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HOUSE BILL 2220

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State of Washington                      55th Legislature                      1997 Regular Session

By Representatives Linville, Blalock, Wood and Kessler

Read first time 02/27/97. Referred to Committee on Appropriations.

1            AN ACT Relating to spending public funds efficiently and  
2 effectively; adding new sections to chapter 43.88 RCW; and creating a  
3 new section.

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

5            NEW SECTION.    **Sec. 1.** Washington state government has the vision  
6 to be the most effective and best performing service organization in  
7 the state. The state of Washington also expects to be the most  
8 effective and best performing state government in the United States,  
9 measured in terms of quality of customer service, accountability for  
10 cost-effective services, and productivity. With the passage of  
11 Initiative Measure No. 601 there are additional constraints on the  
12 growth of state government. It is the intent of the legislature to  
13 provide incentives to public employees to spend public funds in the  
14 most efficient and effective manner possible. The system that allows  
15 the spending of public money should reward frugality and innovation and  
16 should not facilitate wasteful spending.

17            By providing agencies with an amount equal to each agency's  
18 administrative savings, the legislature intends to permit each agency  
19 to enhance delivery of services to the customers of state government.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 43.88 RCW  
2 to read as follows:

3        (1) The efficiency fund is created in the custody of the state  
4 treasurer.    An account within the fund shall be established for each  
5 state agency.

6        (2) Each year in the supplemental omnibus operating budget, the  
7 legislature shall appropriate to each agency's account within the  
8 efficiency fund an amount equal to that agency's administrative savings  
9 for the current fiscal year.

10       (3) The amount of each agency's administrative savings must be  
11 approved by the director of financial management during the budget  
12 development process under this chapter.

13       (4) Appropriations may be made under this section only when there  
14 are no restrictions on the funds that would prohibit:

15       (a) Their appropriation to the efficiency fund; or

16       (b) Their use for the purposes allowed in this section.

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

20       (i) Improved systems and procedures;

21       (ii) Better deployment and use of personnel;

22       (iii) Elimination of unnecessary expenditures;

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

24       (v) Elimination of waste, duplication, and operations of doubtful  
25 value.

26       (b) Administrative savings may not be the result of:

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

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

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

31       (6) Only the director of each agency or that director's designee is  
32 authorized to expend amounts in that particular agency's account in the  
33 efficiency fund.

34       (7) Expenditures from the efficiency fund may be used only for one-  
35 time expenditures to improve the quality of services to the customers  
36 of the state.

37       (a) Permitted expenditures include, but are not limited to,  
38 expenditures for employee training, technology improvements, new work

1 processes, program innovations, equipment upgrades, office remodels,  
2 and performance measurement and benchmarking.

3 (b) Expenditures from the efficiency fund must not be used to  
4 expand a current program or create new programs that would have ongoing  
5 costs that would require future appropriations from the legislature.

6 (8) The fund is not subject to allotment under this chapter and an  
7 appropriation is not required for expenditures from the efficiency  
8 fund.

9 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.88 RCW  
10 to read as follows:

11 During development of budget proposals to the legislature, the  
12 governor shall require recommendations from agencies of programs or  
13 expenditure items that can be eliminated in the ensuing biennium while  
14 maintaining the ability to achieve program objectives and performance  
15 measures identified under RCW 43.88.090. Any proposed budget  
16 reductions shall be credited against one hundred percent of the savings  
17 identified under this section.

18 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.88 RCW  
19 to read as follows:

20 During the development of budget proposals to the legislature,  
21 agencies shall report their projected fiscal year administrative  
22 savings as defined in section 2 of this act to the office of financial  
23 management.

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