
2001-03 OPERATING AND CAPITAL BUDGET HIGHLIGHTS #1



**Senate Ways and Means Committee
JUNE 21, 2001**

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BALANCE SHEET

2001-03 Balance Sheet

RESOURCES

| | |
|---|-----------------|
| March Revenue Forecast | \$22,216 |
| June Revenue Change | (109) |
| Beginning GF Balance | 601 |
| Tax Reductions (Passed) | (18) |
| Tax Reductions (Potential) | (10) |
| Budget Driven Revenue and Minor Transfers | 38 |
| Multi Modal Account Transfer | 70 |
| Health Services Account Transfers | 150 |
| Available Resources | \$22,938 |

APPROPRIATIONS AND LIMIT

| | |
|----------------------------------|-----------------|
| Total Appropriations | \$22,787 |
| Spending Limit | \$22,850 |
| <i>Approp. Compared to Limit</i> | <i>(\$63)</i> |

GENERAL FUND BALANCE

| | |
|-----------------------|--------------|
| Ending Balance | \$151 |
|-----------------------|--------------|

EMERGENCY RESERVE FUND BALANCE

| | |
|-------------------------------------|--------------|
| Beginning Balance + Interest | \$542 |
| Transportation Transfer | (70) |
| Earthquake/ Drought/ Energy | (25) |
| Ending Balance | \$447 |

ADJUSTMENTS TO THE I-601 SPENDING LIMIT

Initiative 601 limits the growth in state general fund spending to inflation plus population plus or minus different adjustments that are required when programs or money is shifted into or out of the general fund. In the 2000 session, the Legislature passed EHB 3169 that made a number of changes to Initiative 601. It created the state expenditure limit committee, reduced the "trigger" from 5 percent of biennial revenues to 5 percent of annual revenues which determines when money will spill over out of the emergency reserve fund and into the education construction account, clarified an interpretation which allowed the diversion of general fund revenues to local government without lowering the limit and finally, allowed the limit to be increased when state programs or money were shifted into the general fund.

It is this final change that is often referred to as the "two way street" provision. RCW 43.135.035 section 5 states "if moneys are transferred to the state general fund from another fund or account, the state expenditure committee...shall increase the state expenditure limit to reflect the shift." The budget makes use of this "money transfer" provision in two ways. In the 2001 supplemental budget, \$121 million of the health services account surplus money is transferred into the general fund. This raises the spending limit by \$121 million in 2001 and by \$254 million in the 2001-03 biennia.

The budget also makes a \$70 million transfer from the Multimodal Account and \$150 million in transfers from the Health Services Account into the general fund. These transfers have the effect of raising the limit by \$426 million for the 2001-03 biennium. The combination of these money transfers raises the limit by \$123 million in 2001 and by \$678 million in the 2001-03 biennium.

In addition, there are a number of more standard adjustments to the limit that are required each year. These included adjustments for federal match, disproportionate share, other small "two way street adjustments," and include bills that divert revenue out of the general fund. These limit reductions total about \$103 million in 2001 and \$70 million in the 2001-03 biennium as shown in the table on the next page.

Summary of 601 Adjustments

| | 2002 | 2003 | Biennium |
|-----------------------------------|--------------------|--------------------|--------------------|
| Beginning Limit | \$11,135.83 | \$11,462.11 | \$22,597.94 |
| Budget Adjustments (Detail below) | (10.59) | 24.93 | 14.35 |
| Transit | (92.70) | (95.42) | (188.12) |
| FMAP | 20.10 | 20.69 | 40.79 |
| Ferries | (20.00) | (20.59) | (40.59) |
| Multi Modal Account | 70.00 | 72.05 | 142.05 |
| Health Services Account (Year 1) | 130.00 | 133.81 | 263.81 |
| Health Services Account (Year 2) | - | 20.00 | 20.00 |
| Ending Limit | \$11,232.64 | \$11,617.59 | \$22,850.24 |

| Detail of Budget Adjustments | 2002 | 2003 | Biennium |
|---|------------------|----------------|-----------------|
| Shift DASA into GF | 13.50 | 13.90 | 27.40 |
| Fed funding- illegal alien offenders | 3.14 | 3.23 | 6.37 |
| Treasurer account | - | 8.00 | 8.00 |
| Senate transportation committee costs | 0.84 | 0.86 | 1.70 |
| Core Salmon Recovery Activities | 0.63 | 0.65 | 1.28 |
| Community supervision workload change | 0.28 | 0.29 | 0.57 |
| Fish management | 0.25 | 0.25 | 0.50 |
| Federal match for forest legacy support | 0.19 | 0.19 | 0.37 |
| HB 1658 - Oyster Reserve Lands | (0.16) | (0.16) | (0.32) |
| SB 5082 - Defining Rural Counties | (0.45) | (0.46) | (0.90) |
| SB 5514 - Public Facilities | (0.53) | (0.55) | (1.08) |
| Teen Pregnancy Prevention | (0.55) | (0.57) | (1.12) |
| Mental health inpatient emergency pool | (0.90) | - | (0.90) |
| Employment security fund change | (1.30) | (1.34) | (2.64) |
| Puget Sound Action Team | (1.61) | (1.66) | (3.27) |
| SB 5237 - Fair Fund Transfer | (2.00) | (2.06) | (4.06) |
| Federal disproportionate share payments | (22.80) | 16.00 | (6.80) |
| State Patrol Transfer | - | (12.63) | (12.63) |
| Sub total | (\$10.59) | \$24.93 | \$14.35 |

PUBLIC SCHOOLS

INITIATIVES

INITIATIVE 728 -- \$393.3 MILLION STUDENT ACHIEVEMENT FUND, \$76.7 MILLION EDUCATION CONSTRUCTION ACCOUNT

Initiative 728 requires lottery revenues, a portion of state property taxes with established dollar per student amounts, and any funds accumulated in the state's Emergency Reserve Fund in excess of five percent of annual general fund revenues to be deposited into the newly created Student Achievement Fund and the Education Construction Account.

The operating budget appropriates \$393.3 million of student achievement fund moneys to be distributed to school districts at a rate of \$193.92 per full time equivalent (FTE) student for the 2001-02 school year and \$220.59 per FTE student for the 2002-03 school year. The permissible uses of this money are as follows: smaller classes in grades K-4; smaller classes for certain grade 5-12 classes; extended learning opportunities in grades K-12; professional development for educators; early childhood programs; and building improvements or additions to support class size reductions or extended learning programs. The \$76.7 million of education construction account moneys are appropriated in the capital budget.

INITIATIVE 732 -- \$318.0 MILLION GENERAL FUND-STATE

Funds are provided to implement Initiative 732 to provide annual cost-of-living increases for state-funded teachers and staff in public schools. The cost-of-living increase is based on the Seattle consumer price index and provides an increase of 3.7 percent for the 2001-02 school year and another increase for the 2002-03 school year to be specified by the 2002 Legislature consistent with the provisions of Initiative 732.

For federally funded K-12 staff, federal fund appropriations provide the necessary resources for Initiative 732 purposes. For levy-funded staff, the legislative budget provides an increase in the levy base of each district pursuant to RCW 84.52.053. The increase in the levy base increases the amount school districts may collect in maintenance and operations levies, which can be used for levy-supported staff for Initiative 732 purposes.

In addition, the budget reflects reduced employer pension contribution rates for state-funded staff from the 2000-01 school year to the 2001-02 school year by 4.35 percent for certificated staff and 2.9 percent for classified staff. This employer rate reduction is also applicable to federal and locally funded staff. If needed, the savings accruing to school districts from the reduction in pension contribution rates for locally and federally funded staff can be used to further support the cost of I-732 cost-of-living increases.

OTHER ENHANCEMENTS

K-4 CLASS SIZE/EXTENDED LEARNING -- \$85.7 MILLION GENERAL FUND-STATE

Funds are provided to continue the Better Schools class-size and extended learning component. The program is transferred to the apportionment program to consolidate multiple funding sources for grade K-4 staffing allocations into one program. This

component provides an additional 2.2-certificated instructional staff per 1000 full-time equivalent students for class size reduction and extended learning purposes in grades K-4. The additional staff is not considered part of the state's basic education allocation.

HEALTH BENEFIT INCREASES -- \$80.6 MILLION GENERAL FUND-STATE

Funds are provided to increase the health benefit rate from the current \$425.89 per month to \$455.27 per month for the 2001-02 school year and \$493.59 per month for the 2002-03 school year. These increases are comparable to the increases provided to state employees.

READING CORPS -- \$7.8 MILLION GENERAL FUND-STATE

Funds are provided for Reading Corps grants for schools in which significant numbers of students in grades K-6 do not perform well on reading assessments. The reading programs may be provided before, during or after the school day, and on Saturdays, summer, intercessions or other vacation periods. The grants are to be used for proven, research-based programs provided by mentors or tutors and must include pre- and post- testing to determine the effectiveness of the programs.

FOCUSED ASSISTANCE -- \$2.8 MILLION GENERAL FUND-STATE

Funding is provided to the Office of the Superintendent of Public Instruction to conduct educational audits of low performing schools and to enter into performance agreements to implement the recommendations of the audit and the community. Each educational audit will include recommendations for best practices and ways to address identified needs.

SCHOOL SAFETY ALLOCATION INCREASE -- \$6.1 MILLION GENERAL FUND-STATE

Funds are provided for a school safety allocation to school districts at a rate of \$6.36 per student per year. The total biennial allocation for school safety is \$12.1 million and can be used to create and implement school safety plans.

INCREASE THE SPECIAL EDUCATION ENROLLMENT MAXIMUM -- \$2.9 MILLION GENERAL FUND-STATE

Starting with the 2002-03 school year, funds are provided to increase the percentage of a school district's full time equivalent enrollment funded as special education from the current maximum of 12.7 percent to 13.0 percent.

MENTOR/BEGINNING TEACHER ASSISTANCE EXPANSION -- \$2.5 MILLION GENERAL FUND-STATE

Funding for teacher mentoring is increased from \$3.4 million per year to \$4.7 million per year. Of the amounts provided, \$200,000 each year may be used for a mentor teacher academy. Program requirements are listed in the budget.

ALTERNATIVE TEACHER CERTIFICATION ROUTES -- \$2.0 MILLION GENERAL FUND-STATE

Funds are provided to implement SB 5695 (Alternative Teacher Certification). The bill creates two grant programs, one providing stipends for alternative teacher candidates and teacher mentors, and the other conditional scholarships providing forgivable loans to alternative teacher candidates if they teach in Washington public schools.

LASER SCIENCE PROGRAM -- \$1.7 MILLION GENERAL FUND-STATE

Funds are provided for the LASER Science Program. Under the program, the

Superintendent of Public Instruction will contract with the Pacific Science Center for a statewide program coordinator and the initial purchase of science kits for districts that participate in the LASER program. Districts participating in the LASER program write a five-year strategic plan for implementing a science education program for grades K-8 and provide professional development for teachers and administrators.

MATH HELPING CORPS EXPANSION -- \$1.7 MILLION GENERAL FUND-STATE

Funds are provided to expand the math helping corps from the current \$2.0 million to \$3.7 million. The purpose of the math helping corps is to provide assistance to school districts having difficulties meeting the math standards under education reform.

PRINCIPAL LEADERSHIP DEVELOPMENT EXPANSION -- \$1.0 MILLION GENERAL FUND-STATE

Funds are provided to expand the Principal Leadership Development Program from the current \$250,000 to \$1.25 million. Principals participating in the program will establish a growth plan in coordination with an assigned mentor who will monitor and assist the principal in achieving the desired professional growth.

STATE LEADERSHIP FOR SCHOOL IMPROVEMENT -- \$800,000 GENERAL FUND-STATE

Funding and staff previously allocated to the Center for the Improvement of Student Learning are redirected for the Superintendent to assist schools in implementing high academic standards, aligning curriculum with these standards, and training teachers to use assessments to improve student learning. Funds may also be used to increase community and parental awareness of education reform.

OSPI INFORMATION SYSTEMS -- \$700,000 GENERAL FUND-STATE

Funding is provided to upgrade information systems in the Office of the Superintendent of Public Instruction. Priority will be given to upgrading the general apportionment system and continuing work on the student information system.

ANTI-BULLYING/HARASSMENT TRAINING -- \$500,000 GENERAL FUND-STATE

Funds are provided to the Office of the Superintendent of Public Instruction to create and disseminate a model policy and develop training materials.

NONVIOLENCE LEADERSHIP TRAINING -- \$300,000 GENERAL FUND-STATE

Funds are provided for a statewide Nonviolence and Leadership Training Program provided by the Institute for Community Leadership. The program provides up to 80 percent matching funds to provide workshops serving at least 12 school districts and 36 school buildings throughout the state.

WWII ORAL HISTORY AND CIVIL LIBERTIES EDUCATION -- \$600,000 GENERAL FUND-STATE

Funding is provided to continue both of these programs for the 2001-03 biennium.

WEB-BASED INSTRUCTIONAL NETWORK -- \$260,000 GENERAL FUND-STATE

Funding is provided for the development and posting of web-based instructional tools, assessment data, and other information that assists schools and teachers in implementing higher academic standards.

NATIONAL TEACHER CERTIFICATION BONUS -- \$241,000 GENERAL FUND-STATE
Funds are provided to increase the duration of the \$3,500 annual bonus for attaining national teacher certification from the current two years to three years.

SCHOOL SAFETY TRAINING -- \$216,000 GENERAL FUND-STATE
Funds are provided to implement a school-safety training program for school administrators and school safety personnel provided by the Criminal Justice Training Commission.

SCHOOL SAFETY CENTER -- \$200,000 GENERAL FUND-STATE
Funds are provided to establish a School Safety Center located in the Office of the Superintendent of Public Instruction. The main functions of the safety office are to provide model comprehensive school safety plans to schools and to provide assistance to schools in developing and implementing comprehensive safe school plans.

SAVINGS AND REDUCTIONS

PENSION RATE CHANGES -- \$140.4 MILLION GENERAL FUND-STATE SAVINGS
Pension rates are adjusted in accordance with SB 6167 (See page 22 for discussion).

BETTER SCHOOLS PROGRAM STAFF DEVELOPMENT -- \$40.2 MILLION GENERAL FUND-STATE SAVINGS

The staff development portion of the Better Schools Program created by the 2000 legislature is not continued.

BLOCK GRANT -- \$17.6 MILLION GENERAL FUND-STATE SAVINGS

The block grant allocation per student is reduced from \$28.81 per K-12 student per year to \$18.48 per student. Block grant funds are discretionary funds that can be used by school districts for any educational purpose.

TRAFFIC SAFETY EDUCATION -- \$8.1 MILLION GENERAL FUND-STATE SAVINGS

Beginning with the 2001-02 school year, the state subsidy of \$137 per student for the driver education program is eliminated. The subsidy of \$203.97 is continued for driver education students eligible for free and reduced price lunch.

WASHINGTON ASSESSMENT OF STUDENT LEARNING ADJUSTMENTS -- \$6.3 MILLION GENERAL FUND-STATE SAVINGS

Various budget adjustments are made for the Washington assessments of student learning (WASLs) based on the following: savings of \$285,000 from reduction in the number of advisory committee members used to develop the WASLs; \$300,000 in savings from separating the question and answer booklets which reduces scoring costs; \$415,000 in efficiency savings and other adjustments; and availability and utilization of at least \$1.0 million of federal funds in fiscal year 2002 and at least \$2.0 million in fiscal year 2003. Including state and federal funds, the change in assessment timelines and double scoring, this budget increases WASL funding from \$19.9 million to \$25.1 million for the 2001-03 biennium.

STATEWIDE PROGRAMS -- \$3.8 MILLION GENERAL FUND-STATE SAVINGS

The allocation for statewide programs is reduced by \$3.8 million. Statewide programs include a number of health and safety, technology and grant and allocation programs amounting to \$36.7 million.

INFORMATION TECHNOLOGY WORKFORCE TRAINING -- \$3.6 MILLION GENERAL FUND-STATE SAVINGS

Funding is eliminated for information tech workforce training grants. This grant program was initiated by the 1999 legislature to prepare students to achieve information technology skill certifications. School districts receiving the grants used them to acquire computer software and hardware, to improve internet access and provide staff training.

AUDIT TEAM SAVINGS -- \$2.0 MILLION GENERAL FUND-STATE SAVINGS

Funds are continued in the state auditor's budget for auditors specializing in K-12 funding. These auditors are expected to check the accuracy of data submitted by school districts for state funding purposes and to generate \$2.0 million in savings.

MAGNET SCHOOLS -- \$1.6 MILLION GENERAL FUND-STATE SAVINGS

Funding for the magnet school program is eliminated. The purpose of this program was to provide funds to certain school districts with large minority populations to establish magnet programs to encourage racial integration of schools through voluntary student transfers.

DISCONTINUE THE CENTER FOR THE IMPROVEMENT OF STUDENT LEARNING -- \$1.1 MILLION GENERAL FUND-STATE SAVINGS

The Center For The Improvement of Student Learning, (CISL), located in the Office of the Superintendent of Public Instruction is eliminated. The purpose of the center is to serve as a clearinghouse for information regarding educational improvement and parental involvement programs. The funds and staff are transferred to other similar functions in the office.

STATE OFFICE ADMINISTRATIVE REDUCTIONS -- \$680,000 GENERAL FUND-STATE SAVINGS

The administration budget of the Superintendent of Public Instruction is reduced by three percent through administrative efficiencies and reductions at the state office.

GEOGRAPHIC ALLIANCE -- \$100,000 GENERAL FUND-STATE SAVINGS

State funding for the geographic alliance is eliminated. The purpose of the program was to train K-12 teachers to improve the teaching of geography in schools.

2001-03 K-12 POLICY CHANGES
State Sources (Dollars in Thousands)

Policy Changes:

| | |
|--|-------------------|
| 1. Initiative 728, Student Achievement Fund | \$393,300 |
| 2. Cost-Of-Living Increase (Initiative 732) | 318,024 |
| 3. K-4 Class Size/Ext. Learning (Better Schools) | 85,735 |
| 4. Health Benefit Increases | 80,635 |
| 5. Reading Corps | 7,759 |
| 6. Increase School Safety Allocation | 6,147 |
| 7. Increase Special Ed Enrollment Maximum | 2,875 |
| 8. Focused Assistance to Schools | 2,800 |
| 9. Expand Mentor/Beginning Teacher Asst. | 2,500 |
| 10. Alternative Certification Routes | 2,000 |
| 11. LASER Science Program | 1,729 |
| 12. Expand Helping Corps | 1,656 |
| 13. Expand Principal Leadership Development | 1,000 |
| 14. State Leadership for Sch Improvement | 768 |
| 15. OSPI Information Systems | 700 |
| 16. Civil Liberties Ed. & WWII Oral History | 600 |
| 17. Antibullying/Harassment Training | 500 |
| 18. Non-Violence Leadership Training | 300 |
| 19. Web-Based Instructional Network | 260 |
| 20. National Teacher Certification Bonus | 241 |
| 21. Transfer CISL Staff | 230 |
| 22. School Safety Training | 216 |
| 23. Scoring of 10th Grade Writing WASL | 209 |
| 24. School Safety Office | 200 |
| 25. Performance Assistance & Recognition Plaques | 200 |
| 26. Certificate of Mastery Development | 100 |
| 27. Return Writing WASL | 93 |
| 28. Bilingual Tracking (HB 2025) | 70 |
| 29. Pension Rate Changes | -136,847 |
| 30. Elim. Better Schools Staff Development | -40,178 |
| 31. Block Grant Reduction | -17,635 |
| 32. Reduce Traffic Safety Ed. Allocation | -8,082 |
| 33. WASL Resources, Federal Funds Use | -4,000 |
| 34. Statewide Programs Reduction | -3,818 |
| 35. Eliminate Information Tech Workforce Trng. | -3,600 |
| 17. Change WASL Assessment Timeline | -2,301 |
| 36. Audit Team Savings | -2,000 |
| 38. Eliminate Magnet School Funding | -1,600 |
| 39. Discontinue CISL | -1,260 |
| 40. State Office Admin Reductions | -680 |
| 41. Eliminate Geographic Alliance | -100 |
| Total Policy Changes | \$ 603,011 |

HIGHER EDUCATION

ENROLLMENTS

NEW ENROLLMENTS -- \$31 MILLION GENERAL FUND-STATE, \$12.5 MILLION TUITION

The budget provides for 3,575 new enrollments at the state's colleges and universities: 435 enrollments are allocated to the baccalaureate institutions; 3,140 enrollments to the community and technical colleges. To expand the supply of college graduates and trainees in computer science, network engineering, software systems and information technology, the budget targets 4.5 percent of new enrollments to accelerate the preparation of students with math and science credits they need to transfer to the state's new technology institute.

Funding for technical and community colleges are increased by \$616 over the current biennium for each new student primarily to support credit courses taught over the Internet. As a basis for driving out state money, the budget assumes that the mix of new students will be 302 graduate and 3,235 undergraduates of which 267 are expected to enroll for upper-division study at a branch campus.

| Funded Enrollments for the 2001-03 Biennium | | | | | | |
|--|--------------------------|------------------------|------------------------|-------------------------|----------------------------|---------------------------|
| | Budgeted Base | Change FY02 | Change FY03 | Change Total | Revised 2001-03 | Percent Change |
| University of Washington | 34,688 | 132 | 326 | 458 | 35,146 | 1.3% |
| Seattle | | 55 | 106 | 161 | | |
| Bothell | | 33 | 66 | 99 | | |
| Tacoma | | 44 | 154 | 198 | | |
| Washington State University | 19,847 | -277 | 124 | -153 | 19,694 | -0.8% |
| Pullman | | -277 | 0 | -277 | | |
| Spokane | | 0 | 42 | 42 | | |
| Vancouver | | 0 | 0 | 0 | | |
| TriCities | | 0 | 82 | 82 | | |
| Central Washington University | 7,867 | -397 | 0 | -397 | 7,470 | -5.0% |
| Eastern Washington University | 7,864 | 69 | 84 | 153 | 8,017 | 1.9% |
| The Evergreen State College | 3,713 | 41 | 83 | 124 | 3,837 | 3.3% |
| Western Washington University | 10,826 | 150 | 150 | 300 | 11,126 | 2.8% |
| Timber Workers | 550 | -550 | 0 | 0 | 0 | -100.0% |
| Community & Technical Colleges | 123,262 | 1,820 | 1,820 | 3,640 | 126,902 | 3.0% |
| All Schools | 208,617 | 988 | 2,587 | 3,575 | 212,192 | 1.7% |

TECHNOLOGY INSTITUTE & PARTNER 2-YEAR COLLEGES -- \$5.7 MILLION GENERAL FUND-STATE, \$560,000 TUITION, \$2.0 MILLION STATE CAPITAL FUNDS

The budget earmarks \$8.3 million in operating and capital funds to create a Technology Institute for the State, operating from the Tacoma branch campus of the University of Washington. The budget includes enrollment funds for 99 new undergraduate and graduate technology students at the UW, and 140 new students for partner two-year colleges in Grays Harbor, King, Kitsap, Pierce and Thurston counties. This assures a larger supply of associated degree students are ready for transfer as early as 2002. Capital funds are provided not only to match private gifts received by the UW, but also to construct and equip three computer language labs for three, regional college partners.

INLAND NORTHWEST TECHNOLOGY EDUCATION CENTER -- \$1 MILLION GENERAL FUND-STATE

Funds are provided to operate and develop this Spokane-based higher education resource, the Inland Northwest Technology Education Center (INTEC). Testing a new model for public-private partnership, business and post-secondary institutions will join forces to coordinate rapid regional responses to the short-term education and training needs of technology workers for industries in Eastern Washington.

FINANCIAL AID

STATE NEED GRANT -- \$17.8 MILLION GENERAL FUND-STATE

The state has a long-standing policy of providing additional money from the general fund for need-based financial aid to reflect new enrollments and changes in state tuition fees. The budget provides funding sufficient to hold qualifying State Need Grant recipients harmless from higher tuition charges expected next biennium.

WASHINGTON COLLEGE PROMISE SCHOLARSHIP -- \$17 MILLION GENERAL FUND-STATE (INCLUDES \$5.8 MILLION BASE FUNDING CARRYFORWARD)

Funds are provided to support students' access to higher education through the Promise Scholarship program. Students graduating in the top 15 percent of their high school class in 2001 and 2002, including those who qualify on the basis of an SAT or ACT score, and whose family incomes are no greater than 135 percent of the median family income will be eligible to receive up to 2 years' worth of the full-time community college tuition. Actual grants will depend on the numbers who apply or renew each year.

STATE WORK STUDY -- \$3 MILLION GENERAL FUND-STATE

State budgets for the Work Study Program have not grown commensurate with new enrollments. To enable more students to meet higher educational costs next biennium, the budget expands participation levels by 800 and raises the average wages by \$60 per academic year.

COMPENSATION

COST OF LIVING INCREASE -- \$106.7 MILLION GENERAL FUND-STATE

Most higher education employees will receive a 3.7 percent cost of living increase effective July 1, 2001. Funding is also provided for an increase for an increase in FY 2003, in an amount to be determined by the 2002 legislature, consistent with the provisions of Initiative 732 for academic employees and technical college employees.

PART TIME FACULTY COMPENSATION -- \$7.5 MILLION GENERAL FUND-STATE

Resources are provided to address salary equity for part-time instructors employed by the state's 34 community and technical colleges.

INCREMENTS -- \$3.5 MILLION GENERAL FUND-STATE

State community and technical colleges provide faculty raises on a targeted basis in recognition of meritorious service, professional development and longevity of service. These salary increases are called "increments." The budget partially funds increment expenses anticipated by the 34-college system for the 2001-03 biennium. Like that authority granted in prior biennia, colleges may apply turnover savings that result from position vacancies for this purpose.

TUITION

Governing boards will decide the appropriate level of tuition within limits set out by the budget.

- For residents attending state colleges and universities for undergraduate and most graduate level study, tuition may increase by a maximum of 6.7 percent in 2002 and 6.1 percent in 2003.
- For law students, tuition may increase by a maximum of 12 percent each academic year.
- For graduate-level business students, tuition will depend on the university where one is enrolled. The maximum authorized increase is 12 percent each academic year unless the student attends the University of Washington where regents may raise tuition fees by a maximum of 15 percent in 2002 and 20 percent in 2003.

Continuing authority granted this biennium, institutions may also set rates based on "off-hour" educational services—courses offered in the evening or on weekends, for distance education, or on different campuses.

SAVINGS AND REDUCTIONS

OPERATING COSTS -- \$19.9 MILLION GENERAL FUND-STATE REDUCTION

The Budget levels assume requires that all state universities and colleges take the steps necessary to bring their respective general fund spending down by two percent. This across-the-board reduction is based on reported expenditures for activities other than academic instruction. It remains a local decision for trustees and administrators just how to accomplish that objective.

ESTABLISH A FEE FOR ADULT BASIC EDUCATION -- \$3 MILLION GENERAL FUND-STATE SAVINGS

The budget requires 85,000 GED, ESL and other adult basic education participants to pay a minimum of \$5.00 per credit (10% of cost) for courses they now take free of charge at their local community or technical college. Colleges may waive such fees for students with limited income.

REPROGRAM DISLOCATED, TIMBER WORKER ENROLLMENT -- \$3.4 MILLION GENERAL FUND-STATE REDUCTION

The budget reduces and reprograms special population training funds to maximize State resources available for unemployed workers, directing colleges to attend to the needs of individuals laid off from industries due to a rapid increase in the cost of energy.

ELIMINATE EDUCATOR EXCELLENCE AWARDS -- \$431,000 GENERAL FUND-STATE REDUCTION

The budget suspends cash awards to K-12 principals and other educators recognized for leadership, service and excellence by the Superintendent of Public Instruction.

OTHER ENHANCEMENTS

STUDENT AND STATE EMPLOYEE CHILDCARE FACILITY GRANTS -- \$4 MILLION BONDS

The Capital budget provides \$4 million in grants for facility improvements to childcare programs serving state employees, including college faculty and students.

ON LINE CAMPUS -- \$4.5 MILLION OTHER FUNDS

The budget supports the effort of the State Board for Community & Technical Colleges to develop a multi-college, student-centered on-line service center for distance learners by appropriating cash expected to be available from the Education Savings Account.

COMMUNITY DEVELOPMENT PROGRAM -- \$2 MILLION GENERAL FUND-STATE

Supporting those adversely impacted by business closures and job reductions, the budget earmarks resources for community and technical colleges to develop new programs for dislocated workers, particularly those living in rural communities.

NORTH SNOHOMISH, ISLAND AND SKAGIT COUNTY CONSORTIUM -- \$1.1 MILLION GENERAL FUND-STATE

The budget provides resources needed to lease space and technically support distance classes offered to residents in the Everett region through a unique partnership of eight public institutions. Collectively, the NSIS higher education consortium expects to be serving over 1,000 FTE students by the close of the 2001-03 biennium.

ADVANCED TECHNOLOGY INITIATIVES -- \$600,000 GENERAL FUND-STATE

The budget supports applied technology research by the University of Washington and Washington State University in such matters as photonics, genomics, and advanced wood composites.

**HIGHER EDUCATION
POLICY ITEMS AND INITIATIVES**
(State Sources, Dollars in Thousands)

| <u>Description</u> | <u>Amount</u> |
|--------------------------------------|-------------------|
| Higher Education COLA, (I-732) | \$ 106,708 |
| New Enrollments | 31,001 |
| Health Benefits Increases | 25,343 |
| State Need Grants | 17,841 |
| Promise Scholarships | 11,200 |
| Part-Time Faculty Pay | 7,500 |
| Technology Institute & Partners | 5,753 |
| SIRTI Operations | 3,000 |
| Faculty Increments | 3,500 |
| State Work Study | 3,000 |
| Rural Community Development Grants | 2,000 |
| North Snohomish Island Skagit (NSIS) | 1,145 |
| CWU Recovery Plan | 700 |
| Institute for Public Policy Studies | 549 |
| Advanced Technology Initiatives | 600 |
| Jefferson County Rural Demonstration | 350 |
| College Assistance Migrant Program | 50 |
| Multiple Sclerosis Incidence Survey | 50 |
| Educator Excellence Awards | (431) |
| Fund for Innovation | (600) |
| FICA Savings | (1,982) |
| Adult Basic Education Fee | (3,000) |
| Timber Worker Training Funds | (3,442) |
| Pension Savings | (11,494) |
| No Inflation Cost Allowance | (13,040) |
| Operating Cost Reductions | (19,918) |
| Total Policy Changes (Net) | \$ 166,383 |

COMPENSATION

SALARIES

STATE EMPLOYEES COST OF LIVING ADJUSTMENT -- \$115.1 MILLION GENERAL FUND-STATE

To offset expected inflation the budget funds an across-the-board salary increase of 3.7 percent on July 1, 2001. Funding is also provided for an increase for FY 2003, in an amount to be determined by the 2002 legislature. All classified and exempt employees who are subject to the jurisdiction of the Washington Personnel Resources Board (WPRB) will receive both increases. Employee groups that are not under the WPRB, such as Washington State Patrol commissioned officers, assistant attorney generals, and judicial employees, will receive increases that average 3.7 percent beginning July 1, 2001, and whatever amount is provided for classified employees in FY 2003.

| TOTAL COLA SALARY INCREASES | \$ MILLIONS GF-S |
|---------------------------------------|---------------------|
| K-12 Employees | \$ 318 |
| Higher Education Employees | 107 |
| State Employees | 115 |
| Vendors (2.1 percent and 2.3 percent) | 89 |
| TOTAL | \$ 629 |

RECRUITMENT AND RETENTION PRIORITIES -- \$27.5 MILLION GENERAL FUND-STATE

The budget provides funding for nine highest priority salary increase proposals adopted by the WPRB as part of the "6767" process. The job classes that will receive increases effective January 1, 2002, include: Psychiatrists, Psychologists, Information Technology positions, Forensic Scientists, Social Workers, Campus Police, Financial Classifications, Insurance Examiners, Registered Nurses, Licensed Practical Nurses, and Pressure Vessel Inspectors.

WORKER WAGE INCREASES -- \$19.5 MILLION GENERAL FUND-STATE, \$19.2 MILLION GENERAL FUND-FEDERAL

The budget provides sufficient funds for a 50-cent per hour wage increase, effective the first day of the biennium, for homecare workers, and for direct care workers who earn less than \$10 per hour in nursing homes, adult family homes, group homes, assisted living facilities, and residential programs serving persons with developmental disabilities.

ASSISTANT ATTORNEYS GENERAL -- \$3.1 MILLION GENERAL FUND-STATE, \$3.1 MILLION OTHER FUNDS

The budget provides funding to increase beginning salaries, to provide merit-based salary increases, and to address recruitment and retention problems in certain specialty areas of practice, such as torts, revenue, utilities, and other high-demand fields.

HEALTH BENEFITS

STATE AGENCY AND HIGHER EDUCATION EMPLOYEE HEALTH BENEFITS COST INCREASES -- \$50.5 MILLION GENERAL FUND-STATE

The budget increases the monthly state contribution for health insurance and related benefits for state agency and higher education employees from a current level of \$436.16 to \$457.29 in Fiscal Year 2002 and to \$497.69 in Fiscal Year 2003, an increase of \$61.63 over two years, or 14 percent. This funding level reflects the following expected changes in state employee health benefits:

- Increases in employee co-payments for ambulance service, emergency room visits, and in-patient and out-patient hospital care;
- Elimination of double premium payments to health plans where married employees are both state employees; and
- An increase in the employee share of the total monthly contributions for health insurance related benefits. The current employee premiums pay about 6 percent of the cost of the total benefit package; this would increase to about 8 percent in 2002 and to 10 percent in 2003.

The average state employee premium would be expected to increase from about \$28 per month to \$52 per month in calendar year 2002, and to \$58 in 2003. The funding level assumes no increase in the current \$10 co-pay for office visits and no changes to the current pharmacy benefit co-pays.

MEDICARE RETIREES HEALTH INSURANCE PREMIUM SUBSIDY

Approximately \$10 million of the increase in funding for state, higher education, and K-12 employee health benefits will be used to increase the Medicare retiree subsidy from \$69.98 for calendar year 2001, to \$85.84 for 2002, and to \$102.55 for 2003. This is a \$32.57 increase (46 percent) over two years.

PENSIONS

PENSION CONTRIBUTION RATE ADJUSTMENTS -- \$198 MILLION GENERAL FUND-STATE SAVINGS

The budget (in separate legislation SB 6167) includes reductions in employer and state contributions for PERS, SERS, TRS, and LEOFF Plan 2. The new funding provisions increase the long-term salary growth assumption to 4.5 percent and the long-term investment return assumption to 8 percent; re-establish the June 30, 2024, target date for full funding all PERS 1 and TRS 1 liabilities; and provide a four-year period for smoothing investment gains and losses.

The changes to the state's long-term economic assumptions bring the state's assumptions for pension funding into closer alignment with the average assumptions used by the majority of other state retirement plans. The extension of the Plan 1 funding target date returns it to the date originally established in 1989; the implementation of the smoothing period will provide greater rate predictability and stability. These changes will result in \$140 million state savings for K-12 employee pension contributions, and \$58 million in higher education and state agency pension savings.

As a result of the 1999 valuation studies and the changes in the long-term economic assumptions, the member contribution rate for PERS Plan 2 will be reduced by 1.55 percent of pay, from 2.43 percent to 0.88 percent. This reduction will more than offset the proposed average increase in employee health premiums for the great majority of state employees. The TRS Plan 2 rate will be reduced by 1.78 percent, from 3.01 percent to 1.23 percent.

HUMAN SERVICES

HEALTH-CARE

ENHANCEMENTS

LOW-INCOME MEDICAL ASSISTANCE PROGRAMS -- \$570 MILLION GENERAL FUND-STATE, \$457 MILLION GENERAL FUND-FEDERAL (MAINTENANCE LEVEL INCREASE)

The state will spend almost \$6 billion next biennium to provide medical and dental care for low-income people through Medicaid and other DSHS medical assistance programs. This is over \$1 billion (28 percent) more than will be expended on such services during 1999-01. About one-third of the increased cost is due to covering more people. An average of 835,000 people are expected to receive publicly funded medical assistance coverage next biennium, an increase of 100,000 (13 percent) over the 1999-01 level. Most of the growth in the number of persons covered is among children, in response to efforts to assure that all the state's children have access to routine and preventative care. The remaining two-thirds of the more than \$1 billion increase is due to higher costs per person covered. Expenditures per person are growing by 7.5 percent per year, due to managed care rate increases, rapid growth in the price and use of prescription drugs, and enrollment growth among elderly and disabled citizens requiring costly treatments.

CHILDHOOD IMMUNIZATIONS -- \$10.4 MILLION HEALTH SERVICES ACCOUNT, \$300,000 GENERAL FUND-STATE

Funded is provided to make the new pneumococcal conjugate vaccine available free of charge for all children aged two and younger in the state, regardless of their income or insurance status. This vaccine has been determined cost-effective by the federal Centers for Disease Control in the prevention of meningitis, middle ear, blood stream, and sinus infections among infants and toddlers. Inclusion of the vaccine under the state's universal distribution policy allows the state to purchase all doses at the federal discount rate, which is substantially lower than if they were purchased privately, and frees health care providers from the administrative burden of separately accounting for vaccine inventories according to the child's income and insurance status. Like other childhood vaccines which are expected to enter the market over the next several years, however, this one is quite expensive: by itself, the pneumococcal vaccine is expected to cost almost half as much as the 7 other childhood vaccines combined.

PUBLIC HOSPITAL DISTRICT REVENUE SHARING -- \$7.0 MILLION HEALTH SERVICES ACCOUNT

Public hospital districts would retain \$41 million of the additional revenues available through "pro-share" intergovernmental transfer arrangements, rather than the \$34 million provided in the original Senate budget.

SMOKING PREVENTION AND CESSATION -- \$5 MILLION OTHER FUNDS

Additional funds are appropriated from the \$100 million tobacco settlement endowment established by the 1999 Legislature for implementation of Washington's comprehensive tobacco prevention and control plan. Under the budget, a total of \$35 million will be spent during 2001-03 biennium on this comprehensive effort to prevent and reduce smoking and other tobacco use, with particular emphasis upon children and pregnant women.

CHILDREN'S HEALTH INSURANCE PROGRAM ENROLLMENT -- \$3.0 MILLION HEALTH SERVICES ACCOUNT, \$5.6 MILLION GENERAL FUND-FEDERAL

Additional funds are provided so that all eligible children who apply for medical and dental coverage through the state's Children's Health Insurance Program (CHIP) may enroll without a waiting period. This is expected to result in an average of about 7,000 children per month receiving coverage through the program during 2001-03, rather than an average of 4,200 per month as originally budgeted. CHIP provides coverage for children in families with incomes between 200-250% of poverty.

SMALL RURAL HOSPITALS -- \$1.3 MILLION GENERAL FUND-STATE, \$700,000 GENERAL FUND-FEDERAL

In accordance with Substitute House Bill 1162, small rural hospitals certified as "critical access hospitals" under state and federal guidelines will receive full-cost reimbursement for services delivered under DSHS Medical Assistance programs. Approximately 12 hospitals are expected to receive such designation during 2001-03.

AIDS PRESCRIPTION DRUG PROGRAM -- \$1.0 MILLION GENERAL FUND-STATE, \$800,000 OTHER FUNDS

The budget provides additional funding to keep pace with enrollment in the AIDS Prescription Drug Program, which is growing by 14 percent per year. The program uses state and federal funds to pay for prescription medications, laboratory services, and limited outpatient care for persons with HIV disease and incomes below 370 percent of poverty.

TREATMENT FOR BREAST AND CERVICAL CANCER -- \$500,000 HEALTH SERVICES ACCOUNT, \$400,000 PRIVATE, \$1.7 MILLION GENERAL FUND-FEDERAL

As authorized in Substitute House Bill 1058, the state will provide full-scope Medicaid benefits for low-income uninsured women who have been diagnosed with breast or cervical cancer. This is expected to result in better health outcomes for women as a result of earlier and more effective treatment, and reduce charitable care costs for hospitals and other medical providers. Federal matching funds will cover approximately 65% of the total cost, and the Susan G. Komen Foundation has committed \$400,000 of the remaining cost.

SAVINGS AND REDUCTIONS

DSHS UTILIZATION AND COST MANAGEMENT -- \$50.1 MILLION GENERAL FUND-STATE SAVINGS, \$32.4 MILLION GENERAL FUND-FEDERAL SAVINGS

Approximately \$3.7 million per year of additional staffing and technical support are provided for the Department of Social and Health Services to improve and expand its efforts to understand, manage, and control the growth in state medical assistance expenditures. With these resources, the department is directed to devise and implement additional methods to manage utilization and costs in Medicaid and other state-funded medical programs for low-income citizens. Together, these measures are expected to avoid about 3% of the 13% average growth in state medical assistance programs previously projected for next biennium.

BASIC HEALTH PLAN ENROLLMENTS -- \$26.5 MILLION HEALTH SERVICES ACCOUNT SAVINGS

Beginning in January 2002, an average of 125,000 people are to be enrolled in the

subsidized Basic Health Plan (BHP), rather than an average of 133,200 as budgeted for the 1999-01 biennium. The lower enrollment level is to be achieved through a policy of admitting only two new enrollees for every three who leave the program, until the targeted enrollment level is reached.

BASIC HEALTH PLAN CO-PAYS -- \$2.6 MILLION HEALTH SERVICES ACCOUNT SAVINGS
Co-payments will increase by \$2 on prescriptions for which BHP enrollees presently pay \$1 - \$3. No other changes are proposed in the share of BHP premium costs subsidized by the state.

TRANSITIONAL MEDICAL PREMIUMS -- \$2.5 MILLION GENERAL FUND-STATE SAVINGS, \$2.5 MILLION GENERAL FUND-FEDERAL SAVINGS
During their second six months after leaving income assistance, adults will be required to pay premiums toward the cost of the medical and dental coverage, which they receive through Medicaid. Premiums are expected to average approximately \$15 per adult per month, under an income-adjusted schedule similar to the one used for the BHP. As under the BHP, coverage will be terminated for persons who, except for good cause shown, are more than two months in arrears on premium payments.

DISEASE CASE MANAGEMENT -- \$300,000 GENERAL FUND-STATE SAVINGS, \$300,000 GENERAL FUND-FEDERAL SAVINGS
The Department of Social and Health Services is to design, implement, and evaluate pilot projects which will assist individuals with at least three different diseases improve their health, while reducing total medical expenditures. The projects will involve identifying persons who are seriously or chronically ill due to a combination of medical, social, and functional problems; and working with them and their care providers to improve adherence to state-of-the-art treatment regimens. Based upon successful models in other states, initial diseases to be targeted are likely to include diabetes, asthma, heart failure, or renal disease.

EMERGENCY ROOM CO-PAYS -- \$200,000 GENERAL FUND-STATE SAVINGS, \$200,000 GENERAL FUND-FEDERAL SAVINGS
Beginning in January 2002, Medical Assistance recipients who use emergency room services for non-emergent conditions will be required to pay \$6 toward the cost.

ELIMINATE FUNDING FOR OCCUPATIONAL HEALTH AND SAFETY GRANTS -- \$10 MILLION MEDICAL AID ACCOUNT-STATE
Funding is eliminated for the Occupational Health and Safety Grant program that was started in FY 01.

LONG TERM CARE

ENHANCEMENTS

LONG-TERM CARE OPTIONS -- \$50 MILLION GENERAL FUND-STATE, \$32 MILLION OTHER FUNDS (MAINTENANCE LEVEL INCREASE)
The budget provides a total of \$1.8 billion for an average of 47,000 people each month to receive publicly funded long-term care in their own homes, assisted living facilities, adult family homes, and nursing homes. This is a 6.8 percent increase in the number of people receiving such services, and a 12 percent increase in total expenditures.

NURSING HOME PAYMENT RATES -- \$19.3 MILLION GENERAL FUND-STATE, \$19.6 MILLION GENERAL-FEDERAL

In accordance with the provisions of ESHB 2242, nursing home payment rates will increase by an average of 4.4% per year during the 2001-03 biennium. After accounting for the low-wage worker increase in the proposed budget, \$80.6 million will be expended upon nursing home rate increases in 2001-03.

IMPROVED CAREGIVER TRAINING -- \$800,000 GENERAL FUND-STATE, \$800,000 GENERAL FUND-FEDERAL

In accordance with Substitute Senate Bill 6502 enacted during the 2000 legislative session, new training requirements will take effect in March 2002 for staff who cares for elderly and disabled persons in their own homes or in community residential facilities. The budget provides funding for the tuition costs which staff working with publicly-funded clients are expected to incur in order to meet the new requirements; for wages for the additional hours which homecare workers will be required to spend in training; and for the cost of designing, videotaping, and producing classroom materials on the new curriculum.

EXCEPTIONAL RATES FOR PERSONS WITH DEMENTIA -- \$725,000 GENERAL FUND-STATE, \$740,000 GENERAL FUND-FEDERAL

Funding is provided for exceptional care rates so that an average of at least sixty persons with Alzheimer's disease or related dementias who might otherwise require nursing home care can instead reside in community boarding facilities designed and equipped to provide specialized care for such conditions.

IN-HOME NURSING SERVICES -- \$450,000 GENERAL FUND-STATE, \$460,000 GENERAL FUND-FEDERAL

The budget provides sufficient funding to triple the number of recipients of in-home care who receive skilled nursing visits; to double the average number of nursing visits per recipient; and to double the current hourly payment rate for such services.

EASTERN WASHINGTON STATE VETERANS HOME -- \$7.2 MILLION OTHER FUNDS

The budget authorizes funding for the acquisition and operation of a state Veterans Home that will serve the veterans of eastern Washington. The Department of Veterans Affairs will acquire an existing nursing facility in the Spokane area, and operate it with a combination of federal funding, resident charges, and state and federal Medicaid payments. The home will not only honor the contributions of men and women from eastern Washington who have served in the nation's armed forces, but will also be less expensive for state taxpayers than if the residents were served in other nursing facilities, since additional federal support is available for operation of state veterans' homes.

SAVINGS AND REDUCTIONS

FREEZE CHORE SERVICES ENROLLMENTS -- \$1.5 MILLION GENERAL FUND-STATE SAVINGS

As an alternative to the proposed elimination of the program, the budget speeds the phase-out of the chore services program which has been underway since 1994 by providing for a freeze on all new admissions, except for those needed for Adult Protective Services cases. All persons currently enrolled in chore services will be able to continue on the program. New applicants for homecare services will be served through the personal care program, if

their income is low enough, or through the COPES waiver, if they would otherwise be at risk of needing nursing home care.

**COMMUNITY LONG-TERM CARE FOR “MEDICALLY NEEDY” GROUPS -- \$500,000
GENERAL FUND-STATE SAVINGS, \$500,000 GENERAL FUND-FEDERAL SAVINGS**

Persons with annual incomes over \$19,000 for an individual, or about twice that for a couple, are currently able to receive publicly-funded assistance with the cost of nursing home care, but not with the cost of care in their own home or in a community residential facility. The Department of Social and Health Services is to obtain two new federal waivers, which will permit such individuals to receive Medicaid-funded services in the community. This is expected to enable at least 375 of the 1,500 “medically needy” persons who currently receive Medicaid-funded nursing home care, but whose incomes exceed the current eligibility standard for community care, to instead be served in community-based settings at a lower public cost. Those savings will be partially offset by the cost of publicly funded medical and long-term care services for up to 725 additional persons who are not presently eligible for them.

PERSONS WITH DISABILITIES

ENHANCEMENTS

COMMUNITY MENTAL HEALTH FUNDING -- \$27.5 MILLION GENERAL FUND-STATE, \$21 MILLION GENERAL FUND-FEDERAL (MAINTENANCE LEVEL INCREASE)

The budget provides a total of \$670 million for expenditures on Regional Support Network community mental health services during 2001-03. This is a 9.8 percent increase over the current 1999-01 budget, and is expected to support services for approximately 50,000 low-income children, seniors, and other adults each month.

COMMUNITY PLACEMENTS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES -- \$12.0 MILLION GENERAL FUND-STATE, \$12.9 MILLION GENERAL FUND-FEDERAL

The budget expands community placements for persons with developmental disabilities and improves staffing levels for case managers who oversee the quality of community care.

PSYCHIATRIC HOSPITAL CARE FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES -- \$3.3 MILLION GENERAL FUND-STATE

Funding is provided for Eastern and Western State Hospitals to deliver more specialized care, combining both developmental and mental health treatment components, for persons with developmental disabilities who require the level and intensity of care best provided by a psychiatric hospital. These funds are in addition to the \$2.2 million per year for such care first provided in the 2000 supplemental appropriation.

**MENTAL HEALTH LAWSUIT -- \$3.5 MILLION GENERAL FUND-STATE, \$400,000
GENERAL FUND-FEDERAL**

Funds are provided for the Department of Social and Health Services to settle a lawsuit by the Washington Protection and Advocacy System. The suit alleges inappropriate and insufficient treatment of persons committed to the legal offender units at Western State Hospital.

INCREASE INVOLUNTARY TREATMENT BEDS FOR PERSONS WITH DRUG AND ALCOHOL ADDICTIONS -- \$3.2 MILLION GENERAL FUND-STATE

The budget funds a 35-bed involuntary treatment facility on the East side of the state for persons who are a danger to themselves or others due to drug and alcohol abuse. Priority for admissions will be for persons who are also high utilizers of hospital care.

EXPAND DRUG AND ALCOHOL TREATMENT FOR PERSONS GRAVELY DISABLED -- \$2.8 MILLION PUBLIC SAFETY AND EDUCATION ACCOUNT-STATE

The budget expands treatment capacity for persons gravely disabled from drug and alcohol abuse, including addictions to methamphetamines.

ADDITIONAL DRUG COURTS -- \$1.1 MILLION PUBLIC SAFETY AND EDUCATION ACCOUNT-STATE

Funding is provided for adult and juvenile drug courts that will lose federal funding in the next biennium.

TICKET-TO-WORK -- \$2 MILLION HEALTH SERVICES ACCOUNT, \$2 MILLION GENERAL FUND-FEDERAL

The budget authorizes Washington's participation in a new Medicaid program under which people with severe disabilities who go to work will be able to purchase Medicaid coverage. Participants will pay premiums, adjusted according to income, and receive partial federal and state subsidy for medical, dental, and personal assistance services until their income reaches approximately \$39,000 per year.

HIGH SCHOOL TRANSITION FOR YOUNG ADULTS WITH DEVELOPMENTAL DISABILITIES - \$2 MILLION GENERAL FUND-STATE

The budget provides funding for vocational services for young adults with developmental disabilities who are completing high school.

INCREASED VOCATIONAL REHABILITATION SERVICES -- \$1 MILLION GENERAL FUND-STATE, \$3.5 MILLION GENERAL FUND-FEDERAL

Sufficient state and local funding are provided for Washington to receive the full amount of funding for which we are expected to qualify under the federal vocational rehabilitation program. This will allow approximately 1,000 additional people with physical and mental disabilities to receive job training and placement services over the course of the 2001-03 biennium.

CHILDREN'S INPATIENT FACILITIES -- \$540,000 GENERAL FUND-STATE, \$550,000 GENERAL FUND-FEDERAL

The budget provides a 10% rate increase for the four facilities from which the state purchases 24-hour residential treatment for severely emotionally disturbed children. The increase is to address significant recruitment and retention problems, and rising medical insurance and utility costs.

MENTAL HEALTH OUTCOMES -- \$400,000 GENERAL FUND-STATE, \$400,000 GENERAL FUND-FEDERAL

Funds are provided for development and implementation of an outcomes-based performance measurement system for the public mental health system. In addition, funding is provided for the Washington State Institute for Public Policy to design and

begin implementation of a 10–year longitudinal study on the impact of public mental health services on recipients' employment status, housing stability, and criminal justice system involvement.

ASSISTIVE TECHNOLOGY FOR THE BLIND -- \$270,000 GENERAL FUND-STATE

State funds are provided so that additional persons may benefit from devices such as document readers and speech synthesizers. Such devices can significantly improve employment opportunities for people with severe visual disabilities, but are expensive, averaging about \$8,000 per recipient.

INCREASE FUNDING FOR AUTISM PILOT PROJECT-- \$200,000 GENERAL FUND-STATE

The budget increases funding for the Autism Pilot Project that began in 1999. The project assists families who are caring for children with autism. The children served often have co-occurring disorders such as mental retardation or mental illness.

SAVINGS AND REDUCTIONS

STATE PSYCHIATRIC HOSPITAL WARD CLOSURE -- \$3.4 MILLION GENERAL FUND-STATE SAVINGS

A total of \$5.7 million is provided for community residential and support services for 120 persons who would otherwise be served in the state psychiatric hospitals. This is expected to permit closure of four state hospital wards over the course of the 2001-03 biennium, resulting in a \$3.4 million net state savings. The budget directs that no long-term resident is to move from the state hospitals until a team of community professionals who will work with them on an ongoing basis has gotten to know the person; arranged a safe and stable place for them to live; and assured that the medical, behavioral, and social services needed for successful community living are in place.

COMMUNITY INPATIENT EMERGENCY POOL -- \$1.8 MILLION GENERAL FUND-STATE REDUCTION

Funding for the community inpatient pool, which was established in FY 01 to assist communities maintain and expand their capacity to provide short-term psychiatric hospitalizations locally, is reduced to \$1.45 million per year.

JUVENILE REHABILITATION

ENHANCEMENTS

ENHANCED MENTAL HEALTH SERVICES -- \$1.1 MILLION GENERAL FUND-STATE

Due to recent assessments of the of number youth with mental health issues in Juvenile Rehabilitation Administration's facilities, funding is provided for: (1) increased counselor assistant positions at Maple Lane School; and (2) increased medication management resources to address workload associated with increased usage of psychotropic drugs medications.

SAVINGS AND REDUCTIONS

EFFICIENCIES IN REGIONAL SERVICES -- \$1.6 MILLION GENERAL FUND-STATE SAVINGS

Savings are achieved by the Juvenile Rehabilitation Administration implementing efficiencies in the administration of regional services programs in the community. Regional services include parole services, community facilities, drug and alcohol services, learning and life skills centers, regional support staff, regional administration, and diagnostics.

DELAY GREEN HILL SCHOOL EXPANSION -- \$812,000 GENERAL FUND-STATE SAVINGS

The opening of a recently constructed unit at Green Hill School will be delayed until the second year of the biennium.

FAMILIES AND CHILDREN

ENHANCEMENTS

INCREASE SUBSIDIZED CHILD CARE FOR LOW INCOME WORKING FAMILIES -- \$29 MILLION GENERAL FUNDS-FEDERAL

The budget increases the funded capacity for subsidized childcare in continuing support of low-income working families who are getting off and staying off welfare, and funds ongoing costs for Work First services, including carrying forward increased funding for civil legal services.

IMPROVEMENTS IN FOSTER CARE AND ADOPTION SUPPORT -- \$17 MILLION GENERAL FUND-STATE, \$9 MILLION GENERAL FUND-FEDERAL

The budget funds improvement in the state foster care system, including increases in the basic rate paid to foster parents, increased use of private child placing agencies, increased foster parent recruitment and new money for respite care for foster parents. The budget also provides financial assistance for an increasing number of families who adopt foster children.

QUALITY IMPROVEMENTS IN CHILD PROTECTIVE SERVICES -- \$8 MILLION GENERAL FUND-STATE, \$5 MILLION GENERAL FUND-FEDERAL

The budget reduces the average caseload for child protective services (CPS) social workers, and funds improvements in the CPS quality assurance program and risk assessment process. Average caseloads per social worker will drop from 1:29 to 1:24 under the budget. This will allow the department to make progress in achieving accreditation by the Council on Accreditation for Children and Family Services as expected in Senate Bill 5413 (ESSB 5413).

ADMINISTRATIVE COST CONTAINMENT IN ECONOMIC SERVICES -- \$4 MILLION GENERAL FUND-STATE, \$1 MILLION GENERAL FUND-FEDERAL SAVINGS

Funding for travel and goods and services is reduced and unused capacity in state funded programs is eliminated in the economic services program.

**FOSTER CARE PASSPORT PROGRAM -- \$583,000 GENERAL FUND- STATE, \$875,000
GENERAL FUND-FEDERAL INCREASE**

Additional funding is provided for the foster care passport system. This system provides an up-to-date medical record for all children in foster care beyond 90 days.

EXPAND THE PARENT-CHILD ASSISTANCE PROGRAM -- \$337,000 GENERAL FUND-STATE

The budget expands the Parent-Child Assistance Program (P-CAP). The program helps mothers recover from substance abuse and prevents the consequences of fetal exposure to drugs and alcohol. The increase will allow for expanded capacity in Pierce County in connection with a clean and sober housing project that will prioritize services for mothers and children involved with meth labs. Funding is also provided to expand capacity in the Region 1 program.

SAVINGS AND REDUCTIONS

**REDUCE FAMILY POLICY COUNCIL AND COMMUNITY HEALTH AND SAFETY NETWORK
GRANTS -- \$2.2 MILLION GENERAL FUND-STATE SAVINGS**

The budget funds the Family Policy Council and Network grants at 75 percent the current level for programs and networks with the best evidence of positive outcomes and contract compliance.

**STREAMLINE WELFARE ADMINISTRATION -- \$2 MILLION GENERAL FUND-STATE
SAVINGS, \$1 MILLION GENERAL FUND-FEDERAL SAVINGS**

The budget saves \$3 million by simplifying the administration of income assistance programs. The current system of complex rules and paperwork was established in the 1960s and 70s. Under welfare reform, work participation requirements and time limits have made the old rules less relevant. Once fully implemented, the new system will reduce 211 FTEs, while increasing the level of support for helping families achieve financial independence.

**SIMPLIFY PAYMENT OF SSI STATE SUPPLEMENTS AND REDUCE ADMINISTRATIVE COSTS
-- \$6.6 MILLION GENERAL FUND-STATE SAVINGS**

The budget calls for a new and simpler system for providing state supplemental payments for persons receiving federal Supplemental Security Income benefits. The state currently pays the federal government an administrative payment of \$8.10 per check to add state supplemental payments to the federal amount. The state also pays for the supplemental payments. The new system will simplify the calculation of supplemental benefits and reduce administrative cost by up to \$9 million per year once fully implemented.

DEPARTMENT OF CORRECTIONS

ENHANCEMENTS

**OPENING OF NEW SPECIAL NEEDS FACILITIES -- \$26.8 MILLION GENERAL FUND-STATE
(MAINTENANCE LEVEL INCREASE)**

The budget provides funding for the increased operating costs associated with opening the 256-bed expansion of the Special Offender Unit (SOU) at Monroe in March of 2002. The SOU is the facility where the department houses and treats the more severely mentally ill

male offenders in the corrections system. Additionally, the budget provides funding for the new Special Needs Unit (SNU) at the Washington Corrections Center for Women at Purdy. The SNU is comprised of reception, intensive management, segregation, and specialized mental health beds.

OFFENDER ACCOUNTABILITY ACT IMPLEMENTATION -- \$12.9 MILLION GENERAL FUND-STATE (CARRYFORWARD & MAINTENANCE LEVEL INCREASE)

Chapter 196, Laws of 1999 (Offender Accountability Act) made a variety of changes to the supervision of offenders in the community. Increased funding is provided to fully implement these changes next biennium. With this increase, the budget provides approximately \$21.2 million in 2001-03 for costs associated with the Offender Accountability Act.

OFFENDER BASED TRACKING SYSTEM REPLACEMENT--\$9.2 MILLION GENERAL FUND-STATE, \$3.3 MILLION VIOLENCE REDUCTION AND DRUG ENFORCEMENT ACCOUNT

The budget provides a total of \$12.5 million for the second phase of a project to replace OBTS with the new Offender Management Network Information (OMNI) system. The department expects OMNI to improve reporting capabilities, reduce data entry efforts and redirect staff time towards offender supervision. The total estimated cost of the replacement project is \$44 million.

SAVINGS AND REDUCTIONS

STAFFING EFFICIENCIES AND BUDGET REDUCTIONS -- \$5.8 MILLION GENERAL FUND-STATE SAVINGS

In their budget reductions submitted to the Governor, the department identified a variety of steps that could result in cost savings. These steps include: transferring female youthful offenders to Juvenile Rehabilitation Administration; financing rather than purchasing certain equipment; changing the method for reimbursing inpatient hospitals for treatment of offenders; and reducing facility maintenance activities. The budget assumes that the department will implement these and other measures to achieve costs savings.

ELIMINATION OF LAW LIBRARIES -- \$1.2 MILLION GENERAL FUND-STATE SAVINGS

Funding for law libraries in correctional facilities is eliminated. The Department of Corrections will continue to contract with private attorneys and law firms to provide legal counsel to offenders.

SPECIAL COMMITMENT CENTER

ENHANCEMENTS (CAPITAL AND OPERATING BUDGETS)

NEW SPECIAL COMMITMENT CENTER FACILITY -- \$47.7 MILLION STATE BONDS

Funding is provided to build a new Special Commitment Center facility on McNeil Island. The facility will provide custody and treatment for persons that have been committed under the state's sexually violent predator statute. Combined with the \$16.5 million in funding provided in the 1999-01 biennium, the funding level is sufficient to construct 258-beds of the total planned capacity of 402-beds.

MCNEIL ISLAND COMMUNITY TRANSITION FACILITY-- \$7.8 MILLION GENERAL FUND-STATE, \$3.2 MILLION STATE BONDS

The capital budget provides \$3.2 million to construct a “step-down” facility for Special Commitment Center residents that have progressed enough in their treatment plans to be suitable for this type of community transition facility. Before construction of the new facility is completed in 2002, the operating budget provides \$5.8 million to establish a community transition program at an existing facility on McNeil Island. Additionally, \$2 million is provided to compensate local jurisdictions impacted by the placement of the facility.

SPECIAL COMMITMENT CENTER PROGRAM ENHANCEMENTS -- \$2.5 MILLION GENERAL FUND-STATE

The Special Commitment Center (SCC) adopted a plan to satisfy the United States District Court's rulings. The budget provides funding for the implementation of the plan which includes a variety of enhancements to the current SCC program, including: (1) the establishment of a vocational program; (2) the adoption of a preventative health program; (3) the establishment of another Assistant Resident Manager position to help cover evening hours; and (4) the development of a tracking system to collect resident information, treatment progress, and other activities designed to assist residents in achieving successful treatment.

NATURAL RESOURCES

SALMON AND WATER

In response to Endangered Species Act listings of 15 salmon and trout species that cover 75 percent of the state, in the 1999-01 biennium the Legislature began funding for watershed-based planning and salmon recovery projects. This budget continues and adds to this funding.

Local planning and salmon recovery activities

SALMON RECOVERY MONITORING STRATEGY -- \$1.5 MILLION GENERAL FUND AND OTHER FUNDS

\$500,000 of the general fund, \$500,000 of the state toxics account, \$500,000 of the water quality account are provided for the Interagency Committee on Outdoor Recreation to coordinate natural resources agencies in developing a monitoring and adaptive management strategy.

SALMON SCIENCE AND MONITORING -- \$2 MILLION GENERAL FUND-STATE

Funding is provided for the Department of Fish and Wildlife to continue salmon-related inventory, monitoring and science research, including the Salmonid Stock Inventory, smolt production monitoring and the Hatchery ESA strategy

LEAD ENTITIES -- \$6 MILLION GENERAL FUND-STATE AND WATER QUALITY ACCOUNT

The budget provides \$4.4 million of the general fund for the Department of Fish and Wildlife to continue to provide grants and technical assistance to the lead entities that recommend habitat improvement and restoration projects for funding by the Salmon Recovery Funding Board. \$1.6 million of the water quality account is also provided for the Conservation Commission to complete the remaining limiting factors analyses that support lead entity decisions.

WATERSHED PLANNING GRANTS -- \$4.1 MILLION WATER QUALITY ACCOUNT

Funding is provided for the Department of Ecology to make grants for watershed assessments and to provide technical assistance to local watershed planning groups. Funding is also provided for the Department of Fish and Wildlife to make grants to watershed groups that coordinate in the development of regional salmon recovery plans.

ENGINEERING GRANTS -- \$900,000 WATER QUALITY ACCOUNT

The budget provides funding for the Conservation Commission to make grants to local conservation districts to hire engineers to design salmon recovery and other projects that benefit salmon.

AFW NEGOTIATIONS -- \$500,000 SALMON RECOVERY ACCOUNT

Funding is provided for the Conservation Commission to make grants to stakeholders to ensure their participation in the Agriculture, Fish, and Water negotiations.

State agency capacity

ENHANCED STREAM FLOW MONITORING -- \$1.6 MILLION GENERAL FUND AND OTHER ACCOUNTS

\$500,000 of the general fund, \$560,000 of the drought preparedness account and \$550,000 of the water quality account provided for the Department of Ecology to monitor stream flows in river basins where low flows are critical for trout and salmon.

WATER RIGHTS CHANGE DECISIONS -- \$6 MILLION GENERAL FUND-STATE AND WATER QUALITY ACCOUNT

Funding is provided to implement House Bill 1832 and to process applications for changes and transfers of existing water rights.

DROUGHT RESPONSE -- \$5 MILLION DROUGHT PREPAREDNESS ACCOUNT

Funding is provided for the Department of Ecology to purchase and lease water in response to low instream flows due to the drought and to expedite processing of water right change and transfer applications.

SALMON RECOVERY PESTICIDE STRATEGY -- \$830,000 WATER QUALITY ACCOUNT

The budget provides for the Department of Agriculture to implement a pesticide monitoring strategy program intended to enable the state, the federal EPA and citizens following state law, to be exempt from the prohibition on “take” under the Endangered Species Act.

SHARING COSTS TO MANAGE STORMWATER -- \$1 MILLION STATE TOXICS CONTROL ACCOUNT

Funding is provided for the Department of Ecology to provide technical assistance to local governments implementing the new Environmental Protection Agency Phase II Stormwater Requirements.

TRUST LAND ROAD IMPROVEMENTS -- \$3.8 MILLION TRUST MANAGEMENT FUNDS

Funding is provided for the Department of Natural Resources to upgrade roads on trust lands to meet the requirements of the Forest and Fish Agreement.

CLEANING-UP TOXIC CONTAMINATION

CLEAN SITES INITIATIVE -- \$9.3 MILLION STATE TOXICS CONTROL ACCOUNT

The budget provides funding for the Department of Ecology to clean up sites contaminated by toxic chemicals that present a serious threat to human health and the environment.

PERSISTENT BIOACCUMULATIVE TOXIN (PBT) STRATEGY -- \$800,000 STATE TOXICS CONTROL ACCOUNT

Funding is provided for the Department of Ecology to conduct baseline monitoring and develop chemical action plans to eliminate releases and reduce the existence of persistent, bioaccumulative toxic chemicals.

AREA-WIDE CONTAMINATION -- \$1.2 MILLION STATE TOXICS CONTROL ACCOUNT

Funding is provided for the Department of Ecology to develop a strategy to address emergent area-wide soil contamination problems – largely associated with arsenic

contamination in Everett and Tacoma and arsenic-contaminated orchards in eastern Washington.

OTHER ENHANCEMENTS

ENHANCED FIRE PROTECTION -- \$9.8 MILLION GENERAL FUND-STATE

With additional general funds, the Department of Natural Resources wildland fire protection program will add staff, increase training and purchase additional equipment.

SAFE DRINKING WATER -- \$2.9 MILLION GENERAL FUND-STATE

Approximately \$1.3 million is provided for the Department of Health to assist and monitor the compliance of local water systems with the requirements of the federal Safe Drinking Water Act. Additionally, the budget provides \$1.6 million for a new state grant program, which will assist local jurisdictions in assuring the safety of very small water systems, which serve approximately 100,000 of the state's citizens.

STATE PARKS MAINTENANCE BACKLOG -- \$4 MILLION GENERAL FUND-STATE

Funding is provided to preserve and maintain the state park system, with an emphasis on projects that protect health and safety.

STATE PARKS MANAGEMENT AND VISITOR SAFETY -- \$1.7 MILLION GENERAL FUND-STATE

Funding is provided to staff recent Park acquisitions and upgrades and additional rangers.

STATE PARK FEES PROHIBITED

State parks are prohibited from charging basic access fees during the 2001-01 biennium.

ABANDONED ORCHARDS -- \$900,000 STATE TOXICS CONTROL ACCOUNT AND OTHER FUNDS

The budget provides \$450,000 from the state toxics central account and \$450,00 from non-appropriated funds for the Department of Agriculture to reimburse county horticulture pest and disease boards for the costs of addressing problems from abandoned orchards.

AGRICULTURE MARKETING -- \$1.7 MILLION GENERAL FUND-STATE AND MATCHING FUNDS

\$850,000 of the general fund is provided to promote Washington agricultural products develop a small farm direct marketing program and to reduce trade barriers. These funds will be matched by industry contributions and federal grants.

PUBLIC USE AND NATURAL AREA STEWARDSHIP -- \$1.8 MILLION GENERAL FUND-STATE AND AQUATIC LANDS ENHANCEMENT ACCOUNT

\$925,000 is provided from each of the general fund and the aquatic lands enhancement fund account for maintenance of state trust lands open to public use and to maintain natural areas.

FUNDING FOR AGRICULTURAL FAIRS AND YOUTH SHOWS -- \$4 MILLION FAIR FUND

Annual transfers of general fund dollars, guaranteed in statute, create a stable funding source for the more than 70 agricultural fairs and youth shows.

SPARTINA ERADICATION -- \$1.4 MILLION AQUATIC LANDS ENHANCEMENT ACCOUNT
The budget provides for the Department of Agriculture to begin a spartina eradication program in Puget Sound and in Willapa Bay

SALMON LICENSE BUY-BACK -- \$6.3 MILLION GENERAL FUND-STATE AND FEDERAL FUNDS

The commercial license buyback program will implement the U.S.-Canada salmon treaty. \$1.3 million general fund will match \$5 million in federal funds

PREVENTING OIL SPILLS -- \$1.9 MILLION GENERAL FUND AND OIL SPILL PREVENTION ACCOUNT

\$1.7 million general fund and \$280,000 of the oil spill prevention account is provided for the Department of Ecology to establish a charter safety tug service that includes the placement of a rescue tug at Neah Bay for at least 200 days during fiscal year 2002 and the ability to dispatch safety tug services when the Department or the U.S. Coast Guard believe dispatch is warranted. Funding is also provided for the Department to study the feasibility of a tracking system using transponders and advanced radar technology.

LAKE WHATCOM WATERSHED ROAD DECOMMISSIONING -- \$2 MILLION FOREST DEVELOPMENT ACCOUNT

Funding is provided for the Department of Natural Resources to decommission, maintain and repair roads to protect water quality in the Lake Whatcom watershed.

LOWER SKYKOMISH HABITAT CONSERVATION PLAN -- \$250,000 GENERAL FUND-STATE
The budget provides funding for Department of Fish and Wildlife to make a grant to the Lower Skykomish Habitat Conservation Group to develop a salmon habitat conservation plan for the lower Skykomish River.

LOCAL GOVERNMENT AND TRANSPORTATION ASSISTANCE

I-695 ASSISTANCE TO PUBLIC HEALTH DISTRICTS, CITIES AND COUNTIES -- \$143 MILLION GENERAL FUND-STATE, PUBLIC HEALTH DISTRICTS AND DEPARTMENTS -- \$48 MILLION HEALTH SERVICES ACCOUNT

The budget provides funding of \$192 million for assistance to public health districts, cities and counties to address the impacts of Initiative I-695. This funding continues the Legislative intent set forth in the 2000 supplemental budget, that was affirmed by the Legislative task force, for backfill of public health and local government losses due to I-695 with state resources. An increase in funding is provided at the I-601 growth rate.

LEOFF PLAN 1 MEDICAL BENEFITS RISK POOL -- \$90 TO \$120 MILLION FROM LEOFF PLAN 1 SURPLUS ASSETS

In separate legislation, the budget establishes a Medical Benefits Risk Pool from that portion of surplus LEOFF Plan 1 pension assets that were paid by local governments. The purpose of the Risk Pool is to assist local governments in providing medical benefits and long-term care for LEOFF 1 retirees.

FERRY ASSISTANCE -- \$30 MILLION STATE SURPLUS ASSETS RESERVES ACCOUNT

\$30 million from the State Surplus Assets Account is appropriated to the Puget Sound Ferry Operation Account to support ferry operations in the 2001-03 biennium.

CRIMINAL JUSTICE FUNDING ASSISTANCE -- \$9 MILLION IN ADDITIONAL REVENUE

Substitute Senate Bill 5309 (local government criminal justice) imposes an additional \$10 penalty for traffic infractions and an additional \$50 penalty on felony and misdemeanor traffic crimes. As a result of the legislation, it is estimated that an additional \$9 million in local government revenue will be generated.

METHAMPHETAMINE INITIATIVE -- \$5.6 MILLION PUBLIC SAFETY AND EDUCATION ACCOUNT, \$1.9 MILLION STATE OTHER FUNDS

The budget provides funding for a variety of activities at the state and local levels to address methamphetamine problem. Some of the items funded include:

- Adding staff for the State Patrol's Pro-Active Meth Team and crime labs;
- Establishing a Training and Education Resource Center to provide information to government agencies, businesses, and individuals in dealing with methamphetamine issues;
- Enhancing funding for drug treatment and drug courts;
- Equipping and training of local law enforcement personnel; and
- Increasing the ability of the Department of Ecology to assist in meth lab cleanup.

IMPACTS OF CRIMINAL JUSTICE LEGISLATION -- \$16.2 MILLION GENERAL FUND-STATE, \$6 MILLION PUBLIC SAFETY AND EDUCATION ASSISTANCE ACCOUNT, \$6.9 MILLION VIOLENCE REDUCTION DRUG ENFORCEMENT ACCOUNT, \$3.1 MILLION IMPAIRED DRIVING ACCOUNT

The budget provides continued funding to assist local governments in implementing criminal justice legislation passed in recent years. The legislation funded includes: the Becca bills; the 1997 juvenile justice reform; and the driving under the influence law changes passed in the 1998 session.

CRIMINAL JUSTICE INFORMATION SYSTEMS -- \$15.8 MILLION JUDICIAL INFORMATION SYSTEMS ACCOUNT, \$2.6 MILLION PUBLIC SAFETY AND EDUCATION ACCOUNT, \$229,000 VIOLENCE REDUCTION AND DRUG ENFORCEMENT ACCOUNT

The budget provides funding for several enhancements and upgrades to existing information technology systems used by local law enforcement, court, and other criminal justice staff. Additionally, funding is provided to establish a statewide jail booking and reporting system.

LOCAL CRIMINAL JUSTICE FACILITIES -- \$3 MILLION STATE BONDS, \$1.3 MILLION GENERAL FUND-FEDERAL

The capital budget allocates state funds and a portion of the state's award from the federal Violent Offender Incarceration and Truth-in-Sentencing grant for the construction, expansion, and improvement of local jails and other correctional facilities.

EXTRAORDINARY CRIMINAL JUSTICE -- \$975,000 PUBLIC SAFETY AND EDUCATION ASSISTANCE ACCOUNT

The budget provides assistance to Franklin, Klickitat, Cowlitz, Skagit, Yakima, Thurston and Spokane counties for extraordinary criminal justice costs incurred in the adjudication of aggravated homicide cases.

JUROR FEE INCREASE -- \$1.6 MILLION PUBLIC SAFETY AND EDUCATION ACCOUNT

Beginning on July 1, 2002, funding is included in the Office of the Administrator for the Court's budget to allow local courts to increase the rate of juror compensation from \$10 per day to \$25 per day, beginning on the second day of juror service. It is assumed that counties and cities will still pay \$10 for each day of service, and the state will pay the remainder for the second day forward.

GROWTH MANAGEMENT UPDATES -- \$3 MILLION GENERAL FUND-STATE

Local governments are required to update critical area ordinances in growth management comprehensive plans. New funding of \$3 million in state assistance is provided for critical area ordinance updates. This amount is in addition to \$3.2 million for ongoing growth management grants and \$2.4 million for assessment of buildable lands currently budgeted for growth management assistance.

LOCAL COURT BACKLOG ASSISTANCE -- \$138,000 GENERAL FUND-STATE

The budget includes funding to pay for pro-tem judges who travel outside of their jurisdictions to assist other courts in reducing temporary backlogs.

DEPENDENCY REPRESENTATION PILOT PROGRAM -- \$600,000 GENERAL FUND-STATE

The budget provides funding to continue a pilot program through June 30, 2002, to improve defense services provided for parents involved in dependency and termination hearings. It is assumed that continued or expanded funding decisions will be made based on an evaluation of the pilot due in February of 2002.

DEMONSTRATION PERFORMANCE AUDITS -- \$600,000 GENERAL FUND-STATE

Funding is provided to conduct three performance audits as demonstration audits for state and local governmental agencies. Each audit shall include a financial history and shall identify and review performance measures, benchmarks, quality management practices, and efficiencies achieved. The state auditor is to report findings to legislative committees by December 1, 2002.

CERTIFICATION/DECERTIFICATION OF POLICE OFFICERS -- \$374,000 PUBLIC SAFETY AND EDUCATION ACCOUNT

The budget provides funding for the implementation of HB 1062 (certification of peace officers), which establishes a certification and desertification process for police officers in the state.

COMMUNITY ASSISTANCE

EARTHQUAKE RECOVERY EFFORTS -- \$37.9 MILLION NISQUALLY EARTHQUAKE-STATE, \$157.8 MILLION NISQUALLY EARTHQUAKE-FEDERAL

The budget provides funding for costs associated with the response and recovery activities as a result of the February 28, 2001 earthquake. The funding provided is sufficient to cover the entire state match for state agency costs and one-half of the local match required for Federal Emergency Management Agency reimbursement.

EARTHQUAKE & DROUGHT ASSISTANCE -- \$25 MILLION EMERGENCY RESERVE ACCOUNT-STATE

The budget assumes passage of HB 2258, which appropriates money from the Emergency Reserve Account for two purposes: (1) \$20 million for future additional costs associated with repairs and recovery from the February 28, 2001 earthquake; and (2) \$5 million for drought response and prevention activities.

LOW INCOME HOUSING -- \$78 MILLION STATE BONDS AND HOUSING ASSISTANCE ACCOUNT

The Capital Budget provides \$60 million of State Bonds and \$5 million of Housing Assistance Account funds for the Housing Assistance, Weatherization and Affordable Housing Program. Additional state bond funding of \$8 million are provided for farm worker housing, \$5 million for housing homeless families with children.

EMERGENCY FOOD ASSISTANCE PROGRAM -- \$1 MILLION GENERAL FUND-STATE

Funding is provided for the acquisition of equipment to preserve the increasing storage needs related to donated perishable goods. These funds are in addition to the existing level of state food assistance of \$7.4 million per biennium.

JUDICIAL ENHANCEMENT POOL -- \$750,000 PUBLIC SAFETY AND EDUCATION ACCOUNT

The budget provides \$750,000 for enhancements to certain judicial programs as determined by the Office of the Administrator for the Courts in consultation with the Supreme Court.

SEXUAL ASSAULT AND LEGAL ADVOCATES -- \$880,000 PUBLIC SAFETY AND EDUCATION ACCOUNT

Funds are provided for community based legal advocates to assist sexual assault victims with both civil and criminal justice issues.

ART IN COMMUNITIES AND ARTS IN EDUCATION -- \$500,000 GENERAL FUND-STATE

The budget increases funding for arts programs. This will provide additional grants at the local level and improve access to the arts for all residents in Washington.

EASTERN WASHINGTON STATE HISTORICAL SOCIETY EXPANSION STAFFING -- \$447,000 GENERAL FUND-STATE

The budget funds an increase in staff for the Northwest Museum of Arts and Culture (formerly the Cheney Cowles Museum) expansion slated for completion in late 2001. The additional staff will help the Eastern Washington State Historical Society to enhance and expand exhibits, display more of the museum's permanent collections, feature regional and national collections, and offer more interactive learning environments.

OPERATING BUDGET LEWIS AND CLARK BICENTENNIAL CELEBRATION -- \$652,000 GENERAL FUND-STATE CAPITAL BUDGET -- \$3 MILLION STATE BONDS

In preparation for the Lewis and Clark Trail Bicentennial in 2004, the budget provides funding for the Washington State Historical Society to work with local communities, tribal governments, neighboring states, and the National Bicentennial Council to plan local events and community education programs. On-going funding is provided to the State Parks and Recreation Commission for additional FTEs to staff the Lewis and Clark Interpretive Center at Fort Canby.

\$1 million of capital funding provided in the budget will be distributed to local and tribal governments for interpretive projects identified by the Lewis and Clark Bicentennial Advisory Committee under the auspices of the Washington State Historical Society. Through the State Parks and Recreation Commission, Fort Canby and Sacagawea State Parks will each receive \$1,000,000 to renovate facilities and enhance exhibits at their respective Lewis and Clark trail interpretive centers.

PIPELINE SAFETY -- \$1.9 MILLION PUBLIC SERVICE REVOLVING ACCOUNT

Following the passage of the Washington State Pipeline Safety Act of 2000, the budget includes funding for the Utilities and Transportation Commission to implement an interstate and intrastate natural gas and hazardous liquid pipeline safety program.

DISPLACED WORKER ASSISTANCE -- \$200,000 GENERAL FUND STATE

Funding is provided to assist industrial workers who have been displaced by energy-related plant closures. Grants will be provided to meet the displaced workers' basic needs including, but not limited to, emergency medical and dental services, family and mental health counseling, food, energy costs, mortgage and rental costs.

REVENUE ADJUSTMENTS

MONEY TRANSFERS

HEALTH SERVICES ACCOUNT MONEY TRANSFER -- \$150 MILLION GENERAL FUND REVENUE TRANSFER

In the 2001-03 biennium, an additional \$150 million is transferred from the Health Services Account.

TREASURER SERVICE ACCOUNT MONEY TRANSFER -- \$8.0 MILLION GENERAL FUND INCREASE

\$8 million in surplus revenue is transferred from the Treasurer's Service Account to the General Fund in FY 2003.

RESTRUCTURING OF LEOFF PLAN 1 TO RECOGNIZE SURPLUS ASSETS -- \$70 MILLION

The 2001-03 operating budget uses a total of \$125 million of surplus state assets that revert from the Law Enforcement Officers and Fire Fighters Retirement System, Plan 1 Fund (LEOFF 1) to support state general fund programs. \$70 million is transferred to the multimodal account, allowing \$70 million to then be transferred from the multimodal account to the general fund. In addition, \$30 million is appropriated for ferry operations and \$25 million for tort liability.

REVENUE LEGISLATION

HB 1018 TAX RELIEF FOR DISASTERS -- \$33,000 GENERAL FUND REVENUE DECREASE

HB 1018 creates a sales tax exemption for labor and service charges associated with moving houses, demolishing houses, or cleaning up debris in an area that has been declared a federal landslide disaster area.

HB 1055 EXEMPTING CERTAIN LEASEHOLD INTERESTS -- \$26,000 GENERAL FUND REVENUE INCREASE

Under HB 1055, leases of public land consisting of at least 3,000 residential lots are exempt from the leasehold excise tax and are subject to the property tax. This applies to the lot only. Currently, this would only apply to the Lake Cushman Development.

HB 1116 TAX EXEMPTIONS FOR SALE OR USE OF ORTHOTIC DEVICES -- \$61,000 GENERAL FUND REVENUE DECREASE

Under HB 1116, orthotic devices prescribed by physicians are exempt from sales tax.

SHB 1119 TAXATION OF MOTOR VEHICLE SALES -- \$1.164 MILLION GENERAL FUND REVENUE INCREASE

In SHB 1119, auto dealers, licensed in Washington or another state, are exempt from the business and occupation (B&O) tax on wholesale sales of used motor vehicles to dealers at auto auctions. New car dealers are exempt from the B&O tax on inter-dealer sales of new vehicles for the purpose of adjusting inventory levels. In-state dealers that make courtesy deliveries of new vehicles on behalf of out-of-state vehicle dealers are deemed to be agents of the out-of-state dealers and must collect the B&O tax.

SHB 1125 LIMITING THE COMBINED SALES TAX RATE ON LODGING -- NO GENERAL FUND REVENUE IMPACT

SHB 1125 requires local sales taxes to provide an exemption for lodging if the total sales tax rate would exceed the greater of 12 percent or the total sales rate in effect on December 1, 2000.

SHB 1140 GRAIN WAREHOUSES -- \$5,000 GENERAL FUND REVENUE DECREASE

Under SHB 1140, grain warehouses are given the option for cash accounting.

SHB 1202 PROPERTY TAX ADMINISTRATION -- NO GENERAL FUND REVENUE IMPACT

SHB 1202 makes procedures consistent for appeals of county assessor decisions.

SHB 1203 SALES TAX EXEMPTION DOCUMENTATION -- NO GENERAL FUND REVENUE IMPACT

Under SHB 1203, the Department of Revenue is authorized to enter into agreements for electronic sales tax exemption certificates.

SHB 1339 EQUITY IN THE TAXATION OF FARMERS -- \$14,000 GENERAL FUND REVENUE DECREASE

SHB 1339 modifies business and occupation tax provisions for farmers to eliminate an overlap with provisions for extractors and manufacturers.

HB 1361 SIMPLIFYING EXCISE TAX APPLICATION AND ADMINISTRATION -- NO GENERAL FUND REVENUE IMPACT

Under HB 1361, miscellaneous excise tax housekeeping changes are made.

HB 1385 LINEN AND UNIFORM SUPPLY SERVICES -- \$1.377 MILLION GENERAL FUND INCREASE

Under HB 1385, state and local sales taxation of linen and uniform supply services is changed from the location of the laundering activity to the place of delivery to the customer.

ESHB 1418 TAX INCREMENT FINANCING -- NO GENERAL FUND REVENUE IMPACT

Under ESHB 1418, portions of regular property tax levies are diverted from local governments that imposed the taxes and distributed to the government that financed community revitalization facilities and programs.

2SHB 1445 LINKED DEPOSIT PROGRAM -- \$518,000 GENERAL FUND REVENUE DECREASE

2SHB 1445 retains the linked deposit program.

SHB 1450 PROPERTY TAX RELIEF FOR CERTAIN LAND TRANSFERS -- \$91,000 GENERAL FUND REVENUE DECREASE

Under SHB 1450, back taxes on property removed from a current use valuation program are not due when property is sold or transferred within two years of the death of an owner of at least 50 percent interest in the property if the property has been in current use programs continuously since 1993.

SHB 1467 IMPROVING PROPERTY TAX ADMINISTRATION BY CORRECTING TERMINOLOGY AND DELETING OBSOLETE PROVISIONS -- NO GENERAL FUND REVENUE IMPACT

Under SHB 1467, miscellaneous property tax housekeeping changes are made.

HB 1582 EXEMPTING CERTAIN MOTORCYCLES USED FOR TRAINING FROM THE USE TAX -- NO GENERAL FUND REVENUE IMPACT

HB 1582 provides an exemption from the use tax for motorcycles that are loaned to the Department of Licensing or to persons contracting with the department for use in the motorcycle operator training and education program.

HB 1706 AUTHORIZING THE DEPARTMENT OF REVENUE TO ISSUE DIRECT PAY PERMITS -- NO GENERAL FUND REVENUE IMPACT

Under HB 1706, the department of revenue may grant a direct pay permit to a taxpayer required to use electronic funds transfer in paying taxes or making taxable purchases over \$10 million per year.

ESHB 1832 WATER RESOURCE MANAGEMENT -- \$895,000 GENERAL FUND REVENUE DECREASE

ESHB 1832 modifies provisions concerning water management, including a public utility tax deduction for 75% of water conservation expenditures.

HB 1859 ELECTRIC GENERATING FACILITIES -- \$312,000 GENERAL FUND REVENUE DECREASE

HB 1859 exempts electric generating facilities using wind, solar energy, landfill gas, or fuel cells from sales and use taxes.

SHB 1915 WINE AND CIDER PROVISIONS -- \$20,000 GENERAL FUND REVENUE INCREASE

SHB 1915 continues the wine tax that funds a portion of the Washington Wine Commission activities.

ESHB 2138 RURAL ECONOMIC DEVELOPMENT -- \$3.403 MILLION GENERAL FUND REVENUE DECREASE

Under ESHB 2138, the B&O tax rate on manufacturing dairy products and by-products, or selling the same to a purchaser who transports the products out of state, is reduced from 0.484% to 0.138%. Sales and use exemptions are provided for sales to farmers of propane or natural gas used to heat structures that house chickens and bedding materials for chickens, such as wood shavings, straw, and similar materials.

SHB 2184 PARK MODEL TRAILERS -- \$350,000 GENERAL FUND REVENUE DECREASE

Under SHB 2184, sales of used park model trailers that are fixed in location are made subject to the real estate excise tax rather than the sales and use tax.

ESHB 2191 PROPERTY TAX EXEMPTIONS FOR PROPERTY LEASED BY PUBLIC ENTITIES -- NO GENERAL FUND REVENUE IMPACT

Under ESHB 2191, real and personal property owned by nonprofit foundations of institutions of higher education that is leased to an institution of higher education is exempt from property tax if actively used by enrolled students. Real and personal property leased to a hospital owned by public hospital district is exempt from property tax.

EHB 2247 MANAGING ENERGY SUPPLY AND DEMAND -- \$8.248 MILLION GENERAL FUND REVENUE DECREASE

A number of significant energy related tax and regulatory changes are made in HB 2247. The threshold for siting new stationary thermal power plants through the Energy Facility Site Evaluation Counsel is raised from 250 megawatts to 350 megawatts. Tax credits and deferrals

are provided to direct service industries customers who currently purchase electricity from the Bonneville Power Administration. A credit is available against the public utility tax due from gas and electric utilities for qualifying contributions and billing discounts offered to qualifying low-income customers. The concept of energy management systems is introduced into the development of life cycle cost analysis for the construction or renovation of major public buildings. A sales and use tax exemption is created for the installation or acquisition of air pollution control equipment for thermal electric peaking plants smaller than 100 megawatts. Electric utilities (other than small electric utilities) must offer their consumers, at least quarterly, a voluntary choice to purchase electricity generated from alternative energy resources.

HB 2098 VERY LOW-INCOME PROPERTY TAX EXEMPTION -- NO GENERAL FUND REVENUE IMPACT

HB 2098 makes administrative changes to the exemption program for very low-income property including adding mobile home parks to the property tax exemption for very low-income housing.

EHB 2260 GROCERY DISTRIBUTION COOPS -- NO GENERAL FUND REVENUE IMPACT

Under EHB 2260, certain grocery distribution cooperatives are taxed under the B&O tax at 1.5% on sales to their customer-owners rather than at 0.484%. A deduction is allowed equal to the cost of goods sold. In addition, grocery distribution cooperatives are exempt from the litter tax

SSB 5101 CONSUMER PROTECTION -- \$605,000 GENERAL FUND REVENUE INCREASE

SSB 5101 protects consumers in contractor transactions.

SB 5108 SHORT ROTATION HARDWOODS -- NO GENERAL FUND REVENUE IMPACT

Modifying provisions relating to the growing of short-rotation hardwood trees on agricultural land.

SSB 5237 PROVIDING FAIR FUNDING -- \$4.0 MILLION GENERAL FUND REVENUE DECREASE

Beginning with fiscal year 2002, \$2 million per year is transferred from the general fund into the fair fund.

ESSB 5372 AUTHORIZING COOPERATIVE AGREEMENTS CONCERNING THE TAXATION OF CIGARETTE SALES ON INDIAN LANDS -- \$155,000 GENERAL FUND REVENUE DECREASE

ESSB 5372 allows the Governor to make cigarette tax contracts with Indian tribes concerning sales of cigarettes. The tribal cigarette tax rate must be equal to 100 percent of the state cigarette and sales tax rates after phase-in period.

SSB 5484 SALES TAX EXEMPTION FOR CONIFER SEED -- \$58,000 GENERAL FUND REVENUE DECREASE

Under SSB 5484, sales and use tax exemptions are provided for sales of conifer seed that is placed into freezer storage by the seller and used to grow timber outside Washington or sold to an Indian tribe for growing timber in Indian country.

SSB 5496 ANIMAL HEALTH PRODUCTS -- \$2.206 MILLION GENERAL FUND REVENUE DECREASE

SSB 5496 provides sales & use tax exemptions for sales to farmers or veterinarians of animal pharmaceuticals approved by the U.S. Department of Agriculture or by the U.S. Food & Drug Administration if administered to an animal raised by a farmer for sale.

SSB 5702 FOREST LANDS TAXATION -- NO GENERAL FUND REVENUE IMPACT

SSB 5702 simplifies administration and harmonizes current use taxation of forestland.

2SSB 5947 DAIRY NUTRIENTS -- \$408,000 GENERAL FUND REVENUE DECREASE

2SSB 5947 provides sales and use tax exemptions for the maintenance and repair of dairy nutrient management equipment and facilities. Sales and use tax exemptions are provided for the purchase, construction, and repair of an anaerobic digester used primarily to treat dairy manure.

SJM 8008 REQUESTING A JOINT OREGON-WASHINGTON COMMITTEE ON TAXATION BE ESTABLISHED -- NO GENERAL FUND REVENUE IMPACT

Under SJM 8008, the Governor and Legislature of Oregon are asked to establish a joint committee on taxation, consisting of an equal number of legislators from both states, to study the issue of tax fairness for residents residing in one state who are employed, conduct business, or make purchases in the other state.

BUDGET DRIVEN REVENUE

DOR REVENUE ENHANCEMENT -- \$28 MILLION GENERAL FUND REVENUE INCREASE

The Department of Revenue will utilize the vehicle licensing system and automated collection system to improve collections of taxes due on recreational vehicles and vessels. DOR will increase enforcement of use tax collections through U.S. customs and will put a higher emphasis on tax discovery and high dollar accounts. Independent contractors will be hired to perform audits of businesses that conduct operations in Washington State but are located out-of-state.

FOREST DEVELOPMENT ACCOUNT -- \$2.5 MILLION GENERAL FUND REVENUE INCREASE

\$5 million in excess fund balance in the forest development account is distributed to forest board counties to be allocated according to the property tax formulas. Of this amount, approximately \$2.5 million is returned to the general fund via the distribution of property tax revenues.

Revenue Bills Passed Legislature

(Dollars in Thousands)

| Bill # | Description | 2001-03 |
|--------|--|-------------------|
| 2247 | Energy Package | (\$8,248) |
| 5237 | Providing fair funding | (4,000) |
| 2138 | Rural economic development | (3,403) |
| 5496 | Animal health products | (2,206) |
| 1832 | Water resources management | (895) |
| 1445 | Time certificate investment | (518) |
| 5947 | Dairy Nutrients | (408) |
| 2184 | Park model trailers | (350) |
| 1859 | Electric generating facilities | (312) |
| 5372 | Tribal cigarette tax compact | (155) |
| 1450 | Property tax land transfer | (91) |
| 1116 | Orthotic devices | (60) |
| 5484 | Conifer seeds/tax exemption | (58) |
| 1018 | Disaster relief | (33) |
| 1339 | Taxation of farmers | (14) |
| 1140 | Grain warehouses | (5) |
| 1125 | Lodging combined sales tax | 0 |
| 1202 | Property tax administration | 0 |
| 1203 | Sales & use tax electronic certificates | 0 |
| 1361 | Excise tax administration | 0 |
| 1418 | Community revitalization tax increment | 0 |
| 1467 | Property tax administration | 0 |
| 1582 | Motorcycles training use tax | 0 |
| 1706 | Direct pay permits | 0 |
| 2098 | Property tax exemption (Very low-income housing) | 0 |
| 2191 | Property tax exempt leased property | 0 |
| 2260 | Grocery Distribution Cooperatives | 0 |
| 5108 | Short-rotation hardwoods taxation | 0 |
| 5702 | Forest lands/ taxation | 0 |
| 8008 | Oregon and WA committee on taxation | 0 |
| 1915 | Wine and cider taxation | 20 |
| 1055 | Leasehold tax/Lake Cushman | 26 |
| 5101 | Consumer/contractors | 605 |
| 1119 | Moter vehicle sales | 1,164 |
| 1385 | Linen and uniform supply | <u>1,377</u> |
| | TOTAL | (\$17,564) |

2001-03 CAPITAL BUDGET

The Capital budget appropriates **\$879 million** in General Fund-State supported bonds for 2001-03. The Capital budget also provides authority for expenditure of \$1.8 billion in other funds including \$441 million in common school funds, \$230 million in Public Works Trust Fund, \$219 million of federal funds, \$98 million of higher education building fees, \$108 million of the education construction fund, \$65 million of the Water Quality Account, \$168 million of the state and federal Water Pollution Control funds, \$52 million of the Local Toxic Account and \$20 million of the Drinking Water Assistance Account. The current estimate of state bond capital spending for the next three biennium is shown below.

General Fund Bond 6-Year Capital Appropriations Plan Dollars in Millions

| | |
|---------|-------|
| 2001-03 | \$879 |
| 2003-05 | \$926 |
| 2005-07 | \$965 |

LONG RANGE PLANNING -- THE PRIORITIES

The nature of capital construction and debt financing requires a long range capital planning. The 6-year plan provides a guideline for future expenditures that matches projected resources. The budget emphasizes **Education, Low-Income Housing and Natural Resources** and provides pre-design and design funding to ensure those areas continue to receive adequate resources in the future.

K-12 EDUCATION -- \$441 MILLION

The budget provides \$441 million in new appropriations for K-12 construction. \$231 million is provided through state general fund resources including the Education Construction Account (\$55 million), the Education Savings Account (\$36 million), and the State Bonds through the Trustland Transfer Program (\$40 million).

The budget fully funds the projected need for K-12 construction by providing \$395 million for construction grants. This amount anticipates an increase in eligible projects due to recent local bond passages. An additional \$8 million is provided in the construction grant program as an incentive for full-day Kindergarten. \$5.4 million is provided for capital improvements and instructional equipment at Skill Centers to update vocational and technical education at the secondary school level.

HIGHER EDUCATION -- \$414 MILLION STATE BONDS, \$237 MILLION OTHER FUNDS

The budget reprioritizes funds to place increased emphasis on Community Colleges for new facilities as well as renovations and repairs. \$263 million is provided to the Community Colleges for 2001-03. This increased funding level is maintained in future biennium by accelerating the

design schedule for major projects

The State Technology Institute at the UW- Tacoma branch campus is supported with \$550,000 for equipment matching funds. \$1.5 million is provided to construct and equip a computer science instruction lab at South Puget Sound, Olympic, and Highline Community Colleges. The capital funds for the 2-year public partners is intended increase the number of associate degree students ready for transfer to the State Technology Institute.

Other major construction initiatives are continuing at branch campuses including UW-Tacoma (\$42 million) and WSU-Vancouver (\$17.4 million). Expansion and renovation projects at all 4-year institutions equal \$227 from state bond funds. Capital funding for UW Merrill Hall arson fire replacement is found both in the capital budget (\$3 million) and operating budget (\$1.1 million).

RECREATION AND NATURAL RESOURCES -- \$195 MILLION STATE BONDS, \$422 MILLION OTHER

State Parks receive \$38 million in total funds including \$10 million for facility preservation, \$4.5 million for park roadway improvements, trails and historic facilities and funding for specific park improvements at Lewis and Clark Bicentennial (\$2 million), Cama Beach (\$4 million), Fort Worden (\$6.5 million), and Fort Canby (\$5.7 million).

\$28 million of state bond funds and over \$70 million in federal funds are provided for salmon recovery activities, hatchery management and facilities improvements. Funding provided for recreation and conservation includes \$45 million for the Washington Wildlife and Recreation Program. Forestlands are protected by providing \$50 million for the Trustland Transfer Program

LOW INCOME HOUSING ASSISTANCE -- \$73 MILLION STATE BONDS, \$5 MILLION OTHER

The Capital budget provides \$60 million of State Bonds and \$5 million of Housing Assistance Account funds for the Housing Assistance, Weatherization and Affordable Housing Program. This program includes \$5 million for developmentally disabled housing, \$2 million for self-help housing, and \$1 million for housing for victims of domestic violence. Additional state bond funding of \$8 million is provided for farm worker housing and \$5 million for housing homeless families with children.

PROJECT LISTS

The Capital budget is comprised of hundreds of separately identified projects. A list of these projects may be found in the Agency Capital Project Summary (separate handout). There are also a number of categorical grant and acquisition programs within the capital budget including the Washington Wildlife and Recreation Program, the Trustland Transfer Program, Aquatic Lands Enhancement Grant Program, Building for the Arts, Community Services Facilities Program and Heritage Program. These lists may be found as appendices to the Agency Capital Project Summary.