

HOUSE BILL REPORT

HB 3080

As Passed House:

February 16, 2004

Title: An act relating to focusing the state budgeting process on outcomes and priorities.

Brief Description: Focusing the state budgeting process on outcomes and priorities.

Sponsors: By Representatives Linville and Rockefeller.

Brief History:

Committee Activity:

Appropriations: 2/9/04, 2/10/04 [DPS].

Floor Activity:

Passed House: 2/16/04, 93-0.

Brief Summary of Bill

- The Governor shall communicate priorities to agencies and seek public involvement and input on these priorities.
- The Office of Financial Management (OFM) will regularly conduct performance reviews of selected programs.
- The OFM, will consult with the Higher Education Coordinating Board and the State Board for Community and Technical Colleges in those reviews that involve higher education.
- An agency's budget request must contain proposals to remedy or improve programs that are determined to be underachieving or inefficient as determined by the analysis of agency goals, objectives, and outcomes.
- The biennial budget document will also describe accountability indicators that demonstrate measurable progress towards priority results and identify any programs that are not addressing the statewide priorities.

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, Anderson, Boldt, Buck, Chandler, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

Staff: Dave Johnson (786-7154).

Background:

The Budget and Accounting Act establishes the framework for the development, implementation and monitoring of the state budget.

Agency Objectives

For the purpose of assessing program performance, each state agency is required to establish program objectives for each major program in its budget. The objectives must be expressed to the extent practicable in outcome-based, objective, and measurable form.

Performance Monitoring

Each state agency is also required to adopt procedures for continuous self-assessment of each program and activity, using the mission, goals, objectives, and measurements of the agency.

Agency Budget Requests

Budget proposals made by agencies must be directly linked to the agency's stated mission, program goals and objectives. Consistent with this policy, agency budget proposals must include integration of performance measures that allow objective determination of a program's success in achieving its goals.

Governor's Budget Proposal

The Budget and Accounting Act establishes various requirements for the budget documents that the Governor must submit to the Legislature before each regular session. The required documents include the Governor's budget message, which explains the budget and outlines proposed fiscal policies for the period covered by the budget; the budget bill and other supporting information.

Summary of Bill:

Findings & Intent

The Legislature finds that agency missions, goals, and objectives should focus on statewide results. The intent of the Legislature is to refocus the state budgeting process on how state agencies produce real results that reflect the goals of statutory programs.

Agency Objectives

Objectives must specifically address the statutory purpose of the program and focus on data that measure whether the agency is achieving or making progress toward the purpose of the program and toward statewide priorities.

Agencies are required to develop quality and performance measures in addition to the program measures already required.

Performance Monitoring

The Office of Financial Management (OFM) must regularly conduct reviews of selected programs to analyze whether the objectives and measurements submitted by agencies demonstrate progress toward statewide results. The OFM must consult with the Higher Education Coordinating Board and the State Board for Community and Technical Colleges in those reviews that involve institutions of higher education.

The goal is for all programs to be reviewed at least once each biennium.

Agency Budget Requests

When a periodic performance review or other analysis determines that an agency is making insufficient progress toward the goals of any particular program or is otherwise underachieving or inefficient, the agency's budget request must contain proposals to remedy or improve the program.

In reviewing agency budget requests to prepare the Governor's budget request, the OFM will consider the extent to which the agency's programs demonstrate progress toward the statewide priorities along with the results from any periodic performance reviews of agency programs.

Governor's Budget Proposal

The Governor must communicate statewide priorities to agencies for use in developing budget recommendations for their agency. The Governor must seek public involvement and input on these priorities.

The Governor's operating budget document or documents must reflect statewide priorities. The budget document must also describe accountability indicators that demonstrate measurable improvement towards priority policy functions as well as identify any programs that are not addressing statewide priorities.

The Governor's budget document must include a listing of expenditures made outside of the State Treasury rather than listing those activities that are funded from non-appropriated, non-budgeted sources.

Appropriation: None.

Fiscal Note: Available on original bill. Requested on the substitute bill on February 11, 2004.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void if not funded in the budget.

Testimony For: This is a good government bill. Agencies need this type of information on a quarterly basis to guide and redirect their internal efforts. When desired results are not being accomplished, management needs to step in and make some adjustments. This information would also be helpful for members in deciding what items get funded. These performance measures are common now in human services and can be used in many areas. It has worked well in a prosecutor's office and if it can work in that environment, it can be applied almost anywhere. This feedback loop about how agencies spend their money and whether those programs are successful would be useful for the Legislature. The concepts in this bill are already being used successfully at Western Washington University.

Testimony Against: None.

Persons Testifying: Nina Carter, National Audubon Society; Judy McNickle, Western Washington University; and Seth Dawson, Washington State Association for Community Action.

Persons Signed In To Testify But Not Testifying: None.