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HOUSE BILL 2679

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State of Washington

62nd Legislature

2012 Regular Session

By Representatives Bailey, Dammeier, Seaquist, Alexander, Hudgins, Ross, Wilcox, Haler, Schmick, Chandler, Pollet, and Parker

Read first time 01/24/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to accountability in state government through the  
2 review of state programs; amending RCW 43.88.090 and 43.88.030; adding  
3 new sections to chapter 43.09 RCW; and adding a new section to chapter  
4 43.88 RCW.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the state  
7 operating budget includes numerous programs and activities intended to  
8 achieve a variety of policy goals for the public interest. To measure  
9 the effectiveness of these programs and activities in meeting these  
10 goals, the legislature intends to adopt accountability processes and  
11 measures to evaluate all new state programs. The legislature also  
12 finds that it is unreasonable and not in the interest of providing  
13 quality public service for state agencies to administer programs that  
14 the legislature has established but is unwilling to fund. Therefore,  
15 it is also the intent of this act to provide a means of substantive  
16 legislative review of unfunded programs in order to debate the merits  
17 of funding or repealing those programs.

1        NEW SECTION.    **Sec. 2.** For the purposes of this chapter, section 7  
2 of this act, RCW 43.88.030, and 43.88.090, the following definitions  
3 apply unless the context clearly requires otherwise:

4        (1) "New program" means a newly created state agency, services not  
5 supported in the previous biennium by the state, services to a  
6 population or other entity not served by the state in the previous  
7 biennium, or any activity not undertaken by the state in the previous  
8 biennium. "Activity" means a discrete work element carried out by  
9 state government agencies.

10        (2) "State program" means a group of agency services designed to  
11 accomplish specific public goals and result in specific public  
12 benefits. The term also includes a "new program."

13        NEW SECTION.    **Sec. 3.** (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  
18 of representatives and the senate and to the office of financial  
19 management.

20        (2) The list shall include:

21        (a) The name of the program;

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

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

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

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

29        (4) Within sixty days after the publication of the draft list, the  
30 state auditor shall publish a final list of new programs on its web  
31 site. The state auditor shall provide written notice of the final  
32 publication to the appropriate fiscal committees of the house of  
33 representatives and the senate and to the office of financial  
34 management.

35        NEW SECTION.    **Sec. 4.** (1) Three years after the initial funding of

1 any new program, as defined in section 2 of this act, the state auditor  
2 shall conduct a fiscal and performance audit of each new program.

3 (2) The audit shall:

4 (a) Identify the original objective or objectives of the new  
5 program;

6 (b) Identify the data collected by the program and the performance  
7 measures;

8 (c) Assess how effective the program was at meeting the objective  
9 or objectives;

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

11 (e) Suggest changes to the program to increase effectiveness and  
12 efficiency, including alternative approaches or termination of the  
13 program.

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

18 **Sec. 5.** RCW 43.88.090 and 2005 c 386 s 2 are each amended to read  
19 as follows:

20 (1) For purposes of developing budget proposals to the legislature,  
21 the governor shall have the power, and it shall be the governor's duty,  
22 to require from proper agency officials such detailed estimates and  
23 other information in such form and at such times as the governor shall  
24 direct. The governor shall communicate statewide priorities to  
25 agencies for use in developing biennial budget recommendations for  
26 their agency and shall seek public involvement and input on these  
27 priorities. The estimates for the legislature and the judiciary shall  
28 be transmitted to the governor and shall be included in the budget  
29 without revision. The estimates for state pension contributions shall  
30 be based on the rates provided in chapter 41.45 RCW. Copies of all  
31 such estimates shall be transmitted to the standing committees on ways  
32 and means of the house and senate at the same time as they are filed  
33 with the governor and the office of financial management.

34 The estimates shall include statements or tables which indicate, by  
35 agency, the state funds which are required for the receipt of federal  
36 matching revenues. The budget document must also include a listing of  
37 all new programs funded in the previous two years. For each new

1 program, the list shall include: Program name; program objective; a  
2 brief description of the program; performance measures; current annual  
3 funding levels by agency; and the funding level proposed in the  
4 governor's biennial budget request. The list shall include all new  
5 programs funded in the previous two years regardless of whether the  
6 governor proposes funding those programs for the ensuing biennium. The  
7 estimates shall be revised as necessary to reflect legislative  
8 enactments and adopted appropriations and shall be included with the  
9 initial biennial allotment submitted under RCW 43.88.110. The  
10 estimates must reflect that the agency considered any alternatives to  
11 reduce costs or improve service delivery identified in the findings of  
12 a performance audit of the agency by the joint legislative audit and  
13 review committee. Nothing in this subsection requires performance  
14 audit findings to be published as part of the budget.

15 (2) Each state agency shall define its mission and establish  
16 measurable goals for achieving desirable results for those who receive  
17 its services and the taxpayers who pay for those services. Each agency  
18 shall also develop clear strategies and timelines to achieve its goals.  
19 This section does not require an agency to develop a new mission or  
20 goals in place of identifiable missions or goals that meet the intent  
21 of this section. The mission and goals of each agency must conform to  
22 statutory direction and limitations.

23 (3) For the purpose of assessing activity performance, each state  
24 agency shall establish quality and productivity objectives for each  
25 major activity in its budget. The objectives must be consistent with  
26 the missions and goals developed under this section. The objectives  
27 must be expressed to the extent practicable in outcome-based,  
28 objective, and measurable form unless an exception to adopt a different  
29 standard is granted by the office of financial management and approved  
30 by the legislative committee on performance review. Objectives must  
31 specifically address the statutory purpose or intent of the program or  
32 activity and focus on data that measure whether the agency is achieving  
33 or making progress toward the purpose of the activity and toward  
34 statewide priorities. The office of financial management shall provide  
35 necessary professional and technical assistance to assist state  
36 agencies in the development of strategic plans that include the mission  
37 of the agency and its programs, measurable goals, strategies, and  
38 performance measurement systems.

1           (4) Each state agency shall adopt procedures for and perform  
2 continuous self-assessment of each activity, using the mission, goals,  
3 objectives, and measurements required under subsections (2) and (3) of  
4 this section. The assessment of the activity must also include an  
5 evaluation of major information technology systems or projects that may  
6 assist the agency in achieving or making progress toward the activity  
7 purpose and statewide priorities. The evaluation of proposed major  
8 information technology systems or projects shall be in accordance with  
9 the standards and policies established by the (~~information services~~  
10 ~~board~~) office of the chief information officer. Agencies' progress  
11 toward the mission, goals, objectives, and measurements required by  
12 subsections (2) and (3) of this section is subject to review as set  
13 forth in this subsection.

14           (a) The office of financial management shall regularly conduct  
15 reviews of selected activities to analyze whether the objectives and  
16 measurements submitted by agencies demonstrate progress toward  
17 statewide results.

18           (b) The office of financial management shall consult with the  
19 (~~higher education coordinating board and the~~) state board for  
20 community and technical colleges in those reviews that involve  
21 institutions of higher education.

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

24           (d) The office of financial management shall consult with the  
25 (~~information services board~~) office of the chief information officer  
26 when conducting reviews of major information technology systems in use  
27 by state agencies. The goal is that reviews of these information  
28 technology systems occur periodically.

29           (5) It is the policy of the legislature that each agency's budget  
30 recommendations must be directly linked to the agency's stated mission  
31 and program, quality, and productivity goals and objectives.  
32 Consistent with this policy, agency budget proposals must include  
33 integration of performance measures that allow objective determination  
34 of an activity's success in achieving its goals. When a review under  
35 subsection (4) of this section or other analysis determines that the  
36 agency's objectives demonstrate that the agency is making insufficient  
37 progress toward the goals of any particular program or is otherwise  
38 underachieving or inefficient, the agency's budget request shall

1 contain proposals to remedy or improve the selected programs. The  
2 office of financial management shall develop a plan to merge the budget  
3 development process with agency performance assessment procedures. The  
4 plan must include a schedule to integrate agency strategic plans and  
5 performance measures into agency budget requests and the governor's  
6 budget proposal over three fiscal biennia. The plan must identify  
7 those agencies that will implement the revised budget process in the  
8 1997-1999 biennium, the 1999-2001 biennium, and the 2001-2003 biennium.  
9 In consultation with the legislative fiscal committees, the office of  
10 financial management shall recommend statutory and procedural  
11 modifications to the state's budget, accounting, and reporting systems  
12 to facilitate the performance assessment procedures and the merger of  
13 those procedures with the state budget process. The plan and  
14 recommended statutory and procedural modifications must be submitted to  
15 the legislative fiscal committees by September 30, 1996.

16 (6) In reviewing agency budget requests in order to prepare the  
17 governor's biennial budget request, the office of financial management  
18 shall consider the extent to which the agency's activities demonstrate  
19 progress toward the statewide budgeting priorities, along with any  
20 specific review conducted under subsection (4) of this section.

21 (7) In the year of the gubernatorial election, the governor shall  
22 invite the governor-elect or the governor-elect's designee to attend  
23 all hearings provided in RCW 43.88.100; and the governor shall furnish  
24 the governor-elect or the governor-elect's designee with such  
25 information as will enable the governor-elect or the governor-elect's  
26 designee to gain an understanding of the state's budget requirements.  
27 The governor-elect or the governor-elect's designee may ask such  
28 questions during the hearings and require such information as the  
29 governor-elect or the governor-elect's designee deems necessary and may  
30 make recommendations in connection with any item of the budget which,  
31 with the governor-elect's reasons therefor, shall be presented to the  
32 legislature in writing with the budget document. Copies of all such  
33 estimates and other required information shall also be submitted to the  
34 standing committees on ways and means of the house and senate.

35 **Sec. 6.** RCW 43.88.030 and 2006 c 334 s 43 are each amended to read  
36 as follows:

37 (1) The director of financial management shall provide all agencies

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

38 The budget document or documents shall also contain:

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

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

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

8 (d) Such additional information dealing with revenues and  
9 expenditures as the governor shall deem pertinent and useful to the  
10 legislature;

11 (e) Tabulations showing expenditures classified by fund, function,  
12 and agency;

13 (f)(i) The expenditures that include nonbudgeted, nonappropriated  
14 accounts outside the state treasury; and

15 (ii) A listing of each agency's inactive, unfunded state programs  
16 for which no specific funding was provided in the preceding fiscal  
17 year;

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

21 (h) Tabulations showing each postretirement adjustment by  
22 retirement system established after fiscal year 1991, to include, but  
23 not be limited to, estimated total payments made to the end of the  
24 previous biennial period, estimated payments for the present biennium,  
25 and estimated payments for the ensuing biennium.

26 (2) The budget document or documents shall include detailed  
27 estimates of all anticipated revenues applicable to proposed operating  
28 or capital expenditures and shall also include all proposed operating  
29 or capital expenditures. The total of beginning undesignated fund  
30 balance and estimated revenues less working capital and other reserves  
31 shall equal or exceed the total of proposed applicable expenditures.  
32 The budget document or documents shall further include:

33 (a) Interest, amortization and redemption charges on the state  
34 debt;

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

36 (c) Other statutory expenditures;

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

38 (e) Revenues derived from agency operations;



1 (f) Expenditures and revenues shall be given in comparative form  
2 showing those incurred or received for the immediately past fiscal  
3 period and those anticipated for the current biennium and next ensuing  
4 biennium;

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

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

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

12 (j) A showing and explanation of anticipated amounts of general  
13 fund and other funds required to amortize the unfunded actuarial  
14 accrued liability of the retirement system specified under chapter  
15 41.45 RCW, and the contributions to meet such amortization, stated in  
16 total dollars and as a level percentage of total compensation.

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

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

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

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

26 (b) A capital program consisting of proposed capital projects for  
27 the next biennium and the two biennia succeeding the next biennium  
28 consistent with the long-range facilities plan. Inasmuch as is  
29 practical, and recognizing emergent needs, the capital program shall  
30 reflect the priorities, projects, and spending levels proposed in  
31 previously submitted capital budget documents in order to provide a  
32 reliable long-range planning tool for the legislature and state  
33 agencies;

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

36 (d) A strategic plan for reducing backlogs of maintenance and  
37 repair projects. The plan shall include a prioritized list of specific  
38 facility deficiencies and capital projects to address the deficiencies

1 for each agency, cost estimates for each project, a schedule for  
2 completing projects over a reasonable period of time, and  
3 identification of normal maintenance activities to reduce future  
4 backlogs;

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

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

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

10 (h) Estimated total project cost;

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

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

19 (k) Estimated ensuing biennium costs;

20 (l) Estimated costs beyond the ensuing biennium;

21 (m) Estimated construction start and completion dates;

22 (n) Source and type of funds proposed;

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

25 (p) For any capital appropriation requested for a state agency for  
26 the acquisition of land or the capital improvement of land in which the  
27 primary purpose of the acquisition or improvement is recreation or  
28 wildlife habitat conservation, the capital budget document, or an  
29 omnibus list of recreation and habitat acquisitions provided with the  
30 governor's budget document, shall identify the projected costs of  
31 operation and maintenance for at least the two biennia succeeding the  
32 next biennium. Omnibus lists of habitat and recreation land  
33 acquisitions shall include individual project cost estimates for  
34 operation and maintenance as well as a total for all state projects  
35 included in the list. The document shall identify the source of funds  
36 from which the operation and maintenance costs are proposed to be  
37 funded;

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

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

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

7 For purposes of this subsection (5), the term "capital project"  
8 shall be defined subsequent to the analysis, findings, and  
9 recommendations of a joint committee comprised of representatives from  
10 the house capital appropriations committee, senate ways and means  
11 committee, legislative evaluation and accountability program committee,  
12 and office of financial management.

13 (6) No change affecting the comparability of agency or program  
14 information relating to expenditures, revenues, workload, performance  
15 and personnel shall be made in the format of any budget document or  
16 report presented to the legislature under this section or RCW  
17 43.88.160(1) relative to the format of the budget document or report  
18 which was presented to the previous regular session of the legislature  
19 during an odd-numbered year without prior legislative concurrence.  
20 Prior legislative concurrence shall consist of (a) a favorable majority  
21 vote on the proposal by the standing committees on ways and means of  
22 both houses if the legislature is in session or (b) a favorable  
23 majority vote on the proposal by members of the legislative evaluation  
24 and accountability program committee if the legislature is not in  
25 session.

26 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.88 RCW  
27 to read as follows:

28 Any state program as defined in section 2 of this act taking effect  
29 on or after July 1, 2012, that does not receive specific funding as  
30 provided in the enacted bill's fiscal note prepared pursuant to RCW  
31 43.88A.020 expires three years after the effective date, unless an  
32 earlier expiration date is specified in the enacting legislation.

33 NEW SECTION. **Sec. 8.** Sections 1 through 4 of this act are each  
34 added to chapter 43.09 RCW.

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