
HOUSE BILL 2196

State of Washington

58th Legislature

2003 Regular Session

By Representatives Sommers and Fromhold; by request of Office of
Financial Management

Read first time 03/04/2003. Referred to Committee on Appropriations.

1 AN ACT Relating to the revision and variance reporting of noncash
2 deficit-related state agency allotments; and amending RCW 43.88.110.

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

4 **Sec. 1.** RCW 43.88.110 and 1997 c 96 s 6 are each amended to read
5 as follows:

6 This section sets forth the expenditure programs and the allotment
7 and reserve procedures to be followed by the executive branch for
8 public funds.

9 (1) Allotments of an appropriation for any fiscal period shall
10 conform to the terms, limits, or conditions of the appropriation.

11 (2) The director of financial management shall provide all agencies
12 with a complete set of operating and capital instructions for preparing
13 a statement of proposed expenditures at least thirty days before the
14 beginning of a fiscal period. The set of instructions need not include
15 specific appropriation amounts for the agency.

16 (3) Within forty-five days after the beginning of the fiscal period
17 or within forty-five days after the governor signs the omnibus biennial
18 appropriations act, whichever is later, all agencies shall submit to

1 the governor a statement of proposed expenditures at such times and in
2 such form as may be required by the governor.

3 (4) The office of financial management shall develop a method for
4 monitoring capital appropriations and expenditures that will capture at
5 least the following elements:

6 (a) Appropriations made for capital projects including
7 transportation projects;

8 (b) Estimates of total project costs including past, current,
9 ensuing, and future biennial costs;

10 (c) Comparisons of actual costs to estimated costs;

11 (d) Comparisons of estimated construction start and completion
12 dates with actual dates;

13 (e) Documentation of fund shifts between projects.

14 This data may be incorporated into the existing accounting system
15 or into a separate project management system, as deemed appropriate by
16 the office of financial management.

17 (5) The office of financial management shall publish agency annual
18 maintenance summary reports beginning in October 1997. State agencies
19 shall submit a separate report for each major campus or site, as
20 defined by the office of financial management. Reports shall be
21 prepared in a format prescribed by the office of financial management
22 and shall include, but not be limited to: Information describing the
23 number, size, and condition of state-owned facilities; facility
24 maintenance, repair, and operating expenses paid from the state
25 operating and capital budgets, including maintenance staffing levels;
26 the condition of major infrastructure systems; and maintenance
27 management initiatives undertaken by the agency over the prior year.
28 Agencies shall submit their annual maintenance summary reports to the
29 office of financial management by September 1 each year.

30 (6) The office of financial management, prior to approving
31 allotments for major capital construction projects valued over five
32 million dollars, shall institute procedures for reviewing such projects
33 at the predesign stage that will reduce long-term costs and increase
34 facility efficiency. The procedures shall include, but not be limited
35 to, the following elements:

36 (a) Evaluation of facility program requirements and consistency
37 with long-range plans;

1 (b) Utilization of a system of cost, quality, and performance
2 standards to compare major capital construction projects; and

3 (c) A requirement to incorporate value-engineering analysis and
4 constructability review into the project schedule.

5 (7) No expenditure may be incurred or obligation entered into for
6 such major capital construction projects including, without exception,
7 land acquisition, site development, predesign, design, construction,
8 and equipment acquisition and installation, until the allotment of the
9 funds to be expended has been approved by the office of financial
10 management. This limitation does not prohibit the continuation of
11 expenditures and obligations into the succeeding biennium for projects
12 for which allotments have been approved in the immediate prior
13 biennium.

14 (8) If at any time during the fiscal period the governor projects
15 a cash deficit in a particular fund or account as defined by RCW
16 43.88.050, the governor shall make across-the-board reductions in
17 allotments for that particular fund or account so as to prevent a cash
18 deficit, unless the legislature has directed the liquidation of the
19 cash deficit over one or more fiscal periods. Except for the
20 legislative and judicial branches and other agencies headed by elective
21 officials, the governor shall review the statement of proposed
22 operating expenditures for reasonableness and conformance with
23 legislative intent. The governor may only request revision of proposed
24 allotments submitted by the legislative and judicial branches and
25 agencies headed by elective officials if those proposed allotments
26 contain significant technical errors. Once the governor approves the
27 ~~((statements of))~~ proposed ~~((operating expenditures))~~ allotments,
28 further revisions ~~((shall))~~ may at the request of the office of
29 financial management or upon the agency's initiative be made ~~((only at~~
30 ~~the beginning of the second fiscal year and must be initiated by the~~
31 ~~governor))~~ on a quarterly basis and must be accompanied by an
32 explanation of the reasons for significant changes. However, changes
33 in appropriation level authorized by the legislature, changes required
34 by across-the-board reductions mandated by the governor, changes caused
35 by executive increases to spending authority, and changes caused by
36 executive decreases to spending authority for failure to comply with
37 the provisions of chapter 36.70A RCW may require additional revisions.
38 ~~((Revisions shall not be made retroactively. Revisions caused by~~

1 ~~executive increases to spending authority shall not be made after June~~
2 ~~30, 1987.)~~) However, the governor may assign to a reserve status any
3 portion of an agency appropriation withheld as part of across-the-board
4 reductions made by the governor and any portion of an agency
5 appropriation conditioned on a contingent event by the appropriations
6 act. The governor may remove these amounts from reserve status if the
7 across-the-board reductions are subsequently modified or if the
8 contingent event occurs. The director of financial management shall
9 enter approved statements of proposed expenditures into the state
10 budgeting, accounting, and reporting system within forty-five days
11 after receipt of the proposed statements from the agencies. If an
12 agency or the director of financial management is unable to meet these
13 requirements, the director of financial management shall provide a
14 timely explanation in writing to the legislative fiscal committees.

15 (9) It is expressly provided that all agencies shall be required to
16 maintain accounting records and to report thereon in the manner
17 prescribed in this chapter and under the regulations issued pursuant to
18 this chapter. Within ninety days of the end of the fiscal year, all
19 agencies shall submit to the director of financial management their
20 final adjustments to close their books for the fiscal year. Prior to
21 submitting fiscal data, written or oral, to committees of the
22 legislature, it is the responsibility of the agency submitting the data
23 to reconcile it with the budget and accounting data reported by the
24 agency to the director of financial management.

25 ~~(10) ((The director of financial management shall monitor agency~~
26 ~~operating expenditures against the approved statement of proposed~~
27 ~~expenditures and shall provide the legislature with quarterly~~
28 ~~explanations of major variances.~~

29 ~~(11))~~) The director of financial management may exempt certain
30 public funds from the allotment controls established under this chapter
31 if it is not practical or necessary to allot the funds. Allotment
32 control exemptions expire at the end of the fiscal biennium for which
33 they are granted. The director of financial management shall report
34 any exemptions granted under this subsection to the legislative fiscal
35 committees.

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