

HOUSE BILL REPORT

HB 2890

As Reported By House Committee On:
Transportation Policy & Budget

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

Brief Description: Requiring performance budgeting for transportation agencies.

Sponsors: Representatives Mitchell, Fisher, K. Schmidt, Radcliff, Cairnes, Zellinsky, Backlund, Skinner, Chandler, Robertson, DeBolt, Sterk, Romero, Gardner, Hankins, Constantine, Mielke, Wood, McCune, Sherstad, Ogden, O'Brien, Linville, Cooke, Cooper, Boldt, Lambert, Tokuda, Anderson, Dickerson, Thompson and Conway.

Brief History:

Committee Activity:

Transportation Policy & Budget: 2/3/98, 2/4/98 [DPS].

HOUSE COMMITTEE ON TRANSPORTATION POLICY & BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives K. Schmidt, Chairman; Hankins, Vice Chairman; Mielke, Vice Chairman; Mitchell, Vice Chairman; Fisher, Ranking Minority Member; Cooper, Assistant Ranking Minority Member; Backlund; Buck; Cairnes; Chandler; Constantine; DeBolt; Gardner; Hatfield; Johnson; McCune; Murray; O'Brien; Ogden; Radcliff; Robertson; Romero; Scott; Skinner; Sterk; Wood and Zellinsky.

Staff: Jennifer Hanlon (786-7316).

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

During the 1997 interim, the Budget Development Working Group (BDWG) of the Legislative Transportation Committee (LTC) addressed the use of performance-based budgeting by transportation agencies. The working group recommended to the LTC that the committee adopt a schedule for strategic planning and the implementation of performance budgeting.

The Department of Transportation (DOT), the Department of Licensing (DOL), and the Washington State Patrol (WSP) all have: (1) strategic plans; (2) performance measures for most programs; (3) quality initiatives; and (4) 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 Substitute Bill: The Transportation Efficiency and Accountability Act is created. DOL, the DOT, and the WSP must implement a performance budgeting system that provides a link between agency objectives and the budget.

The three agencies must submit a strategic plan with their agency request budgets. The strategic plan must include a six-year outlook and an outline of agency goals and strategies.

The agencies will develop performance indicators to measure activities in the strategic plan. The satisfaction of the agencies' consumers must be one indicator.

The LTC, OFM, the transportation agencies, or any combination of these parties must conduct program authorization reviews. The reviews will involve an agency self-assessment and recommendations on whether to retain, eliminate or modify funding and related statutory references for the agency.

The transportation agencies will develop a pilot project for one program during the 1999-2001 biennium to test the effectiveness of performance budgeting.

Each agency must submit a program list to the LTC at the end of each fiscal year. The list must describe the functions of each program, fund sources and full-time equivalents.

Agency budget requests must be developed at the program level, rather than the object level. Agencies should submit their budget requests to OFM via a common budget system. Agencies must also input their monthly financial information and quarterly program performance measurements into TEIS.

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

Substitute Bill Compared to Original Bill: The bill must be referred to as the Transportation Efficiency and Accountability Act. The strategic plan must outline agency goals and strategies. The satisfaction of consumers must be one performance indicator. Full performance budgeting must be implemented by the 2001-2003 biennium.

Appropriation: None.

Fiscal Note: Requested on January 26, 1998.

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

Testimony For: The DOT is familiar with these theories and believes they are good for state government.

Testimony Against: None.

Testified: Bill Ford, Department of Transportation.