
HOUSE BILL 1601

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Stevens, Talcott, Ballasiotes, Silver, Fuhrman, Schoesler, Foreman and Chandler

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1 AN ACT Relating to budget periods; amending RCW 43.88.020,
2 43.88.031, 43.88.035, 43.88.060, 43.88.080, 43.88.090, 43.88.120,
3 43.88.160, 43.88.210, 43.88.260, 43.88.505, 43.88.510, 43.88.525,
4 43.88.530, 43.88.540, and 44.40.080; and reenacting and amending RCW
5 43.88.030 and 43.88.110.

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

7 **Sec. 1.** RCW 43.88.020 and 1991 c 358 s 6 are each amended to read
8 as follows:

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

12 (2) "Budget document" means a formal, written statement offered by
13 the governor to the legislature, as provided in RCW 43.88.030.

14 (3) "Director of financial management" means the official appointed
15 by the governor to serve at the governor's pleasure and to whom the
16 governor may delegate necessary authority to carry out the governor's
17 duties as provided in this chapter. The director of financial
18 management shall be head of the office of financial management which
19 shall be in the office of the governor.

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

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

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

15 (7) "Ensuing ((biennium)) fiscal year" means the fiscal
16 ((biennium)) year beginning on July 1st of the same year in which a
17 regular session of the legislature is held during an odd-numbered year
18 pursuant to Article II, section 12 of the Constitution and which
19 ((biennium)) fiscal year next succeeds the current ((biennium)) fiscal
20 year.

21 (8) "Dedicated fund" means a fund in the state treasury, or a
22 separate account or fund in the general fund in the state treasury,
23 that by law is dedicated, appropriated or set aside for a limited
24 object or purpose; but "dedicated fund" does not include a revolving
25 fund or a trust fund.

26 (9) "Revolving fund" means a fund in the state treasury,
27 established by law, from which is paid the cost of goods or services
28 furnished to or by a state agency, and which is replenished through
29 charges made for such goods or services or through transfers from other
30 accounts or funds.

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

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

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

3 (13) "Lapse" means the termination of authority to expend an
4 appropriation.

5 (14) "Legislative fiscal committees" means the legislative budget
6 committee, the legislative evaluation and accountability program
7 committee, the ways and means committees of the senate and house of
8 representatives, and, where appropriate, the legislative transportation
9 committee.

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

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

17 (17) "Stabilization account" means the budget stabilization account
18 created under RCW 43.88.525 as an account in the general fund of the
19 state treasury.

20 (18) "State tax revenue limit" means the limitation created by
21 chapter 43.135 RCW.

22 (19) "General state revenues" means the revenues defined by Article
23 VIII, section 1(c) of the state Constitution.

24 (20) "Annual growth rate in real personal income" means the
25 estimated percentage growth in personal income for the state during the
26 current fiscal year, expressed in constant value dollars, as published
27 by the office of financial management or its successor agency.

28 (21) "Estimated revenues" means estimates of revenue in the most
29 recent official economic and revenue forecast prepared under RCW
30 82.33.020, and prepared by the office of financial management for those
31 funds, accounts, and sources for which the office of the economic and
32 revenue forecast council does not prepare an official forecast
33 including estimates of revenues to support financial plans under RCW
34 44.40.070, that are prepared by the office of financial management in
35 consultation with the interagency task force.

36 (22) "Estimated receipts" means the estimated receipt of cash in
37 the most recent official economic and revenue forecast prepared under
38 RCW 82.33.020, and prepared by the office of financial management for

1 those funds, accounts, and sources for which the office of the economic
2 and revenue forecast council does not prepare an official forecast.

3 (23) "State budgeting, accounting, and reporting system" means a
4 system that gathers, maintains, and communicates fiscal information.
5 The system links fiscal information beginning with development of
6 agency budget requests through adoption of legislative appropriations
7 to tracking actual receipts and expenditures against approved plans.

8 (24) "Allotment of appropriation" means the agency's statement of
9 proposed expenditures, the director of financial management's review of
10 that statement, and the placement of the approved statement into the
11 state budgeting, accounting, and reporting system.

12 (25) "Statement of proposed expenditures" means a plan prepared by
13 each agency that breaks each appropriation out into monthly detail
14 representing the best estimate of how the appropriation will be
15 expended.

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

20 **Sec. 2.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are
21 each reenacted and amended to read as follows:

22 (1) The director of financial management shall provide all agencies
23 with a complete set of instructions for submitting (~~biennial~~) annual
24 budget requests to the director at least three months before agency
25 budget documents are due into the office of financial management. The
26 director shall provide agencies that are required under RCW 44.40.070
27 to develop comprehensive six-year program and financial plans with a
28 complete set of instructions for submitting these program and financial
29 plans at the same time that instructions for submitting other budget
30 requests are provided. The budget document or documents shall consist
31 of the governor's budget message which shall be explanatory of the
32 budget and shall contain an outline of the proposed financial policies
33 of the state for the ensuing fiscal period, as well as an outline of
34 the proposed six-year financial policies where applicable, and shall
35 describe in connection therewith the important features of the budget.
36 The message shall set forth the reasons for salient changes from the
37 previous fiscal period in expenditure and revenue items and shall
38 explain any major changes in financial policy. Attached to the budget

1 message shall be such supporting schedules, exhibits and other
2 explanatory material in respect to both current operations and capital
3 improvements as the governor shall deem to be useful to the
4 legislature. The budget document or documents shall set forth a
5 proposal for expenditures in the ensuing fiscal period, or six-year
6 period where applicable, based upon the estimated revenues as approved
7 by the economic and revenue forecast council or upon the estimated
8 revenues of the office of financial management for those funds,
9 accounts, and sources for which the office of the economic and revenue
10 forecast council does not prepare an official forecast, including those
11 revenues anticipated to support the six-year programs and financial
12 plans under RCW 44.40.070. In estimating revenues to support financial
13 plans under RCW 44.40.070, the office of financial management shall
14 rely on information and advice from the interagency revenue task force.
15 Revenues shall be estimated for such fiscal period from the source and
16 at the rates existing by law at the time of submission of the budget
17 document(~~(, including the supplemental budgets submitted in the even-~~
18 ~~numbered years of a biennium)~~). However, the estimated revenues for
19 use in the governor's budget document may be adjusted to reflect
20 budgetary revenue transfers and revenue estimates dependent upon
21 budgetary assumptions of enrollments, workloads, and caseloads. All
22 adjustments to the approved estimated revenues must be set forth in the
23 budget document. The governor may additionally submit, as an appendix
24 to each (~~(supplemental, biennial,)~~) annual or six-year agency budget or
25 to the budget document or documents, a proposal for expenditures in the
26 ensuing fiscal period from revenue sources derived from proposed
27 changes in existing statutes.

28 (~~(Supplemental and biennial)~~) Annual documents shall reflect a six-
29 year expenditure plan consistent with estimated revenues from existing
30 sources and at existing rates for those agencies required to submit
31 six-year program and financial plans under RCW 44.40.070. Any
32 additional revenue resulting from proposed changes to existing statutes
33 shall be separately identified within the document as well as related
34 expenditures for the six-year period.

35 The budget document or documents shall also contain:

36 (a) Revenues classified by fund and source for the immediately past
37 fiscal period, those received or anticipated for the current fiscal
38 period, those anticipated for the ensuing (~~(biennium)~~) fiscal year, and

1 those anticipated for the ensuing six-year period to support the six-
2 year programs and financial plans required under RCW 44.40.070;

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

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

7 (d) Such additional information dealing with revenues and
8 expenditures as the governor shall deem pertinent and useful to the
9 legislature;

10 (e) Tabulations showing expenditures classified by fund, function,
11 activity and object;

12 (f) A delineation of each agency's activities, including those
13 activities funded from nonbudgeted, nonappropriated sources, including
14 funds maintained outside the state treasury; and

15 (g) Identification of all proposed direct expenditures to implement
16 the Puget Sound water quality plan under chapter 90.70 RCW, shown by
17 agency and in total.

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

25 (a) Interest, amortization and redemption charges on the state
26 debt;

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

28 (c) Other statutory expenditures;

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

30 (e) Revenues derived from agency operations;

31 (f) Expenditures and revenues shall be given in comparative form
32 showing those incurred or received for the immediately past fiscal
33 period and those anticipated for the current (~~biennium~~) fiscal year
34 and next ensuing (~~biennium~~) fiscal year, as well as those required to
35 support the six-year programs and financial plans required under RCW
36 44.40.070;

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

- 1 (h) Common school expenditures on a fiscal-year basis;
- 2 (i) A showing, by agency, of the value and purpose of financing
3 contracts for the lease/purchase or acquisition of personal or real
4 property for the current and ensuing fiscal periods.
- 5 (3) A separate capital budget document or schedule shall be
6 submitted that will contain the following:
- 7 (a) A capital plan consisting of proposed capital spending for at
8 least four fiscal periods succeeding the next fiscal period;
- 9 (b) A capital program consisting of proposed capital projects for
10 at least the two fiscal periods succeeding the next fiscal period;
- 11 (c) A capital plan consisting of proposed capital spending for at
12 least four fiscal periods succeeding the next fiscal period;
- 13 (d) A statement of the reason or purpose for a project;
- 14 (e) Verification that a project is consistent with the provisions
15 set forth in chapter 36.70A RCW;
- 16 (f) A statement about the proposed site, size, and estimated life
17 of the project, if applicable;
- 18 (g) Estimated total project cost;
- 19 (h) Estimated total project cost for each phase of the project as
20 defined by the office of financial management;
- 21 (i) Estimated ensuing ((~~biennium~~)) fiscal year costs;
- 22 (j) Estimated costs beyond the ensuing ((~~biennium~~)) fiscal year;
- 23 (k) Estimated construction start and completion dates;
- 24 (l) Source and type of funds proposed;
- 25 (m) Such other information bearing upon capital projects as the
26 governor deems to be useful;
- 27 (n) Standard terms, including a standard and uniform definition of
28 maintenance for all capital projects;
- 29 (o) Such other information as the legislature may direct by law or
30 concurrent resolution.

31 For purposes of this subsection (3), the term "capital project"
32 shall be defined subsequent to the analysis, findings, and
33 recommendations of a joint committee comprised of representatives from
34 the house capital appropriations committee, senate ways and means
35 committee, legislative transportation committee, legislative evaluation
36 and accountability program committee, and office of financial
37 management.

38 (4) No change affecting the comparability of agency or program
39 information relating to expenditures, revenues, workload, performance

1 and personnel shall be made in the format of any budget document or
2 report presented to the legislature under this section or RCW
3 43.88.160(1) relative to the format of the budget document or report
4 which was presented to the previous regular session of the legislature
5 during an odd-numbered year without prior legislative concurrence.
6 Prior legislative concurrence shall consist of (a) a favorable majority
7 vote on the proposal by the standing committees on ways and means of
8 both houses if the legislature is in session or (b) a favorable
9 majority vote on the proposal by members of the legislative evaluation
10 and accountability program committee if the legislature is not in
11 session.

12 **Sec. 3.** RCW 43.88.031 and 1991 c 284 s 2 are each amended to read
13 as follows:

14 A capital appropriation bill shall include the estimated general
15 fund debt service costs associated with new capital appropriations
16 contained in that bill for the ((~~biennia~~)) fiscal year in which the
17 appropriations occur and for the succeeding two ((~~biennia~~)) fiscal
18 years.

19 **Sec. 4.** RCW 43.88.035 and 1973 1st ex.s. c 100 s 9 are each
20 amended to read as follows:

21 Any changes in accounting methods and practices or in statutes
22 affecting expenditures or revenues for the ensuing ((~~biennium~~)) fiscal
23 year relative to the then current fiscal period which the governor may
24 wish to recommend shall be clearly and completely explained in the text
25 of the budget document, in a special appendix thereto, or in an
26 alternative budget document. This explanatory material shall include,
27 but need not be limited to, estimates of revenues and expenditures
28 based on the same accounting practices and methods and existing
29 statutes relating to revenues and expenditure effective for the then
30 current fiscal period, together with alternative estimates required by
31 any changes in accounting methods and practices and by any statutory
32 changes the governor may wish to recommend.

33 **Sec. 5.** RCW 43.88.060 and 1977 ex.s. c 247 s 2 are each amended to
34 read as follows:

35 The governor shall submit the budget document for the ((~~1975-77~~
36 ~~biennium and each succeeding biennium~~)) fiscal year to the legislature

1 no later than the twentieth day of December in the year preceding the
2 session during which the budget is to be considered(~~(:—PROVIDED,~~
3 ~~That)~~). Where a budget document is submitted for a fiscal period other
4 than a ((biennium)) fiscal year, such document shall be submitted no
5 less than twenty days prior to the first day of the session at which
6 such budget document is to be considered. The governor shall also
7 submit a budget bill or bills which for purposes of this chapter is
8 defined to mean the appropriations proposed by the governor as set
9 forth in the budget document. Such representatives of agencies as have
10 been designated by the governor for this purpose shall, when requested,
11 by either house of the legislature, appear to be heard with respect to
12 the budget document and the budget bill or bills and to supply such
13 additional information as may be required.

14 **Sec. 6.** RCW 43.88.080 and 1973 1st ex.s. c 100 s 5 are each
15 amended to read as follows:

16 Adoption of the omnibus appropriation bill or bills by the
17 legislature shall constitute adoption of the budget and the making of
18 appropriations therefor. A budget for state government shall be
19 finally adopted not later than thirty calendar days prior to the
20 beginning of the ensuing ((biennium)) fiscal year.

21 **Sec. 7.** RCW 43.88.090 and 1989 c 273 s 26 are each amended to read
22 as follows:

23 (1) For purposes of developing budget proposals to the legislature,
24 the governor shall have the power, and it shall be the governor's duty,
25 to require from proper agency officials such detailed estimates and
26 other information in such form and at such times as the governor shall
27 direct. The estimates for the legislature and the judiciary shall be
28 transmitted to the governor and shall be included in the budget without
29 revision. The estimates for state pension contributions shall be based
30 on the rates provided in chapter 41.45 RCW. Copies of all such
31 estimates shall be transmitted to the standing committees on ways and
32 means of the house and senate at the same time as they are filed with
33 the governor and the office of financial management.

34 (2) Estimates from each agency shall include goals and objectives
35 for each program administered by the agency. The goals and objectives
36 shall, whenever possible, be stated in terms of objective measurable
37 results. The estimates shall include statements or tables which

1 indicate, by agency, the state funds which are required for the receipt
2 of federal matching revenues. The estimates shall be revised as
3 necessary to reflect legislative enactments and adopted appropriations
4 and shall be included with the initial (~~biennial~~) annual allotment
5 submitted under RCW 43.88.110.

6 (3) In the year of the gubernatorial election, the governor shall
7 invite the governor-elect or the governor-elect's designee to attend
8 all hearings provided in RCW 43.88.100; and the governor shall furnish
9 the governor-elect or the governor-elect's designee with such
10 information as will enable the governor-elect or the governor-elect's
11 designee to gain an understanding of the state's budget requirements.
12 The governor-elect or the governor-elect's designee may ask such
13 questions during the hearings and require such information as the
14 governor-elect or the governor-elect's designee deems necessary and may
15 make recommendations in connection with any item of the budget which,
16 with the governor-elect's reasons therefor, shall be presented to the
17 legislature in writing with the budget document. Copies of all such
18 estimates and other required information shall also be submitted to the
19 standing committees on ways and means of the house and senate.

20 **Sec. 8.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2
21 are each reenacted and amended to read as follows:

22 This section sets forth the expenditure programs and the allotment
23 and reserve procedures to be followed by the executive branch for
24 public funds.

25 (1) Allotments of an appropriation for any fiscal period shall
26 conform to the terms, limits, or conditions of the appropriation.

27 (2) The director of financial management shall provide all agencies
28 with a complete set of operating and capital instructions for preparing
29 a statement of proposed expenditures at least thirty days before the
30 beginning of a fiscal period. The set of instructions need not include
31 specific appropriation amounts for the agency.

32 (3) Within forty-five days after the beginning of the fiscal period
33 or within forty-five days after the governor signs the omnibus
34 (~~biennial~~) annual appropriations act, whichever is later, all
35 agencies shall submit to the governor a statement of proposed
36 expenditures at such times and in such form as may be required by the
37 governor.

1 (4) The office of financial management shall develop a method for
2 monitoring capital appropriations and expenditures that will capture at
3 least the following elements:

4 (a) Appropriations made for capital projects including
5 transportation projects;

6 (b) Estimates of total project costs including past, current,
7 ensuing, and future (~~biennial~~) annual costs;

8 (c) Comparisons of actual costs to estimated costs;

9 (d) Comparisons of estimated construction start and completion
10 dates with actual dates;

11 (e) Documentation of fund shifts between projects.

12 This data may be incorporated into the existing accounting system
13 or into a separate project management system, as deemed appropriate by
14 the office of financial management.

15 (5) If at any time during the fiscal period the governor projects
16 a cash deficit in a particular fund or account as defined by RCW
17 43.88.050, the governor shall make across-the-board reductions in
18 allotments for that particular fund or account so as to prevent a cash
19 deficit, unless the legislature has directed the liquidation of the
20 cash deficit over one or more fiscal periods. Except for the
21 legislative and judicial branches and other agencies headed by elective
22 officials, the governor shall review the statement of proposed
23 operating expenditures for reasonableness and conformance with
24 legislative intent. Once the governor approves the statements of
25 proposed operating expenditures, further revisions shall be made only
26 at the beginning of the second fiscal year and must be initiated by the
27 governor. However, changes in appropriation level authorized by the
28 legislature, changes required by across-the-board reductions mandated
29 by the governor, changes caused by executive increases to spending
30 authority, and changes caused by executive decreases to spending
31 authority for failure to comply with the provisions of chapter 36.70A
32 RCW may require additional revisions. Revisions shall not be made
33 retroactively. Revisions caused by executive increases to spending
34 authority shall not be made after June 30, 1987. However, the governor
35 may assign to a reserve status any portion of an agency appropriation
36 withheld as part of across-the-board reductions made by the governor
37 and any portion of an agency appropriation conditioned on a contingent
38 event by the appropriations act. The governor may remove these amounts
39 from reserve status if the across-the-board reductions are subsequently

1 modified or if the contingent event occurs. The director of financial
2 management shall enter approved statements of proposed expenditures
3 into the state budgeting, accounting, and reporting system within
4 forty-five days after receipt of the proposed statements from the
5 agencies. If an agency or the director of financial management is
6 unable to meet these requirements, the director of financial management
7 shall provide a timely explanation in writing to the legislative fiscal
8 committees.

9 (6) It is expressly provided that all agencies shall be required to
10 maintain accounting records and to report thereon in the manner
11 prescribed in this chapter and under the regulations issued pursuant to
12 this chapter. Within ninety days of the end of the fiscal year, all
13 agencies shall submit to the director of financial management their
14 final adjustments to close their books for the fiscal year. Prior to
15 submitting fiscal data, written or oral, to committees of the
16 legislature, it is the responsibility of the agency submitting the data
17 to reconcile it with the budget and accounting data reported by the
18 agency to the director of financial management.

19 (7) The director of financial management shall monitor agency
20 operating expenditures against the approved statement of proposed
21 expenditures and shall provide the legislature with quarterly
22 explanations of major variances.

23 (8) The director of financial management may exempt certain public
24 funds from the allotment controls established under this chapter if it
25 is not practical or necessary to allot the funds. Allotment control
26 exemptions expire at the end of the fiscal (~~((biennium))~~) year for which
27 they are granted. The director of financial management shall report
28 any exemptions granted under this subsection to the legislative fiscal
29 committees.

30 **Sec. 9.** RCW 43.88.120 and 1991 c 358 s 3 are each amended to read
31 as follows:

32 Each agency engaged in the collection of revenues shall prepare
33 estimated revenues and estimated receipts for the current and ensuing
34 (~~((biennium))~~) fiscal year and shall submit the estimates to the director
35 of financial management and the director of revenue at times and in the
36 form specified by the directors, along with any other information which
37 the directors may request. For those agencies required to develop six-
38 year programs and financial plans under RCW 44.40.070, six-year revenue

1 estimates shall be submitted to the director of financial management
2 and the legislative transportation committee unless the responsibility
3 for reporting these revenue estimates is assumed elsewhere.

4 A copy of such revenue estimates shall be simultaneously submitted
5 to the economic and revenue forecast work group when required by the
6 office of the economic and revenue forecast council.

7 **Sec. 10.** RCW 43.88.160 and 1992 c 118 s 8 are each amended to read
8 as follows:

9 This section sets forth the major fiscal duties and
10 responsibilities of officers and agencies of the executive branch. The
11 regulations issued by the governor pursuant to this chapter shall
12 provide for a comprehensive, orderly basis for fiscal management and
13 control, including efficient accounting and reporting therefor, for the
14 executive branch of the state government and may include, in addition,
15 such requirements as will generally promote more efficient public
16 management in the state.

17 (1) Governor; director of financial management. The governor,
18 through the director of financial management, shall devise and
19 supervise a modern and complete accounting system for each agency to
20 the end that all revenues, expenditures, receipts, disbursements,
21 resources, and obligations of the state shall be properly and
22 systematically accounted for. The accounting system shall include the
23 development of accurate, timely records and reports of all financial
24 affairs of the state. The system shall also provide for central
25 accounts in the office of financial management at the level of detail
26 deemed necessary by the director to perform central financial
27 management. The director of financial management shall adopt and
28 periodically update an accounting procedures manual. Any agency
29 maintaining its own accounting and reporting system shall comply with
30 the updated accounting procedures manual and the rules of the director
31 adopted under this chapter. An agency may receive a waiver from
32 complying with this requirement if the waiver is approved by the
33 director. Waivers expire at the end of the fiscal ((biennium)) year
34 for which they are granted. The director shall forward notice of
35 waivers granted to the appropriate legislative fiscal committees. The
36 director of financial management may require such financial,
37 statistical, and other reports as the director deems necessary from all
38 agencies covering any period.

1 (2) The director of financial management is responsible for
2 quarterly reporting of primary operating budget drivers such as
3 applicable workloads, caseload estimates, and appropriate unit cost
4 data. These reports shall be transmitted to the legislative fiscal
5 committees or by electronic means to the legislative evaluation and
6 accountability program committee. Quarterly reports shall include
7 actual monthly data and the variance between actual and estimated data
8 to date. The reports shall also include estimates of these items for
9 the remainder of the budget period.

10 (3) The director of financial management shall report at least
11 annually to the appropriate legislative committees regarding the status
12 of all appropriated capital projects, including transportation
13 projects, showing significant cost overruns or underruns. If funds are
14 shifted from one project to another, the office of financial management
15 shall also reflect this in the annual variance report. Once a project
16 is complete, the report shall provide a final summary showing estimated
17 start and completion dates of each project phase compared to actual
18 dates, estimated costs of each project phase compared to actual costs,
19 and whether or not there are any outstanding liabilities or unsettled
20 claims at the time of completion.

21 (4) In addition, the director of financial management, as agent of
22 the governor, shall:

23 (a) Make surveys and analyses of agencies with the object of
24 determining better methods and increased effectiveness in the use of
25 manpower and materials; and the director shall authorize expenditures
26 for employee training to the end that the state may benefit from
27 training facilities made available to state employees;

28 (b) Report to the governor with regard to duplication of effort or
29 lack of coordination among agencies;

30 (c) Review any pay and classification plans, and changes
31 thereunder, developed by any agency for their fiscal impact(~~(+
32 PROVIDED, That)~~). None of the provisions of this subsection shall
33 affect merit systems of personnel management now existing or hereafter
34 established by statute relating to the fixing of qualifications
35 requirements for recruitment, appointment, or promotion of employees of
36 any agency. The director shall advise and confer with agencies
37 including appropriate standing committees of the legislature as may be
38 designated by the speaker of the house and the president of the senate
39 regarding the fiscal impact of such plans and may amend or alter said

1 plans, except that for the following agencies no amendment or
2 alteration of said plans may be made without the approval of the agency
3 concerned: Agencies headed by elective officials;

4 (d) Fix the number and classes of positions or authorized man years
5 of employment for each agency and during the fiscal period amend the
6 determinations previously fixed by the director except that the
7 director shall not be empowered to fix said number or said classes for
8 the following: Agencies headed by elective officials;

9 (e) Provide for transfers and repayments between the budget
10 stabilization account and the general fund as directed by appropriation
11 and RCW 43.88.525 through 43.88.540;

12 (f) Promulgate regulations to effectuate provisions contained in
13 (a) through (e) of this subsection.

14 (5) The treasurer shall:

15 (a) Receive, keep, and disburse all public funds of the state not
16 expressly required by law to be received, kept, and disbursed by some
17 other persons(~~(: PROVIDED, That)~~). This subsection shall not apply to
18 those public funds of the institutions of higher learning which are not
19 subject to appropriation;

20 (b) Disburse public funds under the treasurer's supervision or
21 custody by warrant or check;

22 (c) Keep a correct and current account of all moneys received and
23 disbursed by the treasurer, classified by fund or account;

24 (d) Perform such other duties as may be required by law or by
25 regulations issued pursuant to this law.

26 It shall be unlawful for the treasurer to issue any warrant or
27 check for public funds in the treasury except upon forms duly
28 prescribed by the director of financial management. Said forms shall
29 provide for authentication and certification by the agency head or the
30 agency head's designee that the services have been rendered or the
31 materials have been furnished; or, in the case of loans or grants, that
32 the loans or grants are authorized by law; or, in the case of payments
33 for periodic maintenance services to be performed on state owned
34 equipment, that a written contract for such periodic maintenance
35 services is currently in effect and copies thereof are on file with the
36 office of financial management; and the treasurer shall not be liable
37 under the treasurer's surety bond for erroneous or improper payments so
38 made(~~(: PROVIDED, That)~~). When services are lawfully paid for in
39 advance of full performance by any private individual or business

1 entity other than as provided for by RCW 42.24.035, such individual or
2 entity other than central stores rendering such services shall make a
3 cash deposit or furnish surety bond coverage to the state as shall be
4 fixed in an amount by law, or if not fixed by law, then in such amounts
5 as shall be fixed by the director of the department of general
6 administration but in no case shall such required cash deposit or
7 surety bond be less than an amount which will fully indemnify the state
8 against any and all losses on account of breach of promise to fully
9 perform such services(~~(:—AND PROVIDED FURTHER, That)~~). No payments
10 shall be made in advance for any equipment maintenance services to be
11 performed more than three months after such payment. Any such bond so
12 furnished shall be conditioned that the person, firm or corporation
13 receiving the advance payment will apply it toward performance of the
14 contract. The responsibility for recovery of erroneous or improper
15 payments made under this section shall lie with the agency head or the
16 agency head's designee in accordance with regulations issued pursuant
17 to this chapter. Nothing in this section shall be construed to permit
18 a public body to advance funds to a private service provider pursuant
19 to a grant or loan before services have been rendered or material
20 furnished.

21 (6) The state auditor shall:

22 (a) Report to the legislature the results of current post audits
23 that have been made of the financial transactions of each agency; to
24 this end the auditor may, in the auditor's discretion, examine the
25 books and accounts of any agency, official or employee charged with the
26 receipt, custody or safekeeping of public funds. The current post
27 audit of each agency may include a section on recommendations to the
28 legislature as provided in (c) of this subsection.

29 (b) Give information to the legislature, whenever required, upon
30 any subject relating to the financial affairs of the state.

31 (c) Make the auditor's official report on or before the thirty-
32 first of December which precedes the meeting of the legislature. The
33 report shall be for the last complete fiscal period and shall include
34 at least the following:

35 Determinations as to whether agencies, in making expenditures,
36 complied with the laws of this state(~~(:—PROVIDED, That)~~). Nothing in
37 this section may be construed to grant the state auditor the right to
38 perform performance audits. A performance audit for the purpose of
39 this section is the examination of the effectiveness of the

1 administration, its efficiency, and its adequacy in terms of the
2 programs of departments or agencies as previously approved by the
3 legislature. The authority and responsibility to conduct such an
4 examination shall be vested in the legislative budget committee as
5 prescribed in RCW 44.28.085.

6 (d) Be empowered to take exception to specific expenditures that
7 have been incurred by any agency or to take exception to other
8 practices related in any way to the agency's financial transactions and
9 to cause such exceptions to be made a matter of public record,
10 including disclosure to the agency concerned and to the director of
11 financial management. It shall be the duty of the director of
12 financial management to cause corrective action to be taken promptly,
13 such action to include, as appropriate, the withholding of funds as
14 provided in RCW 43.88.110.

15 (e) Promptly report any irregularities to the attorney general.

16 (f) Investigate improper governmental activity under chapter 42.40
17 RCW.

18 (7) The legislative budget committee may:

19 (a) Make post audits of the financial transactions of any agency
20 and management surveys and program reviews as provided for in RCW
21 44.28.085. To this end the committee may in its discretion examine the
22 books, accounts, and other records of any agency, official, or
23 employee.

24 (b) Give information to the legislature or any legislative
25 committee whenever required upon any subject relating to the
26 performance and management of state agencies.

27 (c) Make a report to the legislature which shall include at least
28 the following:

29 (i) Determinations as to the extent to which agencies in making
30 expenditures have complied with the will of the legislature and in this
31 connection, may take exception to specific expenditures or financial
32 practices of any agencies; and

33 (ii) Such plans as it deems expedient for the support of the
34 state's credit, for lessening expenditures, for promoting frugality and
35 economy in agency affairs and generally for an improved level of fiscal
36 management.

37 **Sec. 11.** RCW 43.88.210 and 1986 c 215 s 6 are each amended to read
38 as follows:

1 It is the intent of this chapter to assign to the governor's office
2 authority for developing and maintaining a state budgeting, accounting,
3 and reporting system necessary for effective expenditure and revenue
4 control among agencies.

5 To this end:

6 (1) All powers and duties and functions of the state auditor
7 relating to the disbursement of public funds by warrant or check are
8 hereby transferred to the state treasurer as the governor may direct
9 but no later than ninety days after the start of the next fiscal
10 ((biennium)) year, and the state auditor shall deliver to the state
11 treasurer all books, records, accounts, equipment, or other property
12 relating to such function. In all cases where any question shall arise
13 as to the proper custody of any such books, records, accounts,
14 equipment or property, or pending business, the governor shall
15 determine the question;

16 (2) In all cases where reports, notices, certifications, vouchers,
17 disbursements and similar statements are now required to be given to
18 any agency the duties and responsibilities of which are being assigned
19 or reassigned by this chapter, the same shall be given to the agency or
20 agencies in the manner provided for in this chapter.

21 **Sec. 12.** RCW 43.88.260 and 1987 c 502 s 7 are each amended to read
22 as follows:

23 (1) It shall be unlawful for any agency head or disbursing officer
24 to incur any cash deficiency and any appointive officer or employee
25 violating the provisions of this section shall be subject to summary
26 removal.

27 (2) This section does not apply to:

28 (a) Temporary cash deficiencies resulting from disbursements under
29 a expenditure plan approved under RCW 43.88.110.

30 (b) Temporary cash deficiencies authorized by the director of
31 financial management for funds and accounts in the state treasury or in
32 the custody of the state treasurer. Each authorization under this
33 subsection (b) shall distinctly specify the fund or account for which
34 a deficiency is authorized, the maximum amount of cash deficiency which
35 may be incurred, and the maximum time period during which the cash
36 deficiency may continue. Each authorization shall expire at the end of
37 each fiscal ((biennium)) year unless renewed by the director of
38 financial management. The director of financial management shall

1 report each authorization and renewal to the legislative fiscal
2 committees.

3 (c) Temporary cash deficiencies in funds or accounts which are
4 neither in the state treasury, nor in the custody of the treasurer, if
5 the cash deficiency does not continue past the end of the fiscal
6 ((biennium)) year.

7 (3) Nothing in this section permits the expenditure of moneys in
8 excess of an applicable appropriation.

9 **Sec. 13.** RCW 43.88.505 and 1979 c 151 s 143 are each amended to
10 read as follows:

11 (1) The director of financial management shall compile, and revise
12 within ninety days after the beginning of each ((biennium)) fiscal
13 year, a current list of all permanent and temporary, statutory and
14 nonstatutory boards, commissions, councils, committees, and other
15 groups of similar nomenclature that are established by the executive,
16 legislative, or judicial branches of state government and whose members
17 are eligible to receive travel expenses for their meetings in
18 accordance with RCW 43.03.050 and 43.03.060 as now existing or
19 hereafter amended.

20 (2) Such list shall include but not be limited to any such group
21 which:

22 (a) Functions primarily in an advisory, planning, or coordinating
23 capacity;

24 (b) Performs advertising, research, promotional, or marketing
25 services for a specific business, industry, or occupation; or

26 (c) Performs licensing, regulatory, or quasi-judicial functions,
27 adopts rules, or has responsibility for the administration or policy
28 direction of a state agency or program.

29 (3) Such list shall contain the following information for each
30 board, commission, council, committee, or other group of similar
31 nomenclature:

32 (a) The legal authorization for the creation of the group;

33 (b) The number of members on the group, the appointing authority,
34 and the agency to which the group reports;

35 (c) The number of meetings held during the preceding ((biennium))
36 fiscal year;

37 (d) A brief summary of the primary responsibilities of the group;

1 (e) The total estimated cost of operating the group during the
2 preceding ((biennium)) fiscal year and the estimated cost of the group
3 during the ensuing ((biennium)) fiscal year. Such cost data shall
4 include the estimated administrative expenses of the group as well as
5 the estimated cost to an agency of providing full time equivalent or
6 part time supporting staff to the group; and

7 (f) The source of funding for the group.

8 **Sec. 14.** RCW 43.88.510 and 1987 c 505 s 37 are each amended to
9 read as follows:

10 Not later than ninety days after the beginning of each ((biennium))
11 fiscal year, the director of financial management shall submit the
12 compiled list of boards, commissions, councils, and committees,
13 together with the information on each such group, that is required by
14 RCW 43.88.505 to:

15 (1) The speaker of the house and the president of the senate for
16 distribution to the appropriate standing committees, including one copy
17 to the staff of each of the committees;

18 (2) The chair of the legislative budget committee, including a copy
19 to the staff of the committee;

20 (3) The chairs of the committees on ways and means of the senate
21 and house of representatives; and

22 (4) Members of the state government committee of the house of
23 representatives and of the governmental operations committee of the
24 senate, including one copy to the staff of each of the committees.

25 **Sec. 15.** RCW 43.88.525 and 1991 sp.s. c 13 s 13 are each amended
26 to read as follows:

27 A budget stabilization account is hereby created as an account in
28 the state treasury for the purposes set forth in RCW 43.88.520 through
29 43.88.540. There shall be deposited into the stabilization account the
30 revenues described in RCW 43.88.530 and such other amounts as the
31 legislature may from time to time direct to be deposited in the
32 account. The governor's ((biennial)) annual budget document shall
33 contain a request for necessary transfers from the general fund to the
34 budget stabilization account of those revenues identified in RCW
35 43.88.530.

1 **Sec. 16.** RCW 43.88.530 and 1982 1st ex.s. c 36 s 2 are each
2 amended to read as follows:

3 (1) The state treasurer, pursuant to an appropriation, shall
4 transfer to the stabilization account a sum equal to the annual growth
5 rate in real personal income minus three percentage points, multiplied
6 by general state revenues for the immediately preceding fiscal year.
7 Unless waived pursuant to RCW 43.88.535, transfers shall be made by the
8 state treasurer during each ((biennium)) fiscal year in eight equal
9 amounts not later than the last day of each quarter commencing
10 September 30, 1983.

11 (2) The state treasurer pursuant to appropriation shall transfer
12 the unobligated cash surplus in the general fund as determined by the
13 director of financial management after the conclusion of each
14 ((biennium)) fiscal year and following the certification of general
15 state revenues by the state treasurer, provided that such revenues do
16 not exceed the state tax revenue limit. No further deposits shall be
17 made to the stabilization account during a ((biennium)) fiscal year
18 when the amount of the account equals or exceeds eight percent of
19 general state revenues for the ((biennium)) fiscal year.

20 **Sec. 17.** RCW 43.88.540 and 1984 c 138 s 11 are each amended to
21 read as follows:

22 Subsequent to a transfer to the general fund from the stabilization
23 account, resumption of further deposits to the stabilization account
24 shall be made during the ((biennium)) fiscal year when estimated
25 revenues demonstrate that resumption of deposits can be made.

26 The director of financial management as agent of the governor shall
27 determine the timing of resumption of deposits to the stabilization
28 account.

29 **Sec. 18.** RCW 44.40.080 and 1973 1st ex.s. c 201 s 2 are each
30 amended to read as follows:

31 Notwithstanding any other provision of law, state transportation
32 agencies shall prepare and present to the governor and to the
33 legislature prior to its convening a recommended budget for the ensuing
34 ((biennium)) fiscal year. The ((biennial)) annual budget shall include
35 details of expenditures, and performance and public service criteria
36 for the transportation programs and activities of each agency in

1 consonance with said agency's adopted six-year comprehensive program
2 and financial plan.

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