

Special Appropriations

State and Higher Education Employee Health Benefits

Prior to the Governor's veto actions, section 706 of the 1996 supplemental budget act reduced the monthly rate the Health Care Authority (HCA) would have charged state agencies and institutions of higher education for health benefits from \$314.51 to \$304.31 for each employee. Enactment of section 706 and the rate reduction would have resulted in the use of approximately \$11.6 million of the \$19.8 million surplus in the Public Employees' and Retirees' Insurance Account. Of the \$11.6 million savings, \$5.2 million is in the state general fund (\$2.8 million for state employees and \$2.4 million for higher education employees). Although agencies would have paid the HCA only \$304.31 per month per employee, the average rate the state would have paid providers for employee benefits would have remained at approximately \$314.17. Through the use of the surplus, the benefits package offered to employees would not have been reduced and employee premium payments would not have increased.

However, the Governor vetoed section 706 of the budget. The Governor's veto of section 706 restores the rate that agencies and institutions of higher education will pay the HCA to \$314.51 and restores the funding to state agencies to pay the higher rate. However, while the veto of section 706 will result in institutions of higher education paying \$314.51 per month per employee, the veto does not restore the funding to higher education institutions to pay the higher rate. (Themonies appropriated to higher education institutions for health benefits are contained in each institution's section of the budget bill, not section 706.) As a result, higher education institutions will be required to pay \$2.4 million more than is appropriated for health benefits. The veto will not result in any changes to benefits or employee charges. The veto will result in the retention of a \$19.8 million surplus in the insurance account. In addition, the veto increases state general fund expenditures by \$3.0 million compared to the supplemental budget as it passed the Legislature (\$2.8 million from restoring the rate to \$314.51 and another \$200,000 from a technical change contained in section 706 of the legislative supplemental budget.)

Washington Personnel Resources Board Reclassification Pool

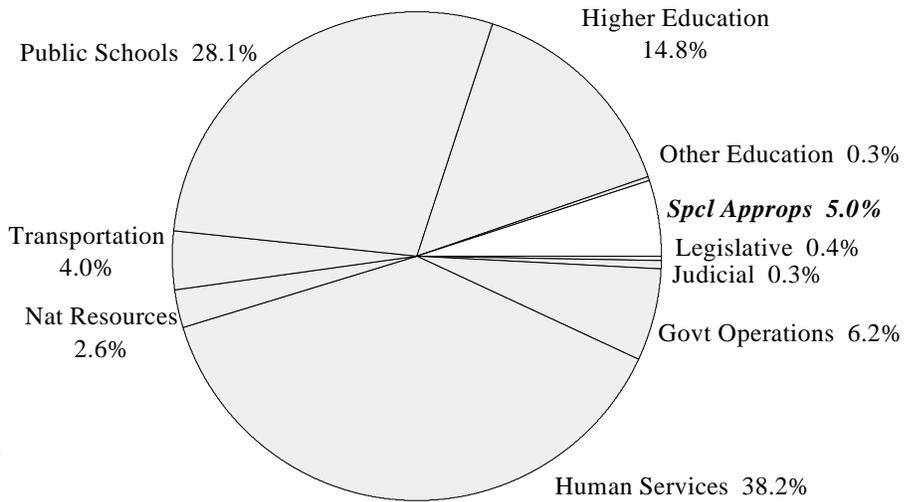
The original 1995-97 budget contained a reclassification pool of \$5.0 million state general fund and \$5.0 million other funds for the Washington Personnel Resources Board (PRB) to fund salary increases for state job classes with serious salary inequities. The 1996 supplemental budget adds \$4.5 million state general fund to the pool, for a total of \$9.5 million state general fund and \$5.0 million other funds. The reclassification pool can be used by the PRB to increase salaries for job classes where documented recruitment and retention difficulties exist; salary compression or inversion between subordinates and their supervisors has occurred; job duties and responsibilities have increased; or a salary disparity of greater than 7.5 percent has developed between two job classifications with similar duties and responsibilities. Agencies apply to the PRB for reclassification pool funding; the PRB will prioritize the requests and distribute funds according to severity of salary inequity.

1995-97 Washington State Operating Budget

Total Budgeted Funds

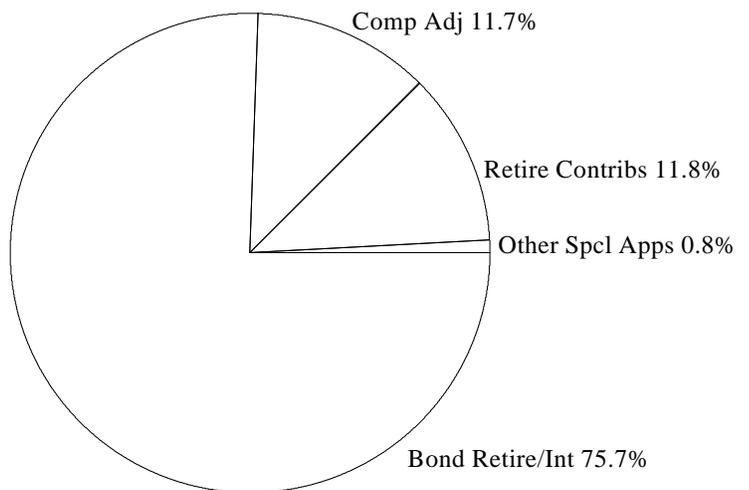
(Dollars in Thousands)

Legislative	112,569
Judicial	111,119
Governmental Operations	1,998,443
Human Services	12,284,095
Natural Resources	834,677
Transportation	1,292,457
Public Schools	9,039,050
Higher Education	4,756,574
Other Education	89,521
<i>Special Appropriations</i>	<i>1,608,460</i>
Statewide Total	32,126,965



Washington State

Bond Retirement/Interest	1,216,545
State Employee Comp Ad	189,120
Retirement Contributions	189,600
Other Special Approps	13,195
<i>Special Appropriations</i>	<i>1,608,460</i>



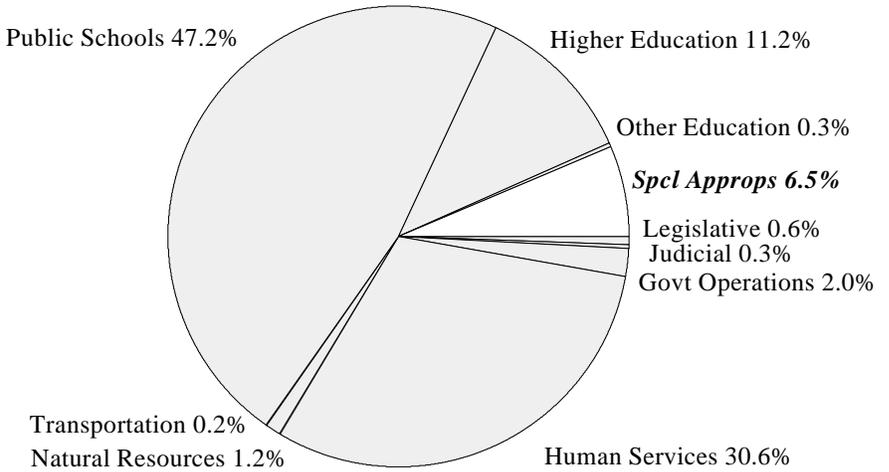
Special Appropriations

1995-97 Washington State Operating Budget

General Fund - State

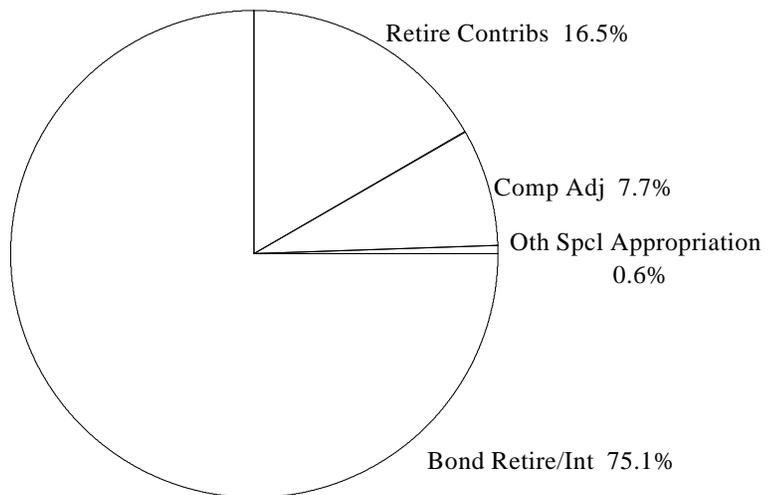
(Dollars in Thousands)

Legislative	105,076
Judicial	55,600
Governmental Operations	344,699
Human Services	5,394,546
Natural Resources	206,164
Transportation	27,978
Public Schools	8,316,882
Higher Education	1,966,688
Other Education	46,787
Special Appropriations	1,146,957
Statewide Total	17,611,377



Washington State

Bond Retirement/Interest	861,672
Retirement Contributions	189,600
State Employee Comp Ad	88,262
Other Special Appropriatic	7,423
Special Appropriations	1,146,957



Special Appropriations

Bond Retirement & Interest

(Dollars in Thousands)

	GF-S	Other	Total
1995-97 ORIGINAL APPROPRIATIONS	890,847	70,067	960,914
1996 Supplemental Budget			
1. Debt Service/Bonds Subject to Limit	0	38,394	38,394
2. Reduce General Fund Debt Service	-29,175	0	-29,175
3. Enterprise Reimbursed Debt Service	0	634	634
4. Bond Sale Expenses	0	686	686
Total Supplemental Items	-29,175	39,714	10,539
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1995-97 REVISED APPROPRIATIONS	861,672	109,781	971,453
Fiscal Year 1996 Totals	426,287	53,269	479,556
Fiscal Year 1997 Totals	435,385	56,512	491,897

Comments:

1. DEBT SERVICE/BONDS SUBJECT TO LIMIT - The 1995-97 budget for debt service payments includes appropriations to fund the cost of debt service. In some cases, bond proceeds are deposited into one fund and are subsequently transferred into a bond retirement account as debt service payments are due. The appropriation to the bond retirement accounts were inadvertently omitted from the 1995-97 budget. This appropriation provides the authority to the bond retirement accounts to make payments to the bond holders. (Various funds)
2. REDUCE GENERAL FUND DEBT SERVICE - The appropriation for general fund debt service is reduced to reflect the savings from bond refunding sales and lower interest rates.
3. ENTERPRISE REIMBURSED DEBT SERVICE - The 1995-97 budget for debt service payments includes appropriations to fund the cost of debt service. In some cases, bond proceeds are deposited into one fund and are subsequently transferred into a bond retirement account as debt service payments are due. The appropriation to the bond retirement accounts were inadvertently omitted from the 1995-97 budget. This appropriation provides the authority to the bond retirement accounts to make payments to the bond holders. (Various funds)
4. BOND SALE EXPENSES - Bond sale expenses associated with new projects authorized in the 1995-97 capital budget were inadvertently omitted from appropriation in the 1995-97 operating budget. This appropriation recognizes the additional cost of bond sale expenses for the new projects. (State Building Construction Account)

NOTE: Amounts shown here reflect only the Omnibus Appropriations Act. The remainder of the Bond Retirement and Interest's budget is shown in the Transportation Budget section of this document.

State Employee Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
1995-97 ORIGINAL APPROPRIATIONS	87,050	105,241	192,291
1996 Supplemental Budget			
1. Salary Appropriation Adjustment	-3,124	-4,201	-7,325
2. Pension Appropriation Adjustment	-139	-182	-321
3. Insurance Appropriation Adjustment	-170	-270	-440
4. Health Benefits Rate Adjustment	-2,839	-3,402	-6,241
5. Reclassification Salary Pool	4,475	0	4,475
6. Governor Veto	3,009	3,672	6,681
Total Supplemental Items	1,212	-4,383	-3,171
1995-97 REVISED APPROPRIATIONS	88,262	100,858	189,120
Fiscal Year 1996 Totals	38,847	49,623	88,470
Fiscal Year 1997 Totals	49,415	51,235	100,650

Comments:

1. SALARY APPROPRIATION ADJUSTMENT - The appropriation is reduced to reflect unnecessary balance for salary allocations. (General Fund-State, General Fund-Federal, and Salary and Insurance Increase Revolving Account)
2. PENSION APPROPRIATION ADJUSTMENT - The appropriation is reduced to reflect unnecessary balance for pension allocations. (General Fund-State, General Fund-Federal, and Special Account Retirement Contribution Increase Revolving Account)
3. INSURANCE APPROPRIATION ADJUSTMENT - The appropriation is reduced to reflect unnecessary balance for insurance allocations. (General Fund-State, General Fund-Federal, and Salary and Insurance Increase Revolving Account)
4. HEALTH BENEFITS RATE ADJUSTMENT - Funding is reduced to reflect health benefits rates, as directed in section 706 of the budget. Section 706 reduces the monthly rate the Health Care Authority (HCA) will charge state agencies and institutions of higher education for health benefits from \$314.51 to \$304.31 for each state and higher education employee. Enactment of section 706 and the rate reduction rate for these employees would have resulted in the use of approximately \$11.6 million of the \$19.8 million surplus in the Public Employees' and Retirees' Insurance Account. Although agencies would pay the HCA only \$304.31 per month per employee, the average rate the state will pay providers for employee benefits will be approximately \$314.17. Through the use of the surplus, the benefits package offered to employees would not have been reduced and employee premium copayments would not have increased. The Governor vetoed section 706 of the budget. Refer to the Governor's Veto note (#6) for more information. (General Fund-State, General Fund-Federal, and Salary and Insurance Increase Revolving Account)
5. RECLASSIFICATION SALARY POOL - The original 1995-97 budget contained a reclassification pool of \$5 million General Fund-State and \$5 million in other funds for the Washington Personnel Resources Board (PRB) to fund salary increases for state job classes with serious salary inequities. The supplemental budget adds \$4.5 million General Fund-State to the pool, for a total of \$9.5 million General Fund-State and \$5 million other funds. The reclassification pool can be used by the PRB to increase salaries for job classes where documented recruitment and retention difficulties exist; salary compression or inversion between subordinates and their supervisors has occurred; job duties and responsibilities have increased; or a salary disparity greater than 7.5 percent has developed between two job classifications with similar duties and responsibilities. Agencies apply to the PRB for reclassification pool funding; the PRB will prioritize the requests and distribute funds according to severity of salary inequity.
6. GOVERNOR VETO - Health Insurance Benefits -- The Governor vetoed section 706 of the budget, which sets the monthly health benefit rate that state agencies and institutions of higher education pay to the Health Care Authority (HCA) for each employee. The legislative budget had lowered the 1997 health benefit rate charged to state agencies and higher education institutions from the \$314.51 per employee per month contained in the original budget to \$304.31. In addition, section 706 of the budget decreased the appropriation to state agencies commensurate with the lower rate. The veto of section 706 restores the rate to \$314.51 and restores the funding to state agencies to pay the higher rate. However, while the veto of section 706 will result in institutions of higher education paying \$314.51 per month per employee, the veto does not restore the funding to higher education institutions to pay the higher rate. (The monies appropriated to higher education institutions for health benefits are contained in each institution's section of the budget bill, not in section 706.) As a result, higher education institutions will be required to pay \$2.4 million more than is appropriated to them for health benefits.

The health benefit changes in the legislative budget resulted in total savings from all funds of \$9.1 million. The General Fund-State portion of the savings was \$5.4 million, \$2.4 million of which was from higher education institutions and \$3.0 million of which was from state agencies. The Governor's veto lowers the total savings by \$6.7 million and the General Fund-State savings by \$3.0 million.

Sundry Claims

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1996 Supplemental Budget			
1. Self Defense Reimbursement Claims	162	0	162
2. Wildlife Crop Damage Claims	<u>0</u>	<u>16</u>	<u>16</u>
Total Supplemental Items	162	16	178

1995-97 REVISED APPROPRIATIONS

Fiscal Year 1996 Totals

Comments:

1. SELF DEFENSE REIMBURSEMENT CLAIMS - On the recommendation of the Division of Risk Management, payment is made under RCW 9A.16.110 for eight claims for reimbursement of legal costs and other expenses of criminal defendants acquitted on the basis of self-defense.
2. WILDLIFE CROP DAMAGE CLAIMS - On the recommendation of the Division of Risk Management, payment is made under RCW 77.12.280 for six claims for damage to agricultural crops by deer and elk. (Wildlife Account)