

HOUSE BILL REPORT

HB 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: Representatives McIntire, Anderson, Kessler, Conway, Fromhold, Clements, Kagi, Linville, Jarrett, Hunter, Tom, Hinkle, Upthegrove, Kilmer, Wood and Santos.

Brief History:

Committee Activity:

Appropriations: 2/22/05, 3/3/05 [DPS].

Brief Summary of Substitute Bill

- Requires state agencies to establish performance measures for each major activity in their budget.
- Directs the Office of Financial Management (OFM) to submit proposed priority measurements to the Legislature by October 1 of each odd-numbered year. A process is established for the Legislature to review these measures that include both fiscal and policy committees.
- Requires that the legislative fiscal committees adopt priority performance measures during session in even-numbered years and forward them to the OFM for use in the biennial budget development process. The OFM must report back if it makes any changes.
- Requires the Legislative Evaluation and Accountability Program Committee to compile and validate a database of priority performance measurement data, including historical information.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 29 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Clements, Cody, Conway,

Darneille, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Pearson, Priest, Schual-Berke, Talcott and Walsh.

Staff: Charlie Gavigan (786-7340).

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 program 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. The requirement to submit a level of budget detail referred to as activity level has been suspended in recent biennia.

Summary of Substitute Bill:

State agencies are required to establish performance measures, rather than program objectives, for each major activity in their budget. Across all of state government, the number of measures submitted should total between 100 and 200.

The OFM is directed to submit proposed priority measures to the Legislature by October 1 of each odd-numbered year, beginning in 2005. 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 2006, the legislative fiscal committees must adopt priority performance measures and forward them to the OFM. The OFM must report back if it makes any changes.

The Legislative Evaluation and Accountability Program (LEAP) Committee is required to compile and validate a data base of priority performance measures data, including historical information. The OFM is required to submit certain data to LEAP for that purpose.

The Governor's budget document must also include a list of all performance measures, priority performance measures, and any new or revised priority performance measures being proposed by the Governor.

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 replaced with a reference to the LEAP Committee.

Substitute Bill Compared to Original Bill:

The substitute bill removes the requirement that the House and Senate adopt priority performance measures by concurrent resolution. Instead, the fiscal committees must adopt the performance measures during the regular session in each even-numbered year beginning in 2006 and forward them to the OFM. If the OFM makes any changes, it must report to the fiscal committees. The OFM is to use the priority performance measures in the biennial budget development process.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: As the policy setting branch of government, the Legislature should be more involved in establishing performance measures for state programs. The Legislature should focus on a manageable number of program priorities.

Testimony Against: None.

Persons Testifying: Representative McIntire, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.