



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

August 8, 2017

TO: Agency Directors

FROM: David Schumacher
Director

SUBJECT: INSTRUCTIONS FOR 2018 SUPPLEMENTAL BUDGET SUBMITTALS

Supplemental budget requests are due to the Office of Financial Management (OFM) on **Monday, October 9, 2017**. Submittals should focus on the following types of budget revisions:

- Non-discretionary changes in legally-mandated caseloads or workloads.
- Necessary technical corrections to the currently enacted budgets.
- Additional federal or private/local funding expected to be received for the remainder of the biennium. Federal or private/local monies not likely to be approved through the unanticipated receipt process prior to December 19, 2017, should be included as part of the supplemental budget request using expenditure authority types 2, 7 or 8, as appropriate. (Note: The unanticipated receipt process is suspended during the legislative session.)
- Only the highest priority policy enhancements or resource reprogramming operating and transportation budget proposals, consistent with Governor Inslee's priority goals.
- Highest priority capital budget projects needed in addition to the enacted reappropriation-only capital budget.

As you know, the Legislature has not adopted new capital budget appropriations for the current biennium. The timing of legislative action on capital appropriations is unknown. Clear funding needs remain for K-12 school construction, construction projects necessary to meet the capacity needs of the state mental health hospitals, higher education construction and preservation projects, as well as public safety, water, environmental, public works, community and housing construction and grant program needs statewide.

Agencies should be alert to the potential of the Legislature to adopt a new-appropriation capital budget prior to the Governor's supplemental budget request in December. OFM will work to keep agencies apprised of budget developments. If a new capital budget is enacted during the summer or fall budget development process, agencies should prepare to provide OFM with any budget request updates to reflect a newly enacted budget as quickly as possible.

Agencies are asked to submit **capital budget requests** for capital projects that are the highest priority. These could include a subset of the highest priority projects that were previously submitted for the 2017-19 biennial budget, projects that were included in legislative budgets that did not pass, and/or new

projects that address emergent needs. For requests previously submitted for the 2017-19 biennium that remain the highest priority for funding, please submit updates that reflect adjustments to cost estimates and clarified narrative around the project need. Agencies do not need to resubmit their entire biennial budget request. Although agencies may also submit new proposals for funding, the number and magnitude of these requests should be limited.

Agencies do not need to resubmit their 10-year capital plans with the 2018 supplemental capital request, as the previously submitted 2017-2027 capital plans provide the project information necessary for planning for subsequent biennia. Similarly, the higher education scoring process completed last year meets the statutory requirement for this process in the current biennium and does not need to be repeated this year.

Agencies should submit capital budget requests using the Capital Budgeting System (CBS) and, for projects greater than \$5 million, must attach a completed C-100 form. Please see the [capital budget instructions](#) for budget submittal requirements, or contact your [capital budget analyst](#).

Proposed **operating** supplemental budget revisions must be submitted to OFM electronically through the Budget Development System (BDS). Narrative justification follows the decision package format described in [Chapter 3 of OFM's 2017-19 budget instructions](#).

Narrative descriptions for any revisions should be as detailed as possible. The justification must fully explain why additions cannot be absorbed within the agency's existing budget. Also describe the implications to program outcomes and client services, revenues (including fees), legislation, and federal rules, as well as any barriers that might complicate achievement of a policy change. Clearly identify any changes that require [2018 agency request legislation](#).

As required by [RCW 43.135.055](#), unless otherwise exempted, fees may only be imposed or increased if approved by the Legislature. Submit legislation authorizing new fees or fee increases through the agency request legislation process. Request legislation is not required for any new fee or increased fee if an agency has existing statutory authority to impose or increase that fee. New fees, extensions of existing fees, and all fee increases, whether or not legislation is required, must be part of the supplemental budget submittal using OFM's [Request for New or Increased Fees](#) form.

For budget revisions related to **information technology (IT)**, please follow the instructions for IT budget requests in [Chapter 12 of the 2017-19 operating budget instructions](#). If you plan to submit a decision package that includes funding for an IT project, please contact the Office of the Chief Information Officer (OCIO) at OCIOConsultants@ocio.wa.gov to request a decision package review. Decision package reviews can occur before or after budgets are submitted, and should include representatives from your agency, the OCIO, and your assigned OFM budget analyst. For purposes of decision package review, an "IT Project" is defined as a decision package that funds:

- Development or acquisition of a new or enhanced software or hardware system or service
- Acquisition or enhancements of an agency data center
- Continuation of a project that is, or will be, under OCIO oversight.

RCW 43.88.092 requires the OCIO to evaluate all proposed information technology (IT) decision packages and establish priority ranking of these proposals. The OCIO will work with agencies to collect

the information necessary to evaluate and score each decision package to inform the prioritized list for the Governor and Legislature.

OFM will distribute budget requests to legislative staff, executive staff, and other recipients as appropriate. Please use the following guidelines in submitting hard copies to OFM:

- Transportation agencies
 - Higher education institutions
 - Dept. of Social and Health Services
 - All others (including all capital budget requests) – Five copies
- } Seven copies

Hard copies should include the Recommendation Summary Report from BDS, decision package justification, summarized revenue report from BDS for agencies submitting revenue changes, and *Request for New or Increased Fees* document, if applicable.

Please release electronic data and deliver the specified number of copies for supplemental operating and/or capital budget requests no later than **October 9, 2017** to:

Office of Financial Management
Budget Division
Insurance Building (Third Floor)
302 Sid Snyder Avenue NW
P.O. Box 43113
Olympia, WA 98504-3113

Questions should be directed to your [assigned OFM budget analyst](#).

cc: Agency Budget Officers
OFM Budget Analysts