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HOUSE BILL 1817

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State of Washington                      65th Legislature                      2017 Regular Session

By Representatives Stokesbary, Kraft, and Irwin

Read first time 01/30/17. Referred to Committee on Appropriations.

1            AN ACT Relating to improving state budgeting through zero-based  
2 budget reviews; adding a new section to chapter 43.88 RCW; creating a  
3 new section; and declaring an emergency.

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

5            NEW SECTION.    **Sec. 1.** It is the intent of the legislature to  
6 enhance the budget development process by improving the information  
7 available for the governor and legislature when evaluating the budget  
8 requests of state agencies and for the legislature when evaluating  
9 the governor's budget proposal under RCW 43.88.030. The legislature  
10 establishes the zero-based review process in section 2 of this act to  
11 provide more thorough analysis of the programs and services provided  
12 by state agencies and to better prioritize the expenditure of public  
13 resources. The zero-based budget review process focuses on  
14 nonentitlement programs; mandatory entitlement programs receive a de  
15 facto zero-based budget review through regular caseload forecasts  
16 under chapter 43.88C RCW and per capita cost analysis.

17            NEW SECTION.    **Sec. 2.** A new section is added to chapter 43.88  
18 RCW to read as follows:

19            (1) As used in this section unless the context clearly requires  
20 otherwise:

1 (a) "Agency activity" means major activities of state agencies  
2 pursuant to RCW 43.88.090 and described in the office of financial  
3 management's agency activity inventory for the appropriate biennium.

4 (b) "Program" means a service or a group of services designed to  
5 accomplish a specific public goal and result in specific public  
6 benefits except for those entitlement services listed in the  
7 definition of "caseload" under RCW 43.88C.010 (7) and (9). For the  
8 zero-based budget review under this section, a program is any  
9 distinguishable service or unit that makes up an agency activity. In  
10 most cases, an agency activity will encompass several programs,  
11 although in some cases the agency activity could be one program.

12 (c) "Zero-based budget review" means:

13 (i) Information and analysis regarding an agency's programs  
14 prepared by the agency as required by subsection (3) of this section  
15 that must be included as a separate document in an agency's biennial  
16 budget request under this chapter; and

17 (ii) Consideration of the information provided under (c)(i) of  
18 this subsection by the governor and the legislature during the budget  
19 development process.

20 (2) Beginning in 2018 and in each even-numbered year thereafter,  
21 the legislature must specify, in the omnibus operating appropriations  
22 act or in other legislation, programs for which agencies must perform  
23 a zero-based budget review under subsection (3) of this section. It  
24 is the intent of the legislature that twenty percent of all state  
25 programs be subject to a zero-based budget review each biennium, so  
26 that every program receives a zero-based budget review within a ten-  
27 year cycle. When selecting programs for review, the legislature may  
28 specify programs by functional area, such as education, health care,  
29 other human services, natural resources, and general government, or  
30 may specify programs as prioritized by the legislature. When  
31 selecting programs for a zero-based budget review for a particular  
32 biennium, the legislature may broaden or narrow the definition of  
33 program for specific agencies.

34 (3) Beginning with biennial budget requests for the 2019-2021  
35 fiscal biennium and with each biennial budget request thereafter,  
36 agencies must submit zero-based budget reviews for the programs  
37 identified by the legislature for review that biennium under  
38 subsection (2) of this section. Information and analysis submitted by  
39 agencies for the zero-based review under this section shall include:

1 (a) A statement of the statutory basis or other basis for the  
2 creation of each program and the history of each program that is  
3 being reviewed;

4 (b) A description of how each program fits within the strategic  
5 plan and goals of the agency and an analysis of the quantified  
6 objectives of each program within the agency;

7 (c) Any available performance measures indicating the  
8 effectiveness and efficiency of each program;

9 (d) A description with supporting cost and staffing data of each  
10 program and the populations served by each program, and the level of  
11 funding and staff required to accomplish the goals of the program if  
12 different than the actual maintenance level;

13 (e) An analysis of the major costs and benefits of operating each  
14 program and the rationale for specific expenditure and staffing  
15 levels;

16 (f) An analysis estimating each program's administrative and  
17 other overhead costs;

18 (g) An analysis of the levels of services provided;

19 (h) Where applicable, an analysis estimating the amount of funds  
20 or benefits that actually reach the intended recipients; and

21 (i) Other information and analysis requested by the legislature  
22 in the legislation identifying the agency programs for review under  
23 subsection (2)(a) of this section.

24 (4)(a) The governor and legislature shall consider the  
25 information and analysis provided by agencies under this section in  
26 the budget development process. The house of representatives  
27 appropriations committee and the senate ways and means committee  
28 shall hold at least one public hearing on the information and  
29 analysis submitted by agencies under the zero-based budget review.

30 (b) The information and analysis submitted by agencies under the  
31 zero-based budget review process must be filed electronically with  
32 the state's fiscal web site managed by the legislative evaluation and  
33 accountability program committee.

34 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
35 preservation of the public peace, health, or safety, or support of  
36 the state government and its existing public institutions, and takes  
37 effect immediately.

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