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HOUSE BILL 2223

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State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Bailey, Chandler, Hailey, Ross, Kristiansen, Strow  
and Pearson

Read first time 02/13/2007. Referred to Committee on Appropriations.

1            AN ACT Relating to identification and review of new programs;  
2 amending RCW 43.88.090; and adding new sections to chapter 43.09 RCW.

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

4            NEW SECTION.    **Sec. 1.** A new section is added to chapter 43.09 RCW  
5 to read as follows:

6            For the purposes of sections 2 and 3 of this act and RCW 43.88.090,  
7 "new program" means any funding that is for the support of a newly  
8 created agency, for services not previously supported by the state, or  
9 for services to a population or other entity not previously served by  
10 the state.

11           NEW SECTION.    **Sec. 2.** A new section is added to chapter 43.09 RCW  
12 to read as follows:

13           (1) On July 1st of each calendar year, the state auditor shall  
14 publish a draft list on its web site of all new programs funded by any  
15 appropriation or allotment of state funds during the previous fiscal  
16 year. The state auditor shall provide written notice of publication to  
17 the appropriate committees of the house of representatives and senate  
18 and to the office of financial management.

1 (2) The list must include:

2 (a) The name of the program;

3 (b) A brief description of the program and the expected result;

4 (c) The name of the agencies receiving the funding; and

5 (d) The amount appropriated.

6 (3) After publication of the draft list of new programs, the  
7 legislature and the office of financial management have fifteen days to  
8 provide comment to the state auditor's office.

9 (4) Thirty days after publication of the draft list, the state  
10 auditor shall publish a final list of new programs on its web site.  
11 The state auditor shall provide written notice of final publication to  
12 the appropriate committees of the house of representatives and senate  
13 and to the office of financial management.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.09 RCW  
15 to read as follows:

16 (1) Three years after any new program, as defined in section 1 of  
17 this act, the state auditor shall conduct a fiscal and performance  
18 audit of each new program.

19 (2) The audit must:

20 (a) Identify the original objective of the new program;

21 (b) Identify the data collected by the program and the performance  
22 measures;

23 (c) Assess how effective the program was at meeting the objective;

24 (d) Determine how efficiently resources were used; and

25 (e) Suggest changes to the program to increase effectiveness and  
26 efficiency, including alternative approaches or termination.

27 (3) The state auditor shall provide a final copy of the audit to  
28 the appropriate committees of the house of representatives and senate  
29 and to the office of financial management by December 31st of the  
30 calendar year for that audit period.

31 **Sec. 4.** RCW 43.88.090 and 2005 c 386 s 2 are each amended to read  
32 as follows:

33 (1) For purposes of developing budget proposals to the legislature,  
34 the governor shall have the power, and it shall be the governor's duty,  
35 to require from proper agency officials such detailed estimates and  
36 other information in such form and at such times as the governor shall

1 direct. The governor shall communicate statewide priorities to  
2 agencies for use in developing biennial budget recommendations for  
3 their agency and shall seek public involvement and input on these  
4 priorities. The estimates for the legislature and the judiciary shall  
5 be transmitted to the governor and shall be included in the budget  
6 without revision. The estimates for state pension contributions shall  
7 be based on the rates provided in chapter 41.45 RCW. Copies of all  
8 such estimates shall be transmitted to the standing committees on ways  
9 and means of the house and senate at the same time as they are filed  
10 with the governor and the office of financial management.

11 The estimates shall include statements or tables which indicate, by  
12 agency, the state funds which are required for the receipt of federal  
13 matching revenues. The budget document must also include a listing of  
14 all new programs funded in the previous two years. For each new  
15 program, the list must include: Program name, program objective, a  
16 brief description, performance measures, current annual funding levels  
17 by agency, and the funding level proposed in the governor's biennial  
18 budget request. The list must include all new programs funded in the  
19 previous two years even if the governor does not propose to fund those  
20 programs in the ensuing biennium. The estimates shall be revised as  
21 necessary to reflect legislative enactments and adopted appropriations  
22 and shall be included with the initial biennial allotment submitted  
23 under RCW 43.88.110. The estimates must reflect that the agency  
24 considered any alternatives to reduce costs or improve service delivery  
25 identified in the findings of a performance audit of the agency by the  
26 joint legislative audit and review committee. Nothing in this  
27 subsection requires performance audit findings to be published as part  
28 of the budget.

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

37 (3) For the purpose of assessing activity performance, each state  
38 agency shall establish quality and productivity objectives for each

1 major activity in its budget. The objectives must be consistent with  
2 the missions and goals developed under this section. The objectives  
3 must be expressed to the extent practicable in outcome-based,  
4 objective, and measurable form unless an exception to adopt a different  
5 standard is granted by the office of financial management and approved  
6 by the legislative committee on performance review. Objectives must  
7 specifically address the statutory purpose or intent of the program or  
8 activity and focus on data that measure whether the agency is achieving  
9 or making progress toward the purpose of the activity and toward  
10 statewide priorities. The office of financial management shall provide  
11 necessary professional and technical assistance to assist state  
12 agencies in the development of strategic plans that include the mission  
13 of the agency and its programs, measurable goals, strategies, and  
14 performance measurement systems.

15 (4) Each state agency shall adopt procedures for and perform  
16 continuous self-assessment of each activity, using the mission, goals,  
17 objectives, and measurements required under subsections (2) and (3) of  
18 this section. The assessment of the activity must also include an  
19 evaluation of major information technology systems or projects that may  
20 assist the agency in achieving or making progress toward the activity  
21 purpose and statewide priorities. The evaluation of proposed major  
22 information technology systems or projects shall be in accordance with  
23 the standards and policies established by the information services  
24 board. Agencies' progress toward the mission, goals, objectives, and  
25 measurements required by subsections (2) and (3) of this section is  
26 subject to review as set forth in this subsection.

27 (a) The office of financial management shall regularly conduct  
28 reviews of selected activities to analyze whether the objectives and  
29 measurements submitted by agencies demonstrate progress toward  
30 statewide results.

31 (b) The office of financial management shall consult with the  
32 higher education coordinating board and the state board for community  
33 and technical colleges in those reviews that involve institutions of  
34 higher education.

35 (c) The goal is for all major activities to receive at least one  
36 review each year.

37 (d) The office of financial management shall consult with the

1 information services board when conducting reviews of major information  
2 technology systems in use by state agencies. The goal is that reviews  
3 of these information technology systems occur periodically.

4 (5) It is the policy of the legislature that each agency's budget  
5 recommendations must be directly linked to the agency's stated mission  
6 and program, quality, and productivity goals and objectives.  
7 Consistent with this policy, agency budget proposals must include  
8 integration of performance measures that allow objective determination  
9 of an activity's success in achieving its goals. When a review under  
10 subsection (4) of this section or other analysis determines that the  
11 agency's objectives demonstrate that the agency is making insufficient  
12 progress toward the goals of any particular program or is otherwise  
13 underachieving or inefficient, the agency's budget request shall  
14 contain proposals to remedy or improve the selected programs. The  
15 office of financial management shall develop a plan to merge the budget  
16 development process with agency performance assessment procedures. The  
17 plan must include a schedule to integrate agency strategic plans and  
18 performance measures into agency budget requests and the governor's  
19 budget proposal over three fiscal biennia. The plan must identify  
20 those agencies that will implement the revised budget process in the  
21 1997-1999 biennium, the 1999-2001 biennium, and the 2001-2003 biennium.  
22 In consultation with the legislative fiscal committees, the office of  
23 financial management shall recommend statutory and procedural  
24 modifications to the state's budget, accounting, and reporting systems  
25 to facilitate the performance assessment procedures and the merger of  
26 those procedures with the state budget process. The plan and  
27 recommended statutory and procedural modifications must be submitted to  
28 the legislative fiscal committees by September 30, 1996.

29 (6) In reviewing agency budget requests in order to prepare the  
30 governor's biennial budget request, the office of financial management  
31 shall consider the extent to which the agency's activities demonstrate  
32 progress toward the statewide budgeting priorities, along with any  
33 specific review conducted under subsection (4) of this section.

34 (7) In the year of the gubernatorial election, the governor shall  
35 invite the governor-elect or the governor-elect's designee to attend  
36 all hearings provided in RCW 43.88.100; and the governor shall furnish  
37 the governor-elect or the governor-elect's designee with such  
38 information as will enable the governor-elect or the governor-elect's

1 designee to gain an understanding of the state's budget requirements.  
2 The governor-elect or the governor-elect's designee may ask such  
3 questions during the hearings and require such information as the  
4 governor-elect or the governor-elect's designee deems necessary and may  
5 make recommendations in connection with any item of the budget which,  
6 with the governor-elect's reasons therefor, shall be presented to the  
7 legislature in writing with the budget document. Copies of all such  
8 estimates and other required information shall also be submitted to the  
9 standing committees on ways and means of the house and senate.

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