
SENATE BILL 5737

State of Washington

64th Legislature

2015 Regular Session

By Senators Miloscia and Chase

Read first time 01/30/15. Referred to Committee on Accountability and Reform.

1 AN ACT Relating to government performance and accountability;
2 amending RCW 43.17.385, 43.41.100, 43.41.270, 43.88.005, 43.88.030,
3 43.88.090, 43.88.160, 43.09.440, 43.09.470, 46.68.290, 47.04.280,
4 47.60.140, 70.94.551, and 2.56.200; adding a new section to chapter
5 43.88 RCW; adding a new chapter to Title 43 RCW; creating a new
6 section; and repealing RCW 43.17.380 and 43.17.390.

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

8 NEW SECTION. **Sec. 1.** (1) The legislature finds that Washington
9 and several other states have established centralized performance
10 management offices. Washington's office, results Washington, was
11 created in a 2013 executive order. Like similar offices in other
12 states, results Washington promotes lean performance management
13 principles and programs that seek to increase efficiency and
14 eliminate waste and inefficiency in agency operations, including
15 delivery of services to the public, based upon continuous assessment
16 and improvement.

17 (2) The legislature intends that Washington's office of
18 performance management should:

19 (a) Be established in statute, ensuring that the office will
20 remain in existence;

1 (b) Be headed by a director appointed by the governor and
2 confirmed by the senate, thus providing greater accountability to the
3 legislature;

4 (c) Be granted administrative authority over state performance
5 management programs, ensuring that all executive branch agencies
6 properly implement world-class lean performance management systems to
7 achieve operational excellence;

8 (d) Coordinate performance assessments of state agencies by
9 independent examiners; and

10 (e) Report agency performance data and assessment results to the
11 office of financial management and the legislature.

12 NEW SECTION. **Sec. 2.** (1) There is created in the office of the
13 governor the office of performance management.

14 (2) The executive head of the office of performance management is
15 a director appointed by the governor with the consent of the senate,
16 who serves at the pleasure of the governor.

17 (3) The director may employ personnel necessary for the
18 administration of the office of performance management.

19 NEW SECTION. **Sec. 3.** The definitions in this section apply
20 throughout this chapter unless the context clearly requires
21 otherwise.

22 (1) "Agency" means every state agency, department, office,
23 officer, board, commission, bureau, division, institution, or
24 institution of higher education, and all offices of executive branch
25 state government-elected officials, except agricultural commissions
26 under Title 15 RCW.

27 (2) "Agency performance management plan" means a detailed plan to
28 implement a lean performance management system that:

29 (a) Includes the agency's mission and goals, consistent with
30 statutory duties, and a performance strategy and timeline;

31 (b) Provides for gathering, monitoring, and analysis of data to
32 measure performance and eliminate waste and inefficiency in agency
33 operations;

34 (c) Allocates resources to improve performance; and

35 (d) Conforms to an internationally recognized quality management
36 system, such as ISO 9001 or ISO 9004, or its equivalent.

1 (3) "Baldrige assessment" means an assessment of agency
2 operational performance by a trained examiner using the Baldrige
3 excellence framework.

4 (4) "Baldrige excellence framework" means the 2015-2016 Baldrige
5 Excellence Framework, or a later edition with similar standards,
6 published by the Baldrige performance excellence program, national
7 institutes of standards and technology, United States department of
8 commerce.

9 (5) "Lean performance management system" means a system that:

10 (a) Promotes activities to increase efficiency and eliminate
11 waste and inefficiency in agency operations, including delivery of
12 services and goods to the public, based upon continuous assessment
13 and improvement; and

14 (b) Is equivalent in scope and detail to similar systems used in
15 large private sector organizations.

16 (6) "State performance management plan" means a detailed plan to
17 implement a statewide lean performance management system involving
18 all agencies, agency partners, and major private vendors.

19 NEW SECTION. **Sec. 4.** The office of performance management must:

20 (1) Adopt and implement a state performance management plan;

21 (2) Assist agencies in developing agency performance management
22 plans and review and approve or disapprove agency performance
23 management plans;

24 (3) Coordinate biannual Baldrige assessments of all agencies,
25 partners, and major private vendors, in cooperation with
26 organizations of persons conducting Baldrige assessments;

27 (4) Annually certify whether agencies have made adequate progress
28 in implementing agency performance management plans, pursuant to
29 section 12 of this act;

30 (5) Annually report to the legislature regarding:

31 (a) Implementation of the state performance management plan and
32 agency performance management plans;

33 (b) Baldrige assessments of all state agencies, agency partners,
34 and major private vendors; and

35 (c) Recommended policy and fiscal changes to increase efficiency
36 and eliminate waste and inefficiency in agency operations;

37 (6) Solicit input from the legislature and public regarding the
38 state performance management plan and agency performance management
39 plans; and

1 (7) Adopt rules necessary to administer this chapter.

2 NEW SECTION. **Sec. 5.** (1) Each agency must:

3 (a) Provide quarterly reports to the office of performance
4 management regarding implementation of its agency performance
5 management plan;

6 (b) Provide annual reports to pertinent legislative committees
7 regarding implementation of its agency performance management plan,
8 including the number and type of lean management projects conducted
9 during the reporting period, fiscal savings attributable to the
10 projects, performance goals for the upcoming reporting period, and a
11 summary of all previous Baldrige assessments;

12 (c) Provide for biannual Baldrige assessments of its operations,
13 and of local governments, local government partners, and major
14 private vendors;

15 (d) Transmit completed Baldrige assessments to the office of
16 performance management; and

17 (e) Strive to reduce agency costs by one percent annually within
18 two years of adoption of its agency performance management plan and
19 two percent annually within four years of adoption of its agency
20 performance management plan.

21 (2) An agency's Baldrige assessment score is its measure of
22 achievement. Each agency's goal is to achieve a sixty percent
23 improvement in its Baldrige assessment score within six years of the
24 first Baldrige assessment. An agency that fails to achieve that goal
25 must achieve certification under an internationally recognized
26 quality management system, such as ISO 9001, or its equivalent,
27 within seven years of the first Baldrige assessment.

28 **Sec. 6.** RCW 43.17.385 and 2014 c 68 s 6 are each amended to read
29 as follows:

30 (1) Each state agency (~~shall, within available funds, develop~~
31 ~~and implement a quality management, accountability, and performance~~
32 ~~system to improve the public services it provides.~~

33 (2) ~~Each agency shall ensure that managers and staff at all~~
34 ~~levels, including those who directly deliver services, are engaged in~~
35 ~~the system and shall provide managers and staff with the training~~
36 ~~necessary for successful implementation.~~

37 (3) ~~Each agency shall, within available funds, ensure that its~~
38 ~~quality management, accountability, and performance system:~~

1 ~~(a) Uses strategic business planning to establish goals,~~
2 ~~objectives, and activities consistent with the priorities of~~
3 ~~government, as provided in statute;~~

4 ~~(b) Engages stakeholders and customers in establishing service~~
5 ~~requirements and improving service delivery systems;~~

6 ~~(c) Includes clear, relevant, and easy-to-understand measures for~~
7 ~~each activity;~~

8 ~~(d) Gathers, monitors, and analyzes activity data;~~

9 ~~(e) Uses the data to evaluate the effectiveness of programs to~~
10 ~~manage process performance, improve efficiency, and reduce costs;~~

11 ~~(f) Establishes performance goals and expectations for employees~~
12 ~~that reflect the organization's objectives; and provides for regular~~
13 ~~assessments of employee performance;~~

14 ~~(g) Uses activity measures to report progress toward agency~~
15 ~~objectives to the agency director at least quarterly;~~

16 ~~(h) Where performance is not meeting intended objectives, holds~~
17 ~~regular problem-solving sessions to develop and implement a plan for~~
18 ~~addressing gaps; and~~

19 ~~(i) Allocates resources based on strategies to improve~~
20 ~~performance.~~

21 ~~(4) Each agency shall conduct a yearly assessment of its quality~~
22 ~~management, accountability, and performance system.~~

23 ~~(5) State agencies whose chief executives are appointed by the~~
24 ~~governor shall report to the governor on agency performance at least~~
25 ~~quarterly. The reports shall be included on the agencies', the~~
26 ~~governor's, and the office of financial management's web sites.~~

27 ~~(6) The governor shall report annually to citizens on the~~
28 ~~performance of state agency programs. The governor's report shall~~
29 ~~include:~~

30 ~~(a) Progress made toward the priorities of government as a result~~
31 ~~of agency activities; and~~

32 ~~(b) Improvements in agency quality management systems, fiscal~~
33 ~~efficiency, process efficiency, asset management, personnel~~
34 ~~management, statutory and regulatory compliance, and management of~~
35 ~~technology systems.~~

36 ~~(7) Each state agency shall integrate efforts made under this~~
37 ~~section with other management, accountability, and performance~~
38 ~~systems)) must adopt an agency performance management plan pursuant~~
39 ~~to chapter 43.--- RCW (the new chapter created in section 23 of this~~
40 ~~act).~~

1 (2) Each state agency must integrate its agency performance
2 management plan with other efficiency mandates, including procedures
3 implemented under chapter 43.42A RCW, undertaken under executive
4 order or other authority.

5 (3) As used in this section, "state agency" has the same meaning
6 as "agency" in section 3 of this act, including procedures
7 implemented under chapter 43.42A RCW, undertaken under executive
8 order or other authority.

9 **Sec. 7.** RCW 43.41.100 and 2009 c 549 s 5119 are each amended to
10 read as follows:

11 (1) The director of financial management (~~shall~~) must:

12 ~~((1))~~ (a) Supervise and administer the activities of the office
13 of financial management.

14 ~~((2))~~ (b) Exercise all the powers and perform all the duties
15 prescribed by law with respect to the administration of the state
16 budget and accounting system.

17 ~~((3))~~ (c) Advise the governor and the legislature with respect
18 to matters affecting program management and planning.

19 ~~((4—Make))~~ (d) Cooperate with the office of performance
20 management in conducting efficiency surveys of all state departments
21 and institutions, and the administrative and business methods pursued
22 therein, examine into the physical needs and industrial activities
23 thereof, and make confidential reports to the governor, recommending
24 necessary betterments, repairs, and the installation of improved and
25 more economical administrative methods, and advising such action as
26 will result in a greater measure of self-support and remedies for
27 inefficient functioning.

28 (2) The director may enter into contracts on behalf of the state
29 to carry out the purposes of this chapter; he or she may act for the
30 state in the initiation of or participation in any multi-governmental
31 agency program relative to the purposes of this chapter; and he or
32 she may accept gifts and grants, whether such grants be of federal or
33 other funds.

34 **Sec. 8.** RCW 43.41.270 and 2009 c 345 s 12 are each amended to
35 read as follows:

36 (1) The office of financial management (~~shall~~) must assist
37 natural resource-related agencies in developing outcome-focused
38 performance measures for administering natural resource-related and

1 environmentally based grant and loan programs. These performance
2 measures are to be used in determining grant eligibility, for program
3 management and performance assessment.

4 (2) The office of financial management and the recreation and
5 conservation office (~~shall~~) must assist natural resource-related
6 agencies in developing recommendations for a monitoring program to
7 measure outcome-focused performance measures required by this
8 section. The recommendations must be consistent with the framework
9 and coordinated monitoring strategy developed by the monitoring
10 oversight committee established in former RCW 77.85.210.

11 (3) Natural resource agencies (~~shall~~) must consult with grant
12 or loan recipients including local governments, tribes,
13 nongovernmental organizations, and other interested parties, and
14 report to the office of financial management on the implementation of
15 this section.

16 (4) Performance measures required by this section must be
17 included in agency performance plans adopted pursuant to chapter
18 43.--- RCW (the new chapter created in section 23 of this act).

19 (5) For purposes of this section, "natural resource-related
20 agencies" include the department of ecology, the department of
21 natural resources, the department of fish and wildlife, the state
22 conservation commission, the recreation and conservation funding
23 board, the salmon recovery funding board, and the public works board
24 within the department of (~~community, trade, and economic~~
25 ~~development~~) commerce.

26 (~~(+5)~~) (6) For purposes of this section, "natural resource-
27 related environmentally based grant and loan programs" includes the
28 conservation reserve enhancement program; dairy nutrient management
29 grants under chapter 90.64 RCW; state conservation commission water
30 quality grants under chapter 89.08 RCW; coordinated prevention
31 grants, public participation grants, and remedial action grants under
32 RCW 70.105D.070; water pollution control facilities financing under
33 chapter 70.146 RCW; aquatic lands enhancement grants under RCW
34 79.105.150; habitat grants under the Washington wildlife and
35 recreation program under RCW 79A.15.040; salmon recovery grants under
36 chapter 77.85 RCW; and the public works trust fund program under
37 chapter 43.155 RCW. The term also includes programs administered by
38 the department of fish and wildlife related to protection or recovery
39 of fish stocks which are funded with moneys from the capital budget.

1 **Sec. 9.** RCW 43.88.005 and 2005 c 386 s 1 are each amended to
2 read as follows:

3 The legislature finds that agency missions, goals, and objectives
4 should focus on statewide results, driven by agency performance
5 management plans adopted pursuant to sections 1 through 5 of this
6 act. It is the intent of the legislature to focus the biennial budget
7 on how state agencies produce real results (~~(that reflect)~~),
8 reflecting the goals of statutory programs and agency performance
9 management plans. Specifically, budget managers and the legislature
10 must have the data to move toward better statewide results that
11 produce the intended public benefit. This data must be supplied in an
12 impartial, quantifiable form, and demonstrate progress (~~(toward~~
13 ~~statewide results)~~) in implementing agency performance management
14 plans. With a renewed focus on achieving true results, state
15 agencies, the office of financial management, and the legislature
16 will be able to prioritize state resources.

17 **Sec. 10.** RCW 43.88.030 and 2006 c 334 s 43 are each amended to
18 read as follows:

19 (1) The director of financial management (~~(shall)~~) must provide
20 all agencies with a complete set of instructions for submitting
21 biennial budget requests to the director at least three months before
22 agency budget documents are due into the office of financial
23 management.

24 (2) The budget document or documents (~~(shall consist of)~~) must
25 include the governor's budget message, which (~~(shall)~~) must be
26 explanatory of the budget and (~~(shall)~~) contain:

27 (a) An outline of the proposed financial policies of the state
28 for the ensuing fiscal period, as well as an outline of the proposed
29 six-year financial policies where applicable, and (~~(shall)~~) must
30 describe in connection therewith the important features of the
31 budget(~~(. The biennial budget document or documents shall also~~
32 ~~describe))~~);

33 (b) Performance indicators that demonstrate measurable progress
34 (~~(towards priority results. The message shall set forth)~~) in
35 implementing agency performance management plans adopted pursuant to
36 chapter 43.--- RCW (the new chapter created in section 23 of this
37 act));

38 (c) The reasons for salient changes from the previous fiscal
39 period in expenditure and revenue items and (~~(shall)~~) must explain

1 any major changes in financial policy(~~(. Attached to the budget~~
2 ~~message shall be such))~~; and

3 (d) Supporting schedules, exhibits and other explanatory material
4 in respect to both current operations and capital improvements as the
5 governor (~~(shall)~~) deems to be useful to the legislature.

6 (3) The budget document or documents (~~(shall)~~) must set forth a
7 proposal for expenditures in the ensuing fiscal period, or six-year
8 period where applicable, based upon the estimated revenues and
9 caseloads as approved by the economic and revenue forecast council
10 and caseload forecast council or upon the estimated revenues and
11 caseloads of the office of financial management for those funds,
12 accounts, sources, and programs for which the forecast councils do
13 not prepare an official forecast. Revenues (~~(shall)~~) must be
14 estimated for such fiscal period from the source and at the rates
15 existing by law at the time of submission of the budget document,
16 including the supplemental budgets submitted in the even-numbered
17 years of a biennium. However, the estimated revenues and caseloads
18 for use in the governor's budget document may be adjusted to reflect
19 budgetary revenue transfers and revenue and caseload estimates
20 dependent upon budgetary assumptions of enrollments, workloads, and
21 caseloads. All adjustments to the approved estimated revenues and
22 caseloads must be set forth in the budget document. The governor may
23 additionally submit, as an appendix to each supplemental, biennial,
24 or six-year agency budget or to the budget document or documents, a
25 proposal for expenditures in the ensuing fiscal period from revenue
26 sources derived from proposed changes in existing statutes.

27 (4) The budget document or documents (~~(shall)~~) must also contain:

28 (a) Revenues classified by fund and source for the immediately
29 past fiscal period, those received or anticipated for the current
30 fiscal period, and those anticipated for the ensuing biennium;

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

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

35 (d) Such additional information dealing with revenues and
36 expenditures as the governor (~~(shall)~~) deems pertinent and useful to
37 the legislature;

38 (e) Tabulations showing expenditures classified by fund,
39 function, and agency;

1 (f) The expenditures that include nonbudgeted, nonappropriated
2 accounts outside the state treasury;

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

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

11 ~~((+2))~~ (5) The budget document or documents ~~((shall))~~ must
12 include detailed estimates of all anticipated revenues applicable to
13 proposed operating or capital expenditures and ~~((shall))~~ must also
14 include all proposed operating or capital expenditures. The total of
15 beginning undesignated fund balance and estimated revenues less
16 working capital and other reserves ~~((shall))~~ must equal or exceed the
17 total of proposed applicable expenditures.

18 (6) The budget document or documents ~~((shall))~~ must further
19 include:

20 (a) Interest, amortization and redemption charges on the state
21 debt;

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

23 (c) Other statutory expenditures;

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

25 (e) Revenues derived from agency operations;

26 (f) Expenditures and revenues ~~((shall))~~ must be given in
27 comparative form showing those incurred or received for the
28 immediately past fiscal period and those anticipated for the current
29 biennium and next ensuing biennium;

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

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

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

37 (j) A showing and explanation of anticipated amounts of general
38 fund and other funds required to amortize the unfunded actuarial
39 accrued liability of the retirement system specified under chapter

1 41.45 RCW, and the contributions to meet such amortization, stated in
2 total dollars and as a level percentage of total compensation.

3 ~~((3))~~ (7) The governor's operating budget document or documents
4 ~~((shall reflect the statewide priorities as required by RCW~~
5 ~~43.88.090.~~

6 ~~(4) The governor's operating budget document or documents shall~~
7 ~~identify activities that are not addressing the statewide priorities.~~

8 ~~(5))~~ must reflect the goals of statutory programs and
9 performance management plans adopted pursuant to sections 1 through 5
10 of this act.

11 (8) A separate capital budget document or schedule ~~((shall))~~ must
12 be submitted that ~~((will))~~ contains the following:

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

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

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

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

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

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

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

38 (h) Estimated total project cost;

39 (i) For major projects valued over five million dollars,
40 estimated costs for the following project components: Acquisition,

1 consultant services, construction, equipment, project management, and
2 other costs included as part of the project. Project component costs
3 (~~shall~~) must be displayed in a standard format defined by the
4 office of financial management to allow comparisons between projects;

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

7 (k) Estimated ensuing biennium costs;

8 (l) Estimated costs beyond the ensuing biennium;

9 (m) Estimated construction start and completion dates;

10 (n) Source and type of funds proposed;

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

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

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

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

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

32 (9) For purposes of (~~this subsection (5)~~) subsection (8) of
33 this section, the term "capital project" (~~shall~~) must be defined
34 subsequent to the analysis, findings, and recommendations of a joint
35 committee comprised of representatives from the house capital
36 appropriations committee, senate ways and means committee,
37 legislative evaluation and accountability program committee, and
38 office of financial management.

39 (~~(6)~~) (10) No change affecting the comparability of agency or
40 program information relating to expenditures, revenues, workload,

1 performance and personnel (~~shall~~) may be made in the format of any
2 budget document or report presented to the legislature under this
3 section or RCW 43.88.160(~~(1)~~) (2) relative to the format of the
4 budget document or report which was presented to the previous regular
5 session of the legislature during an odd-numbered year without prior
6 legislative concurrence. Prior legislative concurrence (~~shall~~) must
7 consist of (a) a favorable majority vote on the proposal by the
8 standing committees on ways and means of both houses if the
9 legislature is in session or (b) a favorable majority vote on the
10 proposal by members of the legislative evaluation and accountability
11 program committee if the legislature is not in session.

12 **Sec. 11.** RCW 43.88.090 and 2012 c 229 s 587 are each amended to
13 read as follows:

14 (1)(a) For purposes of developing budget proposals to the
15 legislature, the governor (~~shall have the power, and it shall be the~~
16 ~~governor's duty, to~~) must require from proper agency officials such
17 detailed estimates and other information (~~in such form and at such~~
18 ~~times~~) as the governor (~~shall~~) directs. The governor (~~shall~~)
19 must communicate statewide priorities to agencies in the state
20 performance management plan adopted pursuant to chapter 43.--- RCW
21 (the new chapter created in section 23 of this act) for use in
22 developing biennial budget recommendations for their agency, and
23 (~~shall~~) must seek public involvement and input on these priorities.
24 The estimates for the legislature and the judiciary (~~shall~~) must be
25 transmitted to the governor and (~~shall~~) must be included in the
26 budget without revision. The estimates for state pension
27 contributions (~~shall~~) must be based on the rates provided in
28 chapter 41.45 RCW. Copies of all such estimates (~~shall~~) must be
29 transmitted to the standing committees on ways and means of the house
30 and senate at the same time as they are filed with the governor and
31 the office of financial management.

32 (b) The estimates (~~shall~~) must include statements or tables
33 (~~which indicate~~) indicating, by agency, the state funds (~~which~~)
34 that are required for the receipt of federal matching revenues. The
35 estimates (~~shall~~) must be revised as necessary to reflect
36 legislative enactments and adopted appropriations and (~~shall~~) must
37 be included with the initial biennial allotment submitted under RCW
38 43.88.110. The estimates must reflect that the agency considered any
39 alternatives to reduce costs or improve service delivery identified

1 in the findings of a performance audit of the agency by the joint
2 legislative audit and review committee. Nothing in this subsection
3 requires performance audit findings to be published as part of the
4 budget.

5 ~~(2) Each state agency ((shall define its mission and establish
6 measurable goals for achieving desirable results for those who
7 receive its services and the taxpayers who pay for those services.
8 Each agency shall also develop clear strategies and timelines to
9 achieve its goals. This section does not require an agency to develop
10 a new mission or goals in place of identifiable missions or goals
11 that meet the intent of this section. The mission and goals of each
12 agency must conform to statutory direction and limitations.~~

13 ~~(3) For the purpose of assessing activity performance, each state
14 agency shall establish quality and productivity objectives for each
15 major activity in its budget. The objectives must be consistent with
16 the missions and goals developed under this section. The objectives
17 must be expressed to the extent practicable in outcome-based,
18 objective, and measurable form unless an exception to adopt a
19 different standard is granted by the office of financial management
20 and approved by the legislative committee on performance review.
21 Objectives must specifically address the statutory purpose or intent
22 of the program or activity and focus on data that measure whether the
23 agency is achieving or making progress toward the purpose of the
24 activity and toward statewide priorities. The office of financial
25 management shall provide necessary professional and technical
26 assistance to assist state agencies in the development of strategic
27 plans that include the mission of the agency and its programs,
28 measurable goals, strategies, and performance measurement systems.~~

29 ~~(4) Each state agency shall adopt procedures for and perform
30 continuous self assessment of each activity, using the mission,
31 goals, objectives, and measurements required under subsections (2)
32 and (3) of this section. The assessment of the activity must also
33 include an evaluation of major information technology systems or
34 projects that may assist the agency in achieving or making progress
35 toward the activity purpose and statewide priorities. The evaluation
36 of proposed major information technology systems or projects shall be
37 in accordance with the standards and policies established by the
38 information services board. Agencies' progress toward the mission,
39 goals, objectives, and measurements required by subsections (2) and~~

1 ~~(3) of this section is subject to review as set forth in this~~
2 ~~subsection.~~

3 ~~(a) The office of financial management shall regularly conduct~~
4 ~~reviews of selected activities to analyze whether the objectives and~~
5 ~~measurements submitted by agencies demonstrate progress toward~~
6 ~~statewide results.~~

7 ~~(b) The office of financial management shall consult with: (i)~~
8 ~~The four-year institutions of higher education in those reviews that~~
9 ~~involve four-year institutions of higher education; and (ii) the~~
10 ~~state board for community and technical colleges in those reviews~~
11 ~~that involve two-year institutions of higher education.~~

12 ~~(c) The goal is for all major activities to receive at least one~~
13 ~~review each year.~~

14 ~~(d) The office of financial management shall consult with the~~
15 ~~information services board when conducting reviews of major~~
16 ~~information technology systems in use by state agencies. The goal is~~
17 ~~that reviews of these information technology systems occur~~
18 ~~periodically.~~

19 ~~(5) It is the policy of the legislature that))~~ must define its
20 mission and adopt an agency performance management plan pursuant to
21 chapter 43.--- RCW (the new chapter created in section 23 of this
22 act). Each agency's budget recommendations must be directly linked to
23 the agency's stated mission and ((~~program, quality, and productivity~~
24 ~~goals and objectives~~)) agency performance management plan. Consistent
25 with this policy, agency budget proposals must include integration of
26 performance measures that allow objective determination of an
27 activity's success in ((~~achieving its goals. When a review under~~
28 ~~subsection (4) of this section or other analysis determines that the~~
29 ~~agency's objectives demonstrate~~)) implementing its agency performance
30 management plan. When a Baldrige assessment conducted pursuant to
31 section 5 of this act indicates that the agency is making
32 insufficient progress toward the goals of any particular program or
33 is otherwise underachieving or inefficient, the agency's budget
34 request ((~~shall~~)) must contain proposals to remedy or improve the
35 selected programs. ((~~The office of financial management shall develop~~
36 ~~a plan to merge the budget development process with agency~~
37 ~~performance assessment procedures. The plan must include a schedule~~
38 ~~to integrate agency strategic plans and performance measures into~~
39 ~~agency budget requests and the governor's budget proposal over three~~
40 ~~fiscal biennia. The plan must identify those agencies that will~~

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

10 ~~(6))~~ (3) In reviewing agency budget requests in order to prepare
11 the governor's biennial budget request, the office of financial
12 management ~~((shall))~~ must:

13 (a) Consider the extent to which the agency's activities
14 demonstrate progress toward ~~((the statewide budgeting priorities,~~
15 ~~along with any specific review conducted under subsection (4) of this~~
16 ~~section.~~

17 ~~(7))~~ implementing its agency performance management plan; and

18 (b) Comply with section 12 of this act.

19 (4) In the year of the gubernatorial election, the governor
20 ~~((shall))~~ must invite the governor-elect or the governor-elect's
21 designee to attend all hearings provided in RCW 43.88.100; and the
22 governor ~~((shall))~~ must furnish the governor-elect or the governor-
23 elect's designee with such information as will enable the governor-
24 elect or the governor-elect's designee to gain an understanding of
25 the state's budget requirements. The governor-elect or the governor-
26 elect's designee may ask ~~((such))~~ questions during the hearings and
27 require ~~((such))~~ information as the governor-elect or the governor-
28 elect's designee deems necessary and may make recommendations in
29 connection with any item of the budget which, with the governor-
30 elect's reasons therefor, ~~((shall))~~ must be presented to the
31 legislature in writing with the budget document. Copies of all such
32 estimates and other required information ~~((shall))~~ must also be
33 submitted to the standing committees on ways and means of the house
34 and senate.

35 NEW SECTION. Sec. 12. A new section is added to chapter 43.88
36 RCW to read as follows:

37 In a proposed operating budget or supplemental operating budget,
38 the director must redirect cost savings realized from implementation
39 of an agency performance management plan adopted pursuant to chapter

1 43.--- RCW (the new chapter created in section 23 of this act) as
2 follows:

3 (1) Ten percent of cost savings must be redirected to the
4 agency's other critical operations if the office of performance
5 management certifies that the agency is making adequate progress in
6 implementing its agency performance management plan;

7 (2) Ten percent of cost savings must be redirected to the agency
8 to improve performance under the agency performance management plan;

9 (3) Ten percent of cost savings must be redirected to the office
10 of performance management to improve performance under the state
11 performance management plan adopted pursuant to chapter 43.--- RCW
12 (the new chapter created in section 23 of this act); and

13 (4) The remaining cost savings must be redirected to reduce the
14 agency's operating budget, provided that agency personnel may not be
15 terminated to comply with this requirement.

16 **Sec. 13.** RCW 43.88.160 and 2012 c 230 s 1 are each amended to
17 read as follows:

18 (1) This section sets forth the major fiscal duties and
19 responsibilities of officers and agencies of the executive branch.
20 The regulations issued by the governor pursuant to this chapter
21 (~~(shall)~~) must provide for a comprehensive, orderly basis for fiscal
22 management and control, including efficient accounting and reporting
23 therefor, for the executive branch of the state government and may
24 include, in addition, such requirements as will generally promote
25 more efficient public management in the state.

26 (~~(1)~~) (2) Governor; director of financial management. The
27 governor, through the director of financial management, (~~(shall)~~)
28 must devise and supervise a modern and complete accounting system for
29 each agency to the end that all revenues, expenditures, receipts,
30 disbursements, resources, and obligations of the state (~~(shall)~~) must
31 be properly and systematically accounted for. The accounting system
32 (~~(shall)~~) must include the development of accurate, timely records
33 and reports of all financial affairs of the state. The system
34 (~~(shall)~~) must also provide for central accounts in the office of
35 financial management at the level of detail deemed necessary by the
36 director to perform central financial management. The director of
37 financial management (~~(shall)~~) must adopt and periodically update an
38 accounting procedures manual. Any agency maintaining its own
39 accounting and reporting system (~~(shall)~~) must comply with the

1 updated accounting procedures manual and the rules of the director
2 adopted under this chapter. An agency may receive a waiver from
3 complying with this requirement if the waiver is approved by the
4 director. Waivers expire at the end of the fiscal biennium for which
5 they are granted. The director (~~shall~~) must forward notice of
6 waivers granted to the appropriate legislative fiscal committees. The
7 director of financial management may require such financial,
8 statistical, and other reports as the director deems necessary from
9 all agencies covering any period.

10 (~~(2)~~) (3) Except as provided in chapter 43.88C RCW, the
11 director of financial management is responsible for quarterly
12 reporting of primary operating budget drivers such as applicable
13 workloads, caseload estimates, and appropriate unit cost data. These
14 reports (~~shall~~) must be transmitted to the legislative fiscal
15 committees or by electronic means to the legislative evaluation and
16 accountability program committee. Quarterly reports (~~shall~~) must
17 include actual monthly data and the variance between actual and
18 estimated data to date. The reports (~~shall~~) must also include
19 estimates of these items for the remainder of the budget period.

20 (~~(3)~~) (4) The director of financial management (~~shall~~) must
21 report at least annually to the appropriate legislative committees
22 regarding the status of all appropriated capital projects, including
23 transportation projects, showing significant cost overruns or
24 underruns. If funds are shifted from one project to another, the
25 office of financial management (~~shall~~) must also reflect this in
26 the annual variance report. Once a project is complete, the report
27 (~~shall~~) must provide a final summary showing estimated start and
28 completion dates of each project phase compared to actual dates,
29 estimated costs of each project phase compared to actual costs, and
30 whether or not there are any outstanding liabilities or unsettled
31 claims at the time of completion.

32 (~~(4)~~) (5) In addition, the director of financial management, as
33 agent of the governor, (~~shall~~) must:

34 (a)(i) Develop and maintain a system of internal controls and
35 internal audits comprising methods and procedures to be adopted by
36 each agency that will safeguard its assets, check the accuracy and
37 reliability of its accounting data, promote operational efficiency in
38 cooperation with the office of performance management, and encourage
39 adherence to prescribed managerial policies for accounting and
40 financial controls. The system developed by the director (~~shall~~)

1 must include criteria for determining the scope and comprehensiveness
2 of internal controls required by classes of agencies, depending on
3 the level of resources at risk.

4 (ii) Each agency head or authorized designee (~~((shall))~~) must be
5 assigned the responsibility and authority for establishing and
6 maintaining internal audits following the standards of internal
7 auditing of the institute of internal auditors;

8 (b) In cooperation with the office of performance management,
9 make surveys and analyses of agencies with the object of determining
10 better methods and increased effectiveness in the use of manpower and
11 materials; and the director (~~((shall))~~) must authorize expenditures for
12 employee training to the end that the state may benefit from training
13 facilities made available to state employees;

14 (c) Establish policies for allowing the contracting of child care
15 services;

16 (d) Report to the governor with regard to duplication of effort
17 or lack of coordination among agencies;

18 (e) Review any pay and classification plans, and changes
19 thereunder, developed by any agency for their fiscal impact(~~((-~~
20 ~~PROVIDED, That))~~). However, none of the provisions of this subsection
21 (~~((shall))~~) may affect merit systems of personnel management now
22 existing or hereafter established by statute relating to the fixing
23 of qualifications requirements for recruitment, appointment, or
24 promotion of employees of any agency. The director (~~((shall))~~) must
25 advise and confer with agencies including appropriate standing
26 committees of the legislature as may be designated by the speaker of
27 the house and the president of the senate regarding the fiscal impact
28 of such plans and may amend or alter the plans, except that for the
29 following agencies no amendment or alteration of the plans may be
30 made without the approval of the agency concerned: Agencies headed by
31 elective officials;

32 (f) Fix the number and classes of positions or authorized
33 employee years of employment for each agency and during the fiscal
34 period amend the determinations previously fixed by the director
35 except that the director (~~((shall not be))~~) is not empowered to fix the
36 number or the classes for the following: Agencies headed by elective
37 officials;

38 (g) Adopt rules to effectuate provisions contained in (a) through
39 (f) of this subsection.

40 (~~((+5))~~) (6)(a) The treasurer (~~((shall))~~) must:

1 ~~((a))~~ (i) Receive, keep, and disburse all public funds of the
2 state not expressly required by law to be received, kept, and
3 disbursed by some other persons(~~(- PROVIDED, That)~~). However, this
4 subsection (~~shall~~) does not apply to those public funds of the
5 institutions of higher learning which are not subject to
6 appropriation;

7 ~~((b))~~ (ii) Receive, disburse, or transfer public funds under
8 the treasurer's supervision or custody;

9 ~~((c))~~ (iii) Keep a correct and current account of all moneys
10 received and disbursed by the treasurer, classified by fund or
11 account;

12 ~~((d))~~ (iv) Coordinate agencies' acceptance and use of credit
13 cards and other payment methods, if the agencies have received
14 authorization under RCW 43.41.180;

15 ~~((e))~~ (v) Perform such other duties as may be required by law
16 or by regulations issued pursuant to this law.

17 (b) It (~~shall be~~) is unlawful for the treasurer to disburse
18 public funds in the treasury except upon forms or by alternative
19 means duly prescribed by the director of financial management. These
20 forms or alternative means (~~shall~~) must provide for authentication
21 and certification by the agency head or the agency head's designee
22 that the services have been rendered or the materials have been
23 furnished; or, in the case of loans or grants, that the loans or
24 grants are authorized by law; or, in the case of payments for
25 periodic maintenance services to be performed on state owned
26 equipment, that a written contract for such periodic maintenance
27 services is currently in effect; and the treasurer (~~shall not be~~)
28 is not liable under the treasurer's surety bond for erroneous or
29 improper payments so made. When services are lawfully paid for in
30 advance of full performance by any private individual or business
31 entity other than equipment maintenance providers or as provided for
32 by RCW 42.24.035, (~~such~~) the individual or entity other than
33 central stores rendering such services (~~shall~~) must make a cash
34 deposit or furnish surety bond coverage to the state (~~as shall be~~
35 ~~fixed~~) in an amount fixed by law, or if not fixed by law, then in
36 (~~such amounts as shall be~~) the amount fixed by the director of the
37 department of enterprise services but in no case (~~shall such~~) may
38 the required cash deposit or surety bond be less than an amount
39 (~~which~~) that will fully indemnify the state against any and all
40 losses on account of breach of promise to fully perform such

1 services. No payments (~~shall~~) may be made in advance for any
2 equipment maintenance services to be performed more than twelve
3 months after such payment except that institutions of higher
4 education as defined in RCW 28B.10.016 may make payments in advance
5 for equipment maintenance services to be performed up to sixty months
6 after such payment. Any such bond so furnished (~~shall~~) must be
7 conditioned that the person, firm or corporation receiving the
8 advance payment will apply it toward performance of the contract. The
9 responsibility for recovery of erroneous or improper payments made
10 under this section (~~shall~~) lies with the agency head or the agency
11 head's designee in accordance with rules issued pursuant to this
12 chapter. Nothing in this section (~~shall~~) may be construed to permit
13 a public body to advance funds to a private service provider pursuant
14 to a grant or loan before services have been rendered or material
15 furnished.

16 (~~(6)~~) (7)(a) The state auditor (~~shall~~) must:

17 (~~(a)~~) (i) Report to the legislature the results of current post
18 audits that have been made of the financial transactions of each
19 agency; to this end the auditor may, in the auditor's discretion,
20 examine the books and accounts of any agency, official, or employee
21 charged with the receipt, custody, or safekeeping of public funds.
22 Where feasible in conducting examinations, the auditor (~~shall~~) must
23 utilize data and findings from the internal control system prescribed
24 by the office of financial management. The current post audit of each
25 agency may include a section on recommendations to the legislature as
26 provided in (~~(e)~~) (a)(iii) of this subsection.

27 (~~(b)~~) (ii) Give information to the legislature, whenever
28 required, upon any subject relating to the financial affairs of the
29 state.

30 (~~(e)~~) (iii) Make the auditor's official report on or before the
31 thirty-first of December which precedes the meeting of the
32 legislature. The report (~~shall~~) must be for the last complete
33 fiscal period and (~~shall~~) must include determinations as to whether
34 agencies, in making expenditures, complied with the laws of this
35 state. The state auditor is authorized to perform or participate in
36 performance verifications and performance audits as expressly
37 authorized by the legislature in the omnibus biennial appropriations
38 acts or in the performance audit work plan approved by the joint
39 legislative audit and review committee. The state auditor, upon
40 completing an audit for legal and financial compliance under chapter

1 43.09 RCW or a performance verification, may report to the joint
2 legislative audit and review committee or other appropriate
3 committees of the legislature, in a manner prescribed by the joint
4 legislative audit and review committee, on facts relating to the
5 management or performance of governmental programs where such facts
6 are discovered incidental to the legal and financial audit or
7 performance verification. The auditor may make such a report to a
8 legislative committee only if the auditor has determined that the
9 agency has been given an opportunity and has failed to resolve the
10 management or performance issues raised by the auditor. If the
11 auditor makes a report to a legislative committee, the agency may
12 submit to the committee a response to the report. This subsection
13 ~~((+6))~~ (7) ~~((shall))~~ may not be construed to authorize the auditor
14 to allocate other than de minimis resources to performance audits
15 except as expressly authorized in the appropriations acts or in the
16 performance audit work plan. The results of a performance audit
17 conducted by the state auditor that has been requested by the joint
18 legislative audit and review committee must only be transmitted to
19 the joint legislative audit and review committee.

20 ~~((+d))~~ (iv) Be empowered to take exception to specific
21 expenditures that have been incurred by any agency or to take
22 exception to other practices related in any way to the agency's
23 financial transactions and to cause such exceptions to be made a
24 matter of public record, including disclosure to the agency concerned
25 and to the director of financial management. It ~~((shall-be))~~ is the
26 duty of the director of financial management to cause corrective
27 action to be taken within six months, such action to include, as
28 appropriate, the withholding of funds as provided in RCW 43.88.110.
29 The director of financial management ~~((shall))~~ must annually report
30 by December 31st the status of audit resolution to the appropriate
31 committees of the legislature, the state auditor, and the attorney
32 general. The director of financial management ~~((shall))~~ must include
33 in the audit resolution report actions taken as a result of an audit
34 including, but not limited to, types of personnel actions, costs and
35 types of litigation, and value of recouped goods or services.

36 ~~((+e))~~ (v) Promptly report any irregularities to the attorney
37 general.

38 ~~((+f))~~ (vi) Investigate improper governmental activity under
39 chapter 42.40 RCW.

1 **(b)** In addition to the authority given to the state auditor in
2 this subsection ~~((+6))~~ (7), the state auditor is authorized to
3 conduct performance audits identified in RCW 43.09.470. Nothing in
4 this subsection ~~((+6) shall)~~ (7) must limit, impede, or restrict the
5 state auditor from conducting performance audits identified in RCW
6 43.09.470.

7 ~~((+7))~~ (8) The joint legislative audit and review committee may:

8 (a) Make post audits of the financial transactions of any agency
9 and management surveys and program reviews as provided for in chapter
10 44.28 RCW as well as performance audits and program evaluations. To
11 this end the joint committee may in its discretion examine the books,
12 accounts, and other records of any agency, official, or employee.

13 (b) Give information to the legislature or any legislative
14 committee whenever required upon any subject relating to the
15 performance and management of state agencies.

16 (c) Make a report to the legislature ~~((which shall))~~ that
17 includes at least the following:

18 (i) Determinations as to the extent to which agencies in making
19 expenditures have complied with the will of the legislature and in
20 this connection, may take exception to specific expenditures or
21 financial practices of any agencies; and

22 (ii) Such plans as it deems expedient for the support of the
23 state's credit, for lessening expenditures, for promoting frugality
24 and economy in agency affairs, and generally for an improved level of
25 fiscal management.

26 **Sec. 14.** RCW 43.09.440 and 2012 c 229 s 817 are each amended to
27 read as follows:

28 (1) The board and the state auditor ~~((shall))~~ must collaborate
29 with the joint legislative audit and review committee regarding
30 performance audits of state government.

31 ~~((+a))~~ (2) The board ~~((shall))~~ must establish criteria for
32 performance audits consistent with the criteria and standards
33 followed by the joint legislative audit and review committee. This
34 criteria ~~((shall))~~ must include, at a minimum, the auditing standards
35 of the United States government accountability office, as well as
36 legislative mandates and performance objectives established by state
37 agencies and the legislature. Mandates include, but are not limited
38 to, agency strategies, timelines, program objectives, and mission and
39 goals as required in ~~((RCW 43.88.090))~~ agency performance management

1 plans adopted pursuant to chapter 43.--- RCW (the new chapter created
2 in section 23 of this act).

3 ~~((b))~~ (3) Using the criteria developed in ~~((a) of this)~~
4 subsection (2) of this section, the state auditor ~~((shall))~~ must
5 contract for a statewide performance review to be completed as
6 expeditiously as possible as a preliminary to a draft work plan for
7 conducting performance audits. The board and the state auditor
8 ~~((shall))~~ must develop a schedule and common methodology for
9 conducting these reviews. The purpose of these performance reviews is
10 to identify those agencies, programs, functions, or activities most
11 likely to benefit from performance audits and to identify likely
12 areas warranting early review, taking into account prior performance
13 audits, if any, and prior fiscal audits.

14 ~~((c))~~ (4) The board and the state auditor ~~((shall))~~ must
15 develop the draft work plan for performance audits based on input
16 from citizens, state employees, including front-line employees, state
17 managers, chairs and ranking members of appropriate legislative
18 committees, the joint legislative audit and review committee, public
19 officials, and others. The draft work plan may include a list of
20 agencies, programs, or systems to be audited on a timeline decided by
21 the board and the state auditor based on a number of factors
22 including risk, importance, and citizen concerns. When putting
23 together the draft work plan, there should be consideration of all
24 audits and reports already required. On average, audits ~~((shall))~~
25 must be designed to be completed as expeditiously as possible.

26 ~~((d))~~ (5) Before adopting the final work plan, the board
27 ~~((shall))~~ must consult with the legislative auditor and other
28 appropriate oversight and audit entities to coordinate work plans and
29 avoid duplication of effort in their planned performance audits of
30 state government agencies. The board ~~((shall))~~ must defer to the
31 joint legislative audit and review committee work plan if a similar
32 audit is included on both work plans for auditing.

33 ~~((e))~~ (6) The state auditor ~~((shall))~~ must contract out for
34 performance audits. In conducting the audits, agency front-line
35 employees and internal auditors should be involved.

36 ~~((f))~~ (7) All audits must include consideration of reports
37 prepared by other government oversight entities. ~~((g))~~ The audits
38 may include:

39 ~~((i))~~ (a) Identification of programs and services that can be
40 eliminated, reduced, consolidated, or enhanced;

1 ~~((+ii))~~ (b) Identification of funding sources to the state
2 agency, to programs, and to services that can be eliminated, reduced,
3 consolidated, or enhanced;

4 ~~((+iii))~~ (c) Analysis of gaps and overlaps in programs and
5 services and recommendations for improving, dropping, blending, or
6 separating functions to correct gaps or overlaps;

7 ~~((+iv))~~ (d) Analysis and recommendations for pooling information
8 technology systems used within the state agency, and evaluation of
9 information processing and telecommunications policy, organization,
10 and management;

11 ~~((+v))~~ (e) Analysis of the roles and functions of the state
12 agency, its programs, and its services and their compliance with
13 statutory authority and recommendations for eliminating or changing
14 those roles and functions and ensuring compliance with statutory
15 authority;

16 ~~((+vi))~~ (f) Recommendations for eliminating or changing
17 statutes, rules, and policy directives as may be necessary to ensure
18 that the agency carry out reasonably and properly those functions
19 vested in the agency by statute;

20 ~~((+vii))~~ (g) Verification of the reliability and validity of
21 agency performance data, ~~((self-assessments))~~ assessments, and
22 performance measurement systems ~~((as required under RCW 43.88.090))~~
23 in performance management plans adopted pursuant to chapter 43.---
24 RCW (the new chapter created in section 23 of this act);

25 ~~((+viii))~~ (h) Identification of potential cost savings in the
26 state agency, its programs, and its services;

27 ~~((+ix))~~ (i) Identification and recognition of best practices;

28 ~~((+x))~~ (j) Evaluation of planning, budgeting, and program
29 evaluation policies and practices;

30 ~~((+xi))~~ (k) Evaluation of personnel systems operation and
31 management;

32 ~~((+xii))~~ (l) Evaluation of state purchasing operations and
33 management policies and practices; and

34 ~~((+xiii))~~ (m) Evaluation of organizational structure and
35 staffing levels, particularly in terms of the ratio of managers and
36 supervisors to nonmanagement personnel.

37 ~~((+h))~~ (8) The state auditor must solicit comments on
38 preliminary performance audit reports from the audited state agency,
39 the office of the governor, the office of financial management, the
40 board, the chairs and ranking members of appropriate legislative

1 committees, and the joint legislative audit and review committee for
2 comment. Comments must be received within thirty days after receipt
3 of the preliminary performance audit report unless a different time
4 period is approved by the state auditor. All comments ~~((shall))~~ must
5 be incorporated into the final performance audit report. The final
6 performance audit report ~~((shall))~~ must include the objectives,
7 scope, and methodology; the audit results, including findings and
8 recommendations; conclusions; and identification of best practices.

9 ~~((i))~~ (9) The board and the state auditor ~~((shall))~~ must
10 jointly release final performance audit reports to the governor, the
11 citizens of Washington, the joint legislative audit and review
12 committee, and the appropriate standing legislative committees. Final
13 performance audit reports ~~((shall))~~ must be posted on the internet.

14 ~~((j))~~ (10) For institutions of higher education, performance
15 audits ~~((shall))~~ may not duplicate, and where applicable, ~~((shall))~~
16 must make maximum use of existing audit records, accreditation
17 reviews, and performance measures required by the office of financial
18 management and nationally or regionally recognized accreditation
19 organizations including accreditation of hospitals licensed under
20 chapter 70.41 RCW and ambulatory care facilities.

21 ~~((2) The citizen board created under RCW 44.75.030 shall be
22 responsible for performance audits for transportation related
23 agencies as defined under RCW 44.75.020.))~~

24 **Sec. 15.** RCW 43.09.470 and 2006 c 1 s 2 are each amended to read
25 as follows:

26 (1) In addition to audits authorized under RCW 43.88.160, the
27 state auditor ~~((shall))~~ must conduct independent, comprehensive
28 performance audits of:

29 (a) State government and each of its agencies, accounts, and
30 programs, including the state performance management plan adopted
31 pursuant to chapter 43.--- RCW (the new chapter created in section 23
32 of this act);

33 (b) Local governments and each of their agencies, accounts, and
34 programs;

35 (c) State and local education governmental entities and each of
36 their agencies, accounts, and programs;

37 (d) State and local transportation governmental entities and each
38 of their agencies, accounts, and programs; and

1 (e) Other governmental entities, agencies, accounts, and
2 programs. (~~The term~~)

3 (2) For the purposes of this section, "government" means an
4 agency, department, office, officer, board, commission, bureau,
5 division, institution, or institution of higher education. This
6 includes individual agencies and programs, as well as those programs
7 and activities that cross agency lines. "Government" includes all
8 elective and nonelective offices in the executive branch and includes
9 the judicial and legislative branches.

10 (3) The state auditor (~~shall~~) must review and analyze the
11 economy, efficiency, and effectiveness of the policies, management,
12 fiscal affairs, and operations of state and local governments,
13 agencies, programs, and accounts. These performance audits (~~shall~~)
14 must be conducted in accordance with the United States general
15 accounting office government auditing standards.

16 (4) The scope for each performance audit (~~shall~~) may not be
17 limited and (~~shall~~) must include nine specific elements:

18 (~~(1)~~) (a) Identification of cost savings;

19 (~~(2)~~) (b) Identification of services that can be reduced or
20 eliminated;

21 (~~(3)~~) (c) Identification of programs or services that can be
22 transferred to the private sector;

23 (~~(4)~~) (d) A analysis of gaps or overlaps in programs or
24 services and recommendations to correct gaps or overlaps;

25 (~~(5)~~) (e) Feasibility of pooling information technology systems
26 within the department;

27 (~~(6)~~) (f) Analysis of the roles and functions of the
28 department, and recommendations to change or eliminate departmental
29 roles or functions;

30 (~~(7)~~) (g) Recommendations for statutory or regulatory changes
31 that may be necessary for the department to properly carry out its
32 functions;

33 (~~(8)~~) (h) Analysis of departmental performance data,
34 performance measures, and (~~self-assessment~~) assessment systems in
35 performance management plans adopted pursuant to chapter 43.--- RCW
36 (the new chapter created in section 23 of this act); and

37 (~~(9)~~) (i) Identification of best practices.

38 (5) The state auditor may contract out any performance audits.

39 (6) For counties and cities, the audit may be conducted as part
40 of audits otherwise required by state law.

1 (7) Each audit report (~~shall~~) must be submitted to the
2 corresponding legislative body or legislative bodies and made
3 available to the public on or before thirty days after the completion
4 of each audit or each follow-up audit. On or before thirty days after
5 the performance audit is made public, the corresponding legislative
6 body or legislative bodies (~~shall~~) must hold at least one public
7 hearing to consider the findings of the audit and (~~shall~~) must
8 receive comments from the public.

9 (8) The state auditor is authorized to issue subpoenas to
10 governmental entities for required documents, memos, and budgets to
11 conduct the performance audits.

12 (9) The state auditor may, at any time, conduct a performance
13 audit to determine not only the efficiency, but also the
14 effectiveness, of any government agency, account, or program.

15 (10) No legislative body, officeholder, or employee may impede or
16 restrict the authority or the actions of the state auditor to conduct
17 independent, comprehensive performance audits.

18 (11) To the greatest extent possible, the state auditor (~~shall~~)
19 must instruct and advise the appropriate governmental body on a step-
20 by-step remedy to whatever ineffectiveness and inefficiency is
21 discovered in the audited entity.

22 (12) For performance audits of state government and its agencies,
23 programs, and accounts, the legislature must consider the state
24 auditor reports in connection with the legislative appropriations
25 process.

26 (13) An annual report (~~will~~) must be submitted by the joint
27 legislative audit and review committee by July 1st of each year
28 detailing the status of the legislative implementation of the state
29 auditor's recommendations. Justification must be provided for
30 recommendations not implemented. Details of other corrective action
31 must be provided as well.

32 (14) For performance audits of local governments and their
33 agencies, programs, and accounts, the corresponding legislative body
34 must consider the state auditor reports in connection with its
35 spending practices. An annual report (~~will~~) must be submitted by
36 the legislative body by July 1st of each year detailing the status of
37 the legislative implementation of the state auditor's
38 recommendations. Justification must be provided for recommendations
39 not implemented. Details of other corrective action must be provided
40 as well.

1 (15) The people encourage the state auditor to aggressively
2 pursue the largest, costliest governmental entities first but to
3 pursue all governmental entities in due course. Follow-up performance
4 audits on any state and local government, agency, account, and
5 program may be conducted when determined necessary by the state
6 auditor.

7 (16) Revenues from the performance audits of government account,
8 created in RCW 43.09.475, (~~shall~~) must be used for the cost of the
9 audits.

10 **Sec. 16.** RCW 46.68.290 and 2006 c 337 s 5 are each amended to
11 read as follows:

12 (1) The transportation partnership account is hereby created in
13 the state treasury. All distributions to the account from RCW
14 46.68.090 must be deposited into the account. Money in the account
15 may be spent only after appropriation. Expenditures from the account
16 must be used only for projects or improvements identified as 2005
17 transportation partnership projects or improvements in the omnibus
18 transportation appropriations act, including any principal and
19 interest on bonds authorized for the projects or improvements.

20 (2) The legislature finds that:

21 (a) Citizens demand and deserve accountability of transportation-
22 related programs and expenditures. Transportation-related programs
23 must continuously improve in quality, efficiency, and effectiveness
24 in order to increase public trust;

25 (b) Transportation-related agencies that receive tax dollars must
26 continuously improve the way they operate and deliver services so
27 citizens receive maximum value for their tax dollars; and

28 (c) Fair, independent, comprehensive performance audits of
29 transportation-related agencies overseen by the elected state auditor
30 are essential to improving the efficiency, economy, and effectiveness
31 of the state's transportation system.

32 (3) For purposes of chapter 314, Laws of 2005:

33 (a) "Performance audit" means an objective and systematic
34 assessment of a state agency or agencies or any of their programs,
35 functions, or activities by the state auditor or designee in order to
36 help improve agency efficiency, effectiveness, and accountability.
37 Performance audits include economy and efficiency audits and program
38 audits.

1 (b) "Transportation-related agency" means any state agency,
2 board, or commission that receives funding primarily for
3 transportation-related purposes. At a minimum, the department of
4 transportation, the transportation improvement board or its successor
5 entity, the county road administration board or its successor entity,
6 and the traffic safety commission are considered transportation-
7 related agencies. The Washington state patrol and the department of
8 licensing (~~shall~~) are not (~~be~~) considered transportation-related
9 agencies under chapter 314, Laws of 2005.

10 (4) Within the authorities and duties under chapter 43.09 RCW,
11 the state auditor (~~shall~~) must establish criteria and protocols for
12 performance audits. Transportation-related agencies (~~shall~~) must be
13 audited using criteria that include generally accepted government
14 auditing standards as well as legislative mandates and performance
15 objectives established by state agencies. Mandates include, but are
16 not limited to, agency strategies, timelines, program objectives, and
17 mission and goals as required in (~~RCW 43.88.090~~) agency performance
18 management plans adopted pursuant to chapter 43.--- RCW (the new
19 chapter created in section 23 of this act).

20 (5) Within the authorities and duties under chapter 43.09 RCW,
21 the state auditor may conduct performance audits for transportation-
22 related agencies. The state auditor (~~shall~~) must contract with
23 private firms to conduct the performance audits. (~~(+6)~~) The audits
24 may include:

25 (a) Identification of programs and services that can be
26 eliminated, reduced, consolidated, or enhanced;

27 (b) Identification of funding sources to the transportation-
28 related agency, to programs, and to services that can be eliminated,
29 reduced, consolidated, or enhanced;

30 (c) Analysis of gaps and overlaps in programs and services and
31 recommendations for improving, dropping, blending, or separating
32 functions to correct gaps or overlaps;

33 (d) Analysis and recommendations for pooling information
34 technology systems used within the transportation-related agency, and
35 evaluation of information processing and telecommunications policy,
36 organization, and management;

37 (e) Analysis of the roles and functions of the transportation-
38 related agency, its programs, and its services and their compliance
39 with statutory authority and recommendations for eliminating or

1 changing those roles and functions and ensuring compliance with
2 statutory authority;

3 (f) Recommendations for eliminating or changing statutes, rules,
4 and policy directives as may be necessary to ensure that the
5 transportation-related agency carry out reasonably and properly those
6 functions vested in the agency by statute;

7 (g) Verification of the reliability and validity of
8 transportation-related agency performance data, self-assessments, and
9 performance measurement systems as required (~~(under RCW 43.88.090)~~)
10 in agency performance management plans adopted pursuant to chapter
11 43.--- RCW (the new chapter created in section 23 of this act);

12 (h) Identification of potential cost savings in the
13 transportation-related agency, its programs, and its services;

14 (i) Identification and recognition of best practices;

15 (j) Evaluation of planning, budgeting, and program evaluation
16 policies and practices;

17 (k) Evaluation of personnel systems operation and management;

18 (l) Evaluation of purchasing operations and management policies
19 and practices;

20 (m) Evaluation of organizational structure and staffing levels,
21 particularly in terms of the ratio of managers and supervisors to
22 nonmanagement personnel; and

23 (n) Evaluation of transportation-related project costs, including
24 but not limited to environmental mitigation, competitive bidding
25 practices, permitting processes, and capital project management.

26 (~~(+7)~~) (6) Within the authorities and duties under chapter 43.09
27 RCW, the state auditor must provide the preliminary performance audit
28 reports to the audited state agency for comment. The auditor also may
29 seek input on the preliminary report from other appropriate
30 officials. Comments must be received within thirty days after receipt
31 of the preliminary performance audit report unless a different time
32 period is approved by the state auditor. The final performance audit
33 report (~~(shall)~~) must include the objectives, scope, and methodology;
34 the audit results, including findings and recommendations; the
35 agency's response and conclusions; and identification of best
36 practices.

37 (~~(+8)~~) (7) The state auditor (~~(shall)~~) must provide final
38 performance audit reports to the citizens of Washington, the
39 governor, the joint legislative audit and review committee, the
40 appropriate legislative committees, and other appropriate officials.

1 Final performance audit reports (~~shall~~) must be posted on the
2 internet.

3 (~~(9)~~) (8) The audited transportation-related agency is
4 responsible for follow-up and corrective action on all performance
5 audit findings and recommendations. The audited agency's plan for
6 addressing each audit finding and recommendation (~~shall~~) must be
7 included in the final audit report. The plan (~~shall~~) must provide
8 the name of the contact person responsible for each action, the
9 action planned, and the anticipated completion date. If the audited
10 agency does not agree with the audit findings and recommendations or
11 believes action is not required, then the action plan (~~shall~~) must
12 include an explanation and specific reasons.

13 (9)(a) The office of financial management (~~shall~~) must require
14 periodic progress reports from the audited agency until all
15 resolution has occurred. The office of financial management is
16 responsible for achieving audit resolution. The office of financial
17 management (~~shall~~) must annually report by December 31st the status
18 of performance audit resolution to the appropriate legislative
19 committees and the state auditor. The legislature (~~shall~~) must
20 consider the performance audit results in connection with the state
21 budget process.

22 (b) The auditor may request status reports on specific audits or
23 findings.

24 (10) For the period from July 1, 2005, until June 30, 2007, the
25 amount of \$4,000,000 is appropriated from the transportation
26 partnership account to the state auditors office for the purposes of
27 subsections (2) through (~~(9)~~) (8) of this section.

28 **Sec. 17.** RCW 47.04.280 and 2013 c 199 s 1 are each amended to
29 read as follows:

30 (1) It is the intent of the legislature to establish policy goals
31 for the planning, operation, performance of, and investment in, the
32 state's transportation system. The policy goals established under
33 this section are deemed consistent with the benchmark categories
34 adopted by the state's blue ribbon commission on transportation on
35 November 30, 2000. Public investments in transportation should
36 support achievement of these policy goals:

37 (a) Economic vitality: To promote and develop transportation
38 systems that stimulate, support, and enhance the movement of people
39 and goods to ensure a prosperous economy;

1 (b) Preservation: To maintain, preserve, and extend the life and
2 utility of prior investments in transportation systems and services;

3 (c) Safety: To provide for and improve the safety and security of
4 transportation customers and the transportation system;

5 (d) Mobility: To improve the predictable movement of goods and
6 people throughout Washington state;

7 (e) Environment: To enhance Washington's quality of life through
8 transportation investments that promote energy conservation, enhance
9 healthy communities, and protect the environment; and

10 (f) Stewardship: To continuously improve the quality,
11 effectiveness, and efficiency of the transportation system.

12 (2) The powers, duties, and functions of state transportation
13 agencies must be performed in a manner consistent with the policy
14 goals set forth in subsection (1) of this section.

15 (3) These policy goals are intended to be the basis for
16 establishing detailed and measurable objectives and related
17 performance measures.

18 ~~((It is the intent of the legislature that the office of~~
19 ~~financial management establish objectives and performance measures~~
20 ~~for)) The department of transportation and other state agencies with
21 transportation-related responsibilities must include policy goals in
22 subsection (1) of this section in agency performance management plans
23 adopted pursuant to chapter 43.--- RCW (the new chapter created in
24 section 23 of this act) to ensure that transportation system
25 performance at local, regional, and state government levels
26 progresses toward the attainment of the policy goals ((set forth in
27 subsection (1) of this section. The office of financial management
28 shall submit initial objectives and performance measures to the
29 legislature for its review and shall provide copies of the same to
30 the commission during the 2008 legislative session. The office of
31 financial management shall submit objectives and performance measures
32 to the legislature for its review and shall provide copies of the
33 same to the commission during each regular session of the legislature
34 during an even-numbered year thereafter)).~~

35 (5) A local or regional agency engaging in transportation
36 planning may voluntarily establish objectives and performance
37 measures to demonstrate progress toward the attainment of the policy
38 goals set forth in subsection (1) of this section or any other
39 transportation policy goals established by the local or regional
40 agency. A local or regional agency engaging in transportation

1 planning is encouraged to provide local and regional objectives and
2 performance measures to be included (~~(with the objectives and~~
3 ~~performance measures submitted to the legislature pursuant to~~
4 ~~subsection (4) of this section~~) in agency performance management
5 plans adopted pursuant to chapter 43.--- RCW (the new chapter created
6 in section 23 of this act).

7 (6) This section does not create a private right of action.

8 **Sec. 18.** RCW 47.60.140 and 2003 c 374 s 2 are each amended to
9 read as follows:

10 (1) The department is empowered to operate such ferry system,
11 including all operations, whether intrastate or international, upon
12 any route or routes, and toll bridges as a revenue-producing and
13 self-liquidating undertaking. The department has full charge of the
14 construction, rehabilitation, rebuilding, enlarging, improving,
15 operation, and maintenance of the ferry system, including toll
16 bridges, approaches, and roadways incidental thereto that may be
17 authorized by the department, including the collection of tolls and
18 other charges for the services and facilities of the undertaking. The
19 department has the exclusive right to enter into leases and contracts
20 for use and occupancy by other parties of the concessions and space
21 located on the ferries, wharves, docks, approaches, parking lots, and
22 landings, including the selling of commercial advertising space and
23 licenses to use the Washington State Ferries trademarks, but, except
24 as provided in subsection (2) of this section, no such leases or
25 contracts may be entered into for more than ten years, nor without a
26 competitive contract process, except as otherwise provided in this
27 section. The competitive process (~~(shall)~~) must be (~~(either)~~) an
28 invitation for bids in accordance with the process established by
29 chapter 43.19 RCW(~~(, or a request for proposals in accordance with~~
30 ~~the process established by RCW 47.56.030)~~). All revenues from
31 commercial advertising, concessions, parking, leases, and contracts
32 must be deposited in the Puget Sound ferry operations account (~~(in~~
33 ~~accordance with RCW 47.60.150)~~).

34 (2) As part of a joint development agreement under which a public
35 or private developer constructs or installs improvements on ferry
36 system property, the department may lease all or part of such
37 property and improvements to such developers for that period of time,
38 not to exceed fifty-five years, or not to exceed thirty years for
39 those areas located within harbor areas, which the department

1 determines is necessary to allow the developer to make reasonable
2 recovery on its initial investment. Any lease entered into as
3 provided for in this subsection that involves state aquatic lands
4 (~~shall~~) must conform with the Washington state Constitution and
5 applicable statutory requirements as determined by the department of
6 natural resources. That portion of the lease rate attributable to the
7 state aquatic lands (~~shall~~) must be distributed in the same manner
8 as other lease revenues derived from state aquatic lands as provided
9 in RCW (~~79.24.580~~) 79.105.150.

10 (3) The department (~~shall~~) must include in the strategic
11 planning and performance assessment process, as required (~~by RCW~~
12 ~~43.88.090~~) in agency performance management plans adopted pursuant
13 to chapter 43.--- RCW (the new chapter created in section 23 of this
14 act), an analysis of the compatibility of public and private
15 partnerships with the state ferry system's core business, and the
16 department's efforts to maximize nonfarebox revenues and provide
17 benefit to the public users of the ferry system facilities. The
18 department (~~shall~~) must include an assessment of the need for an
19 open solicitation to identify and select possible public or private
20 partnerships in order to maximize the value of projects and the
21 state's investment in current and future ferry system operations.

22 (a) When the department determines that an open solicitation is
23 necessary, a request for proposal (~~shall~~) must be released,
24 consisting of an open solicitation outlining functional
25 specifications to be used as the basis for selecting partnerships in
26 the project.

27 (b) Any responses to the request for proposal (~~shall~~) must be
28 evaluated, at a minimum, on the basis of compatibility with the state
29 ferry system's core business, potential to maximize nonfarebox
30 revenue, longevity of the possible partnership commitment, and
31 benefit to the public users of the ferry system facilities.

32 (c) If no responses are received, or those that are received are
33 incompatible with ferry system operations, or do not meet the
34 criteria stated in (b) of this subsection, the state ferry system may
35 proceed with state ferry system operating strategies designed to
36 achieve state ferry system objectives without established
37 partnerships.

38 **Sec. 19.** RCW 70.94.551 and 2009 c 427 s 3 are each amended to
39 read as follows:

1 (1) The secretary of the department of transportation may
2 coordinate an interagency board or other interested parties for the
3 purpose of developing policies or guidelines that promote consistency
4 among state agency commute trip reduction programs required by RCW
5 70.94.527 and 70.94.531 or developed under the joint comprehensive
6 commute trip reduction plan described in this section. The board
7 (~~shall~~) must include representatives of the departments of
8 transportation, (~~general administration~~) enterprise services,
9 ecology, and (~~community, trade, and economic development~~) commerce
10 and such other departments and interested groups as the secretary of
11 the department of transportation determines to be necessary. Policies
12 and guidelines (~~shall be~~) are applicable to all state agencies
13 including but not limited to policies and guidelines regarding
14 parking and parking charges, employee incentives for commuting by
15 other than single-occupant automobiles, flexible and alternative work
16 schedules, alternative worksites, and the use of state-owned vehicles
17 for car and van pools and guaranteed rides home. The policies and
18 guidelines shall also consider the costs and benefits to state
19 agencies of achieving commute trip reductions and consider mechanisms
20 for funding state agency commute trip reduction programs.

21 (2) State agencies sharing a common location in affected urban
22 growth areas where the total number of state employees is one hundred
23 or more (~~shall~~) must, with assistance from the department of
24 transportation, develop and implement a joint commute trip reduction
25 program. The worksite must be treated as specified in RCW 70.94.531
26 and 70.94.534.

27 (3) The department of transportation (~~shall~~) must develop a
28 joint comprehensive commute trip reduction plan for all state
29 agencies, including institutions of higher education, located in the
30 Olympia, Lacey, and Tumwater urban growth areas.

31 (a) In developing the joint comprehensive commute trip reduction
32 plan, the department of transportation (~~shall~~) must work with
33 applicable state agencies, including institutions of higher
34 education, and (~~shall~~) must collaborate with the following
35 entities: Local jurisdictions; regional transportation planning
36 organizations as described in chapter 47.80 RCW; transit agencies,
37 including regional transit authorities as described in chapter 81.112
38 RCW and transit agencies that serve areas within twenty-five miles of
39 the Olympia, Lacey, or Tumwater urban growth areas; and the capitol
40 campus design advisory committee established in RCW 43.34.080.

1 (b) The joint comprehensive commute trip reduction plan must
2 build on existing commute trip reduction programs and policies. At a
3 minimum, the joint comprehensive commute trip reduction plan must
4 include strategies for telework and flexible work schedules, parking
5 management, and consideration of the impacts of worksite location and
6 design on multimodal transportation options.

7 (c) The joint comprehensive commute trip reduction plan must
8 include performance measures and reporting methods and requirements.

9 (d) The joint comprehensive commute trip reduction plan may
10 include strategies to accommodate differences in worksite size and
11 location.

12 (e) The joint comprehensive commute trip reduction plan must be
13 consistent with jurisdictional and regional transportation, land use,
14 and commute trip reduction plans, the state six-year facilities plan,
15 and the master plan for the capitol of the state of Washington.

16 (f) Not more than ninety days after the adoption of the joint
17 comprehensive commute trip reduction plan, state agencies within the
18 three urban growth areas must implement a commute trip reduction
19 program consistent with the objectives and strategies of the joint
20 comprehensive commute trip reduction plan.

21 (4) The department of transportation (~~shall~~) must review the
22 initial commute trip reduction program of each state agency subject
23 to the commute trip reduction plan for state agencies to determine if
24 the program is likely to meet the applicable commute trip reduction
25 goals and notify the agency of any deficiencies. If it is found that
26 the program is not likely to meet the applicable commute trip
27 reduction goals, the department of transportation will work with the
28 agency to modify the program as necessary.

29 (5) Each state agency implementing a commute trip reduction plan
30 (~~shall~~) must report at least once per year to its agency director
31 on the performance of the agency's commute trip reduction program as
32 part of the agency's (~~quality management, accountability, and~~
33 ~~performance system as defined by RCW 43.17.385~~) performance
34 management plans adopted pursuant to chapter 43.--- RCW (the new
35 chapter created in section 23 of this act). The reports (~~shall~~)
36 must assess the performance of the program, progress toward state
37 goals established under RCW 70.94.537, and recommendations for
38 improving the program.

39 (6) The department of transportation (~~shall~~) must review the
40 agency performance reports defined in subsection (5) of this section

1 and submit a biennial report for state agencies subject to this
2 chapter to the governor and incorporate the report in the commute
3 trip reduction board report to the legislature as directed in RCW
4 70.94.537(6). The report (~~shall~~) must include, but is not limited
5 to, an evaluation of the most recent measurement results, progress
6 toward state goals established under RCW 70.94.537, and
7 recommendations for improving the performance of state agency commute
8 trip reduction programs. The information (~~shall~~) must be reported
9 in a form established by the commute trip reduction board.

10 **Sec. 20.** RCW 2.56.200 and 2005 c 385 s 10 are each amended to
11 read as follows:

12 The office of the administrator for the courts is encouraged to
13 conduct performance audits of courts under the authority of the
14 supreme court, in conformity with criteria and methods developed by
15 the board for judicial administration that have been approved by the
16 supreme court. In developing criteria and methods for conducting
17 performance audits, the board for judicial administration is
18 encouraged to consider (~~quality improvement programs, audits, and~~
19 ~~scoring~~) performance management plans adopted pursuant to chapter
20 43.--- RCW (the new chapter created in section 23 of this act). The
21 judicial branch is encouraged to submit the results of these efforts
22 to the chief justice of the supreme court or his or her designee, and
23 with any other applicable boards or committees established under the
24 authority of the supreme court to oversee government accountability.

25 NEW SECTION. **Sec. 21.** The following acts or parts of acts are
26 each repealed:

- 27 (1) RCW 43.17.380 (Quality management, accountability, and
28 performance system—Definitions) and 2005 c 384 s 2; and
29 (2) RCW 43.17.390 (Quality management, accountability, and
30 performance system—Independent assessment) and 2009 c 564 s 931 &
31 2005 c 384 s 4.

32 NEW SECTION. **Sec. 22.** This act may be known and cited as the
33 performance management act.

1 NEW SECTION. **Sec. 23.** Sections 1 through 5 of this act
2 constitute a new chapter in Title 43 RCW.

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