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## Appropriations Committee

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### HB 1242

**Brief Description:** Focusing the state budgeting process on outcomes and priorities.

**Sponsors:** Representatives Linville, Jarrett, Miloscia, Tom, Haigh, Sommers, Pettigrew, Pearson, Clibborn, Kristiansen, O'Brien, Orcutt, Quall, Morris, Lantz, Wallace, Kagi, Grant, Morrell, Chase, Springer, Lovick, Kessler, Dunshee, Appleton, P. Sullivan, Kilmer, Hunter, Upthegrove, Williams, Roberts, Dickerson, Sells, Eickmeyer, Nixon, Kenney and Ormsby.

#### Brief Summary of Bill

- Requires that the Governor communicate statewide priorities to agencies and seek public involvement and input on these priorities.
- Requires that the Office of Financial Management (OFM) regularly review selected programs to determine whether objectives and measurements submitted by agencies demonstrate progress towards statewide results.
- Requires that the OFM consult with the Higher Education Coordinating Board and the State Board for Community and Technical Colleges in those reviews that involve higher education.
- Requires that an agency's budget request contain proposals to remedy or improve programs that are determined to be underachieving or inefficient.
- Requires that the biennial budget document also describe accountability indicators that demonstrate measurable progress towards priority results and identify any programs that are not addressing the statewide priorities.

**Hearing Date:** 1/27/05

**Staff:** Dave Johnson (786-7154).

#### **Background:**

The Budget and Accounting Act establishes the framework for the development, implementation and monitoring of the state budget.

#### Agency Objectives

For the purpose of assessing program performance, each state agency is required to establish program objectives for each major program in its budget. The objectives must be expressed to the extent practicable in outcome-based, objective, and measurable form.

#### Performance Monitoring

Each state agency is also required to adopt procedures for continuous self-assessment of each program and activity, using the mission, goals, objectives, and measurements of the agency.

#### Agency Budget Requests

Budget proposals made by agencies must be directly linked to the agency's stated mission, program goals and objectives. Consistent with this policy, agency budget proposals must include integration of performance measures that allow objective determination of a program's success in achieving its goals.

#### Governor's Budget Proposal

The Budget and Accounting Act establishes various requirements for the budget documents that the Governor must submit to the Legislature before each regular session. The required documents include the Governor's budget message, which explains the budget and outlines proposed fiscal policies for the period covered by the budget; the budget bill; and other supporting information.

### **Summary of Bill:**

#### Findings & Intent

The Legislature finds that agency missions, goals, and objectives should focus on statewide results. The intent of the Legislature is to refocus the state budgeting process on how state agencies produce real results that reflect the goals of statutory programs.

#### Agency Objectives

Objectives must specifically address the statutory purpose of the program or activity and focus on data that measure whether the agency is achieving or making progress toward the purpose of the program and toward statewide priorities.

Agencies are required to develop quality and productivity measures in addition to the program measures already required.

#### Performance Monitoring

The Office of Financial Management (OFM) must regularly conduct reviews of selected programs to analyze whether the objectives and measurements submitted by agencies demonstrate progress toward statewide results. The OFM must consult with the Higher Education Coordinating Board and the State Board for Community and Technical Colleges in those reviews that involve institutions of higher education.

The goal is for all programs to be reviewed at least once each year.

#### Agency Budget Requests

When a periodic performance review or other analysis determines that the agency's objectives demonstrate that the agency is making insufficient progress toward the goals of any particular program or is otherwise underachieving or inefficient, the agency's budget request must contain proposals to remedy or improve the program.

In reviewing agency budget requests to prepare the Governor's budget request, the OFM will consider the extent to which the agency's programs demonstrate progress toward the statewide priorities along with the results from any periodic performance reviews of agency programs.

#### Governor's Budget Proposal

The Governor must communicate statewide priorities to agencies for use in developing budget recommendations for their agency. The Governor must seek public involvement and input on these priorities.

The Governor's operating budget document or documents must reflect statewide priorities. The budget document must also describe accountability indicators that demonstrate measurable improvement towards priority policy functions as well as identify any programs that are not addressing statewide priorities.

The Governor's budget document must include a listing of expenditures made outside of the State Treasury rather than listing those activities that are funded from non-appropriated, non-budgeted sources.

**Appropriation:** None.

**Fiscal Note:** Requested on January 19, 2005.

**Effective Date:** The bill contains an emergency clause and takes effect June 30, 2005.