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**SUBSTITUTE HOUSE BILL 1399**

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**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** House Committee on Appropriations (originally sponsored by Representatives Silver, Johnson, D. Schmidt, Carrell, Thompson, Goldsmith, McMahan, Robertson, Hargrove, Hymes, Clements, Pennington, Crouse, Lambert, Elliot, Hankins, Hickel, Honeyford, Smith, Delvin, Foreman, Lisk, Schoesler, Mielke, Sheahan, Van Luven, Sheldon, Chandler, Casada, Mulliken, B. Thomas, Backlund, Talcott, Dyer, Cooke, L. Thomas, Mitchell, Huff, Boldt and McMorris)

Read first time 03/03/95.

1 AN ACT Relating to greater fiscal responsibility and accountability  
2 during the budget adoption process by providing for a modified zero-  
3 base budget review; adding new sections to chapter 43.88 RCW; and  
4 declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** (1) The first year of every biennium, at  
7 least two general areas of responsibility in the operating budget must  
8 be subject to a modified zero-base budget review, known as the review.  
9 The review will analyze the success or failure of the programs and the  
10 associated costs based on the legislative intent and the efficiency of  
11 the program. The review of the program will be done without reference  
12 to past incremental funding. The review will only include the state  
13 portion of the general fund. The legislature shall consider the  
14 results of the review when adopting the biennial operating budget.

15 (2) The zero-base budget review must include estimates on the  
16 program's administrative cost. The estimate should include a break  
17 down of the cost for programs included in the budget base. The  
18 proposed enhancements must receive a similar review for anticipated  
19 administrative costs.

1 (3) The review must also include an estimate on the amount of funds  
2 or benefits that actually reach the intended recipients.

3 (4) A cost benefit analysis may also be performed for programs in  
4 the budget base or part of the essential requirement level. The  
5 enhancements must receive a similar review for anticipated  
6 administrative costs.

7 (5) The review shall include an estimate of the total cost to  
8 operate the program as it relates to funding from the state portion of  
9 the general fund.

10 (6) The review shall include an estimate of the major costs of  
11 operating the program.

12 (7) The modified zero-base budget review of each biennium's  
13 operating budget will consist of three biennial budget reviews of  
14 funding from the state portion of the general fund. The first modified  
15 zero-base budget review shall consist of the appropriations for the  
16 department of social and health services and general government. The  
17 general areas of general government include but are not limited to:  
18 The legislature and legislative agencies; the judiciary and judicial  
19 agencies; the office of the governor; the office of financial  
20 management; and the remaining general government. The review shall be  
21 completed no later than September 1, 1996. The second review shall  
22 consist of appropriations for the remaining human services and natural  
23 resources areas. The second modified zero-base budget review shall be  
24 completed no later than September 1, 1998. The third review shall  
25 consist of appropriations for education for public schools, four-year  
26 schools, community and technical colleges, transportation, and special  
27 appropriations. The third review shall be completed by September 1,  
28 2000. When the three modified zero-base budget reviews are completed  
29 by September 1, 2000, the reviews will start over again in the next  
30 biennial budget of 2001-2003 and will continue indefinitely.

31 (8) The modified zero-base budget review shall be completed by both  
32 the house of representatives appropriations committee and the senate  
33 committee on ways and means. The committees shall independently  
34 complete their modified zero-base budget review. The house of  
35 representatives appropriations committee review must be completed prior  
36 to the release of the house of representatives operating budget  
37 proposal. The senate committee on ways and means review must be  
38 completed prior to the release of the senate committee on ways and  
39 means operating budget proposal.

1        NEW SECTION.    **Sec. 2.**    (1) The first modified zero-base budget  
2 review shall include the department of social and health services and  
3 the general areas of general government including but not limited to:  
4 The legislature and legislative agencies; and the judiciary and  
5 judicial agencies.

6        (2) General government includes but is not limited to all the  
7 general fund--state appropriations for the office of the governor,  
8 office of the lieutenant governor, public disclosure commission,  
9 secretary of state, commission on Asian-American affairs, state  
10 treasurer, state auditor, attorney general, office of financial  
11 management, committee for deferred compensation, commission on Hispanic  
12 affairs, department of retirement systems, department of revenue, board  
13 of tax appeals, municipal research council, office of minority and  
14 women's business enterprises, department of general administration,  
15 board of accountancy, liquor control board, military department, public  
16 employment relations commission, and any other programs, boards, or  
17 commissions related to general government.

18        NEW SECTION.    **Sec. 3.**    (1) The second modified zero-base budget  
19 review shall include the remaining areas of human services excluding  
20 the department of social and health services, natural resources, and  
21 the transportation area.

22        (2) Human services includes but is not limited to all the general  
23 fund--state appropriations for the health care authority, department of  
24 health, department of community, trade, and economic development, human  
25 rights commission, department of labor and industries, indeterminate  
26 sentence review board, department of veterans affairs, department of  
27 corrections, department of services for the blind, sentencing  
28 guidelines commission, employment security department, and any other  
29 programs related to human services.

30        (3) Natural resources includes but is not limited to all the  
31 general fund--state appropriations for the state energy office,  
32 Columbia river gorge commission, department of ecology, parks and  
33 recreation commission, interagency committee for outdoor recreation,  
34 environmental hearings office, conservation commission, Puget Sound  
35 water quality authority, department of fish and wildlife, department of  
36 natural resources, department of agriculture, and any program related  
37 to natural resources.

1 (4) The transportation area includes but is not limited to all the  
2 general fund--state appropriations for the department of licensing,  
3 Washington state patrol, and other transportation agencies.

4 NEW SECTION. **Sec. 4.** (1) The third modified zero-base budget  
5 review shall include the general area of education funds for public  
6 schools, community and technical colleges, four-year schools, the  
7 higher education coordinating board, funding relating to higher  
8 education, and special appropriations.

9 (2) Public schools include but are not limited to: Funding for  
10 public schools, funding related to kindergarten through twelfth grade.  
11 The biennial modified zero-base budget review shall exclude  
12 appropriations for basic education.

13 (3) Higher education shall include all funding for four-year  
14 schools, community and technical colleges, and the remaining funding  
15 for education.

16 (4) Special appropriations includes but is not limited to all the  
17 general fund--state appropriations for the governor, belated claims,  
18 sundry claims, retirement contributions, state revenue for  
19 distribution, and any other programs related to special appropriations.

20 NEW SECTION. **Sec. 5.** (1) To plan for the zero-base budget review,  
21 a joint select committee consisting of the chairperson and the ranking  
22 minority member of both the house of representatives appropriations  
23 committee and the senate ways and means committee will coordinate with  
24 the director of financial management to establish the method and format  
25 for reporting information to the legislature.

26 (2) The joint select committee, in consultation with the director  
27 of financial management, will decide what is required from each agency  
28 to perform the zero-base budget review within the period specified  
29 within this chapter. The required information from the executive  
30 agencies will include financial, accounting, and other program-related  
31 data.

32 (3) Planning meetings for the requirements from the executive  
33 agencies must start no later than June 1, 1995. The joint select  
34 committee must decide on the final format of the required information  
35 to perform zero-base budget review for agencies that receive  
36 appropriations for social and health services and general government by  
37 August 1, 1995.

1 (4) The executive agencies that receive general fund appropriations  
2 for social and health services and general government must complete the  
3 requested information for the zero-base budget review and must provide  
4 it to the senate committee on ways and means and the house of  
5 representatives appropriations committee, no later than December 15,  
6 1995. Every six years after completion of the first review of December  
7 15, 1995, the new review must be completed.

8 (5) The joint select committee must decide on the final format of  
9 the required information to perform zero-base budget review for  
10 agencies that receive appropriations for other human services, natural  
11 resources, and transportation by July 1, 1997.

12 (6) The agencies that receive general fund appropriations for other  
13 human services, natural resources, and transportation must complete the  
14 requested information for the zero-base budget review, and must provide  
15 it to the senate committee on ways and means and the house of  
16 representatives appropriations committee, no later than December 15,  
17 1997. Every six years after completion of the first review of December  
18 15, 1997, the new review must be completed.

19 (7) The joint select committee must decide on the final format of  
20 the required information to perform zero-base budget review for  
21 agencies that receive appropriations for public schools, community and  
22 technical colleges, colleges and universities, the higher education  
23 coordinating board, and special appropriations by July 1, 1999.

24 (8) The executive agencies that receive general fund appropriations  
25 for public schools, community and technical colleges, colleges,  
26 universities, the higher education coordinating board, and special  
27 appropriations must complete the requested information for the zero-  
28 base budget review, and must provide it to the senate committee on ways  
29 and means and the house of representatives appropriations committee, no  
30 later than December 15, 1999. Every six years after completion of the  
31 first review of December 15, 1999, the new review must be completed.

32 NEW SECTION. **Sec. 6.** This act is necessary for the immediate  
33 preservation of the public peace, health, or safety, or support of the  
34 state government and its existing public institutions, and shall take  
35 effect immediately.

1        NEW SECTION.    **Sec. 7.**    Sections 1 through 5 of this act are each  
2 added to chapter 43.88 RCW.

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