
HOUSE BILL 1065

State of Washington

62nd Legislature

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By Representatives Bailey and Dammeier

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1 AN ACT Relating to the identification and review of new programs;
2 amending RCW 43.88.090; and adding new sections to chapter 43.09 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** For the purposes of section 2 and 3 of this
5 act and RCW 43.88.090, "new program" means:

- 6 (1) A newly created agency;
7 (2) Services not supported in the previous biennium by the state;
8 (3) Services to a population or other entity not served by the
9 state in the previous biennium; or
10 (4) Any activity not undertaken by the state in the previous
11 biennium. "Activity" means a discrete work element carried out by
12 state government agencies.

13 NEW SECTION. **Sec. 2.** (1) On July 1st of each calendar year, the
14 state auditor shall publish a draft list on its web site of all new
15 programs funded by any appropriation or allotment of state funds during
16 the previous fiscal year. The state auditor shall provide written
17 notice of publication to the appropriate fiscal committees of the house

1 of representatives and senate and to the office of financial
2 management.

3 (2) The list shall include:

4 (a) The name of the program;

5 (b) A brief description of the program and the expected result;

6 (c) The name of the agencies receiving the funding; and

7 (d) The amounts appropriated, by fund or account.

8 (3) Within thirty days of the publication of the draft list of new
9 programs, the legislature and the office of financial management may
10 provide any comments it may have on the draft list to the state
11 auditor's office.

12 (4) Within sixty days after the publication of the draft list, the
13 state auditor shall publish a final list of new programs on its web
14 site. The state auditor shall provide written notice of the final
15 publication to the appropriate fiscal committees of the house of
16 representatives and the senate and to the office of financial
17 management.

18 NEW SECTION. **Sec. 3.** (1) Three years after the initial funding of
19 any new program, as defined in section 1 of this act, the state auditor
20 shall conduct a fiscal and performance audit of each new program.

21 (2) The audit shall:

22 (a) Identify the original objective or objectives of the new
23 program;

24 (b) Identify the data collected by the program and the performance
25 measures;

26 (c) Assess how effective the program was at meeting the objective
27 or objectives;

28 (d) Determine how efficiently the resources were used; and

29 (e) Suggest changes to the program to increase effectiveness and
30 efficiency, including alternative approaches or termination of the
31 program.

32 (3) The state auditor shall provide a final copy of the audit to
33 the appropriate fiscal committees of the house of representatives and
34 the senate and to the office of financial management by December 31st
35 of the calendar year for that audit period.

1 **Sec. 4.** RCW 43.88.090 and 2005 c 386 s 2 are each amended to read
2 as follows:

3 (1) For purposes of developing budget proposals to the legislature,
4 the governor shall have the power, and it shall be the governor's duty,
5 to require from proper agency officials such detailed estimates and
6 other information in such form and at such times as the governor shall
7 direct. The governor shall communicate statewide priorities to
8 agencies for use in developing biennial budget recommendations for
9 their agency and shall seek public involvement and input on these
10 priorities. The estimates for the legislature and the judiciary shall
11 be transmitted to the governor and shall be included in the budget
12 without revision. The estimates for state pension contributions shall
13 be based on the rates provided in chapter 41.45 RCW. Copies of all
14 such estimates shall be transmitted to the standing committees on ways
15 and means of the house and senate at the same time as they are filed
16 with the governor and the office of financial management.

17 The estimates shall include statements or tables which indicate, by
18 agency, the state funds which are required for the receipt of federal
19 matching revenues. The budget document must also include a listing of
20 all new programs funded in the previous two years. For each new
21 program, the list shall include: Program name; program objective; a
22 brief description of the program; performance measures; current annual
23 funding levels by agency; and the funding level proposed in the
24 governor's biennial budget request. The list shall include all new
25 programs funded in the previous two years regardless of whether the
26 governor proposes funding those programs for the ensuing biennium. The
27 estimates shall be revised as necessary to reflect legislative
28 enactments and adopted appropriations and shall be included with the
29 initial biennial allotment submitted under RCW 43.88.110. The
30 estimates must reflect that the agency considered any alternatives to
31 reduce costs or improve service delivery identified in the findings of
32 a performance audit of the agency by the joint legislative audit and
33 review committee. Nothing in this subsection requires performance
34 audit findings to be published as part of the budget.

35 (2) Each state agency shall define its mission and establish
36 measurable goals for achieving desirable results for those who receive
37 its services and the taxpayers who pay for those services. Each agency
38 shall also develop clear strategies and timelines to achieve its goals.

1 This section does not require an agency to develop a new mission or
2 goals in place of identifiable missions or goals that meet the intent
3 of this section. The mission and goals of each agency must conform to
4 statutory direction and limitations.

5 (3) For the purpose of assessing activity performance, each state
6 agency shall establish quality and productivity objectives for each
7 major activity in its budget. The objectives must be consistent with
8 the missions and goals developed under this section. The objectives
9 must be expressed to the extent practicable in outcome-based,
10 objective, and measurable form unless an exception to adopt a different
11 standard is granted by the office of financial management and approved
12 by the legislative committee on performance review. Objectives must
13 specifically address the statutory purpose or intent of the program or
14 activity and focus on data that measure whether the agency is achieving
15 or making progress toward the purpose of the activity and toward
16 statewide priorities. The office of financial management shall provide
17 necessary professional and technical assistance to assist state
18 agencies in the development of strategic plans that include the mission
19 of the agency and its programs, measurable goals, strategies, and
20 performance measurement systems.

21 (4) Each state agency shall adopt procedures for and perform
22 continuous self-assessment of each activity, using the mission, goals,
23 objectives, and measurements required under subsections (2) and (3) of
24 this section. The assessment of the activity must also include an
25 evaluation of major information technology systems or projects that may
26 assist the agency in achieving or making progress toward the activity
27 purpose and statewide priorities. The evaluation of proposed major
28 information technology systems or projects shall be in accordance with
29 the standards and policies established by the information services
30 board. Agencies' progress toward the mission, goals, objectives, and
31 measurements required by subsections (2) and (3) of this section is
32 subject to review as set forth in this subsection.

33 (a) The office of financial management shall regularly conduct
34 reviews of selected activities to analyze whether the objectives and
35 measurements submitted by agencies demonstrate progress toward
36 statewide results.

37 (b) The office of financial management shall consult with the

1 higher education coordinating board and the state board for community
2 and technical colleges in those reviews that involve institutions of
3 higher education.

4 (c) The goal is for all major activities to receive at least one
5 review each year.

6 (d) The office of financial management shall consult with the
7 information services board when conducting reviews of major information
8 technology systems in use by state agencies. The goal is that reviews
9 of these information technology systems occur periodically.

10 (5) It is the policy of the legislature that each agency's budget
11 recommendations must be directly linked to the agency's stated mission
12 and program, quality, and productivity goals and objectives.
13 Consistent with this policy, agency budget proposals must include
14 integration of performance measures that allow objective determination
15 of an activity's success in achieving its goals. When a review under
16 subsection (4) of this section or other analysis determines that the
17 agency's objectives demonstrate that the agency is making insufficient
18 progress toward the goals of any particular program or is otherwise
19 underachieving or inefficient, the agency's budget request shall
20 contain proposals to remedy or improve the selected programs. The
21 office of financial management shall develop a plan to merge the budget
22 development process with agency performance assessment procedures. The
23 plan must include a schedule to integrate agency strategic plans and
24 performance measures into agency budget requests and the governor's
25 budget proposal over three fiscal biennia. The plan must identify
26 those agencies that will implement the revised budget process in the
27 1997-1999 biennium, the 1999-2001 biennium, and the 2001-2003 biennium.
28 In consultation with the legislative fiscal committees, the office of
29 financial management shall recommend statutory and procedural
30 modifications to the state's budget, accounting, and reporting systems
31 to facilitate the performance assessment procedures and the merger of
32 those procedures with the state budget process. The plan and
33 recommended statutory and procedural modifications must be submitted to
34 the legislative fiscal committees by September 30, 1996.

35 (6) In reviewing agency budget requests in order to prepare the
36 governor's biennial budget request, the office of financial management
37 shall consider the extent to which the agency's activities demonstrate

1 progress toward the statewide budgeting priorities, along with any
2 specific review conducted under subsection (4) of this section.

3 (7) In the year of the gubernatorial election, the governor shall
4 invite the governor-elect or the governor-elect's designee to attend
5 all hearings provided in RCW 43.88.100; and the governor shall furnish
6 the governor-elect or the governor-elect's designee with such
7 information as will enable the governor-elect or the governor-elect's
8 designee to gain an understanding of the state's budget requirements.
9 The governor-elect or the governor-elect's designee may ask such
10 questions during the hearings and require such information as the
11 governor-elect or the governor-elect's designee deems necessary and may
12 make recommendations in connection with any item of the budget which,
13 with the governor-elect's reasons therefor, shall be presented to the
14 legislature in writing with the budget document. Copies of all such
15 estimates and other required information shall also be submitted to the
16 standing committees on ways and means of the house and senate.

17 NEW SECTION. **Sec. 5.** Sections 1 through 3 of this act are each
18 added to chapter 43.09 RCW.

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