

HOUSE BILL REPORT

SSB 5804

As of Second Reading

Title: An act relating to federal receipts reporting requirements.

Brief Description: Addressing federal receipts reporting requirements.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Baumgartner and Hill).

Brief History:

Committee Activity:

None.

Brief Summary of Substitute Bill

- Requires designated state agencies to report federal receipts as part of the agency's biennial budget submittal.
- Requires designated state agencies to develop contingency plans for a 5 percent and 25 percent reduction of federal receipts.

Staff: Jasmine Vasavada (786-7301).

Background:

State agencies administer more than 800 programs that receive federal funding. Federal assistance is provided through individual grants and awards annually, for the purpose of benefitting the general public in the areas of education, health, public safety, welfare, and public works, among others. According to the State Auditor's Office, during fiscal year 2012, 51 state agencies received over \$15 billion dollars in federal assistance.

State agencies prepare a biennial budget document that proposes expenditures based upon estimated revenues. Many federal grant programs include matching requirements or maintenance-of-effort provisions that require state and local governments to partially pay for a program from nonfederal revenues. In developing a budget proposal to the Legislature, the

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Governor may require state agencies to provide detailed estimates of state funds necessary to ensure receipt of federal matching revenues.

A federal law, the Single Audit Act (Act), establishes audit requirements to assist the federal government in ensuring that federal funds are expended properly. The Act provides that grantees are subject to a Single Audit, which is one audit of all of the federal programs they administer, instead of being subject to separate audits of each federal program. The State Auditor's Office conducts the State of Washington Single Audit, an organization-wide examination required by the Act of any entity that expends \$500,000 or more of federal assistance.

Summary of Bill:

Designated state agencies must prepare a biennial report on the amount of federal receipts estimated for the ensuing biennium, calculated as both an aggregate value and a percentage of the agency's total budget. The designated state agencies must also develop and include in the report contingency plans that reflect how the agency will operate under two scenarios: a reduction in federal receipts of 5 percent or more, and a reduction in federal receipts of 25 percent or more. The report must be included as part of the agency's biennial budget submittal.

"Federal receipts" means federal assistance, reported in a Single Audit, that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance, but does not include certain amounts received as reimbursement for services rendered to individuals.

A "designated state agency" means the Department of Social and Health Services, the Department of Health, the Health Care Authority, the Department of Commerce, the Department of Ecology, the Department of Fish and Wildlife, the Department of Early Learning, and the Office of the Superintendent of Public Instruction. The Superintendent of Public Instruction is required to include in the agency's biennial budget submittal the report for each school district within the state.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.