
HOUSE BILL 2735

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Wylie, Zeiger, and Dunshee

Read first time 01/27/12. Referred to Committee on Capital Budget.

1 AN ACT Relating to intermediate capital projects and minor works;
2 and amending RCW 43.88.110.

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

4 **Sec. 1.** RCW 43.88.110 and 2009 c 518 s 3 are each amended to read
5 as follows:

6 This section sets forth the expenditure programs and the allotment
7 and reserve procedures to be followed by the executive branch for
8 public funds.

9 (1) Allotments of an appropriation for any fiscal period shall
10 conform to the terms, limits, or conditions of the appropriation.

11 (2) The director of financial management shall provide all agencies
12 with a complete set of operating and capital instructions for preparing
13 a statement of proposed expenditures at least thirty days before the
14 beginning of a fiscal period. The set of instructions need not include
15 specific appropriation amounts for the agency.

16 (3) Within forty-five days after the beginning of the fiscal period
17 or within forty-five days after the governor signs the omnibus biennial
18 appropriations act, whichever is later, all agencies shall submit to

1 the governor a statement of proposed expenditures at such times and in
2 such form as may be required by the governor.

3 (4) The office of financial management shall develop a method for
4 monitoring capital appropriations and expenditures that will capture at
5 least the following elements:

6 (a) Appropriations made for capital projects including
7 transportation projects;

8 (b) Estimates of total project costs including past, current,
9 ensuing, and future biennial costs;

10 (c) Comparisons of actual costs to estimated costs;

11 (d) Comparisons of estimated construction start and completion
12 dates with actual dates;

13 (e) Documentation of fund shifts between projects.

14 This data may be incorporated into the existing accounting system
15 or into a separate project management system, as deemed appropriate by
16 the office of financial management.

17 (5) The office of financial management, prior to approving
18 allotments for major capital construction projects valued over five
19 million dollars, with the exception of projects at institutions of
20 higher education as defined in RCW 28B.10.016, which may be valued up
21 to ten million dollars, shall institute procedures for reviewing such
22 projects at the predesign stage that will reduce long-term costs and
23 increase facility efficiency. The procedures shall include, but not be
24 limited to, the following elements:

25 (a) Evaluation of facility program requirements and consistency
26 with long-range plans;

27 (b) Utilization of a system of cost, quality, and performance
28 standards to compare major capital construction projects; and

29 (c) A requirement to incorporate value-engineering analysis and
30 constructability review into the project schedule.

31 (6) No expenditure may be incurred or obligation entered into for
32 such major capital construction projects including, without exception,
33 land acquisition, site development, predesign, design, construction,
34 and equipment acquisition and installation, until the allotment of the
35 funds to be expended has been approved by the office of financial
36 management. This limitation does not prohibit the continuation of
37 expenditures and obligations into the succeeding biennium for projects

1 for which allotments have been approved in the immediate prior
2 biennium.

3 (7) Minor works projects, as defined by the office of financial
4 management, may be valued up to five million dollars for institutions
5 of higher education as defined in RCW 28B.10.016.

6 (8) If at any time during the fiscal period the governor projects
7 a cash deficit in a particular fund or account as defined by RCW
8 43.88.050, the governor shall make across-the-board reductions in
9 allotments for that particular fund or account so as to prevent a cash
10 deficit, unless the legislature has directed the liquidation of the
11 cash deficit over one or more fiscal periods. Except for the
12 legislative and judicial branches and other agencies headed by elective
13 officials, the governor shall review the statement of proposed
14 operating expenditures for reasonableness and conformance with
15 legislative intent. The governor may request corrections of proposed
16 allotments submitted by the legislative and judicial branches and
17 agencies headed by elective officials if those proposed allotments
18 contain significant technical errors. Once the governor approves the
19 proposed allotments, further revisions may at the request of the office
20 of financial management or upon the agency's initiative be made on a
21 quarterly basis and must be accompanied by an explanation of the
22 reasons for significant changes. However, changes in appropriation
23 level authorized by the legislature, changes required by across-the-
24 board reductions mandated by the governor, changes caused by executive
25 increases to spending authority, and changes caused by executive
26 decreases to spending authority for failure to comply with the
27 provisions of chapter 36.70A RCW may require additional revisions.
28 Revisions shall not be made retroactively. However, the governor may
29 assign to a reserve status any portion of an agency appropriation
30 withheld as part of across-the-board reductions made by the governor
31 and any portion of an agency appropriation conditioned on a contingent
32 event by the appropriations act. The governor may remove these amounts
33 from reserve status if the across-the-board reductions are subsequently
34 modified or if the contingent event occurs. The director of financial
35 management shall enter approved statements of proposed expenditures
36 into the state budgeting, accounting, and reporting system within
37 forty-five days after receipt of the proposed statements from the
38 agencies. If an agency or the director of financial management is

1 unable to meet these requirements, the director of financial management
2 shall provide a timely explanation in writing to the legislative fiscal
3 committees.

4 ~~((+8+))~~ (9) It is expressly provided that all agencies shall be
5 required to maintain accounting records and to report thereon in the
6 manner prescribed in this chapter and under the regulations issued
7 pursuant to this chapter. Within ninety days of the end of the fiscal
8 year, all agencies shall submit to the director of financial management
9 their final adjustments to close their books for the fiscal year.
10 Prior to submitting fiscal data, written or oral, to committees of the
11 legislature, it is the responsibility of the agency submitting the data
12 to reconcile it with the budget and accounting data reported by the
13 agency to the director of financial management.

14 ~~((+9+))~~ (10) The director of financial management may exempt
15 certain public funds from the allotment controls established under this
16 chapter if it is not practical or necessary to allot the funds.
17 Allotment control exemptions expire at the end of the fiscal biennium
18 for which they are granted. The director of financial management shall
19 report any exemptions granted under this subsection to the legislative
20 fiscal committees.

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