

HOUSE BILL REPORT

HB 2911

As Reported By House Committee On:

Transportation

Title: An act relating to performance budgeting for transportation agencies.

Brief Description: Establishing performance budgeting for transportation agencies.

Sponsors: Representatives Robertson, K. Schmidt, R. Fisher, Backlund, Blanton and Wolfe.

Brief History:

Committee Activity:

Transportation: 1/24/96, 1/30/96 [DP].

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 24 members: Representatives K. Schmidt, Chairman; Benton, Vice Chairman; Mitchell, Vice Chairman; Hatfield, Assistant Ranking Minority Member; Backlund; Blanton; Brown; Buck; Cairnes; Chopp; Elliot; Hankins; Horn; Johnson; McMahan; Ogden; Patterson; Quall; Robertson; Romero; D. Schmidt; Scott; Sterk and Tokuda.

Staff: Brad Lovaas (786-7307).

Background: Chapter 43.88 RCW, commonly referred to as the Budget and Accounting Act, serves as the basis for state agency budget and accounting practices. The Budget and Accounting Act directs the director of financial management to provide state agencies with budget instructions at least three months prior to the agency request budget being due to the Office of Financial Management (OFM) and the Legislature.

The current budget process is based upon the presumption of continuing current service levels with marginal changes. Terms such as CAL (current authorized level), ERL (essential requirement level), and decision packages or policy items are used to build state agencies' budgets.

The Washington Performance Partnership Council was established by the 1994 Legislature to 1) establish a strategic intent for state government; 2) establish

continuous improvement efforts of state government programs; and 3) establish performance measurements and redesign of the budget process.

The Legislative Transportation Committee (LTC) leadership has expressed their willingness to work with OFM and the transportation agencies to improve the transportation budgeting process.

The major transportation agencies [the Department of Transportation (DOT), Washington State Patrol (WSP), and Department of Licensing (DOL)] all have 1) strategic plans; 2) cost accounting systems; 3) performance measures for most programs; 4) quality initiatives; and 5) legislative oversight and management reporting capabilities with the fiscal and performance monitoring system within the transportation executive information system (TEIS). With few exceptions, all the activities listed above have been required as part of budget provisos and have no statutory effect once the budget period lapses.

Summary of Bill: The Transportation Performance Budget Act of 1996 is created. It requires activities commonly referred to as elements of performance-based budgeting. The provisions of this bill apply only to the major state transportation agencies (DOT, WSP, and DOL).

The agencies are required to submit, as part of their agency request budgets, a strategic plan that serves as the basis for the biennial budget request.

The agencies are required to establish performance measurements for each of the major activities at the subprogram level. The agencies are required to utilize information from their cost accounting systems to establish performance measures based upon unit costs.

The agencies are required to link their agency budget requests to their strategic plans as justification for the requested appropriation level.

The major transportation agencies are required to follow the Governor's budget instructions. Those budget instructions are required to include unspecified exemptions to allow the agencies to comply with the provisions of the bill.

Agencies shall submit, as part of their budget requests, plans for management quality initiatives, internal self-assessments, and means by which external assessments shall be performed.

A performance budgeting advisory steering committee is established to oversee the implementation of the provisions of this bill. The steering committee is comprised of LTC leadership, the Governor, the director of financial management, and the directors of the major transportation agencies. The advisory committee shall appoint

the appropriate staff from the Governor's office, OFM, the LTC, and the major transportation agencies to develop specific methods of implementing the provisions of this bill.

The major transportation agencies are not required to develop a new strategic plan, cost accounting system, establish new performance measures, or management quality initiatives in place of current activities.

Appropriation: None.

Fiscal Note: Requested on January 23, 1996.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The transportation agencies are already using these management tools and would like to continue using them.

Testimony Against: None.

Testified: Representative Eric Robertson, prime sponsor; Captain Bill Ford, Washington State Patrol; Randy Hain, Department of Transportation; and Denise Movius, Department of Licensing.