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HOUSE BILL 1239

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State of Washington

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1995 Regular Session

By Representatives Romero, Costa, Quall, Kessler, Campbell, Ebersole, Fuhrman, Brown, Hatfield, Wolfe, Conway, Kremen and Chopp

Read first time 01/18/95. Referred to Committee on Appropriations.

1 AN ACT Relating to state budgeting; amending RCW 43.88.140; adding  
2 new sections to chapter 43.88 RCW; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** Washington state government has the vision  
5 to be the most effective and best performing service organization in  
6 the state. The state of Washington also expects to be the most  
7 effective and best performing state government in the United States,  
8 measured in terms of quality of customer service, accountability for  
9 cost-effective services, and productivity. With the passage of  
10 Initiative 601 there are additional constraints on the growth of state  
11 government. It is the intent of the legislature to provide incentives  
12 to public employees to spend public funds in the most efficient and  
13 effective manner possible. The system that allows the spending of  
14 public money should reward frugality and innovation, not encourage  
15 wasteful spending. Agencies are encouraged to identify savings and  
16 entrepreneurial opportunities and then use a portion of the resulting  
17 savings and earnings to improve the quality of service to the customers  
18 of state government.

1        NEW SECTION.    **Sec. 2.**    (1) The efficiency fund is created in the  
2 custody of the state treasurer. An account within the fund shall be  
3 established for each state agency.

4        (2) The source of revenue for the fund is as follows: At the close  
5 of each fiscal year the state treasurer is to transfer into each  
6 agency's account in the efficiency fund sixty-six percent of each  
7 agency's administrative savings.

8        (a) The administrative savings shall be approved by the director of  
9 the office of financial management; and

10       (b) The funds may be transferred to the efficiency fund when there  
11 are no restrictions on the funds that would prohibit (i) their transfer  
12 or (ii) their use for the purposes allowed in subsection (3) of this  
13 section.

14       (3)(a) For the purposes of this section, "administrative savings"  
15 means unspent appropriations resulting from cost effectiveness measures  
16 or productivity gains such as:

17       (i) Improved systems and procedures;

18       (ii) Better deployment and utilization of personnel;

19       (iii) Elimination of unnecessary expenditures;

20       (iv) Reductions in the cost of goods and services; or

21       (v) Elimination of waste, duplication, and operations of doubtful  
22 value.

23       (b) Administrative savings may not result from:

24       (i) Lower workloads, caseloads, or enrollments than were budgeted;

25       (ii) A lowering of the quality of services rendered; or

26       (iii) Shifting of expenses to another unit of government, revenue  
27 source, or fiscal period.

28       Administrative savings cannot exceed the amount of reversions due  
29 to efficiency measures.

30       (4) The amount in a particular agency's account may be authorized  
31 for expenditure only for that agency.

32       (5) Funds may be expended from the efficiency fund in order to  
33 improve the quality of services to the customers of the state. This  
34 includes one-time expenditures for employee training, technology  
35 improvements, new work processes, program innovations, equipment  
36 upgrades, office remodels, performance measurement and benchmarking, or  
37 employee bonuses. The expenditure shall not be used to expand a  
38 current program or create new programs that would have ongoing costs  
39 that would require future appropriations from the legislature.

1 (6) The fund is not subject to allotment under this chapter and no  
2 appropriation is required for expenditures from the efficiency fund.

3 **Sec. 3.** RCW 43.88.140 and 1981 c 270 s 9 are each amended to read  
4 as follows:

5 (1) Except as set out under subsection (2) of this section, all  
6 appropriations shall lapse at the end of the fiscal period for which  
7 the appropriations are made to the extent that they have not been  
8 expended or lawfully obligated.

9 (2) An amount equal to sixty-six percent of all appropriations for  
10 a fiscal period, to the extent that they have not been expended or  
11 lawfully obligated, shall be deposited by the state treasurer into the  
12 efficiency savings account after the end of the fiscal period for which  
13 the appropriations are made.

14 (3) Any remaining appropriations shall lapse at the end of the  
15 fiscal period for which the appropriations are made to the extent that  
16 they have not been expended or lawfully obligated.

17 (4) Transfers from the general fund to the efficiency fund are  
18 exempt from the provisions of RCW 43.135.035(4).

19 NEW SECTION. **Sec. 4.** (1) The enterprise fund is created in the  
20 custody of the state treasurer. An account within the fund shall be  
21 established for each state agency. Revenue for the fund shall come  
22 from money each agency earns for service provided. This includes user  
23 fees, proceeds from the sale of publications, products, or services,  
24 royalties, concessions, rent, and other various services provided. If  
25 the money is not directed by law to another account it shall be  
26 deposited into the enterprise fund.

27 (2) Funds may be validly expended from the enterprise fund for  
28 those purposes that are consistent with the agency's priorities  
29 established in the budget process, and if the purposes are within  
30 either the agency's charter, or statutory intent, or both.

31 (3) The amount of money in a particular agency's account may be  
32 authorized for expenditure only for that agency.

33 (4) The fund is not subject to allotment under this chapter, and no  
34 appropriation is required for expenditures.

1        NEW SECTION.   **Sec. 5.**   Sections 2 and 4 of this act are each added  
2   to chapter 43.88 RCW.

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