



2010 Supplemental Operating Budget

Summary of Proposed Striking Amendment (H-5863.1/10) to ESSB 6444

April 12, 2010

2010 Supplemental Budget Summary

Budget Context

In 2009, the Legislature faced a three year budget shortfall of approximately \$9 billion. In April 2009, the Legislature addressed that shortfall in adopting the 2009 Supplemental and 2009-11 biennial budgets. Steps taken included budget reductions (over \$4 billion) and the receipt of additional federal funds (\$3 billion), as well as transferring other funds into the state general fund and using funding in the budget stabilization account.

When adopted, the 2009-11 biennial budget left \$739 million in total projected reserves (state general fund and budget stabilization account ending balances).

2010 Budget Shortfall

The four subsequent revenue forecasts for the state general fund have declined by a total of \$1.8 billion (including the impacts of revenue related litigation). Caseload and other mandatory costs have increased by \$652 million. Those increases have come primarily in state funded health care programs such as Medicaid and in K-12 education (including levy equalization legislation that was assumed in the 2009-11 budget but that was not enacted). Finally, litigation impacts, the cost of policy legislation proposed during the 2010 session, and other cost pressures resulted in an additional \$359 million in costs.

Altogether, this represents a \$2.8 billion shortfall compared to the budget enacted one year ago.

Proposed 2010 Budget Solution

In February, the Legislature enacted House Bill 2921 which reduced state spending by approximately \$45 million. That legislation also imposed restrictions on state agencies related to hiring, travel, personal services contracts and equipment.

This proposed budget assumes additional state general fund spending reductions of \$795 million (\$840 million when combined with the savings in House Bill 2921). A portion of this amount (\$113 m) occurs from shifting program costs from the state general fund to the newly created Opportunity Pathways Account. Reductions are made in virtually every area and agency of state government. There are also a number of actions that are anticipated to impact all agencies such as information technology and printing reforms, as well as temporary lay-offs and reductions to management costs.

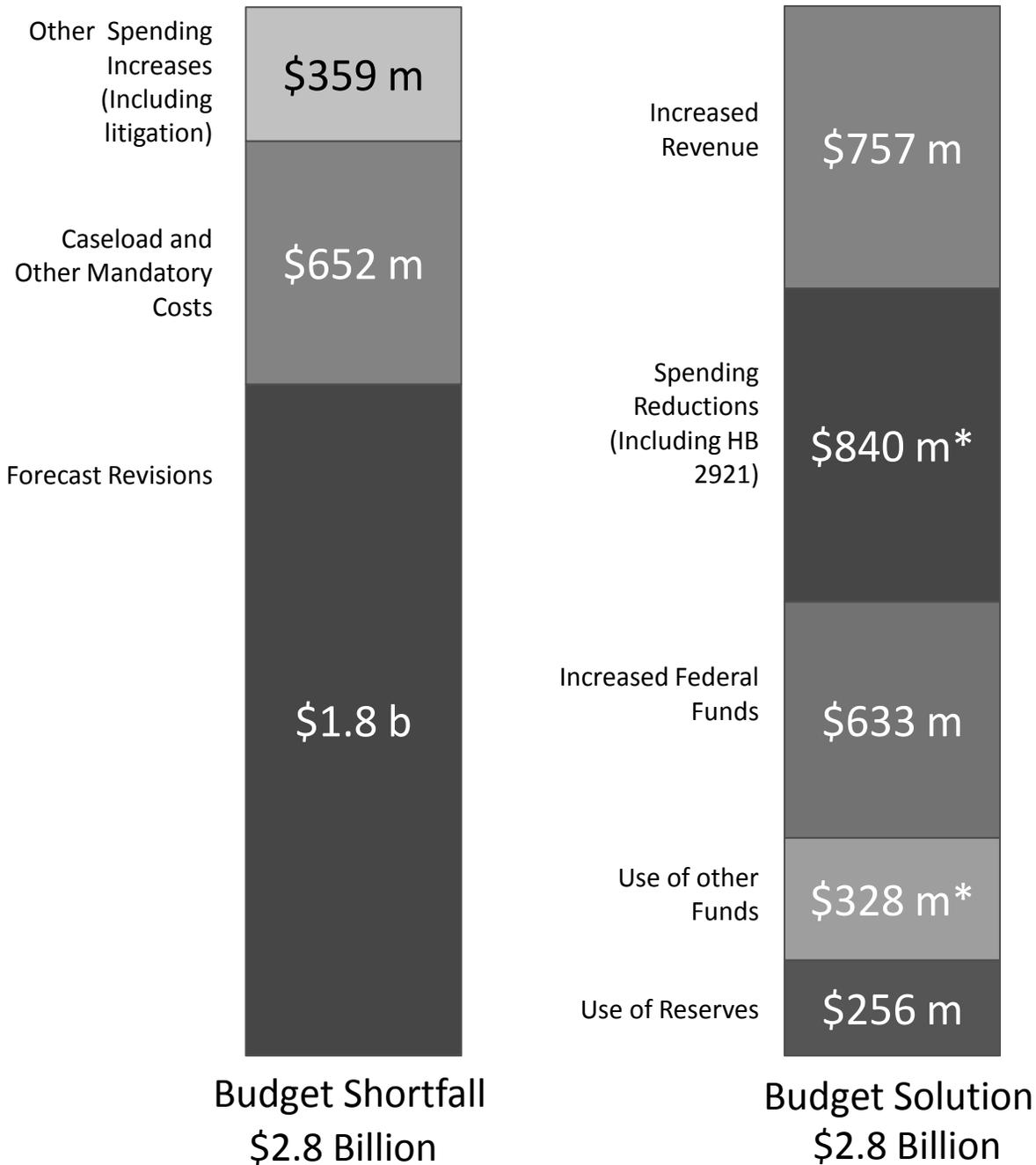
Also in February, the federal government announced it was revising an interpretation of how certain provisions of the American Recovery and Reinvestment Act (ARRA) were being applied to selected Medicaid expenditures (the Medicare Part D Clawback). This allowed \$87 million in federal funds to take the place state support. In addition, the budget proposal assumes that the ARRA provisions related to increased federal support

of state Medicaid programs (sometimes called the FMAP provisions) will be extended by six months (from December 31, 2010 to June 30, 2011). The proposed six month extension has been in various pieces of federal health care reform legislation, federal jobs legislation and is included in President Obama's pending budget request. If enacted by congress, this extension would allow \$480 million in federal funds to substitute for state support. The bill also assumes federal approval of a waiver allowing the state to utilize federal funds to refinance a portion of the Basic Health and Disability Lifeline programs. Taken together with spending reductions, these items would reduce state general fund expenditures in the current biennium by almost \$1.5 billion.

The proposed budget assumes revenue legislation with a net impact of \$757 million to the general fund, and also assumes that a net total of \$328 million would be transferred from several other accounts into the state general fund. (The net transfer number includes a \$102 m transfer from the state general fund pursuant to the creation of the opportunity Pathways Account.) A complete listing of those transfers is available on page 35. Finally, total reserves would be decreased by approximately \$256 million (including transferring the remaining balance of the budget stabilization account to the state general fund; which is assumed in separate legislation). Taken together, these items would increase state general fund resources in the current biennium by 1.35 billion.

The budget proposal leaves projected reserves of approximately \$482 million, all in the state general fund ending balance.

2010 Budget Shortfall and Proposed Solution (General Fund-State)



* Includes the impact of SSB 6409 (Opportunity Pathways Account). That bill contains a \$102m fund shift from the state general fund and allows \$113m in expenditures to be shifted from the state general fund to the Opportunity Pathways Account.

General Fund-State Balance Sheet
Proposed Striking Amendment to SB 6444
(Dollars in Millions)

	2009-11
Beginning Balance	189
 Revenue	
November Revenue Forecast	28,843
February Forecast Change	32
DOT Foods, Inc. v. Dept. of Revenue	(150)
Transfer to Budget Stabilization Account	(252)
2010 Revenue Legislation (Net Change)	757
Total Revenue	29,229
 Other Resource Changes	
Transfer of Related Fund Balances	89
Enacted Fund Transfers & Other Adjustments	829
Use Budget Stabilization Account	45
2010 Use Budget Stabilization Account	229
2010 Transfers To General Fund	436
2010 Transfers From General Fund	(108)
2010 Budget Driven Revenue & Other Changes	(1)
Other Resource Changes	1,520
Total Resources	30,938
 Spending	
Enacted Budget	30,918
2010 HB 2921	(45)
2010 Net Maintenance Level Change	652
2010 Net Policy Level Change	(1,068)
Total Spending	30,456
 Ending Balance & Reserves	
<i>Unrestricted Ending Fund Balance</i>	482
<i>Budget Stabilization Account Balance</i>	-
Total Reserves	482

2009-11 Revised Omnibus Operating Budget (2010 Supp)
House Floor Striker (April 12th)
NGF-S + Opportunity Pathways
(Dollars in Thousands)

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Additional Federal Resources

Stimulus FMAP Extension	-479,827
Medicare Part D Stimulus FMAP	-86,901
Lifeline Bridge Funding	-26,531
Basic Health Program Bridge	-13,000
BHP Bridge/Maintain Current Enrollment	-12,906
CHIPRA Bonus Payment	-7,461
Use Federal Funds for Food Stamp Admin	-4,740
Medicaid Match on PACT	<u>-1,299</u>
Additional Federal Resources Total	-632,665

K-12 Education

Student Achievement Program	-78,519
K-4 Staffing Levels	-30,000
Bus Depreciation	-22,090
Learning Improvement Day	-15,578
Grant Programs	-6,321
Other	-3,155
National Board Changes	-1,611
LASER	-1,184
Highly Capable Program	55
Other Increases	1,272
Juveniles in Adult Jails	1,747
Basic Education Legislation	5,075
Per Pupil Inflator	7,973
Levy Equalization	<u>21,808</u>
K-12 Education Total	-120,528

Higher Education

Institutional Reductions	-73,065
Small Grant and Loan Programs	-9,738
Work Study	-7,379
Other	-887
College Bound Scholarship	1,000
Other Increases	1,525
Aerospace Training	1,750
Worker Retraining - Opportunity Express	<u>18,556</u>
Higher Education Total	-68,238

Early Learning & Child Care

Single Parent Participation	-11,000
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Other	-944
Thrive by Five Changes	200
Other Increases	<u>221</u>
Early Learning & Child Care Total	-11,523

Health Care

Hospital Safety Net Assessment	-66,800
Universal Vaccination Savings	-8,250
Other	-7,811
HO Administrative Adjustment	-2,523
Reduce Dental Enhancements	-2,500
AIDS Related Programs	-1,370
Reduce Oral Health Program	-154
ProviderOne	209
Other Increases	506
Primary Care Pilot Projects	2,495
Family Planning Grants	3,000
Correcting Medical Asst Admin Base	16,839
FQHC: Encounter Rate Increase	<u>39,902</u>
Health Care Total	-26,457

Long Term Care, DD, and Mental Health

Nursing Home Rate Savings	-10,747
Other Mental Health Reductions	-6,053
Reduce IP/AP Hours	-5,111
Increase Residential License Fees	-3,024
Other Long-Term Care Reductions	-907
Reduce DD Institutional Funding	-890
Home Care Agency Reductions	-626
Other	-396
Eliminate Home Care Quality Authority	-221
Civil Detention & Commitment	60
RHC Transition Effort	200
Other Increases	620
DD Residential Services	1,041
DD Employment & Day	2,699
Restore Home Care Hours (Partial)	3,578
Adult Day Health (TRO + Revised)	8,094
Nursing Home Rates (WHCA v. Dreyfus)	<u>38,247</u>
Long Term Care, DD, and Mental Health Total	26,564

Corrections and Other Criminal Justice

DOC: Facility Openings/Closings	-46,081
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JRA: Facility/Capacity Related	-5,833
DOC: Reduce Work Release Capacity	-4,166
JRA: Reduce Institution Staffing	-3,899
JRA Administrative Staff Reduction	-3,742
Other	-2,744
CJTC Reductions	-2,595
JRA: Juvenile Court Reduction	-2,513
WSP: Eliminate Staff Positions	-1,810
Sentencing Changes	-1,182
Minimum Camp Capacity Reduction	-944
Youthful Offenders	-239
Other Increases	2,285
JRA: Reinstate Closure Funding	<u>12,000</u>
Corrections and Other Criminal Justice Total	-61,463

Security Lifeline (GAU/ADATSA)

Security Lifeline Act Medical	-15,869
Security Lifeline Act Cash	-12,317
Security Lifeline Act Drug Treatment	2,247
Lifeline Medical Caseload	22,248
Lifeline Managed Care	<u>23,892</u>
Security Lifeline (GAU/ADATSA) Total	20,201

Other Human Services

Other	-21,770
Other TANF Changes	-10,369
ESA: Reduction of Mandatory Workload	-6,416
Crime Victims Compensation	-3,473
Redistribution of Fed Tax Intercept	-3,015
Reduce Job Search	-2,363
BRS - Underexpenditure	-2,076
Supervised Visits	-1,045
Special Commitment Related	-878
Educational Advocacy Coordinators	-466
Council on Childrens/Family Policy Council	-300
Crisis Family Intervention	-287
Other Increases	1,491
Central Service Adjustment	16,148
Maintain TANF Program	<u>16,783</u>
Other Human Services Total	-18,036

Natural Resources

Other	-6,712
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Pollution Activities Fund Shift	-5,017
DNR: Use Dedicated Accounts	-5,000
Fish Program Fund Shift	-3,658
Parks: Use Dedicated Accounts	-1,200
Other Increases	488
Fire Suppression	<u>11,727</u>
Natural Resources Total	-9,372

All Other

Temporary Layoffs	-48,636
IT Reform	-30,000
Other	-11,739
Commerce: Local Government	-4,403
Criminal Records Fund Shift	-2,800
Commerce: Econ Development	-2,594
State Printer Efficiencies	-1,500
Judicial Reductions	-1,390
Community Mobilization	-1,000
Commerce: Community Services	-633
Use Small Agency Accounting	-191
Global Health Technology	1,000
Working Families	1,200
Implement Tax Administration Change	4,379
Other Increases	7,446
Health Insurance Funding	<u>64,979</u>
All Other Total	-25,882

Plus Maintenance Changes

Plus Maintenance Changes	659,658
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Grand Total

-267,742

K-12 EDUCATION & EARLY LEARNING

PUBLIC SCHOOLS

Student Achievement Program (-\$78.5 million General Fund-State)

The 2009-11 enacted budget includes allocations of \$99.32 for each FTE K-12 student in Washington State in the 2010-11 school year. This funding is eliminated in the 2010 supplemental budget.

School Levies (\$21.8 million General Fund-State)

Chapter 237, Laws of 2010 (SHB 2893) increases the levy lid by 4 percentage points and increases the levy equalization percentage from 12 to 14 percent. The legislation also extends the expiration deadline to December 2017 for allowing school district levy bases to include revenue that would have been received by districts if reductions had not been made to Initiative 728 and Initiative 732 funding. Additionally, the Kindergarten to 4th grade staffing enhancement funds in the levy base, regardless of whether funding for the enhancement is included in the budget. Appropriations for this item reflect the last six months of FY 2011.

Grade 4 Staffing Levels (-\$30.0 million General Fund-State)

The state allocation for teachers and other certificated instructional staff in grade 4 is reduced to approximately 47.4 staff per 1,000 students. The current allocation rate is 53.2 staff per 1,000 students.

K-12 Bus Depreciation (-\$22.1 million General Fund-State)

Savings is assumed for fiscal year 2011 by postponing sales tax payments for bus depreciation. The Office of the Superintendent of Public Instruction shall provide sufficient funds in the last year of a bus's expected life cycle to cover sales tax costs, rather than providing a portion of these funds to districts each year.

Learning Improvement Day (-\$15.7 million General Fund-State)

The 2009-11 base operating budget funds one learning improvement day for state-funded certified instructional staff. This funding is discontinued beginning in the 2010-11 school year.

Per-Pupil Inflation (\$7.9 million General Fund-State)

Funding is provided to fund the per-pupil inflation at 4 percent, rather than 1 percent. This item increases local effort assistance funds for districts, and will allow some districts to collect additional local funds previously approved by voters. Appropriations reflect the last six months of FY 2011.

K-12 Education Funding (\$2.5 million General Fund-State)

Funding is provided to develop the IT systems infrastructure to support the school funding formula provisions contained in Chapter 236, Laws of 2010 (ESHB 2776). The funding primarily supports the reprogramming for the pupil transportation and general apportionment funding formulas necessary to implement a new system of K-12 funding. The bill also lays out a phase-in schedule for funding enhancements to implement a new program of basic education for K-12 schools.

Education Reform (\$2.4 million)

Funding is provided for implementation of Chapter 235, Laws of 2010 (E2SSB 6696), regarding education reform. The bill implements policy changes in a number of areas impacting the K-12 school system, including school and school district accountability systems, educator preparation program policy, educator evaluation systems, academic standards, and parent and community involvement in schools.

DEPARTMENT OF EARLY LEARNING

Federal Funding Adjustment (\$3.9 million other funds)

Federal expenditure authority is increased due to additional Child Care and Development Fund dollars awarded to the Department.

HIGHER EDUCATION

FINANCIAL AID

Opportunity Pathways (-\$74 million General Fund-State, \$74 million Opportunity Pathways)

Appropriation levels are adjusted to reflect Engrossed Second Substitute Senate Bill 6409 (Opportunity pathways account). The bill provides that all profits from lottery games are to be used for student financial aid, early childhood education, and economic development. Funds from the new account replace state general fund support for the State Need Grant, the State Work Study Program, Washington Scholars, and WAVE higher education financial aid programs (as well as for the Early Childhood Education and Assistance Program at the Department of Early Learning).

State Work Study Program (-\$7.4 million General Fund-State)

Funding is reduced for the State Work Study program by approximately 30 percent for fiscal year 2011. The program provides assistance in the form of employment to students with financial need at both public and private higher education institutions. The Higher Education Coordinating Board is directed to achieve these savings by maintaining average student earnings at the current level rather than increasing them to keep pace with the estimated costs of attendance; increasing the required employer share of wages to approximately 50 percent for proprietary employers and to 30 percent for non-profits (from 35 percent and 20 percent now, respectively); and discontinuing non-resident student eligibility for the program.

Conditional Scholarship and Loan Programs (-\$5 million General Fund-State)

Funding is suspended for new awards for the Health Professionals Conditional Scholarship and Loan Repayment and the Future Teachers Conditional Scholarship and Loan Repayment programs for the 2010-11 academic year. As a result of these suspensions approximately 125 new applicants will no longer receive awards. Students currently receiving scholarships or loan repayments in either of these programs will continue to receive their awards.

Other Small Grant and Loan Programs (-\$4.3 million General Fund-State)

Funding is reduced for the following programs: Washington Scholars (-\$562 thousand), the Washington Award for Vocational Excellence (-\$308k), State Funded GEAR-UP (-\$500 thousand), and the Western Interstate Compact for Higher Education (WICHE) Professional Student Exchange (-\$210 thousand). Funding is eliminated in fiscal year 2011 for the Educational Opportunity Grant program (-\$2.6 million), Childcare Matching Grants to the public institutions (-\$75 thousand) and contributions to the Foster Care Scholarship Endowment (-\$75 thousand).

HIGHER EDUCATION INSTITUTIONS

Higher Education Institutional Reductions (-\$73 million General Fund-State)

General fund state support is reduced by approximately 6 percent from the level originally budgeted for fiscal year 2011 at both the public baccalaureate institutions and at the community and technical colleges. These savings will be achieved by reductions in administrative activities, student support services, and course offerings.

Opportunity Express Account (\$18.6 million)

Funding is transferred from the state general fund to the Opportunity Express Account created in Engrossed Second Substitute House Bill 2630. These funds are appropriated to the State Board for Community and Technical Colleges, of which \$17.6 million is provided for an additional 3,784 Worker Retraining slots that provide financial aid and other support services to jobless workers who need to change careers in order to re-enter the workforce and \$1 million is provided for Opportunity Grants which are grants to low-income adults to train for high-wage, high-demand careers.

Maintenance Fund Shift (Net \$0 General Fund-State)

Approximately \$27 million in facility maintenance costs are shifted between the general fund and selected building accounts in the Capital Budget. There is no net change to state general fund appropriated levels for this item.

Aerospace Training (\$1.8 million General Fund-State)

Funding is provided for the State Board for Community and Technical Colleges to contract with the Aerospace Training and Research Center on Paine Field in Everett, Washington to support industry-identified training in the aerospace sector.

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

ALCOHOL/SUBSTANCE ABUSE

Reduce County Administration Costs (-\$1.3 million General Fund-State)

State support for county administration expenses is reduced from ten percent to eight percent per year.

Reduce K-12 Prevention Funding (-\$1.0 million General Fund-State)

The Office of the Superintendent of Public Instruction (OSPI) receives \$970,000 in state funding each year for administrative costs and chemical dependency prevention grants for schools. This funding is eliminated. The OSPI will continue to receive \$4 million in federal funding for chemical dependency prevention grants.

Security Lifeline Act (\$2.2 million General Fund-State)

Lifeline clients cannot continue to receive benefits if they refuse without good cause to participate in needed chemical dependency treatment. Funding is provided for treatment for clients that decide to participate.

Stimulus FMAP Extension (-\$2.5 million General Fund-State; \$2.5 million other funds)

The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for all of FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50.00 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI-E federal match.

CHILDREN & FAMILY SERVICES

Supervised Visits (-\$1.0 million General Fund-State; -\$0.3 million other funds)

Funding is reduced for supervised visits. The Department of Children's Administration will revise supervised visit contracts and mileage reimbursements to achieve savings.

Administrative and Staff Reductions (-\$1.1 million General Fund-State; -\$0.4 million other funds)

Funding is reduced to reflect savings from the elimination of 20 FTEs from the DSHS Children's Administration. Filled case-carrying staff positions are not eliminated.

Stimulus FMAP Extension (-\$6.7 million General Fund-State; \$6.7 million other funds)

The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50.00 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI-E federal match.

Secure Crisis Residential Centers (-\$2.4 million General Fund-State, \$2.4 million Home Security Fund Account)

Funding is provided from the Home Security Account rather than the general fund.

LONG-TERM CARE AND DEVELOPMENTAL DISABILITIES

Increase License Fees (-\$3.0 million General Fund-State; -\$1.0 million other funds)

Beginning July 1, 2010, license fees for Boarding Homes (BH) and Nursing Homes (NH) are increased to cover the cost of providing licensure, regulatory, and re-inspection services.

The state is responsible for the licensing and regulatory activity for approximately 28,000 BH beds located in 547 facilities across Washington State. The annual licensing fee for BHs will be raised from \$79 per bed to \$106 per bed to cover those costs.

The state is responsible for the licensing and regulatory activity for just over 21,000 NH beds located in 258 facilities across Washington State. The annual licensing fee for NHs will be raised from \$275 per bed to \$327 per bed to cover those costs.

Medicaid Personal Care Reductions (-\$1.5 million General Fund-State; -\$2.5 million other funds)

Savings achieved are the net total of eliminating an hour add-on for laundry and meal preparation and partially restoring Medicaid personal care hours that were reduced in the 2009-11 Biennial Appropriations Act.

\$5.1 million in GF-S savings is achieved by using individual client assessments to allocate hours for laundry and meal preparation. Previously, clients were authorized the maximum number of hours available for these two services regardless of the level of available assistance from family or friends. Approximately 8,100 long-term care and developmental disabled clients will receive a reduction in authorized service hours. The average reduction is expected to be 8.4 hours. Clients whose individual assessments indicate a continued need for the maximum number of hours will continued to be authorized for those service hours.

The budget also restores \$3.5 million of the reduction to Medicaid personal care hours in the 2009-11 Biennial Appropriations Act.

DEVELOPMENTAL DISABILITIES

RHC Transition Effort (\$200, 000 General Fund-State)

Funding is provided for the Office of Financial Management to hire an independent consultant to determine the optimum residential setting for residential habilitation center clients, including the option to remain in a Residential Habilitation Center. The resulting report is due to the Legislature on December 1, 2010.

DD Expanded Community Residential (\$1.0 million General Fund-State; \$1.5 million other funds)

Funding is provided for residential services and support for 24 people with developmental disabilities that will be aging out of other DSHS programs such as the Juvenile Rehabilitation Administration and Children's Administration and have no other living arrangements.

DD Community Protection Residential (\$0.9 million General Fund-State; \$1.3 million other funds)

Funding is provided for residential services, employment services, specialized therapies, and intensive case management and supports for 13 new clients who meet the eligibility criteria for community protection services.

Utilization of Residential Services (-\$1.8 million General Fund-State; \$1.0 million other funds)

This item captures savings and costs associated with services in Adult Supported Living, Child Supported Living, Group Homes, Community protection, and Community Intermediate Care Facilities for the mentally Retarded. Savings are achieved in Fiscal year 2010 by holding vacancies open. Funding is provided in Fiscal year 2011 to cover costs associated with expected caseload growth.

Employment and Day to Waiver (\$1.1 million General Fund-State; \$1.8 million other funds)

Funding is provided for supported employment and other services for a total of 629 clients of the Division of Developmental Disabilities who graduate from high school during the 2009-11 biennium.

Employment and Day (Transition) (\$1.7 million General Fund-State)

Funding is provided for supported employment services for 629 individuals who are expected to graduate from high school during the 2009-11 biennium. No funding was provided for this in the biennial budget. Employment and day services include job search and job supports for paid employment. Services are provided at an average per client funding level of \$515 per month.

Reduce Institutional Funding (-\$0.9 million General Fund-State; -\$1.6million other funds)

Savings are achieved through the implementation of efficiency measures at the state's Residential Habilitation Centers. Measures include cottage consolidation, changing maintenance schedules, reduced adult training programs, and reductions in services such as dental care.

Employment Partnership (-\$0.8 million General Fund-State; -\$1.0 million other funds)

The Jobs by 21 Partnership provides project awards to counties to improve employment outcomes for individuals with developmental disabilities. Funding for the Partnership will be reduced by 75 percent in FY 2010 and eliminated in FY 2011.

Stimulus FMAP Extension (-\$56.8 million General Fund-State; \$56.8 million other funds)

The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50.00 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI E federal match.

LONG-TERM CARE

WHCA vs Dreyfus (\$38.5 million General Fund-State; \$62.3 million other funds)

The 2009 Legislature reduced the Medicaid payment rates for Nursing Homes by 4 percent from the FY 2009 funded levels. A court decision in *Washington Health Care Association v. Dreyfus* blocked the implementation of this rate reduction.

Nursing Home Rates (-\$9.9 million General Fund-State; -\$16.0 million other funds)

Several reductions are made to nursing home rate components.

Minimum occupancy in the operating, finance, and property components is raised from 90 percent to 95 percent for non-essential nursing facilities. Non essential nursing facilities will remain at 85 percent minimum occupancy. Facilities with fewer than 60 beds will continue to be held at 90 percent minimum occupancy. Minimum occupancy in support services, therapy care, and direct care components remains unchanged.

Approximately 20 facilities will no longer be able to reduce the effects of minimum occupancy through bed banking (temporarily reducing the number of patient beds for which they are licensed).

The allowable return on investment in the finance component is reduced from 8.5 percent to 4.0 percent on the net book value of a facility's tangible assets acquired on or after May 17, 1999.

The variable return component is eliminated which provided flexible funding to low cost facilities regardless of the individual facility's level of efficiency or quality of care.

The average level of case mix for Medicaid clients in Washington will be adjusted once every 6 months rather than on a quarterly basis. The facility's average case mix index will continue to get updated when rates are re-based.

Effective July 1, 2010, and thereafter, a retention incentive is created. The total nursing home rate is reduced by 1 percent for those facilities with direct care staff turnover above 75 percent as reported on the previous year's annual cost reports submitted to the department. The retention incentive funding that is returned to the state will be redistributed as a supplemental performance payment for the facilities that keep their direct care staff turnover at or below 75 percent.

Adult Day Health (\$8.1 million General Fund-State; \$11.4 million other funds)

The 2009 Legislature eliminated adult day health services for clients living in residential settings in the 2009-11 biennial budget; however, \$6.7 million in GF-S savings has not been realized due to a lawsuit. A court decision in *Ryan v. Dreyfus* blocked the 2009-11 decision to only offer adult day health services to in-home clients. All clients who were previously denied services were reinstated by December 2009. As of January 1, 2010, Adult Day Health moved to a 1915(i) Medicaid state plan option and enrollment was capped. An additional \$1.4 million GF-S is also provided to partially restore new enrollment levels.

Stimulus FMAP Extension (-\$90.4 million General Fund-State; \$90.4 million other funds)

The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50.00 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI E federal match.

MENTAL HEALTH

State Psychiatric Hospitals (-\$6.1 Million General Fund-State)

The State psychiatric hospitals will identify and implement efficiencies in their operations to cover the January 2010 increases in workers' compensation costs which increased by an average of 8 percent in January. In addition, 24.5 administrative and indirect care FTEs and 7.0 vacant direct care positions are eliminated.

Program for Assertive Community Treatment (PACT) (-1.3 Million General Fund-State)

PACT teams provide evidence-based, intensive, and multi-disciplinary community mental health services to individuals that have a demonstrated risk of repeated and long-term psychiatric hospitalization. The department will implement strategies by January 2011 to incorporate most of the PACT services into Medicaid managed care rates, while maintaining service quality and consistency with evidence-based practice.

Stimulus FMAP Extension (-\$27.1 million General Fund-State; \$27.1 million other funds)

The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50.00 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI E federal match.

ECONOMIC SERVICES ADMINISTRATION

Administrative and Staff Reductions (-\$5.7 million General Fund-State; -\$3.8 million other funds)

Funding for administrative costs within the Economic Services Administration is reduced. This reduction will result in consolidation of some office functions.

Reduction of Mandatory Workload (-\$6.4 million General Fund-State; -\$5.2 million other funds)

This item eliminates funding for anticipated workload expenses. The item does not eliminate current staff, but eliminates funding that would have been provided for increased staff work due to caseload growth.

Career Services for Non-WorkFirst (-\$3.6 million General Fund-State)

Savings are assumed through elimination of career services provided to non-WorkFirst food stamp recipients. Funding had been provided for up to 600 cases per month at \$500 per case that were receiving food stamps, but who were not on the TANF caseload.

Security Lifeline Act (-\$12.3 million General Fund-State; \$3.7 million other funds)

Funding and staff are provided to implement Second Substitute House Bill 2782 (Security Lifeline Act). The Department of Social and Health Services will sponsor the planning process for creating a user-friendly electronic Opportunity Portal to allow Washington residents to access a broad array of benefits. The Department will, through performance based contracts, expedite the transition of individuals that are likely to be eligible for federal benefits to the Disability Lifeline Expedited Program. Caseloads are expected to decrease because an individual cannot continue to receive Disability Lifeline benefits if he or she refuses, without good cause, to participate in needed chemical dependency treatment. This legislation specifies that lifetime benefits will be capped at a maximum of 24 months in a 60 month period starting September 1, 2010 to June 30, 2013. Savings in this item assume elimination of the Administrative Review Team (ART) process. The ART teams review client cases that have not been approved for assistance through to standard process, and are the last opportunity for a client to receive benefits.

Single Parent Participation (-\$11.0 million General Fund-State)

Reduces demand for the Working Connections Child Care program by allowing single parents with children under the age of six to meet federal participation requirements of 20 hours per week, rather than the state requirement of 32 hours per week.

Reduce Job Search (-\$2.36 million General Fund-State)

Funding for WorkFirst job search activities is reduced for FY 2011.

Suspend Community Works Program (-\$5.5 million General Fund-State)

Funding for all Community Works programs, except for Community Jobs, within the WorkFirst program are suspended for fiscal year 2011.

Maintain TANF Program (\$16.8 million General Fund-State; \$62 million other funds)

State and federal funding is provided to maintain TANF services through January 2011. The funding assumes no other expenditure reductions other than those in the budget will occur as a result of the new funding. The federal funding assumes passage of pending federal legislation that would allocate additional emergency TANF funds in FY 2011. The Department of Social and Health Services estimates the state could receive \$62 million in state FY 2011.

JUVENILE REHABILITATION

JRA Administrative Staff Reduction (-\$3.7 million General Fund-State)

Funding for JRA regional and headquarters staffing is reduced.

Reinstate Closure Funding (\$12.0 million General Fund-State)

The 2009-11 budget included a study to develop a plan to close 235 beds in juvenile institutions and a commensurate reduction in funding. The Legislature has not closed a Juvenile Rehabilitation Administration (JRA) institution; as a result, the funding that was reduced is reinstated.

Reduce Institution Staffing (-\$3.9 million General Fund-State)

The number of JRA administrative staff in the institutions is reduced.

Juvenile Court Reduction (-\$2.5 million General Fund-State)

County pass-through funding for the juvenile courts is reduced by 10 percent, effective April 1, 2010. The reduction is in non-evidence based, non-sex offender disposition alternative funding.

Close Maple Lane School (-\$5.8 million General Fund-State; -0.9 million other funds)

Maple Lane School (MLS) is assumed to be closed by June 30, 2013. Phased reduction and reallocation of capacity from MLS is assumed to be as follows: be at 70 percent of capacity in FY 2011, 40 percent in FY 2012, and 20 percent in FY 2013. Funding from the State Efficiency and Reorganization Account is provided to offset General Fund-State expenditures through the remainder of the biennium, effectively recognizing closure savings immediately. Repayment is anticipated to be made over 8 years from ongoing closure savings.

MEDICAL ASSISTANCE

Hospital Safety Net Assessment (-\$66.8 million General Fund-State; \$515.5 million other funds)

Engrossed Second Substitute House Bill 2956 (hospital safety net assessment) establishes an assessment on hospitals that is placed in a new fund called the Hospital Safety Net Assessment Fund, increases payment rates for hospitals, and restores Small Rural Disproportionate Share Hospital payments to 120 percent of their 2009 levels. The state will use approximately \$66.8 million from the Hospital Safety Net Assessment Fund in lieu of General Fund-State hospital payments.

Dental Reductions (-\$2.5 million General Fund-State, -\$3.8 million other funds)

The Department will reduce dental expenditures by focusing reductions on the fastest growing cost areas of dental care. Reductions in preventive care and particularly preventive care for children will be avoided if possible.

Lifeline Medical Care Services (\$3.7 million General Fund-State; \$32 million other funds)

The Lifeline medical care services program was transitioned to managed care beginning in November, 2009, and funding is provided for Lifeline caseload growth. Lifeline clients can receive benefits for a maximum of 24 months in a 60 month period starting September 1, 2010 and ending June 30, 2013. Clients cannot continue to receive Lifeline benefits if they refuse, without good cause, to participate in needed chemical dependency treatment. The Administrative Review Team process is eliminated. DSHS will work with the managed care organization that provides Lifeline health care benefits to transition persons receiving Lifeline benefits to Lifeline Expedited and federal benefits. The Legislature anticipates that federal health reform will allow DSHS to seek federal matching funds for individuals covered under the Lifeline Program starting in January, 2011.

Medical Assistance Administration (\$16.8 million General Fund-State; \$16.8 million other funds)

Administrative funding for the Medical Assistance program is increased to partially offset a \$20 million reduction in the biennial budget. Remaining administrative reductions will be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect providers, direct client services, or direct service delivery or programs. The Department will seek to mitigate impacts related to cost recovery and cost avoidance, prior authorizations, claims backlogs, and hold times or unanswered calls from clients and providers. Specifically, the Department will maintain employer-sponsored insurance program staff, coordination of benefits unit staff, the payment integrity team, and family planning nursing.

ProviderOne Implementation (\$19.4 million other funds)

Funding is provided for the continued implementation of ProviderOne, the system scheduled to replace the Medicaid Management Information System (MMIS) as the Department's primary payment system. When fully operational, the system will pay more than 100,000 providers, support the delivery of services to more than one million clients, and manage roughly \$4 billion per year in Medicaid and other payments. Additional federal expenditure authority and transfers of state and federal funding from state FY 2010 to state FY 2011 are provided. The additional authority will support an expanded test environment and supporting services for providers, including a live ProviderOne help desk for a period of six months beginning January 1, 2010.

Federally Qualified Health Center Alternative Payment Method (\$39.9 million General Fund-State; \$55.4 million other funds)

Federally Qualified Health Centers (FQHCs) are paid for the full cost of providing services to Medicaid clients. FQHCs are paid per encounter instead of per service. An alternative payment methodology has been developed to determine FQHC costs per encounter. This new method was implemented July 1, 2009 and made retroactive to January 1, 2009.

Professional Services Supplemental Payment Programs (\$60 million other funds)

Starting retroactively July 1, 2009, the Department of Social and Health Services will implement the professional services supplemental payment program for University of Washington (UW) Medicine professional providers. The program will increase rates to the Average Commercial Rate to maximize allowable payment levels under the Medicare Upper Payment Limit (UPL). UW Medicine is responsible for providing the local match required to obtain federal matching funds for supplemental payments made under the Medicare UPL. The Department will also expand this program to include Valley Medical Center and Olympic Medical Center professional providers.

CHIPRA Bonus Payment (-\$7.5 million General Fund-State; \$7.5 million other funds)

The Centers for Medicare and Medicaid Services provided a one-time performance bonus payment for federal FY 2009 under the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) that is used to offset state spending.

Medicare Part D Stimulus FMAP (-\$86.9 million General Fund-State)

The federal government reversed its decision not to apply the increased federal medical assistance percentage (FMAP) in the American Recovery and Reinvestment Act of 2009 to the reimbursement paid by the state to the federal government for Medicare Part D coverage for prescription drugs.

Stimulus FMAP Extension (-\$295.7 million General Fund-State; \$281.0 million other funds)

The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50.00 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI-E federal match.

VOCATIONAL REHABILITATION

State Match for Federal VR Grant (\$20.0 million other funds)

Funds from the Telecommunications Devices for the Hearing and Speech Impaired Account are provided to meet the state's maintenance of effort requirements to continue to receive full Department of Education vocational rehabilitation grants. This is expected to increase the Telecommunications Relay Service excise tax from \$0.11 to the statutory maximum of \$0.19.

OTHER HEALTH CARE

DEPARTMENT OF HEALTH

Family Planning Grants (\$3.0 million General Fund-State)

During the 2007-09 biennium, funding was provided to the Department of Health to support family planning clinics to increase capacity for non-DSHS eligible clients by adding more clients as well as adding coverage for sexually-transmitted disease testing. The 2009-11 operating budget decreases annual funding by 10 percent in FY 2010 and 70 percent in FY 2011. Funding is restored to FY 2010 levels as of July 1, 2010.

Reduce AIDS Funding (-\$1.0 million General Fund-State)

The Department is to discontinue the services of the regional AIDS networks and contract directly for AIDS prevention services under HB 2360. The Department is to manage this reduction primarily through efficiencies and reductions in administration, minimizing reductions to direct services to clients with HIV/AIDS and preventive work.

Washington Vaccine Association (\$52.2 million other funds)

Second Substitute House Bill 2551 establishes the Washington Vaccine Association to facilitate the purchase of childhood vaccines among health carriers and third party administrators. Members of the Association pay assessments for the purchase of childhood vaccines that allow for Washington to maintain its status as a Universal Vaccine Purchase state.

HEALTH CARE AUTHORITY

Basic Health Program Bridge (-\$13.0 million General Fund-State; \$13.0 million other funds)

The Basic Health Plan (BHP) is a health care program that provides approximately 69,000 low-income Washington residents with a state subsidy to assist with the cost of premiums. State savings are achieved through a Section 1115 Waiver from the federal Centers for Medicare and Medicaid Services (CMS) which will allow BHP enrollees under 133 percent of the Federal Poverty Level to be eligible for federal Medicaid matching funds. Adjustments are made for increased premium contributions.

Maintain Current BHP Enrollment (-\$12.9 million General Fund-State; \$7.0 million other funds)

The cost of covering an additional 4,000 Basic Health Plan (BHP) enrollees above the 2009-11 enacted budget level of 65,000 is shifted from state to federal funds upon the anticipated approval of a federal Centers for Medicare and Medicaid Services Section 1115 waiver. If federal funding is not received then BHP enrollment will be reduced from 69,000 to 65,000 enrollees.

Primary Care Pilot Projects (\$2.5 million General Fund-State)

The Health Care Authority will provide grants to support two pilot projects to provide low-income residents with a full continuum of health care services that combines a primary care medical home with catastrophic insurance coverage. The pilot projects will be conducted in Spokane and Whatcome counties which will enroll 500 and 1,000 individuals, respectively. Enrollees must not be enrolled in the Basic Health Plan, nor be eligible for either medicaid or Medicare.

Health Information Exchange (\$3.4 million other funds)

Washington expects the award of a noncompetitive federal grant of \$11.3 million through the Health Information Technology for Economic and Clinical Health provisions of the American Recovery and Reinvestment Act (ARRA). An application has been submitted to the Office of the National Coordinator for development of a statewide health information technology plan. Additional federal expenditure authority is provided for the state's anticipated share of the federal grant.

PUBLIC SAFETY & THE JUDICIARY

DEPARTMENT OF CORRECTIONS

Summary of Major Facility Items in the Budget

The budget makes the following facilities related assumptions: McNeill Island is downsized and changed to a minimum security facility; Ahtanum View and Pine Lodge are closed; one unit at Larch is closed; and units at Coyote Ridge and Mission Creek are activated.

Reduce Work Release Capacity (-\$4.2 million General Fund-State)

Funding was previously provided to finance the acquisition and construction of additional work release capacity. This funding is reduced as additional work release capacity is not needed this biennium.

Restore Facility Closure Reduction (\$12 million General Fund-State)

The final recommendations of the facilities closure study directed in the 2009-11 budget were used as a base for developing a facilities closure implementation plan which generates savings through more efficient use of existing prison capacity. The 2009-11 budget for the Department of Corrections included a reduction of \$12 million for FY 2011 based on anticipated savings from implementation of a closure plan; this reduction is restored and other, more specific, actions are taken.

Parent Sentencing Alternative (-\$0.2 million General Fund-State)

Funding is reduced to reflect the creation of alternatives to incarceration for nonviolent offenders with minor children, pursuant to Second Substitute House Bill 3045 (confinement alternatives). The savings from this change are a reduction in the average daily population of 82 offenders, allowing the DOC to close a prison unit at a women's facility. Funding for community supervision is increased because of supplemental services that will be provided to offenders in lieu of a prison sentence. Caseload funding is increased for Medical Assistance in the Department of Social and Health Services (DSHS), and funding is provided to Children's Administration in the DSHS for the costs of providing reports to courts on offenders being considered for the sentencing alternative.

McNeil Island (-\$49.2 million General Fund-State; -\$34.5 million other funds)

McNeil Island Corrections Center is assumed to be converted to a minimum security facility and the inmate population is expected to be reduced from 1,249 to 256 in the 2009-11 biennium. Funding from the State Efficiency and Reorganization Account is provided to offset \$34 million in general fund-state expenditures through the remainder of the biennium, effectively recognizing these savings immediately. Repayment is anticipated to be made over 8 years (from ongoing savings).

Pine Lodge Closure (-\$7.2 million General Fund-State)

Funding is reduced to reflect closure of Pine Lodge Center for Women in Medical Lake.

Unit Closure at Larch (-\$3.0 million General Fund-State)

Funding is reduced to reflect closure of one unit at the Larch Corrections Center in Yacolt.

STATE PATROL

Criminal Records Fund Shift (-\$2.8 million General Fund-State; \$2.8 million other funds)

Funding is provided from the Fingerprint Identification Account rather than the General Fund-State for the Criminal History Section. The Criminal History Section is the state repository for fingerprint based criminal history information. \$2 million is for a one-time fund shift and \$800,000 is an ongoing fund shift.

Eliminate Staff Positions (-\$3.8 million General Fund-State)

Funding is reduced to reflect savings from eliminating 12 FTE positions across the various divisions within the State Patrol. Positions at the State Patrol Crime Lab are not eliminated.

OTHER HUMAN SERVICES

DEPARTMENT OF LABOR & INDUSTRIES

Crime Victims Compensation Adjustments

Implemented eligibility and benefit changes to the Crime Victims' Compensation program will allow the program to operate within its current biennial appropriation.

DEPARTMENT OF VETERANS AFFAIRS

Veteran Service Officers Contract (\$0.3 million other funds)

Funding is provided for the Veterans Affairs to contract with six additional veteran service officers to be located at the DSHS Community Service Offices to assist veterans in obtaining federal veterans benefits.

Stimulus FMAP Extension (-\$0.5 million General Fund-State; \$0.5 million other funds)

The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50.00 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI E federal match. (General Fund-State, General Fund-Federal)

NATURAL RESOURCES

DEPARTMENT OF ECOLOGY

Emergency Drought Response (\$4.0 million State Drought Preparedness Account-State; \$0.2 State Emergency Water Projects Revolving Account-State)

Funding is provided for emergency drought response to address potential needs for assistance to Eastern Washington in the event that the Governor declares a drought.

Reduce Litter Pickup (-\$2.0 million Waste Reduction, Recycling, and Litter Control Account-State)

Funding and staff are reduced on a one-time basis for litter pickup activities managed by the Department of Ecology, other state agencies, and local governments. This also includes a reduction in associated administrative funding. Remaining litter pickup funding of \$1.0 million is dedicated to litter pickup along interstate highways, with a focus on maximizing the use of correctional crews.

DEPARTMENT OF FISH & WILDLIFE

Maintain Core Administrative Functions (\$2.0 million State Wildlife Account-State)

The Department's indirect rate for administration and overhead from federal grants has been reduced, resulting in a net loss of approximately \$3.8 million for the 2009-11 biennium. Funding is provided to partially restore the loss from the lower indirect rate.

Increase Hunter Access on Private Land (\$0.7 million State Wildlife Account-State)

Funding is provided for the Department to bring 200,000 additional acres of private land under contract for recreational access. The program is funded through special hunting permit application fees.

Restore Aviation Funding (\$0.2 million General Fund-State)

Funding is restored for the maintenance and operation of the Department's Partenavia aircraft. The Partenavia will continue to be used for survey missions and fish planting, and will assist the Department of Natural Resources with fire suppression coordination.

DEPARTMENT OF NATURAL RESOURCES

Emergency Fire Suppression (\$11.5 million General Fund-State)

Funding is provided for costs associated with fire suppression activities during FY 2010 that were above the Department's existing fire suppression appropriation.

Puget Sound Cleanup & Recovery (\$1.6 million General Fund-Federal; \$0.6 million State Toxics Control Account-State)

Funding is provided for projects that remove contaminants from Puget Sound. Projects include completing the remedial investigation of Whitmarsh Landfill, and repairing a sediment cap in Commencement Bay. Additionally, General Fund-Federal expenditure authority is increased for monitoring aquatic reserves, submerged aquatic vegetation mapping, and a Habitat Conservation Plan buffer assessment.

Maintain Adaptive Management Program (\$1.0 million Aquatic Lands Enhancement Account-State; \$0.5 million General Fund-Federal)

Funding is provided to continue the Department's adaptive management activities. The Adaptive Management Program was created to provide science-based recommendations and technical information to assist the Forest Practices Board in determining if and when it is necessary or advisable to adjust rules and guidance for aquatic resources to achieve the resource goals and objectives of the Forests and Fish Report. FY 2011 funding for this program includes \$970,000 of redirected Forest and Fish Support Account funding.

Reopen Off-Road Recreation Sites (\$0.2 million ORV and Nonhighway Vehicle Account Account-State)

Funding is provided from the ORV and Nonhighway Vehicle Account to support access to 13 recreational sites utilized by off road vehicle users.

DEPARTMENT OF AGRICULTURE

Increased Federal Agricultural Support (\$6.7 million General Fund-Federal)

Additional federal expenditure authority is provided to reflect recent federal awards for protecting food safety, supporting organic agriculture and specialty crops, detecting sudden oak death, and Spartina removal.

Transfer of Emergency Food Programs (\$5.4 million General Fund-State; \$2.7 million General Fund-Federal)

Pursuant to Chapter 68, Laws of 2010 (SSB 6341) the Department of Commerce's Emergency Food Assistance Program and the Department of General Administration's Temporary Emergency Food Program and the Commodity Supplemental Food Program are transferred to the Department of Agriculture, effective July 1, 2010.

PUGET SOUND PARTNERSHIP

Increased Federal Puget Sound Recovery (\$3.6 million General Fund-Federal)

The sum of \$2.2 million in additional federal expenditure authority is provided to account for a National Estuary Program grant from the U.S. Environmental Protection Agency for Puget Sound restoration efforts. Funding will be passed through to local watershed projects and to conduct environmental monitoring, scientific modeling, and performance management. Additionally, \$1.4 million of anticipated federal funding will support the state's efforts in stormwater management, mitigation reform, and floodplain management.

GENERAL GOVERNMENT AND OTHER

MILITARY DEPARTMENT

Public Safety Interoperability Grant (\$18.0 million General Fund-Federal)

Expenditure authority is provided to continue projects originally funded with a Public Safety Interoperable Communications grant received in 2007 from the Department of Homeland Security. The grant is to be used to enhance statewide communications infrastructure and address initiatives identified in the Statewide Communications Interoperability Plan. The Military Department will continue to administer the funds for equipment, exercises, training, planning, and grant administration. Ninety-seven percent of these funds are passed through to local jurisdictions with the remaining three percent retained by the Military Department for grant administration and management.

Next Generation 911 Transition (\$7.9 million other funds)

Expenditure authority is provided from the E911 account to continue upgrades to the current 911 telephone system to accommodate Next Generation 911 (NG911). This upgrade provides a modern internet protocol system that will allow the 911 system to accept information from a wide variety of communication devices during emergencies.

ATTORNEY GENERAL

Legal Services to State Agencies (-\$2.5 million other funds)

The Legal Services Revolving Appropriation is reduced. For the remainder of the 2009-11 biennium, the Attorney General's Office is to work with client agencies to reduce the overall cost and usage of legal services.

Reduced Legal Services to DSHS (-\$2.5 million other funds)

Funding from the Legal Services Revolving Fund for legal services to the Department of Social and Health Services is reduced to reflect reduced General Fund-State appropriations to DSHS.

DEPARTMENT OF COMMERCE

Growth Management Grants (-\$3.8 million General Fund-State)

Grants to local governments to develop growth management plans are eliminated for FY 2011.

GROWTH MANAGEMENT HEARINGS BOARD

Board Restructuring Legislation (-\$91,000 General Fund-State)

Chapter 211, Laws of 2010 (SSB 6214) reduces the number of growth management hearings board members from nine to seven, and the three regional boards are merged into a single, statewide board from which regional panels will be drawn. Funding and staff are reduced to reflect the savings associated with implementing this legislation. Additionally, Chapter 210, Laws of 2010 (SHB 2935) merges the Growth Management Hearings Board with the Environmental Hearings Office by July 1, 2011.

STATEWIDE ITEMS

SPECIAL APPROPRIATIONS TO THE GOVERNOR

Extraordinary Criminal Justice (\$0.6 million General Fund-State)

Funding is provided for counties that have experienced extraordinary criminal justice costs. The funding is to reimburse Jefferson County (\$197,000), Skagit County (\$390,000), and Franklin County (\$33,000).

Strategic Printing (-\$1.5 million General Fund-State)

Funding is reduced to reflect savings achieved through a strategic print strategy, including utilizing print management, standardizing envelopes, and streamlining printing processes.

IT Reform (-\$30.0 million General Fund-State)

Funding is reduced to reflect savings from information technology efficiency efforts outlined in chapter 282, Laws of 2010.

HEALTH INSURANCE INCREASE

Employer Funding Rate Increase (\$64.9 million General Fund-State, \$60.9 million other funds)

Funding for agencies is increased to reflect the increase in the FY 2011 employer funding rate from \$768 per employee per month to \$850. The amount remitted by technical colleges, school districts, and educational service districts for retiree insurance coverage from the Public Employees' Benefits Board is reduced to \$62.48 per employee.

STATE EMPLOYMENT COMPENSATION ADJUSTMENT

Agency Closures and Temporary Layoffs (-\$48.0 million General Fund-State, -\$51.0 million other funds)

Funding for agencies is reduced to reflect savings from closing agencies for ten days, or implementing approved equivalent compensation reduction plans, as specified in Engrossed Substitute Senate Bill 6503 (closing state agencies on specified dates). Certain agencies and activities are exempted from the closure or compensation reduction requirements. In addition to reduced expenditures due to closures or reduction plans, general government state agencies must also reduce compensation expenditures on Washington Management Services (WMS) and Civil Service-exempt management employees by \$10 million General Fund-State.

2010 Supplemental Budget Transfers (Proposed House Striking Amendment To SB 6444)
(Dollars in Millions)

	<u>FY 10</u>	<u>FY 11</u>	<u>2009-11</u>
2010 Supplemental: Transfers To GFS			
Public Works Assistance Account	95.6	45.6	141.2
Education Savings Account*	100.8	-	100.8
Job Development Account	20.9	-	20.9
Education Construction Account	11.9	6.1	17.9
Life Science Discovery Fund	-	16.2	16.2
Performance Audits of Government Account	10.0	5.0	15.0
Public Service Revolving Account	8.0	7.0	15.0
Local Toxics Control Account	-	12.8	12.8
State Treasurer's Service Account	6.0	6.0	12.0
Savings Incentive Account*	10.1	-	10.1
Insurance Commissioner Regulatory Account	5.0	5.0	10.0
Convention & Trade Center (Contained In SB 6889)	-	10.0	10.0
Distinguished Professorship Endowments	5.8	-	5.8
Thurston County Capital Facilities Account	4.4	1.3	5.8
Technology Pool Account	5.6	-	5.6
Future Teacher Conditional Scholarship	2.2	2.2	4.3
Institutional Welfare Betterment Account	2.0	2.0	4.0
Financial Services Regulation Account	2.0	2.0	4.0
Community College Faculty Awards	3.6	-	3.6
Aquatic Lands Enhancement Account	3.5	-	3.5
State Toxics Control Account	-	3.4	3.4
Waste Reduction, Recycling, and Litter Control Account	1.0	1.0	2.0
Graduate Fellowship Trust Account	1.9	-	1.9
GET Ready for Math/Science	1.7	-	1.7
Streamline Sales Tax Mitigation Account	0.8	0.8	1.6
Judicial Information Systems Account	0.8	0.8	1.5
Criminal Justice Access Fees from Transportation	-	1.3	1.3
Energy Freedom Account	1.1	-	1.1
Department of Retirement Systems Expense Account	1.0	-	1.0
Fair Account	-	0.9	0.9
Fingerprint Identification Account	-	0.8	0.8
Water Quality Capital Account	-	0.3	0.3
Subtotal	305.5	130.2	435.8
2010 Supplemental: Transfers From GFS			
Education Construction Account (Contained in SSB 6409)**	-	(102.0)	(102.0)
Liquor Revolving Account	-	(5.5)	(5.5)
Subtotal	-	(107.5)	(107.5)
Subtotal (Capital & Operating, Excluding BSA)	305.5	22.7	328.3
2010 Supplemental: Budget Stabilization Account			
BSA/Rainy Day (Contained in HB 3197)	-	228.5	228.5
Grand Total - Transfers To GFS	305.5	251.2	556.8
Transfers To Education Legacy Trust Account			
Shared Game Lottery Account	3.6	2.4	6.0
State Lottery Account	9.5	9.5	19.0
	13.1	11.9	25.0

* Revenue source is GFS lapses from SFY 09.

** This bill would also redirect existing lottery revenues from the Education Construction Account to a new dedicated account (Opportunity Pathways Account.)

2010 Supplemental Budget: Revenue Legislation & Budget Driven Revenue

(dollars, in millions)

Bill		FY 2010	FY 2011	2009-11 Total
Revenue Reductions				
ESHB 3014	Rural County Investment Projects	0.0	(7.8)	(7.8)
SSB 65404	Crime Victims	0.0	(2.7)	(2.7)
SHB 2620	Excise Taxation	0.0	(1.0)	(1.0)
SSB 6614	Bonneville Power Administration	0.0	(0.3)	(0.3)
SB 6206	Tax Incentive Accountability	0.0	(0.3)	(0.3)
SSB 6339	Wax and Ceramic Materials	0.0	(0.2)	(0.2)
SSB 6712	Extending Tax Incentives	0.0	<u>(0.2)</u>	<u>(0.2)</u>
Subtotal		0.0	(12.5)	(12.5)
Revenue Increases				
2ESSB 6143	Revenue & Taxation	52.0	615.7	667.7
ESHB 2493	Tobacco	7.2	94.2	101.4
SSB 6846	E-911	<u>0.0</u>	<u>0.2</u>	<u>0.2</u>
Subtotal		59.2	710.1	769.3
Total GFS Impact from Legislation		59.2	697.6	756.8
Budget Driven Revenues				
Agency: LCB	Budget Driven Revenue	<u>0.0</u>	<u>(0.5)</u>	<u>(0.5)</u>
Subtotal		0.0	(0.5)	(0.5)
Total Net GFS Impact		59.2	697.1	756.3



Washington State House of Representatives
Office of Program Research