

---

SENATE BILL 6639

---

State of Washington                      62nd Legislature                      2012 1st Special Session

By Senators Zarelli, Tom, Ericksen, Delvin, and Padden

Read first time 04/10/12. Referred to Committee on Ways & Means.

1            AN ACT Relating to across-the-board reductions to state  
2 appropriations; amending RCW 43.88.110; and declaring an emergency.

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

4            **Sec. 1.** RCW 43.88.110 and 2009 c 518 s 3 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 office of financial management shall develop a method for  
4 monitoring capital appropriations and expenditures that will capture at  
5 least the following elements:

6 (a) Appropriations made for capital projects including  
7 transportation projects;

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

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

11 (d) Comparisons of estimated construction start and completion  
12 dates with actual dates;

13 (e) Documentation of fund shifts between projects.

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

17 (5) The office of financial management, prior to approving  
18 allotments for major capital construction projects valued over five  
19 million dollars, shall institute procedures for reviewing such projects  
20 at the predesign stage that will reduce long-term costs and increase  
21 facility efficiency. The procedures shall include, but not be limited  
22 to, the following elements:

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

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

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

29 (6) No expenditure may be incurred or obligation entered into for  
30 such major capital construction projects including, without exception,  
31 land acquisition, site development, predesign, design, construction,  
32 and equipment acquisition and installation, until the allotment of the  
33 funds to be expended has been approved by the office of financial  
34 management. This limitation does not prohibit the continuation of  
35 expenditures and obligations into the succeeding biennium for projects  
36 for which allotments have been approved in the immediate prior  
37 biennium.

1       (7)(a) Beginning January 1, 2013, if at any time during the fiscal  
2 period the governor projects a cash deficit in a particular fund or  
3 account as defined by RCW 43.88.050, the governor shall make across-  
4 the-board reductions in allotments for that particular fund or account  
5 so as to prevent a cash deficit, unless the legislature has directed  
6 the liquidation of the cash deficit over one or more fiscal periods.

7       (b)(i) From the effective date of this section until January 1,  
8 2013, if at any time during the fiscal period the governor projects a  
9 cash deficit in a particular fund or account as defined by RCW  
10 43.88.050, then as set forth in (b) of this subsection the governor  
11 shall make across-the-board reductions in the total amount allotted to  
12 each agency from each appropriation from that fund or account so as to  
13 prevent a cash deficit, unless the legislature has directed the  
14 liquidation of the cash deficit over one or more fiscal periods.

15       (ii) The percentage reduction applied to individual allotments of  
16 an agency's total allotments from each appropriation from that fund or  
17 account may vary, but each agency's total allotments from each  
18 appropriation from that fund or account must be uniformly reduced by  
19 the percentage necessary to prevent a cash deficit. Where a portion of  
20 an appropriation is provided solely for a particular purpose,  
21 allotments of that portion of the appropriation may be reduced only by  
22 the same percentage as the overall appropriation.

23       (iii) Allotments for the following programs may be reduced only by  
24 a percentage equal to one-third of the percentage reduction applied to  
25 total allotments of appropriations under (b)(ii) of this subsection:

26       (A) Direct custody in the department of corrections and the  
27 juvenile rehabilitation administration;

28       (B) The special commitment center of the department of social and  
29 health services; and

30       (C) State institutions of higher education and state appropriations  
31 for financial aid.

32       (iv) Basic education programs, debt service on state bonds, state  
33 contributions to retirement systems, and programs for which a defined  
34 benefit is specifically mandated in statute are exempt from across-the-  
35 board allotment reductions under this subsection (7)(b) and allotments  
36 for these purposes shall not be included when calculating the allotment  
37 reductions.

1       (8) Except for the legislative and judicial branches and other  
2 agencies headed by elective officials, the governor shall review the  
3 statement of proposed operating expenditures for reasonableness and  
4 conformance with legislative intent. The governor may request  
5 corrections of proposed allotments submitted by the legislative and  
6 judicial branches and agencies headed by elective officials if those  
7 proposed allotments contain significant technical errors.

8       (9) Once the governor approves the proposed allotments, further  
9 revisions may at the request of the office of financial management or  
10 upon the agency's initiative be made on a quarterly basis and must be  
11 accompanied by an explanation of the reasons for significant changes.  
12 If the governor initiates across-the-board allotment revisions under  
13 subsection (7)(b) of this section, the office of financial management  
14 shall provide notice to the appropriate legislative fiscal committees  
15 of the proposed revisions, including the explanation for the  
16 significant changes, and the revisions may not take effect until ten  
17 days after this notice is provided. However, changes in appropriation  
18 level authorized by the legislature, changes required by across-the-  
19 board reductions mandated by the governor, changes caused by executive  
20 increases to spending authority, and changes caused by executive  
21 decreases to spending authority for failure to comply with the  
22 provisions of chapter 36.70A RCW may require additional revisions.  
23 Revisions shall not be made retroactively. However, the governor may  
24 assign to a reserve status any portion of an agency appropriation  
25 withheld as part of across-the-board reductions made by the governor  
26 and any portion of an agency appropriation conditioned on a contingent  
27 event by the appropriations act. The governor may remove these amounts  
28 from reserve status if the across-the-board reductions are subsequently  
29 modified or if the contingent event occurs. The director of financial  
30 management shall enter approved statements of proposed expenditures  
31 into the state budgeting, accounting, and reporting system within  
32 forty-five days after receipt of the proposed statements from the  
33 agencies. If an agency or the director of financial management is  
34 unable to meet these requirements, the director of financial management  
35 shall provide a timely explanation in writing to the legislative fiscal  
36 committees.

37       (~~(+8)~~) (10) It is expressly provided that all agencies shall be  
38 required to maintain accounting records and to report thereon in the

1 manner prescribed in this chapter and under the regulations issued  
2 pursuant to this chapter. Within ninety days of the end of the fiscal  
3 year, all agencies shall submit to the director of financial management  
4 their final adjustments to close their books for the fiscal year.  
5 Prior to submitting fiscal data, written or oral, to committees of the  
6 legislature, it is the responsibility of the agency submitting the data  
7 to reconcile it with the budget and accounting data reported by the  
8 agency to the director of financial management.

9       (~~(9)~~) (11) The director of financial management may exempt  
10 certain public funds from the allotment controls established under this  
11 chapter if it is not practical or necessary to allot the funds.  
12 Allotment control exemptions expire at the end of the fiscal biennium  
13 for which they are granted. The director of financial management shall  
14 report any exemptions granted under this subsection to the legislative  
15 fiscal committees.

16       NEW SECTION.   **Sec. 2.** This act is necessary for the immediate  
17 preservation of the public peace, health, or safety, or support of the  
18 state government and its existing public institutions, and takes effect  
19 immediately.

--- END ---