

HOUSE BILL REPORT

ESHB 2462

*As Passed House
February 18, 1992*

Title: An act relating to accountability in state government.

Brief Description: Enhancing accountability in state government.

Sponsor(s): By House Committee on State Government (originally sponsored by Representatives Pruitt, Bowman, Anderson, Franklin, Sprenkle, R. Meyers, Moyer, R. Fisher, Chandler, G. Fisher, Riley, Sheldon, Bray, Kremen, Ludwig, Spanel, J. Kohl, Cooper, H. Myers, Prentice, Valle, Basich, Morris, Rayburn, Dorn, Inslee, Horn, Orr, Rasmussen, Dellwo, Jacobsen, Ferguson, Paris, Winsley, Edmondson, Jones, Leonard, Ogden and Roland).

Brief History:

Reported by House Committee on:
State Government, February 5, 1992, DPS;
Appropriations, February 10, 1992, DPS(SG-A APP);
Passed House, February 18, 1992, 98-0.

**HOUSE COMMITTEE ON
STATE GOVERNMENT**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 6 members: Representatives Anderson, Chair; Pruitt, Vice Chair; R. Fisher; Grant; O'Brien; and Sheldon.

Minority Report: *Do not pass.* Signed by 4 members: Representatives McLean, Ranking Minority Member; Bowman, Assistant Ranking Minority Member; Chandler; and Moyer.

Staff: Linda May (786-7135).

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *The substitute bill by Committee on State Government be substituted therefor and the substitute bill as amended by Committee on Appropriations do pass.* Signed by 21 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Appelwick; Braddock; Brekke;

Carlson; Dorn; Ebersole; Ferguson; Hine; Lisk; May; Mielke; Peery; Pruitt; Rust; D. Sommers; H. Sommers; Sprenkle; and Valle.

Minority Report: *Do not pass.* Signed by 6 members: Representatives Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Belcher; Bowman; Fuhrman; and Nealey.

Staff: Victor Moore (786-7143).

Background: A number of state government entities perform various types of reviews of state agency programs and practices. Examples of entities who perform reviews are the Efficiency Commission, the Legislative Budget Committee (LBC), the state auditor, and agencies themselves. Each of these entities has its own methods and obligations for determining what kinds of reviews to perform and which agency or program to review.

Summary of Bill: Greater Accountability. The Legislature finds that demand is growing for a new level of accountability in government and that state government needs an integrated, comprehensive accountability system.

Definitions. A new section provides definitions of the terms "performance audit," "program evaluation," and "success measures."

Government Accountability Task Force. A new Government Accountability Task Force is created. Membership on the task force is as follows: four members to be appointed by the governor, one legislator from each caucus in the Legislature, the state auditor, the chair of the LBC, the director of the Office of Financial Management (OFM), the superintendent of public instruction, the chair of the Higher Education Coordinating Board, the commissioner of public lands, and the chair of the Transportation Commission. OFM will provide staff to the task force. The task force is to expire on June 30, 1998.

The major task assigned to the task force is development of an integrated, comprehensive program accountability system. Four specific responsibilities are assigned to the task force as part of meeting its major responsibility.

Office of Financial Management. OFM is to develop a state-wide program evaluation system. As part of developing this system, OFM is assigned a number of specific tasks. OFM is also to prepare a plan for the establishment of a strategic planning process for key functional areas of state government. Functional areas which must be accounted for in

the plan are general government, health and human services, community and economic development, the environment and natural resources, transportation, K-12 education, and higher education. The bill establishes timelines for development, review, and approval of this plan.

The State Auditor. The state auditor is given the authority to conduct performance audits of state agency programs.

The State Investment Board. The state Investment Board is directed to prepare an investment plan every two years. The board is also directed to develop strategic asset allocation policies, establish investment policies and objectives for various funds, and authorize and review all contracts. The board's reports summarizing investment activities are to include a summary of the performance of the state's investments. The board is to include the Joint Legislative Committee on Pension Policy when distributing board reports.

New Budget Responsibilities. Beginning in July, 1993, state agencies and the Legislature have new responsibilities regarding budget matters. The concept of program performance is added to the budget and accounting statutes. As part of their budget preparation process, agencies must develop goals and objectives for each major program in their budgets, and agencies must develop measures in an objective, measurable form to compare the results of programs against the established goals and objectives.

Neither house of the Legislature is to consider any bill or amendment authorizing an appropriation unless the bill or amendment specifies goals or objectives for, and the desired outcome of, the appropriation.

Null and Void Provision. This act is null and void unless specifically funded in the supplemental budget.

Fiscal Note: Available. New fiscal note requested on February 6, 1992.

Effective Date: Ninety days after adjournment of session in which bill is passed, except for sections 10 through 12 of the bill, which take effect July 1, 1993.

Testimony For: (State Government): The state is a leader in financial accountability; what the public and policymakers want is a better way to see what they get for their dollars. Use of success measures will help to do this. Like the fiscal accountability effort of the 1980's, this will be a long-term effort and will require extensive collaboration. State employees think this effort is very important. The current management process is not working;

broader ownership will help. This will help improve public perception of the quality of the work state employees perform. This accountability perspective is very important to the business community. The Legislature faces a tough budget problem this year, a problem made tougher by a lack of performance and accountability information. This will help to set up a mechanism to ensure measures are in place and evaluated consistently across the board.

(Appropriations): The state is nationally recognized for its fiscal accountability. This bill would initiate a system to measure program effectiveness.

Testimony Against: (State Government): The bill calls for the handling of a vast amount of data, and the state will need preparation to be able to do that. Primary opposition is to the creation of the task force, a new state entity. It would be better to assign responsibilities to existing entities and pay better attention to performance. The Legislature should have a larger role in development of the strategic plan. The bill implies an instantaneous change to the budget and accounting system. This process will take many years to implement.

(Appropriations): None.

Witnesses: (State Government): Representative Wes Pruitt; Bob Graham, State Auditor; Eugene St. John, Washington Public Employees Association; and Clif Finch, Association of Washington Business (all in favor); and Lawrence Seale, Office of Financial Management (in favor and opposed).

(Appropriations): Linda Sheler, Office of the State Auditor (pro); and Linda Broderick, Office of Financial Management (pro, with concerns about funding.)