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HOUSE BILL 3072

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State of Washington

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By Representatives McIntire, Anderson, Simpson, Rodne, Schual-Berke, Linville, Kessler, Hudgins, Dunn and Morrell

Read first time 01/19/2006. Referred to Committee on Appropriations.

1 AN ACT Relating to estimates of agency activities; and amending RCW  
2 43.88.110.

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

4 **Sec. 1.** RCW 43.88.110 and 2003 c 206 s 1 are each amended to read  
5 as follows:

6 This section sets forth the expenditure programs and the allotment  
7 and reserve procedures to be followed by the executive branch for  
8 public funds.

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

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

16 (3) Within forty-five days after the beginning of the fiscal period  
17 or within forty-five days after the governor signs the omnibus biennial  
18 appropriations act, whichever is later, all agencies shall submit to

1 the governor a statement of proposed expenditures at such times and in  
2 such form as may be required by the governor.

3 (4) The director of financial management shall provide all agencies  
4 with guidelines for preparing estimates of agency activities, including  
5 indirect and administrative overhead costs. The office of financial  
6 management shall examine these estimates and provide a report within  
7 forty-five days of receipt of the agency activity estimates to the  
8 legislative fiscal committees on what agencies have submitted as  
9 indirect and administrative overhead costs.

10 (5) The office of financial management shall develop a method for  
11 monitoring capital appropriations and expenditures that will capture at  
12 least the following elements:

13 (a) Appropriations made for capital projects including  
14 transportation projects;

15 (b) Estimates of total project costs including past, current,  
16 ensuing, and future biennial costs;

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

18 (d) Comparisons of estimated construction start and completion  
19 dates with actual dates;

20 (e) Documentation of fund shifts between projects.

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

24 ~~((+5))~~ (6) The office of financial management shall publish agency  
25 annual maintenance summary reports beginning in October 1997. State  
26 agencies shall submit a separate report for each major campus or site,  
27 as defined by the office of financial management. Reports shall be  
28 prepared in a format prescribed by the office of financial management  
29 and shall include, but not be limited to: Information describing the  
30 number, size, and condition of state-owned facilities; facility  
31 maintenance, repair, and operating expenses paid from the state  
32 operating and capital budgets, including maintenance staffing levels;  
33 the condition of major infrastructure systems; and maintenance  
34 management initiatives undertaken by the agency over the prior year.  
35 Agencies shall submit their annual maintenance summary reports to the  
36 office of financial management by September 1 each year.

37 ~~((+6))~~ (7) The office of financial management, prior to approving  
38 allotments for major capital construction projects valued over five

1 million dollars, shall institute procedures for reviewing such projects  
2 at the predesign stage that will reduce long-term costs and increase  
3 facility efficiency. The procedures shall include, but not be limited  
4 to, the following elements:

5 (a) Evaluation of facility program requirements and consistency  
6 with long-range plans;

7 (b) Utilization of a system of cost, quality, and performance  
8 standards to compare major capital construction projects; and

9 (c) A requirement to incorporate value-engineering analysis and  
10 constructability review into the project schedule.

11 ~~((+7))~~ (8) No expenditure may be incurred or obligation entered  
12 into for such major capital construction projects including, without  
13 exception, land acquisition, site development, predesign, design,  
14 construction, and equipment acquisition and installation, until the  
15 allotment of the funds to be expended has been approved by the office  
16 of financial management. This limitation does not prohibit the  
17 continuation of expenditures and obligations into the succeeding  
18 biennium for projects for which allotments have been approved in the  
19 immediate prior biennium.

20 ~~((+8))~~ (9) If at any time during the fiscal period the governor  
21 projects a cash deficit in a particular fund or account as defined by  
22 RCW 43.88.050, the governor shall make across-the-board reductions in  
23 allotments for that particular fund or account so as to prevent a cash  
24 deficit, unless the legislature has directed the liquidation of the  
25 cash deficit over one or more fiscal periods. Except for the  
26 legislative and judicial branches and other agencies headed by elective  
27 officials, the governor shall review the statement of proposed  
28 operating expenditures for reasonableness and conformance with  
29 legislative intent. The governor may request corrections of proposed  
30 allotments submitted by the legislative and judicial branches and  
31 agencies headed by elective officials if those proposed allotments  
32 contain significant technical errors. Once the governor approves the  
33 proposed allotments, further revisions may at the request of the office  
34 of financial management or upon the agency's initiative be made on a  
35 quarterly basis and must be accompanied by an explanation of the  
36 reasons for significant changes. However, changes in appropriation  
37 level authorized by the legislature, changes required by across-the-  
38 board reductions mandated by the governor, changes caused by executive

1 increases to spending authority, and changes caused by executive  
2 decreases to spending authority for failure to comply with the  
3 provisions of chapter 36.70A RCW may require additional revisions.  
4 Revisions shall not be made retroactively. However, the governor may  
5 assign to a reserve status any portion of an agency appropriation  
6 withheld as part of across-the-board reductions made by the governor  
7 and any portion of an agency appropriation conditioned on a contingent  
8 event by the appropriations act. The governor may remove these amounts  
9 from reserve status if the across-the-board reductions are subsequently  
10 modified or if the contingent event occurs. The director of financial  
11 management shall enter approved statements of proposed expenditures  
12 into the state budgeting, accounting, and reporting system within  
13 forty-five days after receipt of the proposed statements from the  
14 agencies. If an agency or the director of financial management is  
15 unable to meet these requirements, the director of financial management  
16 shall provide a timely explanation in writing to the legislative fiscal  
17 committees.

18 ~~((+9))~~ (10) It is expressly provided that all agencies shall be  
19 required to maintain accounting records and to report thereon in the  
20 manner prescribed in this chapter and under the regulations issued  
21 pursuant to this chapter. Within ninety days of the end of the fiscal  
22 year, all agencies shall submit to the director of financial management  
23 their final adjustments to close their books for the fiscal year.  
24 Prior to submitting fiscal data, written or oral, to committees of the  
25 legislature, it is the responsibility of the agency submitting the data  
26 to reconcile it with the budget and accounting data reported by the  
27 agency to the director of financial management.

28 ~~((+10))~~ (11) The director of financial management may exempt  
29 certain public funds from the allotment controls established under this  
30 chapter if it is not practical or necessary to allot the funds.  
31 Allotment control exemptions expire at the end of the fiscal biennium  
32 for which they are granted. The director of financial management shall  
33 report any exemptions granted under this subsection to the legislative  
34 fiscal committees.

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