

SENATE BILL REPORT

ESHB 1242

As Reported By Senate Committee On:
Ways & Means, April 4, 2005

Title: An act relating to focusing the state budgeting process on outcomes and priorities.

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

Sponsors: House Committee on Appropriations (originally sponsored by 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 History: Passed House: 2/14/05, 95-2.

Committee Activity: Ways & Means: 4/4/05 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Zarelli, Ranking Minority Member; Brandland, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

Staff: Steve Jones (786-7440)

Background: The state Budget and Accounting Act establishes the framework for the development, implementation, and monitoring of the state budget. For the purpose of assessing program performance, each state agency is required to establish program objectives for each major program in its budget. To the extent practicable, the objectives must be expressed 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 integrate 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 Bill: 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 must specifically address the statutory purpose or intent of the activity and focus on data that measure whether the agency is achieving or making progress toward the purpose of the activity and toward statewide priorities. Agencies are required to develop quality and productivity measures for all major activities instead of the program measures currently required.

As part of evaluating an activity, agencies must also evaluate major information technology systems or projects that may assist the agency in achieving or making progress toward the activity purpose and statewide priorities. The Office of Financial Management (OFM) must regularly conduct reviews of selected activities to analyze whether the objectives and measurements submitted by agencies demonstrate progress toward statewide results. 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. OFM must consult with the Information Services Board when conducting reviews of major information technology systems. The goal is for all programs to be reviewed at least once each year.

The Governor must communicate statewide priorities to agencies for use in developing budget recommendations. The Governor must seek public involvement and input on these priorities. When a periodic performance review or other analysis determines 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 preparing the Governor's budget request, OFM will consider the extent to which the agency's activities demonstrate progress toward the statewide priorities, along with the results from any periodic performance review of agency activities.

The Governor's operating budget documents must reflect statewide priorities and describe performance indicators that demonstrate measurable improvement towards priority policy functions as well as identify any activities 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. The requirement, suspended in recent years, to submit certain activity-level detail is permanently eliminated.

If specific funding for the bill is not included in the omnibus appropriations act, the bill is null and void.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Who Testified: No one.