
HOUSE BILL 2281

State of Washington

62nd Legislature

2012 Regular Session

By Representatives Rivers, Probst, Harris, Alexander, Dahlquist, Orcutt, Kelley, Miloscia, Zeiger, Angel, and Moscoso

Read first time 01/11/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to greater efficiency in state government through
2 incorporating performance audit recommendations into the state
3 budgeting process; amending RCW 43.88.030; adding a new section to
4 chapter 43.06 RCW; adding a new section to chapter 44.04 RCW; and
5 creating a new section.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that the state auditor
8 has conducted thirty performance audits of programs and services
9 provided by more than eighty state agencies and local governments since
10 citizens approved Initiative No. 900 in November 2005. These audits
11 have identified nearly one billion dollars in potential five-year
12 savings and increased revenues without raising taxes. While a large
13 majority of the recommendations from these performance audits have been
14 implemented, several recommendations that would increase state revenues
15 without raising taxes or reduce costs for taxpayers have not been
16 implemented. The purpose of this act is to incorporate performance
17 audit recommendations into the state budgeting process and require the
18 governor and legislature to carefully examine each recommendation to

1 ensure taxpayer dollars are being spent in the most efficient way
2 possible.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.06 RCW
4 to read as follows:

5 (1) The governor is requested to review all performance audits of
6 state agencies conducted by the state auditor pursuant to RCW
7 43.09.470. The governor must identify each recommendation made in the
8 performance audit and prepare a progress report as part of the biennial
9 budget documents under RCW 43.88.030 on how each recommendation has
10 been implemented that does not require legislative action. The
11 governor may also submit other recommendations with respect to the
12 implementation of performance audits.

13 (2) For the purposes of this section, "performance audit" and
14 "state agency" have the same meaning as in RCW 43.09.430.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 44.04 RCW
16 to read as follows:

17 Within thirty days after a performance audit of a state agency
18 conducted by the state auditor pursuant to RCW 43.09.470 is issued to
19 the public, the appropriate committees of the house of representatives
20 and the senate must hold a work session or public hearing on the
21 performance audit. Within fifteen days after the conclusion of the
22 work session or public hearing, the committee must adopt a joint
23 memorial addressed to the appropriate state agencies expressing the
24 legislature's views on the recommendations of the performance audit
25 including what recommendations the legislature believes should be
26 implemented and justification for which recommendations should not be
27 implemented.

28 **Sec. 4.** RCW 43.88.030 and 2006 c 334 s 43 are each amended to read
29 as follows:

30 (1) The director of financial management shall provide all agencies
31 with a complete set of instructions for submitting biennial budget
32 requests to the director at least three months before agency budget
33 documents are due into the office of financial management. The budget
34 document or documents shall consist of the governor's budget message
35 which shall be explanatory of the budget and shall contain an outline

1 of the proposed financial policies of the state for the ensuing fiscal
2 period, as well as an outline of the proposed six-year financial
3 policies where applicable, and shall describe in connection therewith
4 the important features of the budget. The biennial budget document or
5 documents shall also describe performance indicators that demonstrate
6 measurable progress towards priority results. The message shall set
7 forth the reasons for salient changes from the previous fiscal period
8 in expenditure and revenue items and shall explain any major changes in
9 financial policy. Attached to the budget message shall be such
10 supporting schedules, exhibits and other explanatory material in
11 respect to both current operations and capital improvements as the
12 governor shall deem to be useful to the legislature. The budget
13 document or documents shall set forth a proposal for expenditures in
14 the ensuing fiscal period, or six-year period where applicable, based
15 upon the estimated revenues and caseloads as approved by the economic
16 and revenue forecast council and caseload forecast council or upon the
17 estimated revenues and caseloads of the office of financial management
18 for those funds, accounts, sources, and programs for which the forecast
19 councils do not prepare an official forecast. Revenues shall be
20 estimated for such fiscal period from the source and at the rates
21 existing by law at the time of submission of the budget document,
22 including the supplemental budgets submitted in the even-numbered years
23 of a biennium. However, the estimated revenues and caseloads for use
24 in the governor's budget document may be adjusted to reflect budgetary
25 revenue transfers and revenue and caseload estimates dependent upon
26 budgetary assumptions of enrollments, workloads, and caseloads. All
27 adjustments to the approved estimated revenues and caseloads must be
28 set forth in the budget document. The governor may additionally
29 submit, as an appendix to each supplemental, biennial, or six-year
30 agency budget or to the budget document or documents, a proposal for
31 expenditures in the ensuing fiscal period from revenue sources derived
32 from proposed changes in existing statutes.

33 The budget document or documents shall also contain:

34 (a) Revenues classified by fund and source for the immediately past
35 fiscal period, those received or anticipated for the current fiscal
36 period, and those anticipated for the ensuing biennium;

37 (b) The undesignated fund balance or deficit, by fund;

1 (c) Such additional information dealing with expenditures,
2 revenues, workload, performance, and personnel as the legislature may
3 direct by law or concurrent resolution;

4 (d) Such additional information dealing with revenues and
5 expenditures as the governor shall deem pertinent and useful to the
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,
8 and agency;

9 (f) The expenditures that include nonbudgeted, nonappropriated
10 accounts outside the state treasury;

11 (g) Identification of all proposed direct expenditures to implement
12 the Puget Sound water quality plan under chapter 90.71 RCW, shown by
13 agency and in total; (~~and~~)

14 (h) Tabulations showing each postretirement adjustment by
15 retirement system established after fiscal year 1991, to include, but
16 not be limited to, estimated total payments made to the end of the
17 previous biennial period, estimated payments for the present biennium,
18 and estimated payments for the ensuing biennium; and

19 (i) The performance audit implementation progress report prepared
20 under section 2 of this act.

21 (2) The budget document or documents shall include detailed
22 estimates of all anticipated revenues applicable to proposed operating
23 or capital expenditures and shall also include all proposed operating
24 or capital expenditures. The total of beginning undesignated fund
25 balance and estimated revenues less working capital and other reserves
26 shall equal or exceed the total of proposed applicable expenditures.
27 The budget document or documents shall further include:

28 (a) Interest, amortization and redemption charges on the state
29 debt;

30 (b) Payments of all reliefs, judgments, and claims;

31 (c) Other statutory expenditures;

32 (d) Expenditures incident to the operation for each agency;

33 (e) Revenues derived from agency operations;

34 (f) Expenditures and revenues shall be given in comparative form
35 showing those incurred or received for the immediately past fiscal
36 period and those anticipated for the current biennium and next ensuing
37 biennium;

1 (g) A showing and explanation of amounts of general fund and other
2 funds obligations for debt service and any transfers of moneys that
3 otherwise would have been available for appropriation;

4 (h) Common school expenditures on a fiscal-year basis;

5 (i) A showing, by agency, of the value and purpose of financing
6 contracts for the lease/purchase or acquisition of personal or real
7 property for the current and ensuing fiscal periods; and

8 (j) A showing and explanation of anticipated amounts of general
9 fund and other funds required to amortize the unfunded actuarial
10 accrued liability of the retirement system specified under chapter
11 41.45 RCW, and the contributions to meet such amortization, stated in
12 total dollars and as a level percentage of total compensation.

13 (3) The governor's operating budget document or documents shall
14 reflect the statewide priorities as required by RCW 43.88.090.

15 (4) The governor's operating budget document or documents shall
16 identify activities that are not addressing the statewide priorities.

17 (5) A separate capital budget document or schedule shall be
18 submitted that will contain the following:

19 (a) A statement setting forth a long-range facilities plan for the
20 state that identifies and includes the highest priority needs within
21 affordable spending levels;

22 (b) A capital program consisting of proposed capital projects for
23 the next biennium and the two biennia succeeding the next biennium
24 consistent with the long-range facilities plan. Inasmuch as is
25 practical, and recognizing emergent needs, the capital program shall
26 reflect the priorities, projects, and spending levels proposed in
27 previously submitted capital budget documents in order to provide a
28 reliable long-range planning tool for the legislature and state
29 agencies;

30 (c) A capital plan consisting of proposed capital spending for at
31 least four biennia succeeding the next biennium;

32 (d) A strategic plan for reducing backlogs of maintenance and
33 repair projects. The plan shall include a prioritized list of specific
34 facility deficiencies and capital projects to address the deficiencies
35 for each agency, cost estimates for each project, a schedule for
36 completing projects over a reasonable period of time, and
37 identification of normal maintenance activities to reduce future
38 backlogs;

- 1 (e) A statement of the reason or purpose for a project;
- 2 (f) Verification that a project is consistent with the provisions
3 set forth in chapter 36.70A RCW;
- 4 (g) A statement about the proposed site, size, and estimated life
5 of the project, if applicable;
- 6 (h) Estimated total project cost;
- 7 (i) For major projects valued over five million dollars, estimated
8 costs for the following project components: Acquisition, consultant
9 services, construction, equipment, project management, and other costs
10 included as part of the project. Project component costs shall be
11 displayed in a standard format defined by the office of financial
12 management to allow comparisons between projects;
- 13 (j) Estimated total project cost for each phase of the project as
14 defined by the office of financial management;
- 15 (k) Estimated ensuing biennium costs;
- 16 (l) Estimated costs beyond the ensuing biennium;
- 17 (m) Estimated construction start and completion dates;
- 18 (n) Source and type of funds proposed;
- 19 (o) Estimated ongoing operating budget costs or savings resulting
20 from the project, including staffing and maintenance costs;
- 21 (p) For any capital appropriation requested for a state agency for
22 the acquisition of land or the capital improvement of land in which the
23 primary purpose of the acquisition or improvement is recreation or
24 wildlife habitat conservation, the capital budget document, or an
25 omnibus list of recreation and habitat acquisitions provided with the
26 governor's budget document, shall identify the projected costs of
27 operation and maintenance for at least the two biennia succeeding the
28 next biennium. Omnibus lists of habitat and recreation land
29 acquisitions shall include individual project cost estimates for
30 operation and maintenance as well as a total for all state projects
31 included in the list. The document shall identify the source of funds
32 from which the operation and maintenance costs are proposed to be
33 funded;
- 34 (q) Such other information bearing upon capital projects as the
35 governor deems to be useful;
- 36 (r) Standard terms, including a standard and uniform definition of
37 normal maintenance, for all capital projects;

1 (s) Such other information as the legislature may direct by law or
2 concurrent resolution.

3 For purposes of this subsection (5), the term "capital project"
4 shall be defined subsequent to the analysis, findings, and
5 recommendations of a joint committee comprised of representatives from
6 the house capital appropriations committee, senate ways and means
7 committee, legislative evaluation and accountability program committee,
8 and office of financial management.

9 (6) No change affecting the comparability of agency or program
10 information relating to expenditures, revenues, workload, performance
11 and personnel shall be made in the format of any budget document or
12 report presented to the legislature under this section or RCW
13 43.88.160(1) relative to the format of the budget document or report
14 which was presented to the previous regular session of the legislature
15 during an odd-numbered year without prior legislative concurrence.
16 Prior legislative concurrence shall consist of (a) a favorable majority
17 vote on the proposal by the standing committees on ways and means of
18 both houses if the legislature is in session or (b) a favorable
19 majority vote on the proposal by members of the legislative evaluation
20 and accountability program committee if the legislature is not in
21 session.

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