

SENATE BILL REPORT

SHB 2196

As Reported By Senate Committee On:
Ways & Means, April 1, 2003

Title: An act relating to the revision and variance reporting of noncash deficit-related state agency allotments.

Brief Description: Revising and reporting on state agency allotments.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Sommers and Fromhold; by request of Office of Financial Management).

Brief History:

Committee Activity: Ways & Means: 3/27/03, 4/1/03 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Parlette, Regala, Roach, Sheahan, B. Sheldon and Winsley.

Staff: Steve Jones (786-7440)

Background: Allotment Process. The Budget and Accounting Act (BAA), chapter 43.88 RCW, assigns the Office of Financial Management (OFM) various budget planning, monitoring, and reporting requirements. The allotment process is a mechanism through which OFM approves and oversees state agency expenditures.

In general, allotments are expenditure plans proposed by agencies and reviewed and approved by OFM. Based on the appropriations in the budget bill, agencies must submit a statement of proposed expenditures to OFM. The statement must break each appropriation into monthly detail that represents the best estimate of how the appropriation will be spent. Allotments must conform to any conditions or limitations placed on the appropriation that is being allotted. OFM reviews the proposed allotments for reasonableness and conformance with legislative intent. After this review, OFM approves or disapproves the proposed allotments, and it places the approved statement into the state budget, accounting, and reporting system. Allotments for the legislative and judicial branches and agencies headed by separately elected officials are placed into the accounting system, but are not subject to OFM's approval.

Allotment Revisions. Once OFM approves allotments, they may be revised only under certain circumstances. As a general rule, allotments may be revised only at the beginning of the second year of the fiscal biennium, unless there are changes in appropriated levels (as in a supplemental budget) or changes caused by across-the-board reductions.

Reporting of Variations from Allotments. OFM must monitor agencies' expenditures against their allotments, and it must provide the Legislature with quarterly explanations of major variances.

Summary of Bill: Allotment Revisions. The Governor may request correction of allotments proposed by the judicial and legislative branches and by agencies headed by separately elected officials if the proposed allotments contain significant technical errors.

At OFM's request or on an agency's own initiative, allotments may be revised on a quarterly basis. Allotments may also be revised to reflect executive increases to spending authority. Examples of this kind of increase include expenditures approved through the unanticipated receipts process or expenditures from the Governor's emergency fund. The allotment revisions must include a statement of the reasons for significant changes in the allotments.

Reporting of Variances from Allotments. OFM is no longer required to provide a quarterly allotment variance report to the Legislature.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2003.

Testimony For: The bill will make the agency allotment process more realistic and will better reflect actual expenditures. More frequent modifications of agency expenditure plans will permit more frequent correction and updates for federal funds, as an example. The quarterly variance report is of limited usefulness and can be eliminated.

Testimony Against: None.

Testified: Jim Hedrick, Office of Financial Management (pro).