

HOUSE BILL REPORT

HB 2196

As Reported by House Committee On:
Appropriations

Title: An act relating to the revision and variance reporting of noncash deficit-related state agency allotments.

Brief Description: Revising and reporting on state agency allotments.

Sponsors: Representatives Sommers and Fromhold; by request of Office of Financial Management.

Brief History:

Committee Activity:

Appropriations: 3/8/03 [DPS].

Brief Summary of Substitute Bill

- Authorizes the Office of Financial Management (OFM) to revise allotments on a quarterly basis, rather than an annual basis.
- Eliminates the requirement that OFM provide quarterly allotment variance reports.
- Authorizes the OFM to request corrections if proposed allotments submitted by legislative and judicial branches and agencies headed by elected officials contain significant errors.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cody, Conway, Cox, DeBolt, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

Staff: Kristen Fraser (786-7148).

Background:

Allotment Process

The Budget and Accounting Act (BAA), chapter 43.88 RCW, assigns the Office of Financial Management (OFM) various budget planning, monitoring, and reporting requirements. The allotment process is a mechanism through which the OFM approves and oversees state agency expenditures.

In general, allotments are expenditure plans proposed by agencies and reviewed and approved by the OFM. Based on the appropriations in the budget bill, agencies must submit a statement of proposed expenditures to the OFM. (Additionally, many accounts are subject to the allotment process even though the accounts do not require an appropriation for expenditures.) The statement must break each appropriation into monthly detail that represents the best estimate of how the appropriation will be spent. Allotments must conform to any conditions or limitations placed on the appropriation that is being allotted. The OFM reviews the proposed allotments for reasonableness and conformance with legislative intent. After this review, the OFM approves or disapproves the proposed allotments, and it places the approved statement into the state budget, accounting, and reporting system. Allotments for the legislative and judicial branches and agencies headed by separately elected officials are placed into the accounting system, but are not subject to the OFM's approval.

Allotment Revisions

Once the OFM approves allotments, they may be revised only under certain circumstances. As a general rule, allotments may be revised only at the beginning of the second year of the fiscal biennium, unless there are changes in appropriated levels (as in a supplemental budget) or changes caused by across-the-board reductions.

Reporting of Variations from Allotments

The OFM must monitor agencies' expenditures against their allotments, and it must provide the Legislature with quarterly explanations of major variances.

Summary of Substitute Bill:

Allotment Revisions

The Governor may request correction of allotments proposed by the judicial and legislative branches and by agencies headed by separately elected officials if the proposed allotments contain significant technical errors.

At the OFM's request or on an agency's own initiative, allotments may be revised on a quarterly basis. Allotments may also be revised to reflect executive increases to spending

authority. Examples of this kind of increase include expenditures approved through the unanticipated receipts process or expenditures from the Governor's emergency fund. The allotment revisions must include a statement of the reasons for significant changes in the allotments.

Reporting of Variances from Allotments

The OFM is no longer required to provide a quarterly allotment variance report to the Legislature.

Substitute Bill Compared to Original Bill:

The substitute bill makes technical corrections and restores inadvertently deleted material.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 2003.

Testimony For: Allowing quarterly allotment revisions will give a more realistic view of agency expenditures. Current law permits only annual revision of allotments, which may appear to overstate variances. These changes will provide upfront information about agency expenditures to the OFM and legislative staff.

Testimony Against: None.

Testified: None.