

2 **E2SHB 2222** - S COMM AMD  
3 By Committee on Ways & Means

4 ADOPTED 3/1/96

5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 44.28.010 and 1983 c 52 s 1 are each amended to read  
8 as follows:

9 (~~There is hereby created a~~) The joint legislative (~~budget~~)  
10 audit and review committee is created, which shall consist of eight  
11 senators and eight representatives from the legislature. The senate  
12 members of the committee shall be appointed by the president of the  
13 senate, and the house members of the committee shall be appointed by  
14 the speaker of the house. Not more than four members from each house  
15 shall be from the same political party. Members shall be appointed  
16 before the close of each regular session of the legislature during an  
17 odd-numbered year(~~(: PROVIDED, That if prior to)~~). If before the  
18 close of a regular session during an odd-numbered year, the governor  
19 issues a proclamation convening the legislature into special session,  
20 or the legislature by resolution convenes the legislature into special  
21 session, following such regular session, then such appointments shall  
22 be made as a matter of closing business of such special session.  
23 Members shall be subject to confirmation, as to the senate members by  
24 the senate, and as to the house members by the house. In the event of  
25 a failure to appoint joint committee members, either on the part of the  
26 president of the senate or on the part of the speaker of the house, or  
27 in the event of a refusal by either the senate or the house to confirm  
28 appointments on the committee, then the members of the joint committee  
29 from either house in which there is a failure to appoint or confirm  
30 shall be elected (~~forthwith~~) by the members of such house.

31 **Sec. 2.** RCW 44.28.020 and 1980 c 87 s 31 are each amended to read  
32 as follows:

33 The term of office of the members of the joint committee who  
34 continue to be members of the senate and house shall be from the close  
35 of the session in which they were appointed or elected as provided in

1 RCW 44.28.010 until the close of the next regular session during an  
2 odd-numbered year or special session following such regular session,  
3 or, in the event that such appointments or elections are not made,  
4 until the close of the next regular session during an odd-numbered year  
5 during which successors are appointed or elected. The term of office  
6 of ~~((such))~~ joint committee members ~~((as shall))~~ who do not continue to  
7 be members of the senate and house ~~((shall))~~ ceases upon the convening  
8 of the next regular session of the legislature during an odd-numbered  
9 year after their confirmation, election or appointment. Vacancies on  
10 the joint committee shall be filled by appointment by the remaining  
11 members. All such vacancies shall be filled from the same political  
12 party and from the same house as the member whose seat was vacated.

13 **Sec. 3.** RCW 44.28.030 and 1955 c 206 s 6 are each amended to read  
14 as follows:

15 On and after the commencement of a succeeding general session of  
16 the legislature, those members of the joint committee who continue to  
17 be members of the senate and house, respectively, shall continue as  
18 members of the joint committee as indicated in RCW 44.28.020 and the  
19 joint committee shall continue with all its powers, duties,  
20 authorities, records, papers, personnel and staff, and all funds made  
21 available for its use.

22 **Sec. 4.** RCW 44.28.040 and 1975-'76 2nd ex.s. c 34 s 134 are each  
23 amended to read as follows:

24 The members of the joint committee shall serve without additional  
25 compensation, but shall be reimbursed for their travel expenses~~((τ))~~ in  
26 accordance with RCW 44.04.120 ~~((as now existing or hereafter amended,  
27 incurred while))~~ for attending ~~((sessions))~~ meetings of the joint  
28 committee or ~~((meetings of any))~~ a subcommittee of the joint committee,  
29 or while engaged on other ~~((committee))~~ business authorized by the  
30 joint committee, and while going to and coming from committee sessions  
31 or committee meetings.

32 **Sec. 5.** RCW 44.28.080 and 1975 1st ex.s. c 293 s 14 are each  
33 amended to read as follows:

34 The joint committee ~~((shall have))~~ has the following powers:

35 (1) To make examinations and reports concerning whether or not  
36 appropriations are being expended for the purposes and within the

1 statutory restrictions provided by the legislature; concerning the  
2 economic outlook and estimates of revenue to meet expenditures; and  
3 concerning the organization and operation of procedures necessary or  
4 desirable to promote economy, efficiency, and effectiveness in state  
5 government, its officers, boards, committees, commissions,  
6 institutions, and other state agencies, and to make recommendations and  
7 reports to the legislature.

8 (2) To make such other studies and examinations of economy,  
9 efficiency, and effectiveness of state government and its state  
10 agencies as it may find advisable, and to hear complaints, hold  
11 hearings, gather information, and make findings of fact with respect  
12 thereto.

13 (3) (~~The committee shall have the power~~) To receive messages and  
14 reports in person or in writing from the governor or any other state  
15 officials and to study generally any and all business relating to  
16 economy, efficiency, and effectiveness in state government and state  
17 agencies.

18 **Sec. 6.** RCW 44.28.180 and 1993 c 406 s 5 are each amended to read  
19 as follows:

20 (1) In conducting program evaluations as defined in RCW 43.88.020,  
21 the (~~legislative budget~~) joint committee may establish a biennial  
22 work plan that identifies state agency programs for which formal  
23 evaluation appears necessary. Among the factors to be considered in  
24 preparing the work plan are:

25 (a) Whether a program newly created or significantly altered by the  
26 legislature warrants continued oversight because (i) the fiscal impact  
27 of the program is significant, or (ii) the program represents a  
28 relatively high degree of risk in terms of reaching the stated goals  
29 and objectives for that program;

30 (b) Whether implementation of an existing program has failed to  
31 meet its goals and objectives by any significant degree.

32 (2) The project description for each program evaluation shall  
33 include start and completion dates, the proposed research approach, and  
34 cost estimates.

35 (3) The overall plan may include proposals to employ contract  
36 evaluators. As conditions warrant, the program evaluation work plan  
37 may be amended from time to time. All biennial work plans shall be

1 transmitted to the appropriate fiscal and policy committees of the  
2 senate and the house of representatives.

3 **Sec. 7.** RCW 44.28.087 and 1973 1st ex.s. c 197 s 2 are each  
4 amended to read as follows:

5 All agency reports concerning program performance, including  
6 administrative review, quality control, and other internal audit or  
7 performance reports, as requested by the (~~legislative budget~~) joint  
8 committee, shall be furnished by the agency requested to provide such  
9 report.

10 **Sec. 8.** RCW 44.28.100 and 1987 c 505 s 45 are each amended to read  
11 as follows:

12 The joint committee (~~shall have the power to~~) may make reports  
13 from time to time to the members of the legislature and to the public  
14 with respect to any of its findings or recommendations. The joint  
15 committee shall keep complete minutes of its meetings.

16 **Sec. 9.** RCW 44.28.120 and 1951 c 43 s 9 are each amended to read  
17 as follows:

18 In case of the failure on the part of any person to comply with any  
19 subpoena issued in behalf of the joint committee, or on the refusal of  
20 any witness to testify to any matters regarding which he or she may be  
21 lawfully interrogated, it shall be the duty of the superior court of  
22 any county, or of the judge thereof, on application of the joint  
23 committee, to compel obedience by proceedings for contempt, as in the  
24 case of disobedience of the requirements of a subpoena issued from such  
25 court or a refusal to testify therein.

26 **Sec. 10.** RCW 44.28.150 and 1975 1st ex.s. c 293 s 18 are each  
27 amended to read as follows:

28 The joint committee shall cooperate, act, and function with  
29 legislative committees and with the councils or committees of other  
30 states similar to this joint committee and with other interstate  
31 research organizations.

32 **Sec. 11.** RCW 43.88.020 and 1995 c 155 s 1 are each amended to read  
33 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 appointed  
8 by the governor to serve at the governor's pleasure and to whom the  
9 governor may delegate necessary authority to carry out the governor's  
10 duties as provided in this chapter. The director of financial  
11 management shall be head of the office of financial management which  
12 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 moneys,  
18 including cash, checks, bills, notes, drafts, stocks, and bonds,  
19 whether held in trust, for operating purposes, or for capital purposes,  
20 and collected or disbursed under law, whether or not such funds are  
21 otherwise subject to legislative appropriation, including funds  
22 maintained outside the state treasury.

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

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

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

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

1 charges made for such goods or services or through transfers from other  
2 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 by  
6 a gift, grant, contribution, devise, or bequest that limits the use of  
7 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 and  
10 maintenance including but not limited to costs of supplies, materials,  
11 services, and equipment.

12 (12) "Fiscal year" means the year beginning July 1st and ending the  
13 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 (~~(budget)~~) audit and review committee, the legislative evaluation and  
18 accountability program committee, the ways and means committees of the  
19 senate and house of representatives, and, where appropriate, the  
20 legislative transportation committee.

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

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

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

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

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

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

1 (21) "Estimated revenues" means estimates of revenue in the most  
2 recent official economic and revenue forecast prepared under RCW  
3 82.33.020, and prepared by the office of financial management for those  
4 funds, accounts, and sources for which the office of the economic and  
5 revenue forecast council does not prepare an official forecast  
6 including estimates of revenues to support financial plans under RCW  
7 44.40.070, that are prepared by the office of financial management in  
8 consultation with the interagency task force.

9 (22) "Estimated receipts" means the estimated receipt of cash in  
10 the most recent official economic and revenue forecast prepared under  
11 RCW 82.33.020, and prepared by the office of financial management for  
12 those funds, accounts, and sources for which the office of the economic  
13 and revenue forecast council does not prepare an official forecast.

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

19 (24) "Allotment of appropriation" means the agency's statement of  
20 proposed expenditures, the director of financial management's review of  
21 that statement, and the placement of the approved statement into the  
22 state budgeting, accounting, and reporting system.

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

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

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

38 (28) "Performance verification" means an analysis that (a) verifies  
39 the accuracy of data used by state agencies in quantifying intended

1 results and measuring performance toward those results, and (b)  
2 verifies whether or not the reported results were achieved.

3 (29) "Program evaluation" means the use of a variety of policy and  
4 fiscal research methods to (a) determine the extent to which a program  
5 is achieving its legislative intent in terms of producing the effects  
6 expected, and (b) make an objective judgment of the implementation,  
7 outcomes, and net cost or benefit impact of programs in the context of  
8 their goals and objectives. It includes the application of systematic  
9 methods to measure the results, intended or unintended, of program  
10 activities.

11 **Sec. 12.** RCW 43.88.160 and 1994 c 184 s 11 are each amended to  
12 read as follows:

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

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



1 to the appropriate legislative fiscal committees. The director of  
2 financial management may require such financial, statistical, and other  
3 reports as the director deems necessary from all agencies covering any  
4 period.

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

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

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

27 (a) Develop and maintain a system of internal controls and internal  
28 audits comprising methods and procedures to be adopted by each agency  
29 that will safeguard its assets, check the accuracy and reliability of  
30 its accounting data, promote operational efficiency, and encourage  
31 adherence to prescribed managerial policies for accounting and  
32 financial controls. The system developed by the director shall include  
33 criteria for determining the scope and comprehensiveness of internal  
34 controls required by classes of agencies, depending on the level of  
35 resources at risk.

36 Each agency head or authorized designee shall be assigned the  
37 responsibility and authority for establishing and maintaining internal  
38 audits following the standards of internal auditing of the institute of  
39 internal auditors;

1 (b) Make surveys and analyses of agencies with the object of  
2 determining better methods and increased effectiveness in the use of  
3 manpower and materials; and the director shall authorize expenditures  
4 for employee training to the end that the state may benefit from  
5 training facilities made available to state employees;

6 (c) Establish policies for allowing the contracting of child care  
7 services;

8 (d) Report to the governor with regard to duplication of effort or  
9 lack of coordination among agencies;

10 (e) Review any pay and classification plans, and changes  
11 thereunder, developed by any agency for their fiscal impact: PROVIDED,  
12 That none of the provisions of this subsection shall affect merit  
13 systems of personnel management now existing or hereafter established  
14 by statute relating to the fixing of qualifications requirements for  
15 recruitment, appointment, or promotion of employees of any agency. The  
16 director shall advise and confer with agencies including appropriate  
17 standing committees of the legislature as may be designated by the  
18 speaker of the house and the president of the senate regarding the  
19 fiscal impact of such plans and may amend or alter said plans, except  
20 that for the following agencies no amendment or alteration of said  
21 plans may be made without the approval of the agency concerned:  
22 Agencies headed by elective officials;

23 (f) Fix the number and classes of positions or authorized man years  
24 of employment for each agency and during the fiscal period amend the  
25 determinations previously fixed by the director except that the  
26 director shall not be empowered to fix said number or said classes for  
27 the following: Agencies headed by elective officials;

28 (g) Provide for transfers and repayments between the budget  
29 stabilization account and the general fund as directed by appropriation  
30 and RCW 43.88.525 through 43.88.540;

31 (h) Adopt rules to effectuate provisions contained in (a) through  
32 (g) of this subsection.

33 (5) The treasurer shall:

34 (a) Receive, keep, and disburse all public funds of the state not  
35 expressly required by law to be received, kept, and disbursed by some  
36 other persons: PROVIDED, That this subsection shall not apply to those  
37 public funds of the institutions of higher learning which are not  
38 subject to appropriation;

1 (b) Receive, disburse, or transfer public funds under the  
2 treasurer's supervision or custody;

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

5 (d) Coordinate agencies' acceptance and use of credit cards and  
6 other payment methods, if the agencies have received authorization  
7 under RCW 43.41.180;

8 (e) Perform such other duties as may be required by law or by  
9 regulations issued pursuant to this law.

10 It shall be unlawful for the treasurer to disburse public funds in  
11 the treasury except upon forms or by alternative means duly prescribed  
12 by the director of financial management. These forms or alternative  
13 means shall provide for authentication and certification by the agency  
14 head or the agency head's designee that the services have been rendered  
15 or the materials have been furnished; or, in the case of loans or  
16 grants, that the loans or grants are authorized by law; or, in the case  
17 of payments for periodic maintenance services to be performed on state  
18 owned equipment, that a written contract for such periodic maintenance  
19 services is currently in effect and copies thereof are on file with the  
20 office of financial management; and the treasurer shall not be liable  
21 under the treasurer's surety bond for erroneous or improper payments so  
22 made. When services are lawfully paid for in advance of full  
23 performance by any private individual or business entity other than as  
24 provided for by RCW 42.24.035, such individual or entity other than  
25 central stores rendering such services shall make a cash deposit or  
26 furnish surety bond coverage to the state as shall be fixed in an  
27 amount by law, or if not fixed by law, then in such amounts as shall be  
28 fixed by the director of the department of general administration but  
29 in no case shall such required cash deposit or surety bond be less than  
30 an amount which will fully indemnify the state against any and all  
31 losses on account of breach of promise to fully perform such services.  
32 No payments shall be made in advance for any equipment maintenance  
33 services to be performed more than three months after such payment.  
34 Any such bond so furnished shall be conditioned that the person, firm  
35 or corporation receiving the advance payment will apply it toward  
36 performance of the contract. The responsibility for recovery of  
37 erroneous or improper payments made under this section shall lie with  
38 the agency head or the agency head's designee in accordance with  
39 regulations issued pursuant to this chapter. Nothing in this section

1 shall be construed to permit a public body to advance funds to a  
2 private service provider pursuant to a grant or loan before services  
3 have been rendered or material furnished.

4 (6) The state auditor shall:

5 (a) Report to the legislature the results of current post audits  
6 that have been made of the financial transactions of each agency; to  
7 this end the auditor may, in the auditor's discretion, examine the  
8 books and accounts of any agency, official, or employee charged with  
9 the receipt, custody, or safekeeping of public funds. Where feasible  
10 in conducting examinations, the auditor shall utilize data and findings  
11 from the internal control system prescribed by the office of financial  
12 management. The current post audit of each agency may include a  
13 section on recommendations to the legislature as provided in (c) of  
14 this subsection.

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

17 (c) Make the auditor's official report on or before the thirty-  
18 first of December which precedes the meeting of the legislature. The  
19 report shall be for the last complete fiscal period and shall include  
20 determinations as to whether agencies, in making expenditures, complied  
21 with the laws of this state. The state auditor is authorized to  
22 perform or participate in performance verifications only as expressly  
23 authorized by the legislature in the omnibus biennial appropriations  
24 acts. The state auditor, upon completing an audit for legal and  
25 financial compliance under chapter 43.09 RCW or a performance  
26 verification, may report to the joint legislative (~~(budget)~~) audit and  
27 review committee or other appropriate committees of the legislature, in  
28 a manner prescribed by the joint legislative (~~(budget)~~) audit and  
29 review committee, on facts relating to the management or performance of  
30 governmental programs where such facts are discovered incidental to the  
31 legal and financial audit or performance verification. The auditor may  
32 make such a report to a legislative committee only if the auditor has  
33 determined that the agency has been given an opportunity and has failed  
34 to resolve the management or performance issues raised by the auditor.  
35 If the auditor makes a report to a legislative committee, the agency  
36 may submit to the committee a response to the report. This subsection  
37 (6) shall not be construed to authorize the auditor to allocate other  
38 than de minimis resources to performance audits except as expressly  
39 authorized in the appropriations acts.

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

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

11 (f) Investigate improper governmental activity under chapter 42.40  
12 RCW.

13 (7) The joint legislative (~~(budget)~~) audit and review committee  
14 may:

15 (a) Make post audits of the financial transactions of any agency  
16 and management surveys and program reviews as provided for in RCW  
17 44.28.085 as well as performance audits and program evaluations. To  
18 this end the joint committee may in its discretion examine the books,  
19 accounts, and other records of any agency, official, or employee.

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

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

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

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

33 **Sec. 13.** RCW 28A.630.830 and 1994 c 13 s 5 are each amended to  
34 read as follows:

35 (1) The selection advisory committee is created. The committee  
36 shall be composed of up to three members from the house of  
37 representatives, up to three members from the senate, up to two members  
38 from the office of the superintendent of public instruction, and one

1 member from each of the following: The office of financial management,  
2 Washington state special education coalition, transitional bilingual  
3 instruction educators, and Washington education association.

4 (2) The joint legislative (~~((budget))~~) audit and review committee and  
5 the superintendent of public instruction shall provide staff for the  
6 selection advisory committee.

7 (3) The selection advisory committee shall:

8 (a) Develop appropriate criteria for selecting demonstration  
9 projects;

10 (b) Issue requests for proposals in accordance with RCW 28A.630.820  
11 through 28A.630.845 for demonstration projects;

12 (c) Review proposals and recommend demonstration projects for  
13 approval by the superintendent of public instruction; and

14 (d) Advise the superintendent of public instruction on the  
15 evaluation design.

16 **Sec. 14.** RCW 28B.20.382 and 1987 c 505 s 13 are each amended to  
17 read as follows:

18 Until authorized and empowered to do so by statute of the  
19 legislature, the board of regents of the university, with respect to  
20 that certain tract of land in the city of Seattle originally known as  
21 the "old university grounds" and more recently known as the  
22 "Metropolitan Tract" and any land contiguous thereto, shall not sell  
23 (~~((said))~~) the land or any part thereof or any improvement thereon, or  
24 lease (~~((said))~~) the land or any part thereof or any improvement thereon  
25 or renew or extend any lease thereof for a term ending more than sixty  
26 years beyond midnight, December 31, 1980. Any sale of (~~((said))~~) the  
27 land or any part thereof or any improvement thereon, or any lease or  
28 renewal or extension of any lease of (~~((said))~~) the land or any part  
29 thereof or any improvement thereon for a term ending more than sixty  
30 years after midnight, December 31, 1980, made or attempted to be made  
31 by the board of regents shall be null and void unless and until the  
32 same has been approved or ratified and confirmed by legislative act.

33 The board of regents shall have power from time to time to lease  
34 (~~((said))~~) the land, or any part thereof or any improvement thereon for  
35 a term ending not more than sixty years beyond midnight, December 31,  
36 1980: PROVIDED, That the board of regents shall make a full, detailed  
37 report of all leases and transactions pertaining to (~~((said))~~) the land  
38 or any part thereof or any improvement thereon to the joint legislative

1 (~~budget~~) audit and review committee, including one copy to the staff  
2 of the committee, during an odd-numbered year: PROVIDED FURTHER, That  
3 any and all records, books, accounts (~~and/or~~), and agreements of any  
4 lessee or sublessee under this section, pertaining to compliance with  
5 the terms and conditions of such lease or sublease, shall be open to  
6 inspection by the board of regents (~~and/or~~), the ways and means  
7 committee(~~s~~) of the senate (~~or~~), the appropriations committee of  
8 the house of representatives (~~or~~), and the joint legislative  
9 (~~budget~~) audit and review committee or any successor committees. It  
10 is not intended by this proviso that unrelated records, books, accounts  
11 (~~and/or~~), and agreements of lessees, sublessees, or related companies  
12 be open to such inspection.

13 **Sec. 15.** RCW 39.19.060 and 1993 c 512 s 9 are each amended to read  
14 as follows:

15 Each state agency and educational institution shall comply with the  
16 annual goals established for that agency or institution under this  
17 chapter for public works and procuring goods or services. This chapter  
18 applies to all public works and procurement by state agencies and  
19 educational institutions, including all contracts and other procurement  
20 under chapters 28B.10, 39.04, 39.29, 43.19, and 47.28 RCW. Each state  
21 agency shall adopt a plan, developed in consultation with the director  
22 and the advisory committee, to insure that minority and women-owned  
23 businesses are afforded the maximum practicable opportunity to directly  
24 and meaningfully participate in the execution of public contracts for  
25 public works and goods and services. The plan shall include specific  
26 measures the agency will undertake to increase the participation of  
27 certified minority and women-owned businesses. The office shall  
28 annually notify the governor, the state auditor, and the joint  
29 legislative (~~budget~~) audit and review committee of all agencies and  
30 educational institutions not in compliance with this chapter.

31 **Sec. 16.** RCW 39.29.016 and 1987 c 414 s 4 are each amended to read  
32 as follows:

33 Emergency contracts shall be filed with the office of financial  
34 management and the joint legislative (~~budget~~) audit and review  
35 committee and made available for public inspection within three working  
36 days following the commencement of work or execution of the contract,  
37 whichever occurs first. Documented justification for emergency

1 contracts shall be provided to the office of financial management and  
2 the joint legislative (~~(budget)~~) audit and review committee when the  
3 contract is filed.

4 **Sec. 17.** RCW 39.29.018 and 1993 c 433 s 5 are each amended to read  
5 as follows:

6 (1) Sole source contracts shall be filed with the office of  
7 financial management and the joint legislative (~~(budget)~~) audit and  
8 review committee and made available for public inspection at least ten  
9 working days prior to the proposed starting date of the contract.  
10 Documented justification for sole source contracts shall be provided to  
11 the office of financial management and the joint legislative (~~(budget)~~)  
12 audit and review committee when the contract is filed. For sole source  
13 contracts of ten thousand dollars or more that are state funded,  
14 documented justification shall include evidence that the agency  
15 attempted to identify potential consultants by advertising through  
16 state-wide or regional newspapers.

17 (2) The office of financial management shall approve sole source  
18 contracts of ten thousand dollars or more that are state funded, before  
19 any such contract becomes binding and before any services may be  
20 performed under the contract. These requirements shall also apply to  
21 sole source contracts of less than ten thousand dollars if the total  
22 amount of such contracts between an agency and the same consultant is  
23 ten thousand dollars or more within a fiscal year. Agencies shall  
24 ensure that the costs, fees, or rates negotiated in filed sole source  
25 contracts of ten thousand dollars or more are reasonable.

26 **Sec. 18.** RCW 39.29.025 and 1993 c 433 s 3 are each amended to read  
27 as follows:

28 (1) Substantial changes in either the scope of work specified in  
29 the contract or in the scope of work specified in the formal  
30 solicitation document must generally be awarded as new contracts.  
31 Substantial changes executed by contract amendments must be submitted  
32 to the office of financial management and the joint legislative  
33 (~~(budget)~~) audit and review committee, and are subject to approval by  
34 the office of financial management.

35 (2) An amendment or amendments to personal service contracts, if  
36 the value of the amendment or amendments, whether singly or  
37 cumulatively, exceeds fifty percent of the value of the original



1 contract must be provided to the office of financial management and the  
2 joint legislative ((budget)) audit and review committee.

3 (3) The office of financial management shall approve amendments  
4 provided to it under this section before the amendments become binding  
5 and before services may be performed under the amendments.

6 (4) The amendments must be filed with the office of financial  
7 management and made available for public inspection at least ten  
8 working days prior to the proposed starting date of services under the  
9 amendments.

10 (5) The office of financial management shall approve amendments  
11 provided to it under this section only if they meet the criteria for  
12 approval of the amendments established by the director of the office of  
13 financial management.

14 **Sec. 19.** RCW 39.29.055 and 1993 c 433 s 7 are each amended to read  
15 as follows:

16 (1) State-funded personal service contracts subject to competitive  
17 solicitation shall be filed with the office of financial management and  
18 the joint legislative ((budget)) audit and review committee and made  
19 available for public inspection at least ten working days before the  
20 proposed starting date of the contract.

21 (2) The office of financial management shall review and approve  
22 state-funded personal service contracts subject to competitive  
23 solicitation that provide services relating to management consulting,  
24 organizational development, marketing, communications, employee  
25 training, or employee recruiting.

26 **Sec. 20.** RCW 41.06.070 and 1995 c 163 s 1 are each amended to read  
27 as follows:

28 (1) The provisions of this chapter do not apply to:

29 (a) The members of the legislature or to any employee of, or  
30 position in, the legislative branch of the state government including  
31 members, officers, and employees of the legislative council, joint  
32 legislative ((budget)) audit and review committee, statute law  
33 committee, and any interim committee of the legislature;

34 (b) The justices of the supreme court, judges of the court of  
35 appeals, judges of the superior courts or of the inferior courts, or to  
36 any employee of, or position in the judicial branch of state  
37 government;

1 (c) Officers, academic personnel, and employees of technical  
2 colleges;

3 (d) The officers of the Washington state patrol;

4 (e) Elective officers of the state;

5 (f) The chief executive officer of each agency;

6 (g) In the departments of employment security and social and health  
7 services, the director and the director's confidential secretary; in  
8 all other departments, the executive head of which is an individual  
9 appointed by the governor, the director, his or her confidential  
10 secretary, and his or her statutory assistant directors;

11 (h) In the case of a multimember board, commission, or committee,  
12 whether the members thereof are elected, appointed by the governor or  
13 other authority, serve ex officio, or are otherwise chosen:

14 (i) All members of such boards, commissions, or committees;

15 (ii) If the members of the board, commission, or committee serve on  
16 a part-time basis and there is a statutory executive officer: The  
17 secretary of the board, commission, or committee; the chief executive  
18 officer of the board, commission, or committee; and the confidential  
19 secretary of the chief executive officer of the board, commission, or  
20 committee;

21 (iii) If the members of the board, commission, or committee serve  
22 on a full-time basis: The chief executive officer or administrative  
23 officer as designated by the board, commission, or committee; and a  
24 confidential secretary to the chair of the board, commission, or  
25 committee;

26 (iv) If all members of the board, commission, or committee serve ex  
27 officio: The chief executive officer; and the confidential secretary  
28 of such chief executive officer;

29 (i) The confidential secretaries and administrative assistants in  
30 the immediate offices of the elective officers of the state;

31 (j) Assistant attorneys general;

32 (k) Commissioned and enlisted personnel in the military service of  
33 the state;

34 (l) Inmate, student, part-time, or temporary employees, and part-  
35 time professional consultants, as defined by the Washington personnel  
36 resources board;

37 (m) The public printer or to any employees of or positions in the  
38 state printing plant;

1 (n) Officers and employees of the Washington state fruit  
2 commission;

3 (o) Officers and employees of the Washington state apple  
4 advertising commission;

5 (p) Officers and employees of the Washington state dairy products  
6 commission;

7 (q) Officers and employees of the Washington tree fruit research  
8 commission;

9 (r) Officers and employees of the Washington state beef commission;

10 (s) Officers and employees of any commission formed under chapter  
11 15.66 RCW;

12 (t) Officers and employees of the state wheat commission formed  
13 under chapter 15.63 RCW;

14 (u) Officers and employees of agricultural commissions formed under  
15 chapter 15.65 RCW;

16 (v) Officers and employees of the nonprofit corporation formed  
17 under chapter 67.40 RCW;

18 (w) Executive assistants for personnel administration and labor  
19 relations in all state agencies employing such executive assistants  
20 including but not limited to all departments, offices, commissions,  
21 committees, boards, or other bodies subject to the provisions of this  
22 chapter and this subsection shall prevail over any provision of law  
23 inconsistent herewith unless specific exception is made in such law;

24 (x) In each agency with fifty or more employees: Deputy agency  
25 heads, assistant directors or division directors, and not more than  
26 three principal policy assistants who report directly to the agency  
27 head or deputy agency heads;

28 (y) All employees of the marine employees' commission;

29 (z) Up to a total of five senior staff positions of the western  
30 library network under chapter 27.26 RCW responsible for formulating  
31 policy or for directing program management of a major administrative  
32 unit. This subsection (1)(z) shall expire on June 30, 1997.

33 (2) The following classifications, positions, and employees of  
34 institutions of higher education and related boards are hereby exempted  
35 from coverage of this chapter:

36 (a) Members of the governing board of each institution of higher  
37 education and related boards, all presidents, vice-presidents, and  
38 their confidential secretaries, administrative, and personal  
39 assistants; deans, directors, and chairs; academic personnel; and

1 executive heads of major administrative or academic divisions employed  
2 by institutions of higher education; principal assistants to executive  
3 heads of major administrative or academic divisions; other managerial  
4 or professional employees in an institution or related board having  
5 substantial responsibility for directing or controlling program  
6 operations and accountable for allocation of resources and program  
7 results, or for the formulation of institutional policy, or for  
8 carrying out personnel administration or labor relations functions,  
9 legislative relations, public information, development, senior computer  
10 systems and network programming, or internal audits and investigations;  
11 and any employee of a community college district whose place of work is  
12 one which is physically located outside the state of Washington and who  
13 is employed pursuant to RCW 28B.50.092 and assigned to an educational  
14 program operating outside of the state of Washington;

15 (b) Student, part-time, or temporary employees, and part-time  
16 professional consultants, as defined by the Washington personnel  
17 resources board, employed by institutions of higher education and  
18 related boards;

19 (c) The governing board of each institution, and related boards,  
20 may also exempt from this chapter classifications involving research  
21 activities, counseling of students, extension or continuing education  
22 activities, graphic arts or publications activities requiring  
23 prescribed academic preparation or special training as determined by  
24 the board: PROVIDED, That no nonacademic employee engaged in office,  
25 clerical, maintenance, or food and trade services may be exempted by  
26 the board under this provision;

27 (d) Printing craft employees in the department of printing at the  
28 University of Washington.

29 (3) In addition to the exemptions specifically provided by this  
30 chapter, the Washington personnel resources board may provide for  
31 further exemptions pursuant to the following procedures. The governor  
32 or other appropriate elected official may submit requests for exemption  
33 to the Washington personnel resources board stating the reasons for  
34 requesting such exemptions. The Washington personnel resources board  
35 shall hold a public hearing, after proper notice, on requests submitted  
36 pursuant to this subsection. If the board determines that the position  
37 for which exemption is requested is one involving substantial  
38 responsibility for the formulation of basic agency or executive policy  
39 or one involving directing and controlling program operations of an

1 agency or a major administrative division thereof, the Washington  
2 personnel resources board shall grant the request and such  
3 determination shall be final as to any decision made before July 1,  
4 1993. The total number of additional exemptions permitted under this  
5 subsection shall not exceed one percent of the number of employees in  
6 the classified service not including employees of institutions of  
7 higher education and related boards for those agencies not directly  
8 under the authority of any elected public official other than the  
9 governor, and shall not exceed a total of twenty-five for all agencies  
10 under the authority of elected public officials other than the  
11 governor. The Washington personnel resources board shall report to  
12 each regular session of the legislature during an odd-numbered year all  
13 exemptions granted under subsections (1)(w) and (x) and (2) of this  
14 section, together with the reasons for such exemptions.

15 The salary and fringe benefits of all positions presently or  
16 hereafter exempted except for the chief executive officer of each  
17 agency, full-time members of boards and commissions, administrative  
18 assistants and confidential secretaries in the immediate office of an  
19 elected state official, and the personnel listed in subsections (1)(j)  
20 through (v) and (2) of this section, shall be determined by the  
21 Washington personnel resources board.

22 Any person holding a classified position subject to the provisions  
23 of this chapter shall, when and if such position is subsequently  
24 exempted from the application of this chapter, be afforded the  
25 following rights: If such person previously held permanent status in  
26 another classified position, such person shall have a right of  
27 reversion to the highest class of position previously held, or to a  
28 position of similar nature and salary.

29 Any classified employee having civil service status in a classified  
30 position who accepts an appointment in an exempt position shall have  
31 the right of reversion to the highest class of position previously  
32 held, or to a position of similar nature and salary.

33 A person occupying an exempt position who is terminated from the  
34 position for gross misconduct or malfeasance does not have the right of  
35 reversion to a classified position as provided for in this section.

36 **Sec. 21.** RCW 42.48.060 and 1985 c 334 s 6 are each amended to read  
37 as follows:

1 Nothing in this chapter is applicable to, or in any way affects,  
2 the powers and duties of the state auditor or the joint legislative  
3 (~~budget~~) audit and review committee.

4 **Sec. 22.** RCW 43.09.310 and 1995 c 301 s 22 are each amended to  
5 read as follows:

6 The state auditor shall annually audit the state-wide combined  
7 financial statements prepared by the office of financial management and  
8 make post-audits of state agencies. Post-audits of state agencies  
9 shall be made at such periodic intervals as is determined by the state  
10 auditor. Audits of combined financial statements shall include  
11 determinations as to the validity and accuracy of accounting methods,  
12 procedures and standards utilized in their preparation, as well as the  
13 accuracy of the financial statements themselves. A report shall be  
14 made of each such audit and post-audit upon completion thereof, and one  
15 copy shall be transmitted to the governor, one to the director of  
16 financial management, one to the state agency audited, one to the joint  
17 legislative (~~budget~~) audit and review committee, one each to the  
18 standing committees on ways and means of the house and senate, one to  
19 the chief clerk of the house, one to the secretary of the senate, and  
20 at least one shall be kept on file in the office of the state auditor.  
21 A copy of any report containing findings of noncompliance with state  
22 law shall be transmitted to the attorney general.

23 **Sec. 23.** RCW 43.21J.800 and 1993 c 516 s 11 are each amended to  
24 read as follows:

25 On or before June 30, 1998, the joint legislative (~~budget~~) audit  
26 and review committee shall prepare a report to the legislature  
27 evaluating the implementation of the environmental restoration jobs act  
28 of 1993, chapter 516, Laws of 1993.

29 **Sec. 24.** RCW 43.79.270 and 1973 c 144 s 2 are each amended to read  
30 as follows:

31 Whenever any money, from the federal government, or from other  
32 sources, which was not anticipated in the budget approved by the  
33 legislature has actually been received and is designated to be spent  
34 for a specific purpose, the head of any department, agency, board, or  
35 commission through which such expenditure shall be made is to submit to  
36 the governor a statement which may be in the form of a request for an

1 allotment amendment setting forth the facts constituting the need for  
2 such expenditure and the estimated amount to be expended: PROVIDED,  
3 That no expenditure shall be made in excess of the actual amount  
4 received, and no money shall be expended for any purpose except the  
5 specific purpose for which it was received. A copy of any proposal  
6 submitted to the governor to expend money from an appropriated fund or  
7 account in excess of appropriations provided by law which is based on  
8 the receipt of unanticipated revenues shall be submitted to the joint  
9 legislative ((~~budget~~)) audit and review committee and also to the  
10 standing committees on ways and means of the house and senate if the  
11 legislature is in session at the same time as it is transmitted to the  
12 governor.

13 **Sec. 25.** RCW 43.79.280 and 1973 c 144 s 3 are each amended to read  
14 as follows:

15 If the governor approves such estimate in whole or part, he shall  
16 endorse on each copy of the statement his approval, together with a  
17 statement of the amount approved in the form of an allotment amendment,  
18 and transmit one copy to the head of the department, agency, board, or  
19 commission authorizing the expenditure. An identical copy of the  
20 governor's statement of approval and a statement of the amount approved  
21 for expenditure shall be transmitted simultaneously to the joint  
22 legislative ((~~budget~~)) audit and review committee and also to the  
23 standing committee on ways and means of the house and senate of all  
24 executive approvals of proposals to expend money in excess of  
25 appropriations provided by law.

26 **Sec. 26.** RCW 43.88.205 and 1979 c 151 s 141 are each amended to  
27 read as follows:

28 (1) Whenever an agency makes application, enters into a contract or  
29 agreement, or submits state plans for participation in, and for grants  
30 of federal funds under any federal law, the agency making such  
31 application shall at the time of such action, give notice in such form  
32 and manner as the director of financial management may prescribe, or  
33 the ((~~chairman~~)) chair of the joint legislative ((~~budget~~)) audit and  
34 review committee, standing committees on ways and means of the house  
35 and senate, the chief clerk of the house, or the secretary of the  
36 senate may request.

1 (2) Whenever any such application, contract, agreement, or state  
2 plan is amended, such agency shall notify each such officer of such  
3 action in the same manner as prescribed or requested pursuant to  
4 subsection (1) of this section.

5 (3) Such agency shall promptly furnish such progress reports in  
6 relation to each such application, contract, agreement, or state plan  
7 as may be requested following the date of the filing of the  
8 application, contract, agreement, or state plan; and shall also file  
9 with each such officer a final report as to the final disposition of  
10 each such application, contract, agreement, or state plan if such is  
11 requested.

12 **Sec. 27.** RCW 43.88.230 and 1981 c 270 s 12 are each amended to  
13 read as follows:

14 For the purposes of this chapter, the statute law committee, the  
15 joint legislative ((budget)) audit and review committee, the  
16 legislative transportation committee, the legislative evaluation and  
17 accountability program committee, the office of state actuary, and all  
18 legislative standing committees of both houses shall be deemed a part  
19 of the legislative branch of state government.

20 **Sec. 28.** RCW 43.88.310 and 1993 c 157 s 1 are each amended to read  
21 as follows:

22 (1) The legislative auditor, with the concurrence of the joint  
23 legislative ((budget)) audit and review committee, may file with the  
24 attorney general any audit exceptions or other findings of any  
25 performance audit, management study, or special report prepared for the  
26 joint legislative ((budget)) audit and review committee, any standing  
27 or special committees of the house or senate, or the entire legislature  
28 which indicate a violation of RCW 43.88.290, or any other act of  
29 malfeasance, misfeasance, or nonfeasance on the part of any state  
30 officer or employee.

31 (2) The attorney general shall promptly review each filing received  
32 from the legislative auditor and may act thereon as provided in RCW  
33 43.88.300, or any other applicable statute authorizing enforcement  
34 proceedings by the attorney general. The attorney general shall advise  
35 the joint legislative ((budget)) audit and review committee of the  
36 status of exceptions or findings referred under this section.



1       **Sec. 29.** RCW 43.88.510 and 1987 c 505 s 37 are each amended to  
2 read as follows:

3       Not later than ninety days after the beginning of each biennium,  
4 the director of financial management shall submit the compiled list of  
5 boards, commissions, councils, and committees, together with the  
6 information on each such group, that is required by RCW 43.88.505 to:

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

10       (2) The chair of the joint legislative ((budget)) audit and review  
11 committee, including a copy to the staff of the committee;

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

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

17       **Sec. 30.** RCW 43.131.050 and 1990 c 297 s 2 are each amended to  
18 read as follows:

19       The joint legislative ((budget)) audit and review committee shall  
20 cause to be conducted a program and fiscal review of any state agency  
21 or program scheduled for termination by the processes provided in this  
22 chapter. Such program and fiscal review shall be completed and a  
23 preliminary report prepared on or before June 30th of the year prior to  
24 the date established for termination. Upon completion of its  
25 preliminary report, the joint legislative ((budget)) audit and review  
26 committee shall transmit copies of the report to the office of  
27 financial management. The office of financial management may then  
28 conduct its own program and fiscal review of the agency scheduled for  
29 termination and shall prepare a report on or before September 30th of  
30 the year prior to the date established for termination. Upon  
31 completion of its report the office of financial management shall  
32 transmit copies of its report to the joint legislative ((budget)) audit  
33 and review committee. The joint legislative ((budget)) audit and  
34 review committee shall prepare a final report that includes the reports  
35 of both the office of financial management and the joint legislative  
36 ((budget)) audit and review committee. The joint legislative  
37 ((budget)) audit and review committee and the office of financial  
38 management shall, upon request, make available to each other all

1 working papers, studies, and other documents which relate to reports  
2 required under this section. The joint legislative (~~(budget)~~) audit  
3 and review committee shall transmit the final report to the  
4 legislature, to the state agency concerned, to the governor, and to the  
5 state library.

6 **Sec. 31.** RCW 43.131.060 and 1988 c 17 s 1 are each amended to read  
7 as follows:

8 In conducting the review of a regulatory entity, the joint  
9 legislative (~~(budget)~~) audit and review committee shall consider, but  
10 not be limited to, the following factors where applicable:

11 (1) The extent to which the regulatory entity has operated in the  
12 public interest and fulfilled its statutory obligations;

13 (2) The duties of the regulatory entity and the costs incurred in  
14 carrying out those duties;

15 (3) The extent to which the regulatory entity is operating in an  
16 efficient, effective, and economical manner;

17 (4) The extent to which the regulatory entity inhibits competition  
18 or otherwise adversely affects the state's economic climate;

19 (5) The extent to which the regulatory entity duplicates the  
20 activities of other regulatory entities or of the private sector, where  
21 appropriate; and

22 (6) The extent to which the absence or modification of regulation  
23 would adversely affect, maintain, or improve the public health, safety,  
24 or welfare.

25 **Sec. 32.** RCW 43.131.070 and 1977 ex.s. c 289 s 7 are each amended  
26 to read as follows:

27 In conducting the review of a state agency other than a regulatory  
28 entity, the joint legislative (~~(budget)~~) audit and review committee  
29 shall consider, but not be limited to, the following factors where  
30 applicable:

31 (1) The extent to which the state agency has complied with  
32 legislative intent;

33 (2) The extent to which the state agency is operating in an  
34 efficient and economical manner which results in optimum performance;

35 (3) The extent to which the state agency is operating in the public  
36 interest by effectively providing a needed service that should be  
37 continued rather than modified, consolidated, or eliminated;

1 (4) The extent to which the state agency duplicates the activities  
2 of other state agencies or of the private sector, where appropriate;  
3 and

4 (5) The extent to which the termination or modification of the  
5 state agency would adversely affect the public health, safety, or  
6 welfare.

7 **Sec. 33.** RCW 43.131.080 and 1989 c 175 s 109 are each amended to  
8 read as follows:

9 (1) Following receipt of the final report from the joint  
10 legislative (~~(budget)~~) audit and review committee, the appropriate  
11 committees of reference in the senate and the house of representatives  
12 shall each hold a public hearing, unless a joint hearing is held, to  
13 consider the final report and any related data. The committees shall  
14 also receive testimony from representatives of the state agency or  
15 agencies involved, which shall have the burden of demonstrating a  
16 public need for its continued existence; and from the governor or the  
17 governor's designee, and other interested parties, including the  
18 general public.

19 (2) When requested by either of the presiding members of the  
20 appropriate senate and house committees of reference, a regulatory  
21 entity under review shall mail an announcement of any hearing to the  
22 persons it regulates who have requested notice of agency rule-making  
23 proceedings as provided in RCW 34.05.320, or who have requested notice  
24 of hearings held pursuant to the provisions of this section. On  
25 request of either presiding member, such mailing shall include an  
26 explanatory statement not exceeding one page in length prepared and  
27 supplied by the member's committee.

28 (3) The presiding members of the senate committee on ways and means  
29 and the house committee on appropriations may designate one or more  
30 liaison members to each committee of reference in their respective  
31 chambers for purposes of participating in any hearing and in subsequent  
32 committee of reference discussions and to seek a coordinated approach  
33 between the committee of reference and the committee they represent in  
34 a liaison capacity.

35 (4) Following any hearing under subsection (1) of this section by  
36 the committees of reference, such committees may hold additional  
37 meetings or hearings to come to a final determination as to whether a  
38 state agency has demonstrated a public need for its continued existence

1 or whether modifications in existing procedures are needed. In the  
2 event that a committee of reference concludes that a state agency shall  
3 be reestablished or modified or its functions transferred elsewhere, it  
4 shall make such determination as a bill. No more than one state agency  
5 shall be reestablished or modified in any one bill.

6 **Sec. 34.** RCW 43.131.110 and 1977 ex.s. c 289 s 11 are each amended  
7 to read as follows:

8 Any reference in this chapter to a committee of the legislature  
9 including the joint legislative (~~(budget)~~) audit and review committee  
10 shall also refer to the successor of that committee.

11 **Sec. 35.** RCW 43.250.080 and 1986 c 294 s 8 are each amended to  
12 read as follows:

13 At the end of each fiscal year, the state treasurer shall submit to  
14 the governor, the state auditor, and the joint legislative (~~(budget)~~)  
15 audit and review committee a summary of the activity of the investment  
16 pool. The summary shall indicate the quantity of funds deposited; the  
17 earnings of the pool; the investments purchased, sold, or exchanged;  
18 the administrative expenses of the investment pool; and such other  
19 information as the state treasurer deems relevant.

20 **Sec. 36.** RCW 44.40.025 and 1981 c 270 s 15 are each amended to  
21 read as follows:

22 In addition to the powers and duties authorized in RCW 44.40.020,  
23 the committee and the standing committees on transportation of the  
24 house and senate shall, in coordination with the joint legislative  
25 (~~(budget)~~) audit and review committee, the legislative evaluation and  
26 accountability program committee, and the ways and means committees of  
27 the senate and house of representatives, ascertain, study, and/or  
28 analyze all available facts and matters relating or pertaining to  
29 sources of revenue, appropriations, expenditures, and financial  
30 condition of the motor vehicle fund and accounts thereof, the highway  
31 safety fund, and all other funds or accounts related to transportation  
32 programs of the state.

33 The joint legislative (~~(budget)~~) audit and review committee, the  
34 legislative evaluation and accountability program committee, and the  
35 ways and means committees of the senate and house of representatives  
36 shall coordinate their activities with the legislative transportation

1 committee in carrying out the committees' powers and duties under  
2 chapter 43.88 RCW in matters relating to the transportation programs of  
3 the state.

4 **Sec. 37.** RCW 67.70.310 and 1982 2nd ex.s. c 7 s 31 are each  
5 amended to read as follows:

6 The director of financial management may conduct a management  
7 review of the commission's lottery operations to assure that:

8 (1) The manner and time of payment of prizes to the holder of  
9 winning tickets or shares is consistent with this chapter and the rules  
10 adopted under this chapter;

11 (2) The apportionment of total revenues accruing from the sale of  
12 lottery tickets or shares and from all other sources is consistent with  
13 this chapter;

14 (3) The manner and type of lottery being conducted, and the  
15 expenses incidental thereto, are the most efficient and cost-effective;  
16 and

17 (4) The commission is not unnecessarily incurring operating and  
18 administrative costs.

19 In conducting a management review, the director of financial  
20 management may inspect the books, documents, and records of the  
21 commission. Upon completion of a management review, all irregularities  
22 shall be reported to the attorney general, the joint legislative  
23 (~~budget~~) audit and review committee, and the state auditor. The  
24 director of financial management shall make such recommendations as may  
25 be necessary for the most efficient and cost-effective operation of the  
26 lottery.

27 **Sec. 38.** RCW 79.01.006 and 1991 c 204 s 1 are each amended to read  
28 as follows:

29 (1) Every five years the department of social and health services  
30 and other state agencies that operate institutions shall conduct an  
31 inventory of all real property subject to the charitable, educational,  
32 penal, and reformatory institution account and other real property  
33 acquired for institutional purposes or for the benefit of the blind,  
34 deaf, mentally ill, developmentally disabled, or otherwise disabled.  
35 The inventory shall identify which of those real properties are not  
36 needed for state-provided residential care, custody, or treatment. By  
37 December 1, 1992, and every five years thereafter the department shall

1 report the results of the inventory to the house of representatives  
2 committee on capital facilities and financing, the senate committee on  
3 ways and means, and the joint legislative ((budget)) audit and review  
4 committee.

5 (2) Real property identified as not needed for state-provided  
6 residential care, custody, or treatment shall be transferred to the  
7 corpus of the charitable, educational, penal, and reformatory  
8 institution account. This subsection shall not apply to real property  
9 subject to binding conditions that conflict with the other provisions  
10 of this subsection.

11 (3) The department of natural resources shall manage all property  
12 subject to the charitable, educational, penal, and reformatory  
13 institution account and, in consultation with the department of social  
14 and health services and other affected agencies, shall adopt a plan for  
15 the management of real property subject to the account and other real  
16 property acquired for institutional purposes or for the benefit of the  
17 blind, deaf, mentally ill, developmentally disabled, or otherwise  
18 disabled.

19 (a) The plan shall be consistent with state trust land policies and  
20 shall be compatible with the needs of institutions adjacent to real  
21 property subject to the plan.

22 (b) The plan may be modified as necessary to ensure the quality of  
23 future management and to address the acquisition of additional real  
24 property."

25 **E2SHB 2222** - S COMM AMD  
26 By Committee on Ways & Means

ADOPTED 3/1/96

27  
28  
29 In line 2 of the title, after "programs;" strike the remainder of  
30 the title and insert "and amending RCW 44.28.010, 44.28.020, 44.28.030,  
31 44.28.040, 44.28.080, 44.28.180, 44.28.087, 44.28.100, 44.28.120,  
32 44.28.150, 43.88.020, 43.88.160, 28A.630.830, 28B.20.382, 39.19.060,  
33 39.29.016, 39.29.018, 39.29.025, 39.29.055, 41.06.070, 42.48.060,  
34 43.09.310, 43.21J.800, 43.79.270, 43.79.280, 43.88.205, 43.88.230,  
35 43.88.310, 43.88.510, 43.131.050, 43.131.060, 43.131.070, 43.131.080,  
36 43.131.110, 43.250.080, 44.40.025, 67.70.310, and 79.01.006."

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