
HOUSE BILL 1834

State of Washington 59th Legislature 2005 Regular Session

By Representatives McIntire, Anderson, Kessler, Conway, Fromhold, Clements, Kagi, Linville, Jarrett, Hunter, Tom, Hinkle, Upthegrove, Kilmer, Wood and Santos

Read first time 02/08/2005. Referred to Committee on Appropriations.

1 AN ACT Relating to establishing a process for reporting, reviewing,
2 and collecting data on performance measures; amending RCW 43.88.090 and
3 43.88.030; adding a new section to chapter 43.88 RCW; and adding a new
4 chapter to Title 44 RCW.

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

6 NEW SECTION. **Sec. 1.** INTENT. The legislature finds that although
7 state agencies have established missions, goals, and objectives to aid
8 in self-assessment and budget development, this process requires
9 further priority setting. First, state agencies must provide
10 policymakers with focus on the agencies' priority performance measures.
11 Second, legislators require the opportunity to review agencies'
12 proposed priority performance measures in light of the state's
13 priorities and the statutory purposes and policy goals of the programs.
14 Third, legislative and executive policymakers require quantifiable,
15 objective data that are measurable over time in order to gauge whether
16 progress is being made toward agencies' goals. Specifically, budget
17 managers and the legislature must have the data to move toward better
18 statewide results that produce the intended public benefit. By

1 compiling reliable data on valid performance measures for the state's
2 policy priorities, legislative and executive policymakers will be able
3 to make better budgeting decisions.

4 **Sec. 2.** RCW 43.88.090 and 1997 c 372 s 1 are each amended to read
5 as follows:

6 ALONG WITH MISSIONS AND GOALS, AGENCIES MUST ESTABLISH PERFORMANCE
7 MEASURES--PRIORITY PERFORMANCE MEASURES SUBMITTED FOR LEGISLATIVE
8 REVIEW. (1) For purposes of developing budget proposals to the
9 legislature, the governor shall have the power, and it shall be the
10 governor's duty, to require from proper agency officials such detailed
11 estimates and other information in such form and at such times as the
12 governor shall direct. The estimates for the legislature and the
13 judiciary shall be transmitted to the governor and shall be included in
14 the budget without revision. The estimates for state pension
15 contributions shall be based on the rates provided in chapter 41.45
16 RCW. Copies of all such estimates shall be transmitted to the standing
17 committees on ways and means of the house and senate at the same time
18 as they are filed with the governor and the office of financial
19 management.

20 The estimates shall include statements or tables which indicate, by
21 agency, the state funds which are required for the receipt of federal
22 matching revenues. The estimates shall be revised as necessary to
23 reflect legislative enactments and adopted appropriations and shall be
24 included with the initial biennial allotment submitted under RCW
25 43.88.110. The estimates must reflect that the agency considered any
26 alternatives to reduce costs or improve service delivery identified in
27 the findings of a performance audit of the agency by the joint
28 legislative audit and review committee. Nothing in this subsection
29 requires performance audit findings to be published as part of the
30 budget.

31 (2) Each state agency shall define its mission and establish
32 measurable goals for achieving desirable results for those who receive
33 its services and the taxpayers who pay for those services. Each agency
34 shall also develop clear strategies and timelines to achieve its goals.
35 This section does not require an agency to develop a new mission or
36 goals in place of identifiable missions or goals that meet the intent

1 of this section. The mission and goals of each agency must conform to
2 statutory direction and limitations.

3 (3)(a) For the purpose of assessing program performance, each state
4 agency shall establish (~~((program objectives))~~) performance measures for
5 each major program in its budget. The (~~((objectives))~~) performance
6 measures must be consistent with the missions and goals developed under
7 this section and with the statutory purpose of the program. The
8 (~~((objectives))~~) performance measures must be expressed (~~((to the extent~~
9 ~~practicable))~~) in a form that is outcome-based, objective, and
10 measurable (~~((form))~~) over time unless an exception to adopt a different
11 standard is granted by the office of financial management and approved
12 by the legislative evaluation and accountability program committee (~~((on~~
13 ~~performance review))~~).

14 (b) In addition to performance measures developed by state agencies
15 under (a) of this subsection, the office of financial management shall
16 submit proposed priority performance measures to the legislature for
17 its review under the process established in section 3 of this act. The
18 total number of priority performance measures for state government as
19 a whole should be at least one hundred but not more than two hundred.

20 (c) The office of financial management shall provide necessary
21 professional and technical assistance to assist state agencies in the
22 development of strategic plans that include the mission of the agency
23 and its programs, measurable goals, strategies, and performance
24 measurement systems.

25 (4) Each state agency shall adopt procedures for continuous self-
26 assessment of each program and activity, using the mission, goals,
27 (~~((objectives, and measurements))~~) and performance measures required
28 under subsections (2) and (3) of this section.

29 (5) It is the policy of the legislature that each agency's budget
30 proposals must be directly linked to the agency's stated mission and
31 program goals and (~~((objectives))~~) performance measures. Consistent with
32 this policy, agency budget proposals must include integration of
33 performance measures that allow objective determination of a program's
34 success in achieving its goals. The office of financial management
35 shall develop a plan to merge the budget development process with
36 agency performance assessment procedures. (~~((The plan must include a~~
37 ~~schedule to integrate agency strategic plans and performance measures~~
38 ~~into agency budget requests and the governor's budget proposal over~~

1 ~~three fiscal biennia. The plan must identify those agencies that will~~
2 ~~implement the revised budget process in the 1997-1999 biennium, the~~
3 ~~1999-2001 biennium, and the 2001-2003 biennium. In consultation with~~
4 ~~the legislative fiscal committees, the office of financial management~~
5 ~~shall recommend statutory and procedural modifications to the state's~~
6 ~~budget, accounting, and reporting systems to facilitate the performance~~
7 ~~assessment procedures and the merger of those procedures with the state~~
8 ~~budget process. The plan and recommended statutory and procedural~~
9 ~~modifications must be submitted to the legislative fiscal committees by~~
10 ~~September 30, 1996.)~~)

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

26 NEW SECTION. Sec. 3. PROCESS ESTABLISHED FOR LEGISLATIVE REVIEW
27 OF PRIORITY PERFORMANCE MEASURES PROPOSED BY AGENCIES. After the
28 office of financial management submits proposed priority performance
29 measures to the legislative fiscal committees under RCW 43.88.030, the
30 proposed priority performance measures are subject to legislative
31 review as provided in this section.

32 (1) Upon receipt of the governor's proposed priority performance
33 measures, the legislative fiscal committees shall distribute the
34 measures among the appropriate legislative committees for those
35 committees' review.

36 (2) The legislative committees shall review the proposed priority

1 performance measures for policy and program priority, measurability,
2 specificity, objectivity, and conformance with statutes and legislative
3 intent.

4 (3) The legislative committees shall recommend any revisions to the
5 proposed priority performance measures to the legislative fiscal
6 committees. The legislative fiscal committees must consider the
7 proposed revisions and may adopt different or additional revisions,
8 based on the state's policy and program priorities and fiscal
9 constraints.

10 (4) The house of representatives and the senate shall adopt the
11 priority performance measures prior to executive action on omnibus
12 operating and transportation appropriations legislation in the
13 respective bodies.

14 (5) The legislature shall adopt final priority performance measures
15 by concurrent resolution.

16 (6) For purposes of this chapter only, "legislative fiscal
17 committees" means the senate committee on ways and means, the house of
18 representatives committee on appropriations, and the house of
19 representatives and senate committees on transportation, or their
20 successors.

21 (7) The house of representatives and senate, jointly or separately,
22 may adopt rules or resolutions to implement their respective
23 responsibilities under this section.

24 NEW SECTION. **Sec. 4.** LEAP CREATES DATA BASE ON PRIORITY
25 PERFORMANCE MEASURES. The joint legislative evaluation and
26 accountability program committee, in consultation with the joint
27 legislative audit and review committee, shall compile, validate, and
28 create a data base of historical information on priority performance
29 measures established under RCW 43.88.090(3).

30 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.88 RCW
31 to read as follows:

32 OFM REPORTS PRIORITY PERFORMANCE MEASURE DATA TO LEAP. The office
33 of financial management shall compile data on agencies' progress toward
34 meeting priority performance measures. The office of financial
35 management shall report the data to the legislative evaluation and
36 accountability program committee on a semiannual basis.

1 **Sec. 6.** RCW 43.88.030 and 2004 c 276 s 908 are each amended to
2 read as follows:

3 GOVERNOR'S BUDGET DOCUMENT MUST INCLUDE PERFORMANCE MEASURES,
4 INCLUDING PRIORITY MEASURES; THE BUDGET DOCUMENT MUST INDICATE
5 PROGRESS. (1) The director of financial management shall provide all
6 agencies with a complete set of instructions for submitting biennial
7 budget requests to the director at least three months before agency
8 budget documents are due into the office of financial management. The
9 director shall provide agencies and committees that are required under
10 RCW 44.40.070 to develop comprehensive six-year program and financial
11 plans with a complete set of instructions for submitting these program
12 and financial plans at the same time that instructions for submitting
13 other budget requests are provided. The budget document or documents
14 shall consist of the governor's budget message which shall be
15 explanatory of the budget and shall contain an outline of the proposed
16 financial policies of the state for the ensuing fiscal period, as well
17 as an outline of the proposed six-year financial policies where
18 applicable, and shall describe in connection therewith the important
19 features of the budget. The message shall set forth the reasons for
20 salient changes from the previous fiscal period in expenditure and
21 revenue items and shall explain any major changes in financial policy.
22 Attached to the budget message shall be such supporting schedules,
23 exhibits and other explanatory material in respect to both current
24 operations and capital improvements as the governor shall deem to be
25 useful to the legislature. The budget document or documents shall set
26 forth a proposal for expenditures in the ensuing fiscal period, or six-
27 year period where applicable, based upon the estimated revenues and
28 caseloads as approved by the economic and revenue forecast council and
29 caseload forecast council or upon the estimated revenues and caseloads
30 of the office of financial management for those funds, accounts,
31 sources, and programs for which the forecast councils do not prepare an
32 official forecast, including those revenues anticipated to support the
33 six-year programs and financial plans under RCW 44.40.070. In
34 estimating revenues to support financial plans under RCW 44.40.070, the
35 office of financial management shall rely on information and advice
36 from the transportation revenue forecast council. Revenues shall be
37 estimated for such fiscal period from the source and at the rates
38 existing by law at the time of submission of the budget document,

1 including the supplemental budgets submitted in the even-numbered years
2 of a biennium. However, the estimated revenues and caseloads for use
3 in the governor's budget document may be adjusted to reflect budgetary
4 revenue transfers and revenue and caseload estimates dependent upon
5 budgetary assumptions of enrollments, workloads, and caseloads. All
6 adjustments to the approved estimated revenues and caseloads must be
7 set forth in the budget document. The governor may additionally
8 submit, as an appendix to each supplemental, biennial, or six-year
9 agency budget or to the budget document or documents, a proposal for
10 expenditures in the ensuing fiscal period from revenue sources derived
11 from proposed changes in existing statutes.

12 Supplemental and biennial documents shall reflect a six-year
13 expenditure plan consistent with estimated revenues from existing
14 sources and at existing rates for those agencies required to submit
15 six-year program and financial plans under RCW 44.40.070. Any
16 additional revenue resulting from proposed changes to existing statutes
17 shall be separately identified within the document as well as related
18 expenditures for the six-year period.

19 The budget document or documents shall also contain:

20 (a) Revenues classified by fund and source for the immediately past
21 fiscal period, those received or anticipated for the current fiscal
22 period, those anticipated for the ensuing biennium, and those
23 anticipated for the ensuing six-year period to support the six-year
24 programs and financial plans required under RCW 44.40.070;

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

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

29 (d) Such additional information dealing with revenues and
30 expenditures as the governor shall deem pertinent and useful to the
31 legislature;

32 (e) Tabulations showing expenditures classified by fund, function,
33 activity, and agency. However, documents submitted for the 2005-07
34 biennial budget request need not show expenditures by activity;

35 (f) A delineation of each agency's activities, including those
36 activities funded from nonbudgeted, nonappropriated sources, including
37 funds maintained outside the state treasury;

1 (g) Identification of all proposed direct expenditures to implement
2 the Puget Sound water quality plan under chapter 90.71 RCW, shown by
3 agency and in total; and

4 (h) Tabulations showing each postretirement adjustment by
5 retirement system established after fiscal year 1991, to include, but
6 not be limited to, estimated total payments made to the end of the
7 previous biennial period, estimated payments for the present biennium,
8 and estimated payments for the ensuing biennium.

9 (2) The budget document or documents shall include detailed
10 estimates of all anticipated revenues applicable to proposed operating
11 or capital expenditures and shall also include all proposed operating
12 or capital expenditures. The total of beginning undesignated fund
13 balance and estimated revenues less working capital and other reserves
14 shall equal or exceed the total of proposed applicable expenditures.
15 The budget document or documents shall further include:

16 (a) Interest, amortization and redemption charges on the state
17 debt;

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

19 (c) Other statutory expenditures;

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

21 (e) Revenues derived from agency operations;

22 (f) Expenditures and revenues shall be given in comparative form
23 showing those incurred or received for the immediately past fiscal
24 period and those anticipated for the current biennium and next ensuing
25 biennium, as well as those required to support the six-year programs
26 and financial plans required under RCW 44.40.070;

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

30 (h) Common school expenditures on a fiscal-year basis;

31 (i) A showing, by agency, of the value and purpose of financing
32 contracts for the lease/purchase or acquisition of personal or real
33 property for the current and ensuing fiscal periods; and

34 (j) A showing and explanation of anticipated amounts of general
35 fund and other funds required to amortize the unfunded actuarial
36 accrued liability of the retirement system specified under chapter
37 41.45 RCW, and the contributions to meet such amortization, stated in
38 total dollars and as a level percentage of total compensation.

1 (3) The governor's operating budget shall identify:

2 (a) Performance measures adopted under RCW 43.88.090(3)(a);

3 (b) Priority performance measures adopted by the legislature under
4 section 3 of this act, along with information about progress toward
5 these priority performance measures; and

6 (c) Any new or revised priority performance measures proposed by
7 the governor.

8 (4) A separate capital budget document or schedule shall be
9 submitted that will contain the following:

10 (a) A statement setting forth a long-range facilities plan for the
11 state that identifies and includes the highest priority needs within
12 affordable spending levels;

13 (b) A capital program consisting of proposed capital projects for
14 the next biennium and the two biennia succeeding the next biennium
15 consistent with the long-range facilities plan. Inasmuch as is
16 practical, and recognizing emergent needs, the capital program shall
17 reflect the priorities, projects, and spending levels proposed in
18 previously submitted capital budget documents in order to provide a
19 reliable long-range planning tool for the legislature and state
20 agencies;

21 (c) A capital plan consisting of proposed capital spending for at
22 least four biennia succeeding the next biennium;

23 (d) A strategic plan for reducing backlogs of maintenance and
24 repair projects. The plan shall include a prioritized list of specific
25 facility deficiencies and capital projects to address the deficiencies
26 for each agency, cost estimates for each project, a schedule for
27 completing projects over a reasonable period of time, and
28 identification of normal maintenance activities to reduce future
29 backlogs;

30 (e) A statement of the reason or purpose for a project;

31 (f) Verification that a project is consistent with the provisions
32 set forth in chapter 36.70A RCW;

33 (g) A statement about the proposed site, size, and estimated life
34 of the project, if applicable;

35 (h) Estimated total project cost;

36 (i) For major projects valued over five million dollars, estimated
37 costs for the following project components: Acquisition, consultant
38 services, construction, equipment, project management, and other costs

1 included as part of the project. Project component costs shall be
2 displayed in a standard format defined by the office of financial
3 management to allow comparisons between projects;

4 (j) Estimated total project cost for each phase of the project as
5 defined by the office of financial management;

6 (k) Estimated ensuing biennium costs;

7 (l) Estimated costs beyond the ensuing biennium;

8 (m) Estimated construction start and completion dates;

9 (n) Source and type of funds proposed;

10 (o) Estimated ongoing operating budget costs or savings resulting
11 from the project, including staffing and maintenance costs;

12 (p) For any capital appropriation requested for a state agency for
13 the acquisition of land or the capital improvement of land in which the
14 primary purpose of the acquisition or improvement is recreation or
15 wildlife habitat conservation, the capital budget document, or an
16 omnibus list of recreation and habitat acquisitions provided with the
17 governor's budget document, shall identify the projected costs of
18 operation and maintenance for at least the two biennia succeeding the
19 next biennium. Omnibus lists of habitat and recreation land
20 acquisitions shall include individual project cost estimates for
21 operation and maintenance as well as a total for all state projects
22 included in the list. The document shall identify the source of funds
23 from which the operation and maintenance costs are proposed to be
24 funded;

25 (q) Such other information bearing upon capital projects as the
26 governor deems to be useful;

27 (r) Standard terms, including a standard and uniform definition of
28 normal maintenance, for all capital projects;

29 (s) Such other information as the legislature may direct by law or
30 concurrent resolution.

31 For purposes of this subsection (~~((3))~~) (4), the term "capital
32 project" 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.

1 (~~(4)~~) (5) No change affecting the comparability of agency or
2 program information relating to expenditures, revenues, workload,
3 performance and personnel shall be made in the format of any budget
4 document or report presented to the legislature under this section or
5 RCW 43.88.160(1) relative to the format of the budget document or
6 report which was presented to the previous regular session of the
7 legislature during an odd-numbered year without prior legislative
8 concurrence. Prior legislative concurrence shall consist of (a) a
9 favorable majority vote on the proposal by the standing committees on
10 ways and means of both houses if the legislature is in session or (b)
11 a favorable majority vote on the proposal by members of the legislative
12 evaluation and accountability program committee if the legislature is
13 not in session.

14 NEW SECTION. **Sec. 7.** CAPTIONS. Captions used in this act are not
15 any part of the law.

16 NEW SECTION. **Sec. 8.** Sections 1, 3, 4, and 7 of this act
17 constitute a new chapter in Title 44 RCW.

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