

# SENATE BILL REPORT

## EHB 1927

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As of March 29, 2017

**Title:** An act relating to government efficiency by eliminating, revising or decodifying obsolete or inactive statutory provisions that concern the office of financial management.

**Brief Description:** Concerning government efficiency by eliminating, revising or decodifying obsolete or inactive statutory provisions that concern the office of financial management.

**Sponsors:** Representative Hudgins; by request of Office of Financial Management.

**Brief History:** Passed House: 3/06/17, 98-0.

**Committee Activity:** State Government: 3/29/17.

### Brief Summary of Bill

- Amends, decodifies, or repeals a number of statutes concerning the Office of Financial Management.

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## SENATE COMMITTEE ON STATE GOVERNMENT

**Staff:** Melissa Van Gorkom (786-7491)

**Background:** The Office of Financial Management (OFM), originally named the Office of Program Planning and Fiscal Management, was created in 1969, as a division of the Office of the Governor, to integrate the short- and long-term planning and fiscal activities of state government. Throughout its existence, the Legislature has assigned the OFM various statutory functions, including but not limited to the subjects addressed below.

Attorney Fees and Expenses. In 1995, the Legislature authorized that qualified parties who successfully challenge a rule will be awarded fees and expenses not exceeding \$25,000. Awarded fees and expenses are paid from the operating funds appropriated to the agency that adopted the invalid rule. Payments were reported to the OFM and were reported annually to the Legislature. In 2009, the Legislature removed the requirement for OFM to report annually to the Legislature on the amount of fees and expenses awarded.

Military Death or Disability Compensation. If any member of the organized militia is injured, incapacitated, or otherwise disabled while in active state service or inactive duty, the

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member shall receive from the state of Washington just and reasonable relief. Just and reasonable relief is determined by a board of three officers with at least one being a medical officer, which shall conform as nearly as possible to the general schedule of payments and awards provided under the workers' compensation law in effect in the state of Washington at the time the disability or death occurred. The findings of the board shall be reviewed by the Adjutant General and submitted to the Governor for final approval.

Allowance and Travel Expenses. In 2011, the Legislature restricted allowances and travel for state agencies. Exceptions were granted:

- where critically necessary for the work of an agency;
- for agencies of the executive branch, if approved by OFM;
- for agencies of the judicial branch, if approved by the Chief Justice of the Supreme Court; and
- for the House of Representatives and the Senate, if approved by the Chief Clerk of the House and the Secretary of the Senate, respectively, under the direction of the Senate Committee of Facilities and Operations and the Executive Rules Committee of the House of Representatives.

The OFM authorizes exceptions to restrictions for allowances and travel of executive branch agencies and sets allowances for subsistence, lodging, and travel expenses for persons who are appointed to serve on boards, commissions, or similar groups.

Cash Management. The State Treasurer must ensure the effective cash management of public funds and may delegate case management responsibilities to affected agencies with the concurrence of OFM.

Borrowing Money. The Director of Department of Financial Institutions (DFI) and any DFI employees are prohibited from borrowing money from any entity under the DFI's direct jurisdiction unless the extension of credit:

- is made on substantially the same terms and following credit underwriting procedures that are not less stringent than those prevailing at the time for comparable transactions by the financial institution with other persons not employed by DFI; and
- does not involve more than the normal risk of repayment or present other unfavorable features.

Boards and Commissions. In 1994, the Legislature directed OFM to review and approve any new board or commission not established or required under statute and compile a list within 90 days after the beginning of each biennium of all permanent, temporary, statutory and non-statutory boards, commissions, councils, committees, and other groups of similar nomenclature that are established by executive, legislative or judicial branches of state government and whose members are eligible to receive travel expenses for their meetings. The Office of the Governor must review the OFM list and report to the Legislature biennially on recommendations for which state boards and commissions should be terminated or consolidated. The requirement for OFM to compile a list of state boards and commissions was removed in 2016.

**Summary of Bill:** A number of statutes concerning OFM are amended, decodified, or repealed.

Attorney Fees and Expenses. Agencies are not required to report the amount of fees and expenses awarded to qualified parties who successfully challenge a rule to OFM.

Military Death or Disability Compensation. The Governor is not required to provide the final review and approval of a board decision regarding the just and reasonable relief provided to a member of the National Guard. The findings of the board are reviewed by the Adjutant General.

Allowance and Travel Expenses. OFM is not required to authorize exceptions to restrictions for allowances and travel of executive branch agencies.

Cash Management. OFM is not required to concur with the delegation of cash management responsibilities to affected agencies.

Borrowing Money. The requirement for OFM to adopt rules, policies, and procedures to interpret the restrictions for DFI employee borrowing of money is removed.

Boards and Commissions. OFM must produce a list within 90 days after the beginning of each biennium of all permanent, temporary, statutory and non-statutory boards, commissions, councils, committees, and other groups of similar nomenclature that are established by the executive branch of state government and whose members are eligible to receive travel expenses for their meetings. The list to be reviewed by the Governor is clarified to reflect the new list required by OFM. The OFM requirement to review and approve a new board or commission is clarified to apply to any new non-statutory board or commission.

Decodification and Repeal. A number of statutes are decodified or repealed, such as:

- decodification of savings clauses related to the 1969 abolishment of the central budget agency;
- repeal of requirement for OFM to negotiate an institutional performance plan with four year baccalaureate institutions;
- repeal of statute outlining criteria for a new board or commission; and
- repeal of the requirement for OFM to establish an interagency taskforce on unintended pregnancy.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: This bill reinstates the report for boards and commissions and amends the statutes accordingly. This is a technical clean up and efficiency bill.

**Persons Testifying:** PRO: Nathan Sherrard, Office of Financial Management.

**Persons Signed In To Testify But Not Testifying:** No one.