
HOUSE BILL 3080

State of Washington 58th Legislature 2004 Regular Session

By Representatives Linville and Rockefeller

Read first time 01/27/2004. Referred to Committee on Appropriations.

1 AN ACT Relating to focusing the state budgeting process on outcomes
2 and priorities; amending RCW 43.88.090 and 43.88.030; and adding a new
3 section to chapter 43.88 RCW.

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

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

7 The legislature finds that the incorporation of agency missions,
8 goals, and objectives into the state budgeting process has not produced
9 a sufficient focus on outcomes, as opposed to mere outputs. It is the
10 intent of the legislature to refocus the state budgeting process on
11 whether state agencies are producing real results that reflect the
12 purposes of statutory programs. Specifically, budget managers and the
13 legislature must have the data to determine that agencies are using
14 taxpayer funding to move toward objectives that produce the intended
15 public benefit. This data must be supplied in an impartial,
16 quantifiable form, yet it must be more than mere statistics that do not
17 demonstrate progress toward intended goals. With a renewed focus on
18 achieving true objectives, state agencies, the office of financial

1 management, and the legislature will be able to prioritize state
2 resources among their most efficient uses.

3 **Sec. 2.** RCW 43.88.090 and 1997 c 372 s 1 are each amended to read
4 as follows:

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

16 The estimates shall include statements or tables which indicate, by
17 agency, the state funds which are required for the receipt of federal
18 matching revenues. The estimates shall be revised as necessary to
19 reflect legislative enactments and adopted appropriations and shall be
20 included with the initial biennial allotment submitted under RCW
21 43.88.110. The estimates must reflect that the agency considered any
22 alternatives to reduce costs or improve service delivery identified in
23 the findings of a performance audit of the agency by the joint
24 legislative audit and review committee. Nothing in this subsection
25 requires performance audit findings to be published as part of the
26 budget.

27 (2) Each state agency shall define its mission and establish
28 measurable goals for achieving desirable results for those who receive
29 its services and the taxpayers who pay for those services. Each agency
30 shall also develop clear strategies and timelines to achieve its goals.
31 This section does not require an agency to develop a new mission or
32 goals in place of identifiable missions or goals that meet the intent
33 of this section. The mission and goals of each agency must conform to
34 statutory direction and limitations.

35 (3) For the purpose of assessing program performance, each state
36 agency shall establish program objectives for each major program in its
37 budget. The objectives must be consistent with the missions and goals

1 developed under this section. The objectives must be expressed to the
2 extent practicable in outcome-based, objective, and measurable form
3 unless an exception to adopt a different standard is granted by the
4 office of financial management and approved by the legislative
5 committee on performance review. In particular, objectives must
6 specifically address the substantive purpose of the program and shall
7 focus on data that measure whether the agency is achieving or making
8 progress toward the purpose of the program. Objectives that merely
9 list output or similar statistics are presumptively insufficient. The
10 office of financial management shall provide necessary professional and
11 technical assistance to assist state agencies in the development of
12 strategic plans that include the mission of the agency and its
13 programs, measurable goals, strategies, and performance measurement
14 systems.

15 ~~(4) ((Each state agency shall adopt procedures for continuous self-~~
16 ~~assessment of each program and activity, using the mission, goals,~~
17 ~~objectives, and measurements required under subsections (2) and (3) of~~
18 ~~this section.))~~ Agencies' progress toward the mission, goals,
19 objectives, and measurements required by subsections (2) and (3) of
20 this section is subject to review as set forth in this subsection.

21 (a) For agencies headed by gubernatorial appointees, the office of
22 financial management shall quarterly conduct reviews of selected
23 agencies to analyze whether the objectives and measurements submitted
24 by agencies demonstrate progress toward the agencies' mission and
25 goals.

26 (b) For agencies headed by commissions or separately elected
27 officials, the commission or official shall conduct quarterly reviews
28 of selected agencies to analyze whether the objectives and measurements
29 submitted by agencies demonstrate progress toward the agencies' mission
30 and goals.

31 (5) It is the policy of the legislature that each agency's budget
32 proposals must be directly linked to the agency's stated mission and
33 program goals and objectives. Consistent with this policy, agency
34 budget proposals must include integration of performance measures that
35 allow objective determination of a program's success in achieving its
36 goals. Where a review under subsection (4) of this section or other
37 analysis determines that the agency's objectives demonstrate that the
38 agency is making insufficient progress toward the goals of any

1 particular program or is otherwise underachieving or inefficient, the
2 agency's budget request shall contain proposals to remedy or improve
3 the program. The office of financial management shall develop a plan
4 to merge the budget development process with agency performance
5 assessment procedures. The plan must include a schedule to integrate
6 agency strategic plans and performance measures into agency budget
7 requests and the governor's budget proposal over three fiscal biennia.
8 The plan must identify those agencies that will implement the revised
9 budget process in the 1997-1999 biennium, the 1999-2001 biennium, and
10 the 2001-2003 biennium. In consultation with the legislative fiscal
11 committees, the office of financial management shall recommend
12 statutory and procedural modifications to the state's budget,
13 accounting, and reporting systems to facilitate the performance
14 assessment procedures and the merger of those procedures with the state
15 budget process. The plan and recommended statutory and procedural
16 modifications must be submitted to the legislative fiscal committees by
17 September 30, 1996.

18 (6) In reviewing agency budget requests in order to prepare the
19 governor's budget request, the office of financial management shall
20 consider the extent to which the agency's objectives demonstrate
21 progress toward the agency's mission and goals, along with any specific
22 review conducted under subsection (4) of this section. If the agency's
23 objectives demonstrate that the agency is making insufficient progress
24 toward the goals of any particular program or is otherwise
25 underachieving or inefficient, the office of financial management shall
26 propose remedies or improvements.

27 (7) In the year of the gubernatorial election, the governor shall
28 invite the governor-elect or the governor-elect's designee to attend
29 all hearings provided in RCW 43.88.100; and the governor shall furnish
30 the governor-elect or the governor-elect's designee with such
31 information as will enable the governor-elect or the governor-elect's
32 designee to gain an understanding of the state's budget requirements.
33 The governor-elect or the governor-elect's designee may ask such
34 questions during the hearings and require such information as the
35 governor-elect or the governor-elect's designee deems necessary and may
36 make recommendations in connection with any item of the budget which,
37 with the governor-elect's reasons therefor, shall be presented to the

1 legislature in writing with the budget document. Copies of all such
2 estimates and other required information shall also be submitted to the
3 standing committees on ways and means of the house and senate.

4 **Sec. 3.** RCW 43.88.030 and 2002 c 371 s 911 are each amended to
5 read as follows:

6 (1) The director of financial management shall provide all agencies
7 with a complete set of instructions for submitting biennial budget
8 requests to the director at least three months before agency budget
9 documents are due into the office of financial management. The
10 director shall provide agencies and committees that are required under
11 RCW 44.40.070 to develop comprehensive six-year program and financial
12 plans with a complete set of instructions for submitting these program
13 and financial plans at the same time that instructions for submitting
14 other budget requests are provided. The budget document or documents
15 shall consist of the governor's budget message which shall be
16 explanatory of the budget and shall contain an outline of the proposed
17 financial policies of the state for the ensuing fiscal period, as well
18 as an outline of the proposed six-year financial policies where
19 applicable, and shall describe in connection therewith the important
20 features of the budget. The message shall set forth the reasons for
21 salient changes from the previous fiscal period in expenditure and
22 revenue items and shall explain any major changes in financial policy.
23 Attached to the budget message shall be such supporting schedules,
24 exhibits and other explanatory material in respect to both current
25 operations and capital improvements as the governor shall deem to be
26 useful to the legislature. The budget document or documents shall set
27 forth a proposal for expenditures in the ensuing fiscal period, or six-
28 year period where applicable, based upon the estimated revenues and
29 caseloads as approved by the economic and revenue forecast council and
30 caseload forecast council or upon the estimated revenues and caseloads
31 of the office of financial management for those funds, accounts,
32 sources, and programs for which the forecast councils do not prepare an
33 official forecast, including those revenues anticipated to support the
34 six-year programs and financial plans under RCW 44.40.070. In
35 estimating revenues to support financial plans under RCW 44.40.070, the
36 office of financial management shall rely on information and advice
37 from the transportation revenue forecast council. Revenues shall be

1 estimated for such fiscal period from the source and at the rates
2 existing by law at the time of submission of the budget document,
3 including the supplemental budgets submitted in the even-numbered years
4 of a biennium. However, the estimated revenues and caseloads for use
5 in the governor's budget document may be adjusted to reflect budgetary
6 revenue transfers and revenue and caseload estimates dependent upon
7 budgetary assumptions of enrollments, workloads, and caseloads. All
8 adjustments to the approved estimated revenues and caseloads must be
9 set forth in the budget document. The governor may additionally
10 submit, as an appendix to each supplemental, biennial, or six-year
11 agency budget or to the budget document or documents, a proposal for
12 expenditures in the ensuing fiscal period from revenue sources derived
13 from proposed changes in existing statutes.

14 Supplemental and biennial documents shall reflect a six-year
15 expenditure plan consistent with estimated revenues from existing
16 sources and at existing rates for those agencies required to submit
17 six-year program and financial plans under RCW 44.40.070. Any
18 additional revenue resulting from proposed changes to existing statutes
19 shall be separately identified within the document as well as related
20 expenditures for the six-year period.

21 The budget document or documents shall also contain:

22 (a) Revenues classified by fund and source for the immediately past
23 fiscal period, those received or anticipated for the current fiscal
24 period, those anticipated for the ensuing biennium, and those
25 anticipated for the ensuing six-year period to support the six-year
26 programs and financial plans required under RCW 44.40.070;

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

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

31 (d) Such additional information dealing with revenues and
32 expenditures as the governor shall deem pertinent and useful to the
33 legislature;

34 (e) Tabulations showing expenditures classified by fund, function,
35 activity, and agency. However, documents submitted for the 2003-05
36 biennial budget request need not show expenditures by activity;

37 (f) A delineation of each agency's activities, including those

1 activities funded from nonbudgeted, nonappropriated sources, including
2 funds maintained outside the state treasury;

3 (g) Identification of all proposed direct expenditures to implement
4 the Puget Sound water quality plan under chapter 90.71 RCW, shown by
5 agency and in total; and

6 (h) Tabulations showing each postretirement adjustment by
7 retirement system established after fiscal year 1991, to include, but
8 not be limited to, estimated total payments made to the end of the
9 previous biennial period, estimated payments for the present biennium,
10 and estimated payments for the ensuing biennium.

11 (2) The budget document or documents shall include detailed
12 estimates of all anticipated revenues applicable to proposed operating
13 or capital expenditures and shall also include all proposed operating
14 or capital expenditures. The total of beginning undesignated fund
15 balance and estimated revenues less working capital and other reserves
16 shall equal or exceed the total of proposed applicable expenditures.
17 The budget document or documents shall further include:

18 (a) Interest, amortization and redemption charges on the state
19 debt;

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

21 (c) Other statutory expenditures;

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

23 (e) Revenues derived from agency operations;

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

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

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

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

36 (j) A showing and explanation of anticipated amounts of general
37 fund and other funds required to amortize the unfunded actuarial

1 accrued liability of the retirement system specified under chapter
2 41.45 RCW, and the contributions to meet such amortization, stated in
3 total dollars and as a level percentage of total compensation.

4 (3) The governor's operating budget document or documents shall
5 reflect agency goals, objectives, and outcomes as required by RCW
6 43.88.090.

7 (4) The governor's operating budget document or documents shall
8 contain proposals to remedy or improve programs that are determined to
9 be underachieving or inefficient as determined by the analysis of
10 agency goals, objectives, and outcomes required by RCW 43.88.090.

11 (5) A separate capital budget document or schedule shall be
12 submitted that will contain the following:

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

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

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

26 (d) A strategic plan for reducing backlogs of maintenance and
27 repair projects. The plan shall include a prioritized list of specific
28 facility deficiencies and capital projects to address the deficiencies
29 for each agency, cost estimates for each project, a schedule for
30 completing projects over a reasonable period of time, and
31 identification of normal maintenance activities to reduce future
32 backlogs;

33 (e) A statement of the reason or purpose for a project;

34 (f) Verification that a project is consistent with the provisions
35 set forth in chapter 36.70A RCW;

36 (g) A statement about the proposed site, size, and estimated life
37 of the project, if applicable;

38 (h) Estimated total project cost;

1 (i) For major projects valued over five million dollars, estimated
2 costs for the following project components: Acquisition, consultant
3 services, construction, equipment, project management, and other costs
4 included as part of the project. Project component costs shall be
5 displayed in a standard format defined by the office of financial
6 management to allow comparisons between projects;

7 (j) Estimated total project cost for each phase of the project as
8 defined by the office of financial management;

9 (k) Estimated ensuing biennium costs;

10 (l) Estimated costs beyond the ensuing biennium;

11 (m) Estimated construction start and completion dates;

12 (n) Source and type of funds proposed;

13 (o) Estimated ongoing operating budget costs or savings resulting
14 from the project, including staffing and maintenance costs;

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

28 (q) Such other information bearing upon capital projects as the
29 governor deems to be useful;

30 (r) Standard terms, including a standard and uniform definition of
31 normal maintenance, for all capital projects;

32 (s) Such other information as the legislature may direct by law or
33 concurrent resolution.

34 For purposes of this subsection (~~((3))~~) (5), the term "capital
35 project" shall be defined subsequent to the analysis, findings, and
36 recommendations of a joint committee comprised of representatives from
37 the house capital appropriations committee, senate ways and means

1 committee, legislative transportation committee, legislative evaluation
2 and accountability program committee, and office of financial
3 management.

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

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