
SENATE BILL 5736

State of Washington

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By Senators Miloscia, Baumgartner, Brown, Bailey, Benton, Schoesler, Becker, Roach, Ericksen, Angel, Parlette, Braun, Padden, Hill, and Dammeier

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1 AN ACT Relating to savings from performance management; and
2 amending RCW 43.88C.020, 43.88C.010, 43.88.020, and 43.88.030.

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

4 **Sec. 1.** RCW 43.88C.020 and 1997 c 168 s 2 are each amended to
5 read as follows:

6 (1) In consultation with the caseload forecast work group
7 established under RCW 43.88C.030, and subject to the approval of the
8 caseload forecast council under RCW 43.88C.010, the supervisor shall
9 prepare:

10 (a) An official state caseload forecast and estimated savings in
11 forecasted programs resulting from application of lean management or
12 other performance management strategies or processes at state
13 agencies; and

14 (b) Other caseload forecasts based on alternative assumptions as
15 the council may determine.

16 (2) The supervisor shall submit caseload forecasts prepared under
17 this section, along with any unofficial forecasts provided under RCW
18 43.88C.010, to the governor and the members of the legislative fiscal
19 committees, including one copy to the staff of each of the
20 committees. The forecasts shall be submitted at least three times
21 each year and on such dates as the council determines will facilitate

1 the development of budget proposals by the governor and the
2 legislature.

3 (3) All agencies of state government shall provide to the
4 supervisor immediate access to all information relating to caseload
5 forecasts. All agencies of state government shall provide to the
6 supervisor, to the office of financial management, and to results
7 Washington or its successor entity, immediate access to all estimated
8 savings from application of lean management or other performance
9 management strategies or processes.

10 (4) The administrator of the legislative evaluation and
11 accountability program committee may request, and the supervisor
12 shall provide, alternative caseload forecasts based on assumptions
13 specified by the administrator.

14 (5) The official state caseload forecast under this section shall
15 be the basis of the governor's budget document as provided in RCW
16 43.88.030 and utilized by the legislature in the development of the
17 omnibus biennial appropriations act.

18 **Sec. 2.** RCW 43.88C.010 and 2013 c 332 s 11 are each amended to
19 read as follows:

20 (1) The caseload forecast council is hereby created. The council
21 shall consist of two individuals appointed by the governor and four
22 individuals, one of whom is appointed by the chairperson of each of
23 the two largest political caucuses in the senate and house of
24 representatives. The chair of the council shall be selected from
25 among the four caucus appointees. The council may select such other
26 officers as the members deem necessary.

27 (2) The council shall employ a caseload forecast supervisor to
28 supervise the preparation of all caseload forecasts. As used in this
29 chapter, "supervisor" means the caseload forecast supervisor.

30 (3) Approval by an affirmative vote of at least five members of
31 the council is required for any decisions regarding employment of the
32 supervisor. Employment of the supervisor shall terminate after each
33 term of three years. At the end of the first year of each three-year
34 term the council shall consider extension of the supervisor's term by
35 one year. The council may fix the compensation of the supervisor. The
36 supervisor shall employ staff sufficient to accomplish the purposes
37 of this section.

38 (4) The caseload forecast council shall oversee the preparation
39 of and approve, by an affirmative vote of at least four members, the

1 official state caseload forecasts prepared under RCW 43.88C.020. The
2 official forecast as approved by the council must additionally
3 estimate savings in forecasted programs from application of lean
4 management or other performance management strategies or processes at
5 state agencies. If the council is unable to approve a forecast before
6 a date required in RCW 43.88C.020, the supervisor shall submit the
7 forecast without approval and the forecast shall have the same effect
8 as if approved by the council.

9 (5) A councilmember who does not cast an affirmative vote for
10 approval of the official caseload forecast may request, and the
11 supervisor shall provide, an alternative forecast based on
12 assumptions specified by the member.

13 (6) Members of the caseload forecast council shall serve without
14 additional compensation but shall be reimbursed for travel expenses
15 in accordance with RCW 44.04.120 while attending sessions of the
16 council or on official business authorized by the council.
17 Nonlegislative members of the council shall be reimbursed for travel
18 expenses in accordance with RCW 43.03.050 and 43.03.060.

19 (7) "Caseload," as used in this chapter, means:

20 (a) The number of persons expected to meet entitlement
21 requirements and require the services of public assistance programs,
22 state correctional institutions, state correctional noninstitutional
23 supervision, state institutions for juvenile offenders, the common
24 school system, long-term care, medical assistance, foster care, and
25 adoption support;

26 (b) The number of students who are eligible for the Washington
27 college bound scholarship program and are expected to attend an
28 institution of higher education as defined in RCW 28B.92.030.

29 (8) The caseload forecast council shall forecast the temporary
30 assistance for needy families and the working connections child care
31 programs as a courtesy.

32 (9) The caseload forecast council shall forecast youth
33 participating in the extended foster care program pursuant to RCW
34 74.13.031 separately from other children who are residing in foster
35 care and who are under eighteen years of age.

36 (10) Unless the context clearly requires otherwise, the
37 definitions provided in RCW 43.88.020 apply to this chapter.

38 **Sec. 3.** RCW 43.88.020 and 2005 c 319 s 107 are each amended to
39 read as follows:

1 (1) "Budget" means a proposed plan of expenditures for a given
2 period or purpose and the proposed means for financing these
3 expenditures.

4 (2) "Budget document" means a formal statement, either written or
5 provided on any electronic media or both, offered by the governor to
6 the legislature, as provided in RCW 43.88.030.

7 (3) "Director of financial management" means the official
8 appointed by the governor to serve at the governor's pleasure and to
9 whom the governor may delegate necessary authority to carry out the
10 governor's duties as provided in this chapter. The director of
11 financial management shall be head of the office of financial
12 management which shall be in the office of the governor.

13 (4) "Agency" means and includes every state office, officer, each
14 institution, whether educational, correctional, or other, and every
15 department, division, board, and commission, except as otherwise
16 provided in this chapter.

17 (5) "Public funds", for purposes of this chapter, means all
18 moneys, including cash, checks, bills, notes, drafts, stocks, and
19 bonds, whether held in trust, for operating purposes, or for capital
20 purposes, and collected or disbursed under law, whether or not such
21 funds are otherwise subject to legislative appropriation, including
22 funds maintained outside the state treasury.

23 (6) "Regulations" means the policies, standards, and
24 requirements, stated in writing, designed to carry out the purposes
25 of this chapter, as issued by the governor or the governor's
26 designated agent, and which shall have the force and effect of law.

27 (7) "Ensuing biennium" means the fiscal biennium beginning on
28 July 1st of the same year in which a regular session of the
29 legislature is held during an odd-numbered year pursuant to Article
30 II, section 12 of the Constitution and which biennium next succeeds
31 the current biennium.

32 (8) "Dedicated fund" means a fund in the state treasury, or a
33 separate account or fund in the general fund in the state treasury,
34 that by law is dedicated, appropriated, or set aside for a limited
35 object or purpose; but "dedicated fund" does not include a revolving
36 fund or a trust fund.

37 (9) "Revolving fund" means a fund in the state treasury,
38 established by law, from which is paid the cost of goods or services
39 furnished to or by a state agency, and which is replenished through

1 charges made for such goods or services or through transfers from
2 other accounts or funds.

3 (10) "Trust fund" means a fund in the state treasury in which
4 designated persons or classes of persons have a vested beneficial
5 interest or equitable ownership, or which was created or established
6 by a gift, grant, contribution, devise, or bequest that limits the
7 use of the fund to designated objects or purposes.

8 (11) "Administrative expenses" means expenditures for: (a)
9 Salaries, wages, and related costs of personnel and (b) operations
10 and maintenance including but not limited to costs of supplies,
11 materials, services, and equipment.

12 (12) "Fiscal year" means the year beginning July 1st and ending
13 the following June 30th.

14 (13) "Lapse" means the termination of authority to expend an
15 appropriation.

16 (14) "Legislative fiscal committees" means the joint legislative
17 audit and review committee, the legislative evaluation and
18 accountability program committee, and the ways and means and
19 transportation committees of the senate and house of representatives.

20 (15) "Fiscal period" means the period for which an appropriation
21 is made as specified within the act making the appropriation.

22 (16) "Primary budget driver" means the primary determinant of a
23 budget level, other than a price variable, which causes or is
24 associated with the major expenditure of an agency or budget unit
25 within an agency, such as a caseload, enrollment, workload, or
26 population statistic.

27 (17) "State tax revenue limit" means the limitation created by
28 chapter 43.135 RCW.

29 (18) "General state revenues" means the revenues defined by
30 Article VIII, section 1(c) of the state Constitution.

31 (19) "Annual growth rate in real personal income" means the
32 estimated percentage growth in personal income for the state during
33 the current fiscal year, expressed in constant value dollars, as
34 published by the office of financial management or its successor
35 agency.

36 (20) "Estimated revenues" means estimates of revenue in the most
37 recent official economic and revenue forecast prepared under RCW
38 82.33.020, and prepared by the office of financial management for
39 those funds, accounts, and sources for which the office of the
40 economic and revenue forecast council does not prepare an official

1 forecast, that are prepared by the office of financial management in
2 consultation with the transportation revenue forecast council.

3 (21) "Estimated receipts" means the estimated receipt of cash in
4 the most recent official economic and revenue forecast prepared under
5 RCW 82.33.020, and prepared by the office of financial management for
6 those funds, accounts, and sources for which the office of the
7 economic and revenue forecast council does not prepare an official
8 forecast.

9 (22) "State budgeting, accounting, and reporting system" means a
10 system that gathers, maintains, and communicates fiscal information.
11 The system links fiscal information beginning with development of
12 agency budget requests through adoption of legislative appropriations
13 to tracking actual receipts and expenditures against approved plans.

14 (23) "Allotment of appropriation" means the agency's statement of
15 proposed expenditures, the director of financial management's review
16 of that statement, and the placement of the approved statement into
17 the state budgeting, accounting, and reporting system.

18 (24) "Statement of proposed expenditures" means a plan prepared
19 by each agency that breaks each appropriation out into monthly detail
20 representing the best estimate of how the appropriation will be
21 expended.

22 (25) "Undesignated fund balance (or deficit)" means unreserved
23 and undesignated current assets or other resources available for
24 expenditure over and above any current liabilities which are expected
25 to be incurred by the close of the fiscal period.

26 (26) "Internal audit" means an independent appraisal activity
27 within an agency for the review of operations as a service to
28 management, including a systematic examination of accounting and
29 fiscal controls to assure that human and material resources are
30 guarded against waste, loss, or misuse; and that reliable data are
31 gathered, maintained, and fairly disclosed in a written report of the
32 audit findings.

33 (27) "Performance verification" means an analysis that (a)
34 verifies the accuracy of data used by state agencies in quantifying
35 intended results and measuring performance toward those results, and
36 (b) verifies whether or not the reported results were achieved.

37 (28) "Performance audit" has the same meaning as it is defined in
38 RCW 44.28.005.

1 (29) "Applied management strategies" means any management tools
2 for the purpose of achieving savings, reducing waste, or improving
3 efficiencies by state agencies.

4 (30) "Savings from lean management or other performance
5 management" means applied management strategies used to achieve
6 actual reduced expenditures, and such savings must be measurable.

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

9 (1) The director of financial management shall provide all
10 agencies with a complete set of instructions for submitting biennial
11 budget requests to the director at least three months before agency
12 budget documents are due into the office of financial management. The
13 budget document or documents shall consist of the governor's budget
14 message which shall be explanatory of the budget and shall contain an
15 outline of the proposed financial policies of the state for the
16 ensuing fiscal period, as well as an outline of the proposed six-year
17 financial policies where applicable, and shall describe in connection
18 therewith the important features of the budget. The biennial budget
19 document or documents shall also describe performance indicators that
20 demonstrate measurable progress towards priority results. The message
21 shall set forth the reasons for salient changes from the previous
22 fiscal period in expenditure and revenue items and shall explain any
23 major changes in financial policy. Attached to the budget message
24 shall be such supporting schedules, exhibits and other explanatory
25 material in respect to both current operations and capital
26 improvements as the governor shall deem to be useful to the
27 legislature. The budget document or documents shall set forth a
28 proposal for expenditures in the ensuing fiscal period, or six-year
29 period where applicable, based upon the estimated revenues and
30 caseloads as approved by the economic and revenue forecast council
31 and caseload forecast council or upon the estimated revenues and
32 caseloads of the office of financial management for those funds,
33 accounts, sources, and programs for which the forecast councils do
34 not prepare an official forecast. The budget document or documents
35 and their expenditures must incorporate estimated savings from
36 application of lean management or other performance management
37 strategies or processes at state agencies as approved by the caseload
38 forecast council in its most recent official forecast. Revenues shall
39 be estimated for such fiscal period from the source and at the rates

1 existing by law at the time of submission of the budget document,
2 including the supplemental budgets submitted in the even-numbered
3 years of a biennium. However, the estimated revenues and caseloads
4 for use in the governor's budget document may be adjusted to reflect
5 budgetary revenue transfers and revenue and caseload estimates
6 dependent upon budgetary assumptions of enrollments, workloads, and
7 caseloads. All adjustments to the approved estimated revenues and
8 caseloads must be set forth in the budget document. The governor may
9 additionally submit, as an appendix to each supplemental, biennial,
10 or six-year agency budget or to the budget document or documents, a
11 proposal for expenditures in the ensuing fiscal period from revenue
12 sources derived from proposed changes in existing statutes.

13 The budget document or documents shall also contain:

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

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

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

21 (d) Such additional information dealing with revenues and
22 expenditures as the governor shall deem pertinent and useful to the
23 legislature;

24 (e) Tabulations showing expenditures classified by fund,
25 function, and agency;

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

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

31 (h) Tabulations showing each postretirement adjustment by
32 retirement system established after fiscal year 1991, to include, but
33 not be limited to, estimated total payments made to the end of the
34 previous biennial period, estimated payments for the present
35 biennium, and estimated payments for the ensuing biennium.

36 (2) The budget document or documents shall include detailed
37 estimates of all anticipated revenues applicable to proposed
38 operating or capital expenditures and shall also include all proposed
39 operating or capital expenditures. The total of beginning
40 undesignated fund balance and estimated revenues less working capital

1 and other reserves shall equal or exceed the total of proposed
2 applicable expenditures. The budget document or documents shall
3 further include:

4 (a) Interest, amortization and redemption charges on the state
5 debt;

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

7 (c) Other statutory expenditures;

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

9 (e) Revenues derived from agency operations;

10 (f) Expenditures and revenues shall be given in comparative form
11 showing those incurred or received for the immediately past fiscal
12 period and those anticipated for the current biennium and next
13 ensuing biennium;

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

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

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

21 (j) A showing and explanation of anticipated amounts of general
22 fund and other funds required to amortize the unfunded actuarial
23 accrued liability of the retirement system specified under chapter
24 41.45 RCW, and the contributions to meet such amortization, stated in
25 total dollars and as a level percentage of total compensation.

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

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

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

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

35 (b) A capital program consisting of proposed capital projects for
36 the next biennium and the two biennia succeeding the next biennium
37 consistent with the long-range facilities plan. Inasmuch as is
38 practical, and recognizing emergent needs, the capital program shall
39 reflect the priorities, projects, and spending levels proposed in
40 previously submitted capital budget documents in order to provide a

1 reliable long-range planning tool for the legislature and state
2 agencies;

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

5 (d) A strategic plan for reducing backlogs of maintenance and
6 repair projects. The plan shall include a prioritized list of
7 specific facility deficiencies and capital projects to address the
8 deficiencies for each agency, cost estimates for each project, a
9 schedule for completing projects over a reasonable period of time,
10 and identification of normal maintenance activities to reduce future
11 backlogs;

12 (e) A statement of the reason or purpose for a project;

13 (f) Verification that a project is consistent with the provisions
14 set forth in chapter 36.70A RCW;

15 (g) A statement about the proposed site, size, and estimated life
16 of the project, if applicable;

17 (h) Estimated total project cost;

18 (i) For major projects valued over five million dollars,
19 estimated costs for the following project components: Acquisition,
20 consultant services, construction, equipment, project management, and
21 other costs included as part of the project. Project component costs
22 shall be displayed in a standard format defined by the office of
23 financial management to allow comparisons between projects;

24 (j) Estimated total project cost for each phase of the project as
25 defined by the office of financial management;

26 (k) Estimated ensuing biennium costs;

27 (l) Estimated costs beyond the ensuing biennium;

28 (m) Estimated construction start and completion dates;

29 (n) Source and type of funds proposed;

30 (o) Estimated ongoing operating budget costs or savings resulting
31 from the project, including staffing and maintenance costs;

32 (p) For any capital appropriation requested for a state agency
33 for the acquisition of land or the capital improvement of land in
34 which the primary purpose of the acquisition or improvement is
35 recreation or wildlife habitat conservation, the capital budget
36 document, or an omnibus list of recreation and habitat acquisitions
37 provided with the governor's budget document, shall identify the
38 projected costs of operation and maintenance for at least the two
39 biennia succeeding the next biennium. Omnibus lists of habitat and
40 recreation land acquisitions shall include individual project cost

1 estimates for operation and maintenance as well as a total for all
2 state projects included in the list. The document shall identify the
3 source of funds from which the operation and maintenance costs are
4 proposed to be funded;

5 (q) Such other information bearing upon capital projects as the
6 governor deems to be useful;

7 (r) Standard terms, including a standard and uniform definition
8 of normal maintenance, for all capital projects;

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

11 For purposes of this subsection (5), the term "capital project"
12 shall be defined subsequent to the analysis, findings, and
13 recommendations of a joint committee comprised of representatives
14 from the house capital appropriations committee, senate ways and
15 means committee, legislative evaluation and accountability program
16 committee, and office of financial management.

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

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