

HOUSE BILL REPORT

SHB 1834

As Reported by House Committee On:
Appropriations

Title: An act relating to establishing a process for reporting, reviewing, and collecting data on performance measures.

Brief Description: Using performance measures for budgeting decisions.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives McIntire, Anderson, Kessler, Conway, Fromhold, Clements, Kagi, Linville, Jarrett, Hunter, Tom, Hinkle, Upthegrove, Kilmer, Wood and Santos).

Brief History:

Committee Activity:

Appropriations: 2/2/06 [DP2S].

Brief Summary of Second Substitute Bill

- Directs the Office of Financial Management (OFM) to identify key performance measurements and provide them to the Legislature by October 1 of each odd-numbered year.
- Establishes a process for legislative committees to review the key performance measures.
- Requires the legislative fiscal committees to adopt key performance measures during session in even-numbered years and forward them to the OFM for inclusion in the performance measure data base.
- Requires the Governor's budget transmittal to include information about key performance measures.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 30 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Chandler, Clements, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi,

Kenney, Kessler, Linville, McDermott, Miloscia, Pearson, Priest, Schual-Berke, P. Sullivan, Talcott and Walsh.

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 budget requests generally are prepared during the summer and submitted to the Office of Financial Management (OFM). The OFM evaluates these budget requests during the fall and makes recommendations to the Governor. The Governor publishes his or her budget proposals in December and submits them to the Legislature in January. The Legislature then passes the budgets with its revisions and sends them back to the Governor for signature.

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

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. 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 Second Substitute Bill:

From among the performance measures submitted by agencies, OFM must identify key performance measures that reflect statewide budgeting priorities. Across all of state government, the number of performance measures should total between 100 and 200.

The OFM is directed to submit key performance measures to the Legislature by October 1 of each odd-numbered year, beginning in 2007. A process is established for the Legislature to review these measures that includes both fiscal and policy committees. Each session in even-numbered years, beginning in 2008, the legislative fiscal committees must adopt key performance measures and forward them to the OFM. The OFM must then include those measures in its performance measure data base.

The Legislative Evaluation and Accountability Program (LEAP) Committee, in consultation with the Joint Legislative Audit and Review Committee, must compile and validate a data

base of key performance measures, including historical information. The OFM must maintain data on progress toward key measures, and it must share this data with LEAP.

The Governor's budget documents must also include a list of all key performance measures and information about progress or current performance for these measures.

An obsolete provision requiring a report to the Legislature by September 30, 1996, is eliminated. A reference to the now obsolete Legislative Committee on Performance Review is removed.

Second Substitute Bill Compared to Substitute Bill:

The legislative findings are modified. The term "priority performance measures" is replaced with "key performance measures." The OFM is required to identify and submit key performance measures to the Legislature by October 1, 2007, rather than October 1, 2005. Legislative fiscal committees are required to begin adopting key performance measures in 2008 rather than 2006.

The OFM is required to maintain data on key performance measures and make that available to the Legislature. The substitute bill required that to be reported to the Legislature on a semi-annual basis. The Governor's budget transmittal must include key performance measures identified and information about progress or current performance for these measures. The substitute required similar information to be included but also required a listing of all performance measures.

A number of technical changes are made including removing caption headings and conforming the bill to changes made last session to the underlying statutes (in sections 2 and 6).

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.