

2 **SHB 1190** - S COMM AMD  
3 By Committee on Ways & Means

4 ADOPTED 4/17/97

5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 43.88.090 and 1996 c 317 s 10 are each amended to  
8 read as follows:

9 (1) For purposes of developing budget proposals to the legislature,  
10 the governor shall have the power, and it shall be the governor's duty,  
11 to require from proper agency officials such detailed estimates and  
12 other information in such form and at such times as the governor shall  
13 direct. The estimates for the legislature and the judiciary shall be  
14 transmitted to the governor and shall be included in the budget without  
15 revision. The estimates for state pension contributions shall be based  
16 on the rates provided in chapter 41.45 RCW. Copies of all such  
17 estimates shall be transmitted to the standing committees on ways and  
18 means of the house and senate at the same time as they are filed with  
19 the governor and the office of financial management.

20 The estimates shall include statements or tables which indicate, by  
21 agency, the state funds which are required for the receipt of federal  
22 matching revenues. The estimates shall be revised as necessary to  
23 reflect legislative enactments and adopted appropriations and shall be  
24 included with the initial biennial allotment submitted under RCW  
25 43.88.110. The estimates must reflect that the agency considered any  
26 alternatives to reduce costs or improve service delivery identified in  
27 the findings of a performance audit of the agency by the joint  
28 legislative audit and review committee. Nothing in this subsection  
29 requires performance audit findings to be published as part of the  
30 budget.

31 (2) Each state agency shall define its mission and establish  
32 measurable goals for achieving desirable results for those who receive  
33 its services and the taxpayers who pay for those services. Each agency  
34 shall also develop clear strategies and timelines to achieve its goals.  
35 This section does not require an agency to develop a new mission or  
36 goals in place of identifiable missions or goals that meet the intent

1 of this section. The mission and goals of each agency must conform to  
2 statutory direction and limitations.

3 (3) For the purpose of assessing program performance, each state  
4 agency shall establish program objectives for each major program in its  
5 budget. The objectives must be consistent with the missions and goals  
6 developed under this section. The objectives must be expressed to the  
7 extent practicable in outcome-based, objective, and measurable form  
8 unless an exception to adopt a different standard is granted by the  
9 office of financial management and approved by the legislative  
10 committee on performance review. The office of financial management  
11 shall provide necessary professional and technical assistance to assist  
12 state agencies in the development of strategic plans that include the  
13 mission of the agency and its programs, measurable goals, strategies,  
14 and performance measurement systems.

15 (4) Each state agency shall adopt procedures for continuous self-  
16 assessment of each program and activity, using the mission, goals,  
17 objectives, and measurements required under subsections (2) and (3) of  
18 this section.

19 (5) It is the policy of the legislature that each agency's budget  
20 proposals must be directly linked to the agency's stated mission and  
21 program goals and objectives. Consistent with this policy, agency  
22 budget proposals must include integration of performance measures that  
23 allow objective determination of a program's success in achieving its  
24 goals. The office of financial management shall develop a plan to  
25 merge the budget development process with agency performance assessment  
26 procedures. The plan must include a schedule to integrate agency  
27 strategic plans and performance measures into agency budget requests  
28 and the governor's budget proposal over three fiscal biennia. The plan  
29 must identify those agencies that will implement the revised budget  
30 process in the 1997-1999 biennium, the 1999-2001 biennium, and the  
31 2001-2003 biennium. In consultation with the legislative fiscal  
32 committees, the office of financial management shall recommend  
33 statutory and procedural modifications to the state's budget,  
34 accounting, and reporting systems to facilitate the performance  
35 assessment procedures and the merger of those procedures with the state  
36 budget process. The plan and recommended statutory and procedural  
37 modifications must be submitted to the legislative fiscal committees by  
38 September 30, 1996.

1 (6) In the year of the gubernatorial election, the governor shall  
2 invite the governor-elect or the governor-elect's designee to attend  
3 all hearings provided in RCW 43.88.100; and the governor shall furnish  
4 the governor-elect or the governor-elect's designee with such  
5 information as will enable the governor-elect or the governor-elect's  
6 designee to gain an understanding of the state's budget requirements.  
7 The governor-elect or the governor-elect's designee may ask such  
8 questions during the hearings and require such information as the  
9 governor-elect or the governor-elect's designee deems necessary and may  
10 make recommendations in connection with any item of the budget which,  
11 with the governor-elect's reasons therefor, shall be presented to the  
12 legislature in writing with the budget document. Copies of all such  
13 estimates and other required information shall also be submitted to the  
14 standing committees on ways and means of the house and senate.

15 **Sec. 2.** RCW 44.28.091 and 1996 c 288 s 14 are each amended to read  
16 as follows:

17 (1) No later than nine months after the final performance audit has  
18 been transmitted by the joint committee to the appropriate standing  
19 committees of the house of representatives and the senate, the ~~((joint  
20 committee in consultation with the standing committees may))~~ agency or  
21 local government shall produce a preliminary compliance report on ((the  
22 agency's or local government's)) its compliance with the final  
23 performance audit recommendations and submit it to the joint committee.  
24 ((The agency or local government may attach its comments to the joint  
25 committee's preliminary compliance report as a separate addendum.)) At  
26 the request of the joint committee, the agency or local government  
27 shall periodically provide updates to the preliminary compliance report  
28 until the joint committee determines that the agency or local  
29 government has complied with the final performance audit  
30 recommendations to the joint committee's satisfaction.

31 (2) ~~((Within three months after the issuance of the preliminary  
32 compliance report,))~~ The joint committee may hold ((at least one))  
33 public hearings and receive public testimony ((regarding the findings  
34 and recommendations contained in the preliminary compliance report.  
35 The joint committee may waive the public hearing requirement if the  
36 preliminary compliance report demonstrates that the agency or local  
37 government is in compliance with the audit recommendations)) if the  
38 agency or local government is not making satisfactory progress in

1 achieving compliance. The joint committee shall issue any final  
2 compliance report (~~((within four weeks after the public hearing or~~  
3 ~~hearings))~~ after an agency or local government has satisfactorily  
4 complied with the final audit recommendations. The legislative auditor  
5 shall transmit the final compliance report in the same manner as a  
6 final performance audit is transmitted under RCW 44.28.088."

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10 On page 1, line 1 of the title, after "audits;" strike the  
11 remainder of the title and insert "and amending RCW 43.88.090 and  
12 44.28.091."

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