
HOUSE BILL 3005

State of Washington

59th Legislature

2006 Regular Session

By Representatives Alexander, McDonald, Dunn, Holmquist, Armstrong, Hinkle, Ahern, McCune, Serben, Kristiansen, Roach, Bailey, Nixon, Anderson, Condotta, Rodne, Woods, Strow, Schindler, Newhouse and Pearson

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1 AN ACT Relating to using a priorities of government approach to
2 developing the state's operating budget; reenacting and amending RCW
3 43.88.030; and adding new sections 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 in 2002 the governor initiated a new
8 process for development of the operating budget that brought
9 significant benefits to the people of Washington and that, if
10 maintained as an integral part of the state's ongoing budget process,
11 will bring greater benefits in the future. That process, called
12 priorities of government, replaces the traditional, incremental
13 budgeting approach that focuses on changes from existing spending
14 levels with a new, performance-based approach that measures and
15 evaluates the performance of state programs and services, at the
16 activity level, in achieving a selected set of priority results for
17 state government.

18 The legislature further finds that implementation of the priorities
19 of government approach in the 2003-05 biennium improved the quality of

1 decision making by both the executive and legislative branches,
2 increased the public's understanding of the state budget and its
3 engagement in the annual budget debate, and contributed heavily to the
4 enactment of a budget that enabled the state to weather a major
5 recession without tax increases while maintaining essential services
6 and making targeted investments for progress toward statewide results.

7 The legislature further finds that failure to maintain, extend, and
8 refine the priorities of government approach to state budgeting, and
9 rather to fall back to the failed, incremental approach of the past,
10 would result in harm to the citizens of Washington and the
11 competitiveness of its economy.

12 The legislature therefore declares that the priorities of
13 government process or a related, performance-based process shall be
14 incorporated in the operating budget document submitted under RCW
15 43.88.030 with accompanying documentation that such a process was
16 implemented.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.88 RCW
18 to read as follows:

19 The priorities of government process or a related, performance-
20 based process described under section 1 of this act must include, at a
21 minimum, the following:

22 (1) Determination through a public, collaborative method of a set
23 of statewide, priority results that every citizen should expect from
24 state government, with provision for periodic review of those
25 priorities;

26 (2) Indicators for progress toward achievement of each of these
27 statewide results;

28 (3) Valid performance measures for each of the indicators;

29 (4) Identification of each activity of each agency of state
30 government and descriptions of each of those activities that help
31 citizens understand what the agency does and for whom it does it, the
32 estimated cost of maintaining each activity, from state and other
33 funds, and the quantifiable results intended to be derived from each
34 activity; and

35 (5) Assignment by each agency, at the time it makes its budget
36 request to the office of financial management or its successor agency,

1 of the priority of each activity for which it expends public resources
2 in relation to all such activities under its management.

3 **Sec. 3.** RCW 43.88.030 and 2005 c 386 s 3 and 2005 c 319 s 108 are
4 each reenacted and amended to read as follows:

5 (1) The director of financial management shall provide all agencies
6 with a complete set of instructions for submitting biennial budget
7 requests to the director at least three months before agency budget
8 documents are due into the office of financial management. The budget
9 document or documents shall consist of the governor's budget message
10 which shall be explanatory of the budget and shall contain an outline
11 of the proposed financial policies of the state for the ensuing fiscal
12 period, as well as an outline of the proposed six-year financial
13 policies where applicable, and shall describe in connection therewith
14 the important features of the budget. The biennial budget document or
15 documents shall also describe performance indicators that demonstrate
16 measurable progress towards priority results. The message shall set
17 forth the reasons for salient changes from the previous fiscal period
18 in expenditure and revenue items and shall explain any major changes in
19 financial policy. Attached to the budget message shall be such
20 supporting schedules, exhibits and other explanatory material in
21 respect to both current operations and capital improvements as the
22 governor shall deem to be useful to the legislature. The budget
23 document or documents shall set forth a proposal for expenditures in
24 the ensuing fiscal period, or six-year period where applicable, based
25 upon the estimated revenues and caseloads as approved by the economic
26 and revenue forecast council and caseload forecast council or upon the
27 estimated revenues and caseloads of the office of financial management
28 for those funds, accounts, sources, and programs for which the forecast
29 councils do not prepare an official forecast. Revenues shall be
30 estimated for such fiscal period from the source and at the rates
31 existing by law at the time of submission of the budget document,
32 including the supplemental budgets submitted in the even-numbered years
33 of a biennium. However, the estimated revenues and caseloads for use
34 in the governor's budget document may be adjusted to reflect budgetary
35 revenue transfers and revenue and caseload estimates dependent upon
36 budgetary assumptions of enrollments, workloads, and caseloads. All
37 adjustments to the approved estimated revenues and caseloads must be

1 set forth in the budget document. The governor may additionally
2 submit, as an appendix to each supplemental, biennial, or six-year
3 agency budget or to the budget document or documents, a proposal for
4 expenditures in the ensuing fiscal period from revenue sources derived
5 from proposed changes in existing statutes.

6 Supplemental and biennial documents shall reflect a six-year
7 expenditure plan consistent with estimated revenues from existing
8 sources. Any additional revenue resulting from proposed changes to
9 existing statutes shall be separately identified within the document as
10 well as related expenditures for the six-year period.

11 The budget document or documents shall also contain:

12 (a) Revenues classified by fund and source for the immediately past
13 fiscal period, those received or anticipated for the current fiscal
14 period, and those anticipated for the ensuing biennium;

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

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

19 (d) Such additional information dealing with revenues and
20 expenditures as the governor shall deem pertinent and useful to the
21 legislature;

22 (e) Tabulations showing expenditures classified by fund, function,
23 and agency;

24 (f) The expenditures that include nonbudgeted, nonappropriated
25 accounts outside the state treasury;

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

29 (h) Tabulations showing each postretirement adjustment by
30 retirement system established after fiscal year 1991, to include, but
31 not be limited to, estimated total payments made to the end of the
32 previous biennial period, estimated payments for the present biennium,
33 and estimated payments for the ensuing biennium; and

34 (i) Detailed documentation of implementation of the priorities of
35 government or related performance-based process in the development of
36 the budget document or documents submitted under this section.

37 (2) The budget document or documents shall include detailed
38 estimates of all anticipated revenues applicable to proposed operating

1 or capital expenditures and shall also include all proposed operating
2 or capital expenditures. The total of beginning undesignated fund
3 balance and estimated revenues less working capital and other reserves
4 shall equal or exceed the total of proposed applicable expenditures.
5 The budget document or documents shall further include:

6 (a) Interest, amortization and redemption charges on the state
7 debt;

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

9 (c) Other statutory expenditures;

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

11 (e) Revenues derived from agency operations;

12 (f) Expenditures and revenues shall be given in comparative form
13 showing those incurred or received for the immediately past fiscal
14 period and those anticipated for the current biennium and next ensuing
15 biennium;

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

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

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

23 (j) A showing and explanation of anticipated amounts of general
24 fund and other funds required to amortize the unfunded actuarial
25 accrued liability of the retirement system specified under chapter
26 41.45 RCW, and the contributions to meet such amortization, stated in
27 total dollars and as a level percentage of total compensation.

28 (3) The governor's operating budget document or documents shall
29 reflect the statewide priorities as required by RCW 43.88.090.

30 (4) The governor's operating budget document or documents shall
31 identify activities that are not addressing the statewide priorities.

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

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

37 (b) A capital program consisting of proposed capital projects for
38 the next biennium and the two biennia succeeding the next biennium

1 consistent with the long-range facilities plan. Insomuch as is
2 practical, and recognizing emergent needs, the capital program shall
3 reflect the priorities, projects, and spending levels proposed in
4 previously submitted capital budget documents in order to provide a
5 reliable long-range planning tool for the legislature and state
6 agencies;

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

9 (d) A strategic plan for reducing backlogs of maintenance and
10 repair projects. The plan shall include a prioritized list of specific
11 facility deficiencies and capital projects to address the deficiencies
12 for each agency, cost estimates for each project, a schedule for
13 completing projects over a reasonable period of time, and
14 identification of normal maintenance activities to reduce future
15 backlogs;

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

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

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

21 (h) Estimated total project cost;

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

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

30 (k) Estimated ensuing biennium costs;

31 (l) Estimated costs beyond the ensuing biennium;

32 (m) Estimated construction start and completion dates;

33 (n) Source and type of funds proposed;

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

36 (p) For any capital appropriation requested for a state agency for
37 the acquisition of land or the capital improvement of land in which the
38 primary purpose of the acquisition or improvement is recreation or

1 wildlife habitat conservation, the capital budget document, or an
2 omnibus list of recreation and habitat acquisitions provided with the
3 governor's budget document, shall identify the projected costs of
4 operation and maintenance for at least the two biennia succeeding the
5 next biennium. Omnibus lists of habitat and recreation land
6 acquisitions shall include individual project cost estimates for
7 operation and maintenance as well as a total for all state projects
8 included in the list. The document shall identify the source of funds
9 from which the operation and maintenance costs are proposed to be
10 funded;

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

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

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

17 For purposes of this subsection (5), the term "capital project"
18 shall be defined subsequent to the analysis, findings, and
19 recommendations of a joint committee comprised of representatives from
20 the house capital appropriations committee, senate ways and means
21 committee, legislative evaluation and accountability program committee,
22 and office of financial management.

23 (6) No change affecting the comparability of agency or program
24 information relating to expenditures, revenues, workload, performance
25 and personnel shall be made in the format of any budget document or
26 report presented to the legislature under this section or RCW
27 43.88.160(1) relative to the format of the budget document or report
28 which was presented to the previous regular session of the legislature
29 during an odd-numbered year without prior legislative concurrence.
30 Prior legislative concurrence shall consist of (a) a favorable majority
31 vote on the proposal by the standing committees on ways and means of
32 both houses if the legislature is in session or (b) a favorable
33 majority vote on the proposal by members of the legislative evaluation
34 and accountability program committee if the legislature is not in
35 session.

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