of representatives, and, where appropriate, the
18 legislative transportation committee.

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

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

26 (17) "Stabilization account" means the budget stabilization account
27 created under RCW 43.88.525 as an account in the general fund of the
28 state treasury.

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

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

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

37 (21) "Estimated revenues" means estimates of revenue in the most
38 recent official economic and revenue forecast prepared under RCW
39 82.33.020, and prepared by the office of financial management for those

1 funds, accounts, and sources for which the office of the economic and
2 revenue forecast council does not prepare an official forecast
3 including estimates of revenues to support financial plans under RCW
4 44.40.070, that are prepared by the office of financial management in
5 consultation with the interagency task force.

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

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

16 (24) "Allotment of appropriation" means the agency's statement of
17 proposed expenditures, the director of financial management's review of
18 that statement, and the placement of the approved statement into the
19 state budgeting, accounting, and reporting system.

20 (25) "Statement of proposed expenditures" means a plan prepared by
21 each agency that breaks each appropriation out into monthly detail
22 representing the best estimate of how the appropriation will be
23 expended.

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

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

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

1 ~~(29) "Program evaluation" means the use of a variety of policy and~~
2 ~~fiscal research methods to (a) determine the extent to which a program~~
3 ~~is achieving its legislative intent in terms of producing the effects~~
4 ~~expected, and (b) make an objective judgment of the implementation,~~
5 ~~outcomes, and net cost or benefit impact of programs in the context of~~
6 ~~their goals and objectives. It includes the application of systematic~~
7 ~~methods to measure the results, intended or unintended, of program~~
8 ~~activities.)~~)

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

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

22 The estimates shall include statements or tables which indicate, by
23 agency, the state funds which are required for the receipt of federal
24 matching revenues. The estimates shall be revised as necessary to
25 reflect legislative enactments and adopted appropriations and shall be
26 included with the initial biennial allotment submitted under RCW
27 43.88.110. The estimates shall include consideration of findings made
28 by the director of the legislative office of performance audit and
29 fiscal analysis pursuant to a performance audit of the agency.

30 (2) In the year of the gubernatorial election, the governor shall
31 invite the governor-elect or the governor-elect's designee to attend
32 all hearings provided in RCW 43.88.100; and the governor shall furnish
33 the governor-elect or the governor-elect's designee with such
34 information as will enable the governor-elect or the governor-elect's
35 designee to gain an understanding of the state's budget requirements.
36 The governor-elect or the governor-elect's designee may ask such
37 questions during the hearings and require such information as the
38 governor-elect or the governor-elect's designee deems necessary and may

1 make recommendations in connection with any item of the budget which,
2 with the governor-elect's reasons therefor, shall be presented to the
3 legislature in writing with the budget document. Copies of all such
4 estimates and other required information shall also be submitted to the
5 standing committees on ways and means of the house and senate.

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

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

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

1 (2) The director of financial management is responsible for
2 quarterly reporting of primary operating budget drivers such as
3 applicable workloads, caseload estimates, and appropriate unit cost
4 data. These reports shall be transmitted to the legislative fiscal
5 committees or by electronic means to the legislative evaluation and
6 accountability program committee. Quarterly reports shall include
7 actual monthly data and the variance between actual and estimated data
8 to date. The reports shall also include estimates of these items for
9 the remainder of the budget period.

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

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

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

32 Each agency head or authorized designee shall be assigned the
33 responsibility and authority for establishing and maintaining internal
34 audits following the standards of internal auditing of the institute of
35 internal auditors;

36 (b) Make surveys and analyses of agencies with the object of
37 determining better methods and increased effectiveness in the use of
38 manpower and materials; and the director shall authorize expenditures

1 for employee training to the end that the state may benefit from
2 training facilities made available to state employees;

3 (c) Establish policies for allowing the contracting of child care
4 services;

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

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

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

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

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

30 (5) The treasurer shall:

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

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

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

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

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

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

39 (6) The state auditor shall:

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

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

13 (c) Make the auditor's official report on or before the thirty-
14 first of December which precedes the meeting of the legislature. The
15 report shall be for the last complete fiscal period and shall include
16 determinations as to whether agencies, in making expenditures, complied
17 with the laws of this state. The state auditor is authorized to
18 perform or participate in performance verifications ~~((only))~~ and
19 performance audits as expressly authorized by the legislature in the
20 omnibus biennial appropriations acts or in the annual performance audit
21 plan approved by the joint committee on performance audits. The state
22 auditor, upon completing an audit for legal and financial compliance
23 under chapter 43.09 RCW ~~((or a performance verification,))~~ may report
24 to the ~~((legislative budget))~~ joint committee on performance audits or
25 other appropriate committees of the legislature, in a manner prescribed
26 by the ~~((legislative budget))~~ joint committee on performance audits, on
27 facts relating to the management or performance of governmental
28 programs where such facts are discovered incidental to the legal and
29 financial audit or performance verification. The auditor may make such
30 a report to a legislative committee only if the auditor has determined
31 that the agency has been given an opportunity and has failed to resolve
32 the management or performance issues raised by the auditor. If the
33 auditor makes a report to a legislative committee, the agency may
34 submit to the committee a response to the report. ~~((This subsection~~
35 ~~{6} shall not be construed to authorize the auditor to allocate other~~
36 ~~than de minimis resources to performance audits except as expressly~~
37 ~~authorized in the appropriations acts))~~ The results of a performance
38 audit or performance verification conducted by the state auditor shall
39 be transmitted only to the director of the legislative office of

1 performance audit and fiscal analysis for incorporation into the final
2 performance audit report, subject to review and comment by the affected
3 state agency under section 8(2) of this act.

4 (d) Be empowered to take exception to specific expenditures that
5 have been incurred by any agency or to take exception to other
6 practices related in any way to the agency's financial transactions and
7 to cause such exceptions to be made a matter of public record,
8 including disclosure to the agency concerned and to the director of
9 financial management. It shall be the duty of the director of
10 financial management to cause corrective action to be taken promptly,
11 such action to include, as appropriate, the withholding of funds as
12 provided in RCW 43.88.110.

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

14 (f) Investigate improper governmental activity under chapter 42.40
15 RCW.

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

17 ~~(a) Make post audits of the financial transactions of any agency~~
18 ~~and management surveys and program reviews as provided for in RCW~~
19 ~~44.28.085 as well as performance audits and program evaluations. To~~
20 ~~this end the committee may in its discretion examine the books,~~
21 ~~accounts, and other records of any agency, official, or employee.~~

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

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

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

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

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

37 The director of financial management or the director's designee
38 shall, in cooperation with appropriate legislative committees and

1 legislative staff, establish a mechanism for the determination of the
2 fiscal impact of proposed legislation which if enacted into law would
3 directly or indirectly increase or decrease revenues received or
4 expenditures incurred by counties, cities, towns, or any other
5 political subdivisions of the state. The office of financial
6 management shall, when requested by a member of the state legislature,
7 report in writing as to such fiscal impact and said report shall be
8 known as a "fiscal note".

9 Such fiscal notes shall indicate by fiscal year the total impact on
10 the subdivisions involved for the first two years the legislation would
11 be in effect and also a cumulative six year forecast of the fiscal
12 impact. Where feasible and applicable, the fiscal note also shall
13 indicate the fiscal impact on each individual county or on a
14 representative sampling of cities, towns, or other political
15 subdivisions.

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

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

32 When a fiscal note is prepared and approved as to form, accuracy,
33 and completeness by the office of financial management, which depicts
34 the expected fiscal impact of a bill or resolution, copies shall be
35 filed immediately with(~~(+~~

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

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

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

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

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

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

12 The office of financial management shall also provide a fiscal note
13 on any legislative proposal at the request of the joint committee on
14 performance audits on behalf of any legislator. ~~((Such))~~ The fiscal
15 note shall be returned to the requesting legislator, and copies shall
16 be filed with the appropriate legislative committees ~~((pursuant to))~~
17 under RCW 43.88A.030 at the time ~~((such))~~ the proposed legislation is
18 introduced in either house.

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

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

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

25 ~~(2) With respect to proposed legislation held by the senate, the~~
26 ~~chairperson of the committee which holds or has acted upon the proposed~~
27 ~~legislation, the chairperson of the ways and means committee, the~~
28 ~~chairperson of the local government committee, and the secretary of the~~
29 ~~senate; and~~

30 ~~(3) With respect to proposed legislation held by the house of~~
31 ~~representatives, the chairperson of the committee which holds or has~~
32 ~~acted upon the proposed legislation, the chairpersons of the revenue~~
33 ~~and taxation and appropriations committees, the chairperson of the~~
34 ~~local government committee, and the chief clerk of the house of~~
35 ~~representatives)) the joint committee on performance audits.~~

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

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

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

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

22 (4) Clock hours eligible for application to the salary schedule
23 developed by the (~~legislative evaluation and accountability program~~)
24 joint committee on performance audits as described in subsections (1)
25 and (2) of this section, shall be those hours acquired after August 31,
26 1987.

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

29 (1) The selection advisory committee is created. The committee
30 shall be composed of up to three members from the house of
31 representatives, up to three members from the senate, up to two members
32 from the office of the superintendent of public instruction, and one
33 member from each of the following: The office of financial management,
34 Washington state special education coalition, transitional bilingual
35 instruction educators, and Washington education association.

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

1 (3) The selection advisory committee shall:

2 (a) Develop appropriate criteria for selecting demonstration
3 projects;

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

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

8 (d) Advise the superintendent of public instruction on the
9 evaluation design.

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

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

27 The board of regents shall have power from time to time to lease
28 ((said)) the land, or any part thereof or any improvement thereon for
29 a term ending not more than sixty years beyond midnight, December 31,
30 1980: PROVIDED, That the board of regents shall make a full, detailed
31 report of all leases and transactions pertaining to ((said)) the land
32 or any part thereof or any improvement thereon to the ((legislative
33 ~~budget committee~~)) joint committee on performance audits, including one
34 copy to the staff of the committee, during an odd-numbered year:
35 PROVIDED FURTHER, That any and all records, books, accounts and/or
36 agreements of any lessee or sublessee under this section, pertaining to
37 compliance with the terms and conditions of such lease or sublease,
38 shall be open to inspection by the board of regents and/or the ways and

1 means committees of the senate or the house of representatives or the
2 (~~legislative budget committee~~) joint committee on performance audits
3 or any successor committees. It is not intended by this proviso that
4 unrelated records, books, accounts and/or agreements of lessees,
5 sublessees or related companies be open to such inspection.

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

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

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

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

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

1 (1) Sole source contracts shall be filed with the office of
2 financial management and the (~~legislative budget committee~~) joint
3 committee on performance audits and made available for public
4 inspection at least ten working days prior to the proposed starting
5 date of the contract. Documented justification for sole source
6 contracts shall be provided to the office of financial management and
7 the (~~legislative budget committee~~) joint committee on performance
8 audits when the contract is filed. For sole source contracts of ten
9 thousand dollars or more that are state funded, documented
10 justification shall include evidence that the agency attempted to
11 identify potential consultants by advertising through state-wide or
12 regional newspapers.

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

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

24 (1) Substantial changes in either the scope of work specified in
25 the contract or in the scope of work specified in the formal
26 solicitation document must generally be awarded as new contracts.
27 Substantial changes executed by contract amendments must be submitted
28 to the office of financial management and the (~~legislative budget~~
29 ~~committee~~) joint committee on performance audits, and are subject to
30 approval by the office of financial management.

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

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

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

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

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

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

16 (2) The office of financial management shall review and approve
17 state-funded personal service contracts subject to competitive
18 solicitation that provide services relating to management consulting,
19 organizational development, marketing, communications, employee
20 training, or employee recruiting.

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

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

24 (a) The members of the legislature or to any employee of, or
25 position in, the legislative branch of the state government including
26 ((members, officers, and employees of the legislative council,
27 legislative budget committee)) the joint committee on performance
28 audits, statute law committee, and any interim committee of the
29 legislature;

30 (b) The justices of the supreme court, judges of the court of
31 appeals, judges of the superior courts or of the inferior courts, or to
32 any employee of, or position in the judicial branch of state
33 government;

34 (c) Officers, academic personnel, and employees of technical
35 colleges;

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

37 (e) Elective officers of the state;

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

2 (g) In the departments of employment security and social and health
3 services, the director and the director's confidential secretary; in
4 all other departments, the executive head of which is an individual
5 appointed by the governor, the director, his or her confidential
6 secretary, and his or her statutory assistant directors;

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

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

11 (ii) If the members of the board, commission, or committee serve on
12 a part-time basis and there is a statutory executive officer: The
13 secretary of the board, commission, or committee; the chief executive
14 officer of the board, commission, or committee; and the confidential
15 secretary of the chief executive officer of the board, commission, or
16 committee;

17 (iii) If the members of the board, commission, or committee serve
18 on a full-time basis: The chief executive officer or administrative
19 officer as designated by the board, commission, or committee; and a
20 confidential secretary to the chair of the board, commission, or
21 committee;

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

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

27 (j) Assistant attorneys general;

28 (k) Commissioned and enlisted personnel in the military service of
29 the state;

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

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

35 (n) Officers and employees of the Washington state fruit
36 commission;

37 (o) Officers and employees of the Washington state apple
38 advertising commission;

1 (p) Officers and employees of the Washington state dairy products
2 commission;

3 (q) Officers and employees of the Washington tree fruit research
4 commission;

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

6 (s) Officers and employees of any commission formed under chapter
7 15.66 RCW;

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

10 (u) Officers and employees of agricultural commissions formed under
11 chapter 15.65 RCW;

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

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

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

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

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

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

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

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

22 (b) Student, part-time, or temporary employees, and part-time
23 professional consultants, as defined by the Washington personnel
24 resources board, employed by institutions of higher education and
25 related boards;

26 (c) The governing board of each institution, and related boards,
27 may also exempt from this chapter classifications involving research
28 activities, counseling of students, extension or continuing education
29 activities, graphic arts or publications activities requiring
30 prescribed academic preparation or special training as determined by
31 the board: PROVIDED, That no nonacademic employee engaged in office,
32 clerical, maintenance, or food and trade services may be exempted by
33 the board under this provision;

34 (d) Printing craft employees in the department of printing at the
35 University of Washington.

36 (3) In addition to the exemptions specifically provided by this
37 chapter, the Washington personnel resources board may provide for
38 further exemptions pursuant to the following procedures. The governor
39 or other appropriate elected official may submit requests for exemption

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

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

29 Any person holding a classified position subject to the provisions
30 of this chapter shall, when and if such position is subsequently
31 exempted from the application of this chapter, be afforded the
32 following rights: If such person previously held permanent status in
33 another classified position, such person shall have a right of
34 reversion to the highest class of position previously held, or to a
35 position of similar nature and salary.

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

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

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

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

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

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

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

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

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

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

6 A study to determine the desirability and feasibility of
7 consolidating the following programs, services, and funding sources
8 into the delivery and financing of uniform benefits package services
9 through certified health plans:

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

11 (b) Civilian health and medical program of the uniformed services
12 (CHAMPUS) of the federal department of defense and other federal
13 agencies; and

14 (c) Federal employee health benefits.

15 (2) The (~~legislative budget committee~~) joint committee on
16 performance audits shall evaluate the implementation of the provisions
17 of chapter 492, Laws of 1993. The study shall determine to what extent
18 chapter 492, Laws of 1993 has been implemented consistent with the
19 principles and elements set forth in chapter 492, Laws of 1993 and
20 shall report its findings to the governor and appropriate committees of
21 the legislature by July 1, 2003.

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

24 Whenever any money, from the federal government, or from other
25 sources, which was not anticipated in the budget approved by the
26 legislature has actually been received and is designated to be spent
27 for a specific purpose, the head of any department, agency, board, or
28 commission through which such expenditure shall be made is to submit to
29 the governor a statement which may be in the form of a request for an
30 allotment amendment setting forth the facts constituting the need for
31 such expenditure and the estimated amount to be expended: PROVIDED,
32 That no expenditure shall be made in excess of the actual amount
33 received, and no money shall be expended for any purpose except the
34 specific purpose for which it was received. A copy of any proposal
35 submitted to the governor to expend money from an appropriated fund or
36 account in excess of appropriations provided by law which is based on
37 the receipt of unanticipated revenues shall be submitted to the
38 (~~legislative budget committee~~) joint committee on performance audits

1 and also to the standing committees on ways and means of the house and
2 senate if the legislature is in session at the same time as it is
3 transmitted to the governor.

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

6 If the governor approves such estimate in whole or part, he or she
7 shall endorse on each copy of the statement his or her approval,
8 together with a statement of the amount approved in the form of an
9 allotment amendment, and transmit one copy to the head of the
10 department, agency, board, or commission authorizing the expenditure.
11 An identical copy of the governor's statement of approval and a
12 statement of the amount approved for expenditure shall be transmitted
13 simultaneously to the (~~legislative budget committee~~) joint committee
14 on performance audits and also to the standing committee on ways and
15 means of the house and senate of all executive approvals of proposals
16 to expend money in excess of appropriations provided by law.

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

19 (1) The director of financial management shall provide all agencies
20 with a complete set of instructions for submitting biennial budget
21 requests to the director at least three months before agency budget
22 documents are due into the office of financial management. The
23 director shall provide agencies that are required under RCW 44.40.070
24 to develop comprehensive six-year program and financial plans with a
25 complete set of instructions for submitting these program and financial
26 plans at the same time that instructions for submitting other budget
27 requests are provided. The budget document or documents shall consist
28 of the governor's budget message which shall be explanatory of the
29 budget and shall contain an outline of the proposed financial policies
30 of the state for the ensuing fiscal period, as well as an outline of
31 the proposed six-year financial policies where applicable, and shall
32 describe in connection therewith the important features of the budget.
33 The message shall set forth the reasons for salient changes from the
34 previous fiscal period in expenditure and revenue items and shall
35 explain any major changes in financial policy. Attached to the budget
36 message shall be such supporting schedules, exhibits and other
37 explanatory material in respect to both current operations and capital

1 improvements as the governor shall deem to be useful to the
2 legislature. The budget document or documents shall set forth a
3 proposal for expenditures in the ensuing fiscal period, or six-year
4 period where applicable, based upon the estimated revenues as approved
5 by the economic and revenue forecast council or upon the estimated
6 revenues of the office of financial management for those funds,
7 accounts, and sources for which the office of the economic and revenue
8 forecast council does not prepare an official forecast, including those
9 revenues anticipated to support the six-year programs and financial
10 plans under RCW 44.40.070. In estimating revenues to support financial
11 plans under RCW 44.40.070, the office of financial management shall
12 rely on information and advice from the interagency revenue task force.
13 Revenues shall be estimated for such fiscal period from the source and
14 at the rates existing by law at the time of submission of the budget
15 document, including the supplemental budgets submitted in the even-
16 numbered years of a biennium. However, the estimated revenues for use
17 in the governor's budget document may be adjusted to reflect budgetary
18 revenue transfers and revenue estimates dependent upon budgetary
19 assumptions of enrollments, workloads, and caseloads. All adjustments
20 to the approved estimated revenues must be set forth in the budget
21 document. The governor may additionally submit, as an appendix to each
22 supplemental, biennial, or six-year agency budget or to the budget
23 document or documents, a proposal for expenditures in the ensuing
24 fiscal period from revenue sources derived from proposed changes in
25 existing statutes.

26 Supplemental and biennial documents shall reflect a six-year
27 expenditure plan consistent with estimated revenues from existing
28 sources and at existing rates for those agencies required to submit
29 six-year program and financial plans under RCW 44.40.070. Any
30 additional revenue resulting from proposed changes to existing statutes
31 shall be separately identified within the document as well as related
32 expenditures for the six-year period.

33 The budget document or documents shall also contain:

34 (a) Revenues classified by fund and source for the immediately past
35 fiscal period, those received or anticipated for the current fiscal
36 period, those anticipated for the ensuing biennium, and those
37 anticipated for the ensuing six-year period to support the six-year
38 programs and financial plans required under RCW 44.40.070;

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

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

4 (d) Such additional information dealing with revenues and
5 expenditures as the governor shall deem pertinent and useful to the
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,
8 activity and object;

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

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

15 (h) Tabulations showing each postretirement adjustment by
16 retirement system established after fiscal year 1991, to include, but
17 not be limited to, estimated total payments made to the end of the
18 previous biennial period, estimated payments for the present biennium,
19 and estimated payments for the ensuing biennium.

20 (2) The budget document or documents shall include detailed
21 estimates of all anticipated revenues applicable to proposed operating
22 or capital expenditures and shall also include all proposed operating
23 or capital expenditures. The total of beginning undesignated fund
24 balance and estimated revenues less working capital and other reserves
25 shall equal or exceed the total of proposed applicable expenditures.
26 The budget document or documents shall further include:

27 (a) Interest, amortization and redemption charges on the state
28 debt;

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

30 (c) Other statutory expenditures;

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

32 (e) Revenues derived from agency operations;

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

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

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

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

8 (j) A showing and explanation of anticipated amounts of general
9 fund and other funds required to amortize the unfunded actuarial
10 accrued liability of the retirement system specified under chapter
11 41.45 RCW, and the contributions to meet such amortization, stated in
12 total dollars and as a level percentage of total compensation.

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

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

18 (b) A capital program consisting of proposed capital projects for
19 the next biennium and the two biennia succeeding the next biennium
20 consistent with the long-range facilities plan. Inasmuch as is
21 practical, and recognizing emergent needs, the capital program shall
22 reflect the priorities, projects, and spending levels proposed in
23 previously submitted capital budget documents in order to provide a
24 reliable long-range planning tool for the legislature and state
25 agencies;

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

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

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

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

33 (g) Estimated total project cost;

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

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

3 (j) Estimated ensuing biennium costs;

4 (k) Estimated costs beyond the ensuing biennium;

5 (l) Estimated construction start and completion dates;

6 (m) Source and type of funds proposed;

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

9 (o) For any capital appropriation requested for a state agency for
10 the acquisition of land or the capital improvement of land in which the
11 primary purpose of the acquisition or improvement is recreation or
12 wildlife habitat conservation, the capital budget document, or an
13 omnibus list of recreation and habitat acquisitions provided with the
14 governor's budget document, shall identify the projected costs of
15 operation and maintenance for at least the two biennia succeeding the
16 next biennium. Omnibus lists of habitat and recreation land
17 acquisitions shall include individual project cost estimates for
18 operation and maintenance as well as a total for all state projects
19 included in the list. The document shall identify the source of funds
20 from which the operation and maintenance costs are proposed to be
21 funded;

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

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

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

28 For purposes of this subsection (3), the term "capital project"
29 shall be defined subsequent to the analysis, findings, and
30 recommendations of a joint committee comprised of representatives from
31 the house capital appropriations committee, senate ways and means
32 committee, legislative transportation committee, (~~legislative~~
33 ~~evaluation and accountability program~~) joint committee on performance
34 audits, and office of financial management.

35 (4) No change affecting the comparability of agency or program
36 information relating to expenditures, revenues, workload, performance
37 and personnel shall be made in the format of any budget document or
38 report presented to the legislature under this section or RCW
39 43.88.160(1) relative to the format of the budget document or report

1 which was presented to the previous regular session of the legislature
2 during an odd-numbered year without prior legislative concurrence.
3 Prior legislative concurrence shall consist of (a) a favorable majority
4 vote on the proposal by the standing committees on ways and means of
5 both houses if the legislature is in session or (b) a favorable
6 majority vote on the proposal by members of the (~~legislative~~
7 ~~evaluation and accountability program~~) joint committee on performance
8 audits if the legislature is not in session.

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

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

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

24 (3) Such agency shall promptly furnish such progress reports in
25 relation to each such application, contract, agreement, or state plan
26 as may be requested following the date of the filing of the
27 application, contract, agreement, or state plan; and shall also file
28 with each such officer a final report as to the final disposition of
29 each such application, contract, agreement, or state plan if such is
30 requested.

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

33 For the purposes of this chapter, the statute law committee, the
34 (~~legislative budget committee~~) joint committee on performance audits,
35 the legislative transportation committee, (~~the legislative evaluation~~
36 ~~and accountability program committee,~~) the office of state actuary,

1 and all legislative standing committees of both houses shall be deemed
2 a part of the legislative branch of state government.

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

5 (1) The (~~legislative auditor~~) director of the legislative office
6 of performance audit and fiscal analysis, with the concurrence of the
7 (~~legislative budget committee~~) joint committee on performance audits,
8 may file with the attorney general any audit exceptions or other
9 findings of any performance audit, management study, or special report
10 prepared for the (~~legislative budget committee~~) joint committee on
11 performance audits, any standing or special committees of the house or
12 senate, or the entire legislature which indicate a violation of RCW
13 43.88.290, or any other act of malfeasance, misfeasance, or nonfeasance
14 on the part of any state officer or employee.

15 (2) The attorney general shall promptly review each filing received
16 from the (~~legislative auditor~~) director of the legislative office of
17 performance audit and fiscal analysis and may act thereon as provided
18 in RCW 43.88.300, or any other applicable statute authorizing
19 enforcement proceedings by the attorney general. The attorney general
20 shall advise the (~~legislative budget committee~~) joint committee on
21 performance audits of the status of exceptions or findings referred
22 under this section.

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

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

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

32 (2) The chair of the (~~legislative budget committee~~) joint
33 committee on performance audits, including a copy to the staff of the
34 committee;

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

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

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

6 The amendments to chapter 43.88 RCW by chapter 215, Laws of 1986
7 are intended to improve the reporting of state budgeting, accounting,
8 and other fiscal data. The (~~legislative evaluation and accountability~~
9 ~~program~~) joint committee on performance audits shall periodically
10 review chapter 43.88 RCW and shall recommend further revisions if
11 needed.

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

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

1 final report to the legislature, to the state agency concerned, to the
2 governor, and to the state library.

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

5 In conducting the review of a regulatory entity, the (~~legislative~~
6 ~~budget—committee~~) joint committee on performance audits shall
7 consider, but not be limited to, the following factors where
8 applicable:

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

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

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

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

17 (5) The extent to which the regulatory entity duplicates the
18 activities of other regulatory entities or of the private sector, where
19 appropriate; and

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

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

25 In conducting the review of a state agency other than a regulatory
26 entity, the (~~legislative—budget—committee~~) joint committee on
27 performance audits shall consider, but not be limited to, the following
28 factors where applicable:

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

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

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

1 (4) The extent to which the state agency duplicates the activities
2 of other state agencies or of the private sector, where appropriate;
3 and

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

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

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

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

28 (3) The presiding members of the senate committee on ways and means
29 and the house committee on appropriations may designate one or more
30 liaison members to each committee of reference in their respective
31 chambers for purposes of participating in any hearing and in subsequent
32 committee of reference discussions and to seek a coordinated approach
33 between the committee of reference and the committee they represent in
34 a liaison capacity.

35 (4) Following any hearing under subsection (1) of this section by
36 the committees of reference, such committees may hold additional
37 meetings or hearings to come to a final determination as to whether a
38 state agency has demonstrated a public need for its continued existence

1 or whether modifications in existing procedures are needed. In the
2 event that a committee of reference concludes that a state agency shall
3 be reestablished or modified or its functions transferred elsewhere, it
4 shall make such determination as a bill. No more than one state agency
5 shall be reestablished or modified in any one bill.

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

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

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

13 At the end of each fiscal year, the state treasurer shall submit to
14 the governor, the state auditor, and the (~~legislative budget~~
15 ~~committee~~) joint committee on performance audits a summary of the
16 activity of the investment pool. The summary shall indicate the
17 quantity of funds deposited; the earnings of the pool; the investments
18 purchased, sold, or exchanged; the administrative expenses of the
19 investment pool; and such other information as the state treasurer
20 deems relevant.

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

23 In addition to the powers and duties authorized in RCW 44.40.020,
24 the committee and the standing committees on transportation of the
25 house and senate shall, in coordination with the (~~legislative budget~~
26 ~~committee, the legislative evaluation and accountability program~~
27 ~~committee,~~) joint committee on performance audits and the ways and
28 means committees of the senate and house of representatives, ascertain,
29 study, and/or analyze all available facts and matters relating or
30 pertaining to sources of revenue, appropriations, expenditures, and
31 financial condition of the motor vehicle fund and accounts thereof, the
32 highway safety fund, and all other funds or accounts related to
33 transportation programs of the state.

34 The (~~legislative budget committee, the legislative evaluation and~~
35 ~~accountability program committee,~~) joint committee on performance
36 audits and the ways and means committees of the senate and house of

1 representatives shall coordinate their activities with the legislative
2 transportation committee in carrying out the committees' powers and
3 duties under chapter 43.88 RCW in matters relating to the
4 transportation programs of the state.

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

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

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

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

15 (3) The manner and type of lottery being conducted, and the
16 expenses incidental thereto, are the most efficient and cost-effective;
17 and

18 (4) The commission is not unnecessarily incurring operating and
19 administrative costs.

20 In conducting a management review, the director of financial
21 management may inspect the books, documents, and records of the
22 commission. Upon completion of a management review, all irregularities
23 shall be reported to the attorney general, the (~~legislative budget~~
24 ~~committee~~) joint committee on performance audits, and the state
25 auditor. The director of financial management shall make such
26 recommendations as may be necessary for the most efficient and cost-
27 effective operation of the lottery.

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

30 (1) Every five years the department of social and health services
31 and other state agencies that operate institutions shall conduct an
32 inventory of all real property subject to the charitable, educational,
33 penal, and reformatory institution account and other real property
34 acquired for institutional purposes or for the benefit of the blind,
35 deaf, mentally ill, developmentally disabled, or otherwise disabled.
36 The inventory shall identify which of those real properties are not
37 needed for state-provided residential care, custody, or treatment. By

1 December 1, 1992, and every five years thereafter the department shall
2 report the results of the inventory to the house of representatives
3 committee on capital facilities and financing, the senate committee on
4 ways and means, and the (~~legislative budget committee~~) joint
5 committee on performance audits.

6 (2) Real property identified as not needed for state-provided
7 residential care, custody, or treatment shall be transferred to the
8 corpus of the charitable, educational, penal, and reformatory
9 institution account. This subsection shall not apply to real property
10 subject to binding conditions that conflict with the other provisions
11 of this subsection.

12 (3) The department of natural resources shall manage all property
13 subject to the charitable, educational, penal, and reformatory
14 institution account and, in consultation with the department of social
15 and health services and other affected agencies, shall adopt a plan for
16 the management of real property subject to the account and other real
17 property acquired for institutional purposes or for the benefit of the
18 blind, deaf, mentally ill, developmentally disabled, or otherwise
19 disabled.

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

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

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

28 The (~~administrator of the legislative evaluation and~~
29 ~~accountability program committee~~) director of the legislative office
30 of performance audit and fiscal analysis may request, and the
31 supervisor shall provide, alternative economic and revenue forecasts
32 based on assumptions specified by the (~~administrator~~) director of the
33 legislative office of performance audit and fiscal analysis.

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

36 (1) To promote the free flow of information and to promote
37 legislative input in the preparation of forecasts, immediate access to

1 all information relating to economic and revenue forecasts shall be
2 available to the economic and revenue forecast work group, hereby
3 created. Revenue collection information shall be available to the
4 economic and revenue forecast work group the first business day
5 following the conclusion of each collection period. The economic and
6 revenue forecast work group shall consist of one staff member selected
7 by the executive head or chairperson of each of the following agencies
8 or committees:

9 (a) Department of revenue;

10 (b) Office of financial management;

11 (c) (~~Legislative evaluation and accountability program~~) joint
12 committee on performance audits;

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

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

15 (2) The economic and revenue forecast work group shall provide
16 technical support to the economic and revenue forecast council.
17 Meetings of the economic and revenue forecast work group may be called
18 by any member of the group for the purpose of assisting the economic
19 and revenue forecast council, reviewing the state economic and revenue
20 forecasts, or reviewing monthly revenue collection data or for any
21 other purpose which may assist the economic and revenue forecast
22 council.

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

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

29 NEW SECTION. **Sec. 58.** (1) The legislative budget committee and
30 the legislative evaluation and accountability program (LEAP) are hereby
31 abolished and their powers, duties, and functions are hereby
32 transferred to the joint committee on performance audits. All
33 references to the legislative budget committee and the legislative
34 evaluation and accountability program (LEAP) in the Revised Code of
35 Washington shall be construed to mean the director of the legislative
36 office of performance audit and fiscal analysis or the joint committee
37 on performance audits.

1 (2)(a) All reports, documents, surveys, books, records, files,
2 papers, or written material in the possession of the legislative budget
3 committee and the legislative evaluation and accountability program
4 (LEAP) shall be delivered to the custody of the joint committee on
5 performance audits. All cabinets, furniture, office equipment, motor
6 vehicles, and other tangible property employed by the legislative
7 budget committee and the legislative evaluation and accountability
8 program (LEAP) shall be made available to the joint committee on
9 performance audits. All funds, credits, or other assets held by the
10 legislative budget committee and the legislative evaluation and
11 accountability program (LEAP) shall be assigned to the joint committee
12 on performance audits.

13 (b) Any appropriations made to the legislative budget committee and
14 the legislative evaluation and accountability program (LEAP) shall, on
15 the effective date of this section, be transferred and credited to the
16 joint committee on performance audits.

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

23 (3) All employees of the legislative budget committee and the
24 legislative evaluation and accountability program (LEAP) are
25 transferred to the jurisdiction of the joint committee on performance
26 audits. All employees classified under chapter 41.06 RCW, the state
27 civil service law, are assigned to the joint committee on performance
28 audits to perform their usual duties upon the same terms as formerly,
29 without any loss of rights, subject to any action that may be
30 appropriate thereafter in accordance with the laws and rules governing
31 state civil service.

32 (4) All rules and all pending business before the legislative
33 budget committee and the legislative evaluation and accountability
34 program (LEAP) shall be continued and acted upon by the joint committee
35 on performance audits. All existing contracts and obligations shall
36 remain in full force and shall be performed by the joint committee on
37 performance audits.

38 (5) The transfer of the powers, duties, functions, and personnel of
39 the legislative budget committee and the legislative evaluation and

1 accountability program (LEAP) shall not affect the validity of any act
2 performed before the effective date of this section.

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

9 (7) Nothing contained in this section may be construed to alter any
10 existing collective bargaining unit or the provisions of any existing
11 collective bargaining agreement until the agreement has expired or
12 until the bargaining unit has been modified by action of the personnel
13 board as provided by law.

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

16 NEW SECTION. **Sec. 60.** RCW 44.28.110, 44.28.120, 44.28.150,
17 44.48.070, 44.48.080, 44.28.090, and 44.28.130 are each recodified as
18 sections in the new chapter created in section 59 of this act.

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

21 (1) RCW 44.28.010 and 1983 c 52 s 1, 1980 c 87 s 30, 1969 c 10 s 4,
22 1967 ex.s. c 114 s 1, 1963 ex.s. c 20 s 1, 1955 c 206 s 4, & 1951 c 43
23 s 1;

24 (2) RCW 44.28.020 and 1980 c 87 s 31, 1969 c 10 s 5, 1955 c 206 s
25 5, & 1951 c 43 s 12;

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

27 (4) RCW 44.28.040 and 1975-'76 2nd ex.s. c 34 s 134 & 1951 c 43 s
28 14;

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

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

32 (7) RCW 44.28.080 and 1975 1st ex.s. c 293 s 14, 1955 c 206 s 10,
33 & 1951 c 43 s 4;

34 (8) RCW 44.28.085 and 1993 c 406 s 6, 1975 1st ex.s. c 293 s 15, &
35 1971 ex.s. c 170 s 3;

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

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

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