

Special Appropriations

Across-the-Board Salary Increases

Funding has been provided for a 3 percent salary increase for state and higher education employees beginning July 1, 1997, and for K-12 employees beginning September 1, 1997. The budget provides \$296.8 million from the state general fund and \$66.5 million from other funds for the salary increases.

Personnel Resource Board Salary Adjustments

Amounts of \$15.9 million from the state general fund and \$8.9 million from other funds are provided for additional state employee salary increases. Under Chapter 319, Laws of 1996 (SSB 6767), the Legislature identified several higher-priority compensation issues for classified personnel, including salary inequities, recruitment and retention, and compensation for increased duties and responsibilities. Of the 23 classification titles (10,940 positions), the first 10 classification titles (6,822 positions) on the Washington Personnel Resource Board's priority list will receive salary adjustments starting July 1, 1997. The remaining classification titles will receive adjustments beginning July 1, 1998.

Other Salary Increases

Amounts of \$500,000 from the state general fund and \$500,000 from other funds are provided to fund a portion of the second phase of the 1994 Assistant Attorney General compensation study.

Employee Health Benefits

Amounts of \$33 million from the state general fund and \$7 million from other funds are provided for health care benefits for state, higher education, and K-12 employees. The monthly health care benefit rates, \$317.34 for fiscal year 1998 and \$335.75 for fiscal year 1999, were calculated using medical inflation rates of 4.4 percent and 4.6 percent, respectively and assumed full utilization of the surplus in the Health Care Authority Insurance Fund.

Public Employee's and Retiree's Insurance Account

This account has been increased by \$1.0 million to allow for a contingency reserve.

Office of Financial Management

In the initial 1997-99 budget (Chapter 149, Laws of 1997, Partial Veto - SSB 6062), the Legislature appropriated \$14.47 million (\$5.34 million state general fund and \$9.13 million in other funds) to address the Year 2000 computer conversion problems. In Chapter 454, Laws of 1997, Partial Veto (ESHB 2259), this funding was shifted to the supplemental budget and the appropriations contained in Chapter 149, Laws of 1997, Partial Veto (SSB 6062) were repealed. However, the Governor vetoed this repeal (thereby restoring the 1997-99 appropriations) and also vetoed all of the dedicated account appropriations contained in the supplemental budget. These two vetoes, in combination, have the effect of returning the dedicated account appropriations to the 1997-99 budget, while creating a double appropriation of the state general fund portion. The Governor stated his intent to place the 1997-99 state general fund appropriation in reserve status. As a result of these actions, Year 2000 costs will be funded by a 1995-97 supplemental appropriation of \$5.34 million from the state general fund and by 1997-99 appropriations of \$9.13 million from the other (dedicated) accounts.

The Legislature appropriated approximately \$7 million from various funds in the initial operating budget (Chapter 149, Laws of 1997, Partial Veto - SSB 6062) for regulatory reform activities. The Governor vetoed the proviso attached to the funding. At the time the budget passed, the final contents of Chapter 409, Laws of 1997, Partial Veto (E2SHB 1032), the most substantial regulatory reform legislation, were not determined. The final version of Chapter 409, Laws of 1997, Partial Veto (E2SHB 1032) which passed the Legislature did not include several provisions with major fiscal impacts, such as the requirements for the review of existing rules and the development of regulatory impact notes. The changes made in the final version of Chapter 409, Laws of 1997, Partial Veto (E2SHB 1032)

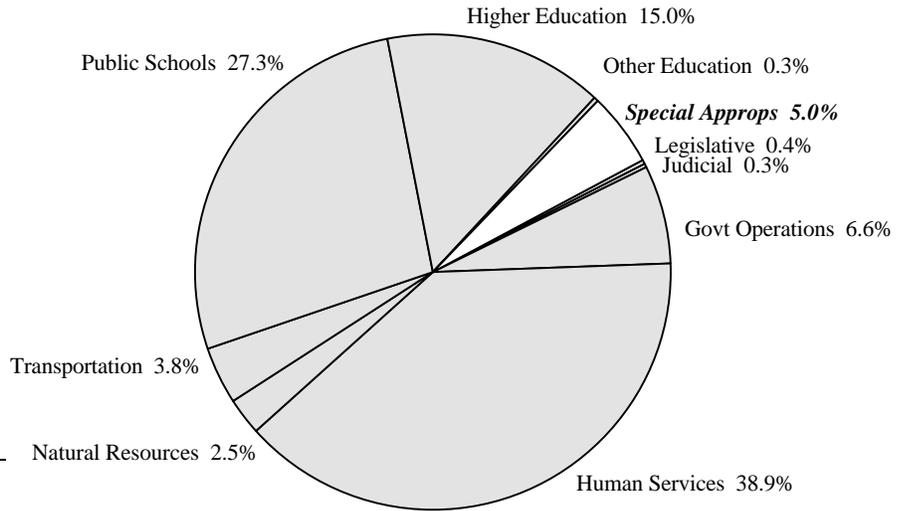
resulted in the Legislature repealing all funding for regulatory reform in the second operating budget bill (Chapter 454, Laws of 1997, Partial Veto - ESHB 2259). However, the Governor vetoed the repealer and declared his intent to keep the funds for allocation to agencies to implement the regulatory reform legislation.

1997-99 Washington State Operating Budget

Total Budgeted Funds

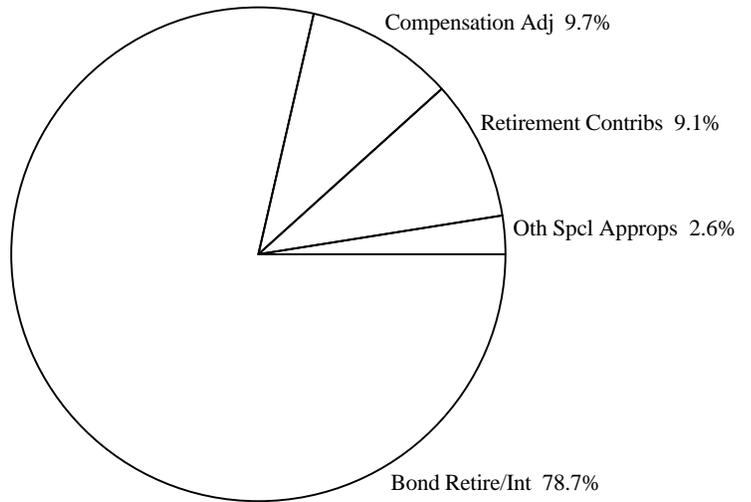
(Dollars in Thousands)

Legislative	124,369
Judicial	119,614
Governmental Operations	2,327,610
Human Services	13,746,819
Natural Resources	900,905
Transportation	1,360,844
Public Schools	9,653,127
Higher Education	5,292,358
Other Education	91,292
Special Appropriations	1,761,885
Statewide Total	35,378,823



Washington State

Bond Retirement/Interest	1,386,543
State Employee Comp Adj	170,623
Retirement Contributions	159,600
Other Special Appropriations	45,119
Special Appropriations	1,761,885



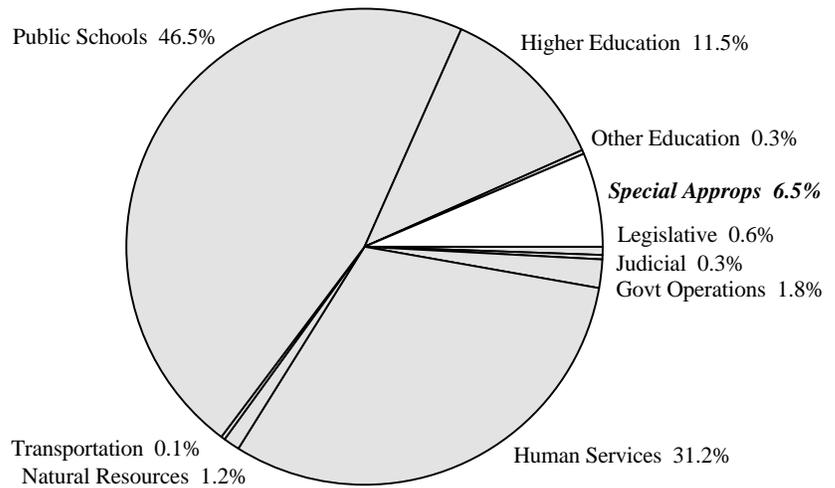
Special Appropriations

1997-99 Washington State Operating Budget

General Fund - State

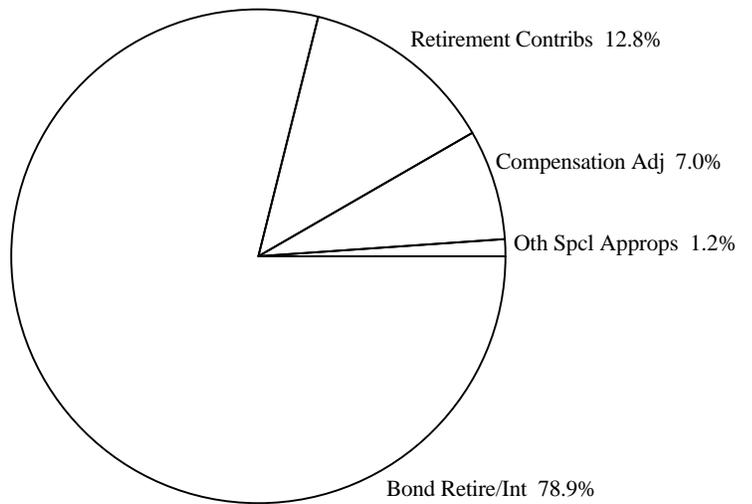
(Dollars in Thousands)

Legislative	112,884
Judicial	59,988
Governmental Operations	337,914
Human Services	5,946,307
Natural Resources	231,214
Transportation	24,507
Public Schools	8,868,051
Higher Education	2,202,787
Other Education	49,235
Special Appropriations	1,243,996
Statewide Total	19,076,883



Washington State

Bond Retirement/Interest	982,009
Retirement Contributions	159,600
State Employee Comp Adj	86,963
Other Special Appropriations	15,424
Special Appropriations	1,243,996



Special Appropriations

Bond Retirement & Interest

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1995-97 Expenditure Authority	861,672	109,781	971,453
1997 Supplemental *	-18,006	-37,263	-55,269
Total 1995-97 Expenditure Authority	843,666	72,518	916,184
1997-99 Maintenance Level	968,313	158,811	1,127,124
Policy Items			
1. Debt Service Fund Realignment	0	-12,473	-12,473
2. 1997-99 Capital Budget	13,415	12,342	25,757
3. Energy Efficiency Bonds	281	0	281
Total 1997-99 Biennium	982,009	158,680	1,140,689
Fiscal Year 1998 Totals	470,854	77,658	548,512
Fiscal Year 1999 Totals	511,155	81,022	592,177

Comments:

1. DEBT SERVICE FUND REALIGNMENT - The realignment of debt service funds distinguishes the various types of debt service into categories that correspond to debt service classifications in the operating budget. Many single purpose bond retirement funds will be reorganized into seven new debt service funds. (Various Debt Service Funds)
2. 1997-99 CAPITAL BUDGET - Funds are provided to pay debt service and bond sale expenses for the 1997-99 Capital program. (General Fund-State and Various Debt Service Accounts)
3. ENERGY EFFICIENCY BONDS - Funds are provided to pay debt service for energy efficiency bonds which were authorized in 1992. At the time the energy bonds were authorized, it was anticipated that the debt service would be paid by agencies from resulting energy savings. With the elimination of the State Energy Office in 1996, there is no longer a source of recovery for debt service payment. (General Fund-State)

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

* Please see the 1997 Supplemental Operating Budget section for additional information.

Special Appropriations to the Governor

(Dollars in Thousands)

	GF-S	Other	Total
1995-97 Expenditure Authority	7,261	1,791	9,052
1997 Supplemental *	5,340	0	5,340
Total 1995-97 Expenditure Authority	12,601	1,791	14,392
1997-99 Maintenance Level	6,714	2,939	9,653
Policy Items			
1. Governor Veto - Year 2000	5,340	21,087	26,427
2. Governor Veto - Regulatory Reform	3,370	3,669	7,039
Total 1997-99 Biennium	15,424	27,695	43,119
Fiscal Year 1998 Totals	8,558	15,644	24,202
Fiscal Year 1999 Totals	6,866	12,051	18,917

Comments:

1. GOVERNOR VETO - YEAR 2000 - In the initial budget (Chapter 149, Laws of 1997, Partial Veto -- SSB 6062), the Legislature appropriated \$5.34 million General Fund-State and \$9.13 million other funds for allocation to state agencies for Year 2000 computer conversions. In the second budget (Chapter 454, Laws of 1997, Partial Veto -- ESHB 2259), the funding was shifted to the 1995-97 supplemental budget and the appropriations contained in SSB 6062 were repealed. This repeal, however, was vetoed by the Governor. The effect of the veto was to restore the 1997-99 appropriations contained in SSB 6062. See the Department of Information Services supplemental appropriation in the 1997 Supplemental Operating Budget section of this document for additional information.
2. GOVERNOR VETO - REGULATORY REFORM - In the initial budget (Chapter 149, Laws of 1997, Partial Veto -- SSB 6062), the Legislature appropriated \$3.37 million General Fund-State and \$3.669 million other funds for implementation of regulatory reform legislation. The conditions and limitations on these funds were vetoed by the Governor, who also vetoed the repeal of this appropriation in the second budget (Chapter 454, Laws of 1997, Partial Veto -- ESHB 2259). The Governor stated in his veto message that the effect of his veto is to reinstate the appropriation, which will be expended to implement regulatory reform.

NOTE: Amounts shown here reflect only the Omnibus Appropriations Acts. The remainder of the Special Appropriations to the Governor's budget is shown in the Transportation Budget section of this document.

* Please see the 1997 Supplemental Operating Budget section for additional information.

State Employee Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
1995-97 Expenditure Authority	88,262	100,858	189,120
Policy Items			
1. Salary Reclass Implementation	15,931	8,862	24,793
2. Attorney General Salary Increase	500	500	1,000
3. Health Benefits Adj (State Emp)	7,080	8,042	15,122
4. Health Benefit Reserve	1,000	0	1,000
5. State Employee Salary Increase	62,452	66,256	128,708
Total 1997-99 Biennium	86,963	83,660	170,623
Fiscal Year 1998 Totals	38,393	38,075	76,468
Fiscal Year 1999 Totals	48,570	45,585	94,155

Comments:

1. SALARY RECLASS IMPLEMENTATION - Funding is provided to grant specific salary increases to some classified state and higher education employees. These increases are attributed to implementation of Chapter 319, Laws of 1996 (SSB 6767 -- Compensation Modifications for State Employees). Salary increase recommendations reflect prioritized salary adjustment decisions made to address salary inequities, recruitment and retention issues, salary compression or inversion, and increased duties and responsibilities. These prioritized decisions were adopted by the Washington Personnel Resources Board.

Classifications receiving adjustments beginning July 1, 1997 include: various clerical classes, physicians, dental classifications, pharmacists, maintenance custodians, medical records technicians, fish/wildlife biologists, fish/wildlife enforcement, habitat technicians, and fiscal technician classifications. Classifications receiving adjustments beginning July 1, 1998 include: various safety classifications, park rangers, park aides, correctional officers/sergeants, community corrections specialists, tax information specialists, industrial relations specialists, electrical classifications (Department of Labor & Industries), fingerprint technicians, some labor relations classifications, health benefits specialists, Department of Natural Resources foresters/land managers, and liquor enforcement officers. (General Fund-State, Other Funds)

2. ATTORNEY GENERAL SALARY INCREASE - Funding is provided to implement the final phase of the Attorney General's 1994 compensation study to further address recruitment and retention problems. (General Fund-State, Other Funds)
3. HEALTH BENEFITS ADJ (STATE EMP) - Funding is adjusted to reflect the increased cost of health benefits due to medical inflation rates of 4.4 percent for FY 98 and 4.6 percent for FY 99. The rates assumed are \$317.34 for FY 98 and \$335.75 for FY 99. (General Fund-State, General Fund-Federal, Other Funds)
4. HEALTH BENEFIT RESERVE - Funding is provided for deposit in the Public Employee's and Retirees' Insurance Account to increase the contingency reserve.
5. STATE EMPLOYEE SALARY INCREASE - Funding is provided for a cost-of-living adjustment of 3.0 percent effective July 1, 1997. (General Fund-State, General Fund-Federal, Other Funds)

Contributions to Retirement Systems

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
1995-97 Expenditure Authority	189,600	0	189,600
1997-99 Maintenance Level	159,600	0	159,600
Total 1997-99 Biennium	159,600	0	159,600
Fiscal Year 1998 Totals	77,600	0	77,600
Fiscal Year 1999 Totals	82,000	0	82,000

Comments:

No budget changes were recommended which reflect a change in statute or agency policy.