

GOVERNMENTAL OPERATIONS

Performance Auditing

The operating budget provides \$150,000 for the State Auditor to contract for a performance audit of state claims benefits administration and \$500,000 for the Office of Financial Management to conduct assessment and performance scoring of state agencies and to conduct performance audits of the state's capital construction and contracting practices.

Litigation

The operating budget provides: \$212,000 for the state's defense in the blanket primary litigation; \$885,000 for the state's defense in litigation regarding road culverts and salmon passage; \$786,000 for an increased workload associated with an increase in unemployment insurance appeals; and \$642,000 for an increase in workers' compensation litigation resulting from the Washington Supreme Court's ruling that the value of employer-provided health care benefits must be included in the calculation of workers' compensation benefits.

Department of Community, Trade and Economic Development Reductions

The operating budget makes several reductions, including reductions of \$504,000 for the Office of Trade and Economic Development and \$1,641,000 for the Office of Community Development. In implementing these efficiencies and savings reductions, the offices are to maintain, to the greatest extent possible, direct payments to service providers, grants to other entities, and other pass-through funds.

Buildable Lands

The budget eliminates \$1.25 million for buildable land grants to local governments in fiscal year 2003. These grants help local governments track data, report, and take actions regarding land supply, urban densities, and actual development as required under a 1997 amendment to the Growth Management Act. The Legislature also enacted House Bill 2846, which suspended buildable land requirements in any biennium when the Legislature did not appropriate at least \$2.5 million for the grants. The Governor vetoed HB 2846.

Civil Indigent Legal Services

Due to increasing public assistance caseloads and child care subsidy costs, the Governor notified the Department of Community, Trade, and Economic Development that \$2.4 million in funding from the federal Temporary Assistance to Needy Families (TANF) block grant would no longer be available to support civil indigent legal representation. The budget provides \$1.5 million in funding from the Violence Reduction and Drug Enforcement Account to replace a portion of the reduced federal funding. Civil indigent legal sources are funded from three sources: General Fund-State, Public Safety and Education Account, and TANF. Taking into account all funding sources, a total of \$10.8 million was budgeted for civil indigent legal services in the 2001-03 biennium, and the revised amount under the supplemental budget is \$9.8 million.

Low-Income Housing

Chapter 294, Laws of 2002 (SHB 2060), imposes a \$10 surcharge on real property recording fees. A portion of the surcharge revenues is deposited into the Washington Housing Trust Fund. The operating budget provides \$2.8 million from the Washington Housing Trust Fund for operation and maintenance costs associated with housing programs for very low-income persons. The operating budget also uses \$2 million from the Washington Housing Trust Fund to replace General Fund-State funds for overnight youth and emergency shelter housing.

Department of Revenue

Funding is provided to the Department of Revenue for additional staff and support for increased audits, tax discovery, delinquent account collections, and targeted taxpayer education. These strategies are projected to raise General Fund-State revenues of \$46.4 million for fiscal year 2003. (For more information, see the Revenue Section of this document.)

Military Department

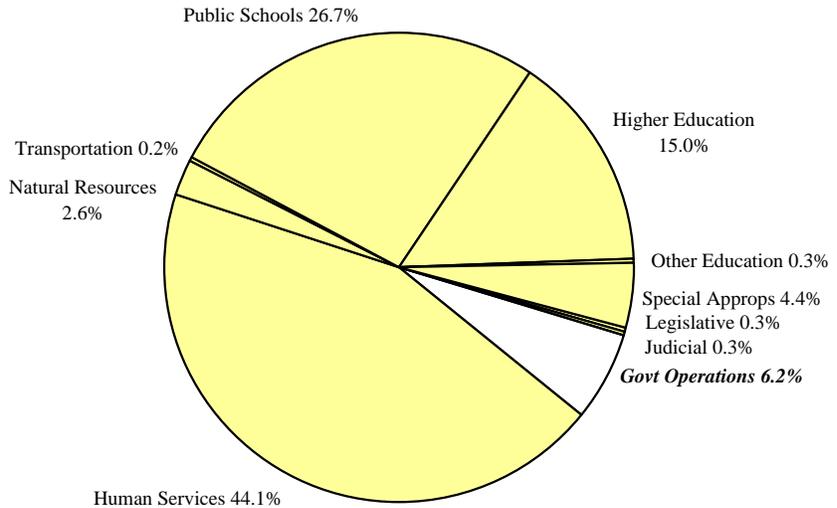
A total of \$2.8 million from the Enhanced 911 Account is provided for the implementation of Chapter 341, Laws of 2002 (HB 2595), which imposes an additional 20 cents per month state tax on wireless subscribers. The revenue from this tax will be utilized for costs associated with creating the capability to locate the number and location of callers dialing 911 from a wireless phone.

An amount of \$907,000 from the Enhanced 911 Account is provided for one-time costs associated with upgrading the ability of the enhanced 911 network to transfer calls from one Public Safety Answering Point (PSAP) to another PSAP within the state.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

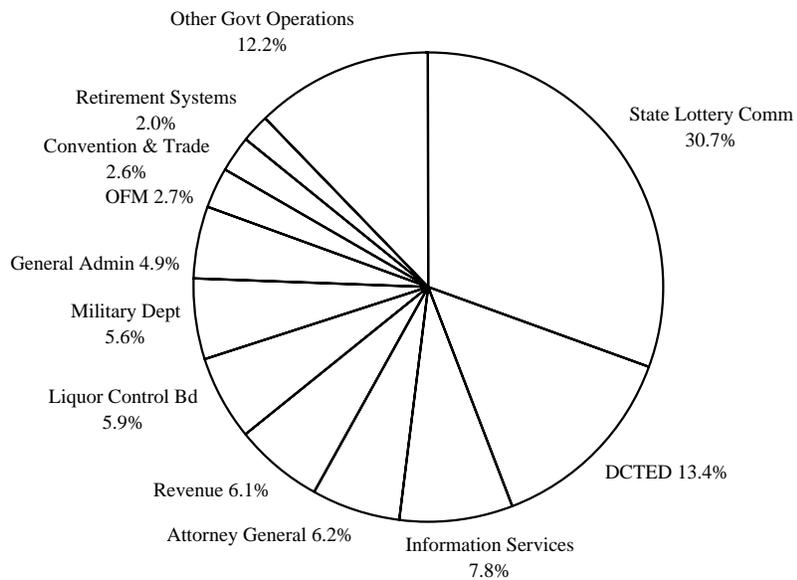
(Dollars in Thousands)

Legislative	136,110
Judicial	140,864
Governmental Operations	2,649,413
Human Services	18,976,685
Natural Resources	1,102,464
Transportation	105,690
Public Schools	11,503,685
Higher Education	6,439,607
Other Education	110,984
Special Appropriations	1,904,368
Statewide Total	43,069,870



Washington State

Lottery Commission	812,320
Comm/Trade/Econ Dev	354,566
Dept Information Services	207,397
Attorney General	164,973
Revenue	161,068
Liquor Control Board	155,626
Military Department	148,358
Dept General Administration	129,658
Office of Financial Mgmt	70,952
Convention & Trade Center	67,734
Dept Retirement Systems	53,244
Other Govt Operations	323,517
Governmental Operations	2,649,413

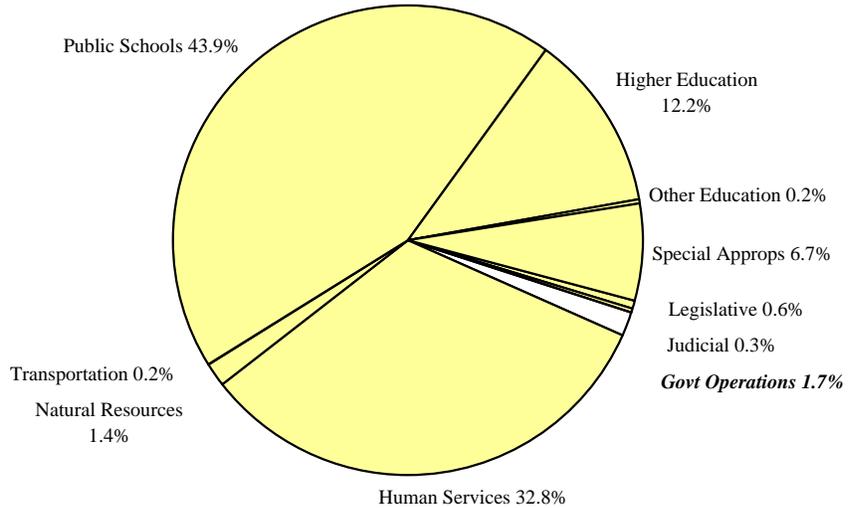


Governmental Operations

2001-03 Washington State Omnibus Operating Budget General Fund-State

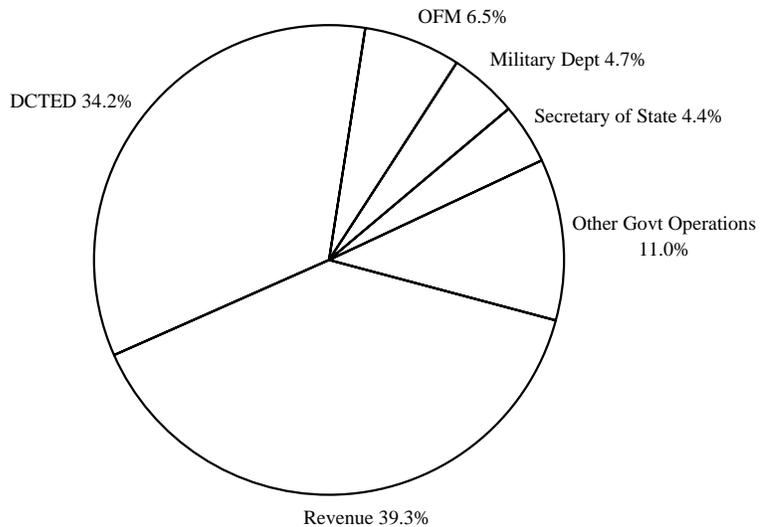
(Dollars in Thousands)

Legislative	129,818
Judicial	73,294
Governmental Operations	383,769
Human Services	7,361,197
Natural Resources	315,637
Transportation	40,166
Public Schools	9,854,332
Higher Education	2,731,564
Other Education	54,473
Special Appropriations	1,506,941
Statewide Total	22,451,191



Washington State

Revenue	150,768
Comm/Trade/Econ Dev	131,092
Office of Financial Mgmt	24,964
Military Department	17,875
Secretary of State	16,931
Other Govt Operations	42,139
Governmental Operations	383,769



Governmental Operations

Office of the Governor

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	9,061	4,127	13,188
Policy Changes			
1. Efficiencies & Savings	-136	0	-136
2. Salmon Recovery Office	-400	0	-400
Total Policy Changes	-536	0	-536
2001-03 Revised Appropriations	8,525	4,127	12,652
Fiscal Year 2002 Total	4,497	2,054	6,551
Fiscal Year 2003 Total	4,028	2,073	6,101

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.
2. **Salmon Recovery Office** - Funding for the Governor's Salmon Recovery Office is reduced. Natural resource agencies will continue to implement the Statewide Strategy to Recover Salmon. Core staff remain to implement the activities of the Governor's Salmon Recovery Office.

Office of the Lieutenant Governor

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	900	0	900
Policy Changes			
1. Efficiencies & Savings	-23	0	-23
Total Policy Changes	-23	0	-23
2001-03 Revised Appropriations	877	0	877
Fiscal Year 2002 Total	449	0	449
Fiscal Year 2003 Total	428	0	428

Comments:

- 1. Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Public Disclosure Commission

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	3,813	0	3,813
Policy Changes			
1. Efficiencies & Savings	-57	0	-57
Total Policy Changes	-57	0	-57
2001-03 Revised Appropriations	3,756	0	3,756
Fiscal Year 2002 Total	1,910	0	1,910
Fiscal Year 2003 Total	1,846	0	1,846

Comments:

- 1. Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Office of the Secretary of State

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	19,220	15,341	34,561
Total Maintenance Changes	0	-46	-46
Policy Changes			
1. Corporations Fund Shift	-2,000	2,000	0
2. Efficiencies & Savings	-261	0	-261
3. Revolving Fund Reductions	0	-195	-195
4. Blanket Primary Litigation Costs	212	0	212
5. Elections Savings and Efficiencies	-240	0	-240
6. Archives Security Microfilm Project	0	586	586
7. Microfilm Imaging	0	768	768
8. Training & Grants	0	163	163
Total Policy Changes	-2,289	3,322	1,033
<hr/>			
2001-03 Revised Appropriations	16,931	18,617	35,548
Fiscal Year 2002 Total	10,485	7,019	17,504
Fiscal Year 2003 Total	6,446	11,598	18,044

Comments:

1. **Corporations Fund Shift** - Funding for the Corporations Division's expenditures is shifted on a one-time basis from the General Fund-State to the Secretary of State's Revolving Account. (General Fund-State, Secretary of State's Revolving Account-Non-Appropriated)
2. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.
3. **Revolving Fund Reductions** - State agencies that provide services to other state agencies are expected to reduce their expenditures and to share the savings by reducing their revolving fund billings to client state agencies. An ongoing 5 percent reduction in expenditures and revolving fund billings shall be achieved. For the Office of the Secretary of State, archives and Productivity Board activities are affected by this reduction. (Archives and Records Management Account-State, Department of Personnel Service Account-State)
4. **Blanket Primary Litigation Costs** - Funding is provided to the Secretary of State to pay legal billings from the Attorney General for costs incurred in defending the blanket primary system.
5. **Elections Savings and Efficiencies** - The Secretary of State reimburses local governments for the state's share of odd-year election costs. November 2001 election ballots contained fewer state issues and offices, in comparison to other years, that resulted in one-time savings. In addition, efficiencies in other agency activities allow the Secretary of State to achieve a one-time reduction in expenditures.
6. **Archives Security Microfilm Project** - State law authorizes the state archivist to microfilm and safeguard copies of records necessary for re-establishing government services after a disaster. During the 1999-01 biennium, restoration work was begun on deteriorating local government records. One-time funding is provided to complete the local government microfilm preservation project. (Archives and Records Management Account-Local)
7. **Microfilm Imaging** - The Secretary of State is required to microfilm state and local government records at cost. Due to higher-than-anticipated demand for microfilming services, one-time funding is provided to allow for an increase in microfilming activities. Funding for this increased level of activity comes from user fees. (Archives and Records Management Account-State)
8. **Training & Grants** - Legislation passed during the 2001 session (Chapter 13, Laws of 2001, 2nd sp.s.) directs the Archives Division to provide records management training and grants for local governments. Ongoing funding is provided for these new services. (Archives and Records Management Account-Local)

Governor's Office of Indian Affairs

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	551	0	551
Policy Changes			
1. Efficiencies & Savings	-8	0	-8
Total Policy Changes	-8	0	-8
2001-03 Revised Appropriations	543	0	543
Fiscal Year 2002 Total	269	0	269
Fiscal Year 2003 Total	274	0	274

Comments:

- 1. Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Washington State Commission on Asian-Pacific-American Affairs

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	466	0	466
Policy Changes			
1. Co-Locate and Consolidate Admin	-32	0	-32
Total Policy Changes	-32	0	-32
<hr/>			
2001-03 Revised Appropriations	434	0	434
Fiscal Year 2002 Total	233	0	233
Fiscal Year 2003 Total	201	0	201

Comments:

- 1. Co-Locate and Consolidate Admin** - Savings will be achieved by the administrative consolidation and co-location of the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Commission on Asian-Pacific-American Affairs into one office building. Additional savings will be achieved by sharing administrative services.

Office of the State Auditor

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	1,802	43,138	44,940
Total Maintenance Changes	0	0	0
Policy Changes			
1. Revolving Fund Reductions	0	-1,106	-1,106
2. Performance Audits	150	0	150
Total Policy Changes	150	-1,106	-956
<hr/>			
2001-03 Revised Appropriations	1,952	42,032	43,984
Fiscal Year 2002 Total	901	21,599	22,500
Fiscal Year 2003 Total	1,051	20,433	21,484

Comments:

1. **Revolving Fund Reductions** - State agencies that provide services to other state agencies are expected to reduce their expenditures and to share the savings by reducing their revolving fund billings to client state agencies. An ongoing 5 percent reduction in expenditures and revolving fund billings shall be achieved. For the State Auditor, state and local government auditing activities are affected by this reduction. (Auditing Services Revolving Account, Municipal Revolving Account-Non-Appropriated)
2. **Performance Audits** - Funding is provided for the State Auditor to conduct a performance audit of state claims benefits administration. (General Fund-State)

NOTE: Amounts shown here reflect only the omnibus appropriations act. The Office of the State Auditor received an appropriation of \$126,000 in the original 2001-03 transportation budget.

Citizens' Commission on Salaries for Elected Officials

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	232	0	232
Policy Changes			
1. Efficiencies & Savings	-5	0	-5
Total Policy Changes	-5	0	-5
<hr/>			
2001-03 Revised Appropriations	227	0	227
Fiscal Year 2002 Total	80	0	80
Fiscal Year 2003 Total	147	0	147

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Office of the Attorney General

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	9,617	155,189	164,806
Policy Changes			
1. Public Safety and Education Account	0	-36	-36
2. Revolving Fund Reductions	0	-1,543	-1,543
3. Blanket Primary Litigation	0	183	183
4. U.S. v. Washington (Culverts)	0	885	885
5. Cockle Decision	0	642	642
6. Anti-Trust Transfer	-141	141	0
7. Reduce Growth Management Legal Svcs	0	-51	-51
8. Consumer Protection Costs	-682	682	0
9. Water Rights Study	87	0	87
Total Policy Changes	-736	903	167
2001-03 Revised Appropriations	8,881	156,092	164,973
Fiscal Year 2002 Total	4,811	78,486	83,297
Fiscal Year 2003 Total	4,070	77,606	81,676

Comments:

- | | |
|---|--|
| <p>1. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2 percent across-the-board reduction is made to all agencies funded from this account. (Public Safety and Education Account-State)</p> <p>2. Revolving Fund Reductions - State agencies that provide services to other state agencies are expected to reduce their expenditures and to share the savings with their clients. The Office of the Attorney General shall achieve a reduction of \$1,302,000 in its billings for legal services purchased by state agencies in FY 2003. The reduction is expected to result from both reduced demand for services and reduced rates. (Legal Services Revolving Account)</p> <p>3. Blanket Primary Litigation - In July 2000, political parties in Washington State filed suit in federal court against the Secretary of State, alleging the blanket primary statutes are unconstitutional. Funding is provided to pay for legal services associated with the case, including attorney time and expert witnesses. (Legal Services Revolving Account)</p> <p>4. U.S. v. Washington (Culverts) - Funding is provided for the culvert case. The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag[ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing grounds." The trial is anticipated to be in June 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission. (Legal Services Revolving Account)</p> <p>5. Cockle Decision - The Washington State Supreme Court ruled in January 2001 that the value of employer-provided health care benefits must be included in the calculation of workers'</p> | <p>compensation benefits. As a result of the Cockle decision, the Department of Labor and Industries anticipates approximately 500 more appeals each year. Funding is provided to increase legal services provided to the Department of Labor and Industries. (Legal Services Revolving Account)</p> <p>6. Anti-Trust Transfer - Funding for Anti-Trust Unit activities is transferred from the General Fund-State to the Anti-Trust Revolving Account. (General Fund-State, Anti-Trust Revolving Account)</p> <p>7. Reduce Growth Management Legal Svcs - Expenditure authority is reduced to match funds available for growth management legal services in the budget for the Department of Community, Trade, and Economic Development. (Legal Services Revolving Account-State)</p> <p>8. Consumer Protection Costs - Part of the funding for the Consumer Protection Division is transferred from the General Fund-State to the Anti-Trust Revolving Account. (General Fund-State, Anti-Trust Revolving Account)</p> <p>9. Water Rights Study - One-time funding is provided for a report to the Legislature on federal and Indian reserved water rights. (General Fund-State)</p> |
|---|--|

Caseload Forecast Council

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,250	0	1,250
Policy Changes			
1. Efficiencies & Savings	-19	0	-19
Total Policy Changes	-19	0	-19
<hr/>			
2001-03 Revised Appropriations	1,231	0	1,231
Fiscal Year 2002 Total	631	0	631
Fiscal Year 2003 Total	600	0	600

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Department of Financial Institutions

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	23,776	23,776
Policy Changes			
1. Efficiencies & Savings	0	-357	-357
2. Job Class Realignment	0	973	973
Total Policy Changes	0	616	616
2001-03 Revised Appropriations	0	24,392	24,392
Fiscal Year 2002 Total	0	12,141	12,141
Fiscal Year 2003 Total	0	12,251	12,251

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2. **Job Class Realignment** - Funding is provided for the Department of Financial Institutions to realign three of its job classes, as approved by the Personnel Resources Board. This will provide flexibility in the financial services examination process, facilitate the use of legal staff in all program areas, and make salaries more competitive. (Financial Services Regulation Account-Non-Appropriated)

Department of Community, Trade, & Economic Development

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	141,957	215,936	357,893
Total Maintenance Changes	0	-197	-197
Policy Changes			
1. Public Safety and Education Account	0	-206	-206
2. Community Empowerment Zones	-45	0	-45
3. DCTED Administrative Reduction	-187	0	-187
4. Salmon Recovery Fund Reallocation	-1,500	1,500	0
5. Low-Income Housing	0	2,783	2,783
6. Building Code Council Fee Increase	0	165	165
7. Mobile Home Relocation Funding	0	202	202
8. Senior Games	-23	0	-23
9. Archaeology Month	-15	0	-15
10. Growth Management Conferences	-15	0	-15
11. Local Government AG Costs	-51	0	-51
12. Walla Walla Community Connections	-75	0	-75
13. Public Broadcasting Grants	-104	0	-104
14. Buildable Lands	-1,251	0	-1,251
15. Head Start State Match	-235	0	-235
16. Early Childhood Education (ECEAP)	-838	0	-838
17. Overnight Youth Shelters	-120	120	0
18. Emergency Shelter Program	-1,868	1,868	0
19. Director's Office Special Projects	-10	0	-10
20. Special Trade Representative	-40	0	-40
21. Energy Policy Division Reduction	-42	0	-42
22. Washington State Int'l Trade Fair	-35	0	-35
23. CERB Position	-56	36	-20
24. Tourism Office Reduction	-320	0	-320
25. Washington Technology Center	-247	0	-247
26. Community Services Block Grant	-673	0	-673
27. Growth Mgmt Tech Assistance	-28	0	-28
28. Growth Mgmt Review & Response	-24	0	-24
29. WA-CERT	-69	0	-69
30. Washington Manufacturing Service	-300	0	-300
31. Rural WA Manufacturing Service	-100	0	-100
32. Reduce Travel/Business Enhancement	-280	0	-280
33. Community-Based Services Task Force	40	0	40
34. Civil Indigent Legal Representation	0	1,500	1,500
35. Violence Reduction & Drug Enf Acct	0	-68	-68
36. Artistic Organization Support	300	0	300
37. OTED Efficiencies and Savings	-504	0	-504
38. OCD Efficiencies and Savings	-1,641	0	-1,641
39. Vendor Rate Change	-209	0	-209
40. Lapse	0	-165	-165
41. Governor Veto	-300	0	-300
Total Policy Changes	-10,865	7,735	-3,130
2001-03 Revised Appropriations	131,092	223,474	354,566
Fiscal Year 2002 Total	70,893	109,604	180,497
Fiscal Year 2003 Total	60,199	113,870	174,069

Comments:

1. **Public Safety and Education Account** - Due to a revenue shortfall in the Public Safety and Education Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

2. **Community Empowerment Zones** - Funding to staff the Community Empowerment Zone Program is eliminated in FY 2003. The Office of Trade and Economic Development (OTED) will continue monitoring the program within existing resources.

Department of Community, Trade, & Economic Development

3. **DCTED Administrative Reduction** - The Department of Community, Trade, and Economic Development (DCTED) shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by the Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.
4. **Salmon Recovery Fund Reallocation** - Funding for FY 2003 critical area ordinance updates is shifted from General Fund-State to the Salmon Recovery Account. (General Fund-State, Salmon Recovery Account)
5. **Low-Income Housing** - Chapter 294, Laws of 2002 (HB 2060), imposed a \$10 surcharge on recording fees for real property documents. Revenues from this surcharge are provided for operation and maintenance costs associated with emergency shelters, youth shelters, and other housing projects for very low-income persons. (Washington Housing Trust Account)
6. **Building Code Council Fee Increase** - An increase in funding is provided for activities of the State Building Code Council.
7. **Mobile Home Relocation Funding** - Funding for the Mobile Home Relocation Assistance Program is provided through a fee on the title transfer of manufactured homes that are sold within manufactured home parks pursuant to Chapter 257, Laws of 2002 (2SSB 5354). (Mobile Home Park Relocation Account)
8. **Senior Games** - Funding for the FY 2003 state match for the Washington Senior Games is eliminated.
9. **Archaeology Month** - General Fund-State support for Archaeology Month is eliminated in FY 2003. The Office of Archaeology and Historic Preservation proposes to replace state funds with existing federal and private/local funds.
10. **Growth Management Conferences** - Funding for FY 2003 Growth Management conferences and related technical assistance workshops is eliminated.
11. **Local Government AG Costs** - Funding for Growth Management legal costs is reduced by 50 percent beginning FY 2003. The Office of Community Development (OCD) will reduce its involvement in appeals of actions under the Growth Management Act.
12. **Walla Walla Community Connections** - Funding for the Walla Walla Community Connections Program is eliminated in FY 2003.
13. **Public Broadcasting Grants** - Funding is removed for grants to public radio and television stations in FY 2003, but funding is provided for grants in FY 2002.
14. **Buildable Lands** - Funding is eliminated for buildable land grants to local governments. These grants help local governments track data, report, and take actions regarding land supply, urban densities, and actual development as required under a 1997 amendment to the Growth Management Act. The Legislature passed HB 2846, which would have suspended buildable land requirements when funding was not available. The Governor fully vetoed HB 2846; as a result, there will be no suspension of buildable land requirements, even though state funding was eliminated.
15. **Head Start State Match** - State funding assistance for Head Start contractors is reduced in FY 2003. Head Start contractors must provide a 20 percent match to obtain federal funds. The matching requirement is \$1,806 per child slot, and state funds have paid about \$51 of the \$1,806 match.
16. **Early Childhood Education (ECEAP)** - The Early Childhood Education and Assistance Program (ECEAP) will reduce its FY 2003 administrative budget by 3 percent.
17. **Overnight Youth Shelters** - Funding for overnight youth shelters in FY 2003 is shifted from the General Fund-State to the Washington Housing Trust Account. (General Fund-State, Washington Housing Trust Account)
18. **Emergency Shelter Program** - Funding for emergency shelters for FY 2003 is shifted from the General Fund-State to the Washington Housing Trust Account. (General Fund-State, Washington Housing Trust Account-State)
19. **Director's Office Special Projects** - The OTED Director's Office budget for special economic development projects is reduced by 20 percent in FY 2003.
20. **Special Trade Representative** - The Special Trade Representative position in the Governor's Office is funded in OTED's budget. Beginning in FY 2003, the Department of Agriculture will pay \$40,000 of the cost of the position.
21. **Energy Policy Division Reduction** - The Energy Policy Division will reduce various operating expenditures including training, travel, goods and services, and conference costs.
22. **Washington State Int'l Trade Fair** - Funding is reduced in FY 2003 for logistical, promotional, and administrative support for businesses attending domestic and international trade fairs promoted by the International Trade Division of OTED and the Department of Agriculture.
23. **CERB Position** - Funding for an administrative support position for the Community Economic Revitalization Board (CERB) is shifted from the General Fund-State to the Public Works Trust Fund. Chapter 242, Laws of 2002 (HB 2425), provides for additional revenues for deposit into the Public Works Trust Fund.

Department of Community, Trade, & Economic Development

24. **Tourism Office Reduction** - The Tourism Office will reduce its FY 2002 and FY 2003 appropriations through the consolidation of the Tourism and the Business Development Offices and the elimination of two FTE staff. Additional savings will be achieved through a reduction in services such as coordination and management of the on-site Tourism Resource Center and tourism development lending library, and technical assistance on tourism and economic development to Tourism Office clients.
25. **Washington Technology Center** - Funding for the Washington Technology Center is reduced by 15 percent in FY 2003.
26. **Community Services Block Grant** - State funding for the Community Services Block Grant Program is eliminated. An increase in federal funds is expected to offset this reduction.
27. **Growth Mgmt Tech Assistance** - Funding for Growth Management Technical Assistance is reduced.
28. **Growth Mgmt Review & Response** - Funding is reduced for the Growth Management review and response unit.
29. **WA-CERT** - Funding for the Washington Community Economic Revitalization Team (WA-CERT) is reduced in FY 2003. The Certified Communities Initiative shall be discontinued.
30. **Washington Manufacturing Service** - Funding for the Washington Manufacturing Service contract is eliminated in FY 2003.
31. **Rural WA Manufacturing Service** - Funding for the Washington Manufacturing Service Rural Program is eliminated in FY 2003.
32. **Reduce Travel/Business Enhancement** - Funding is eliminated for enhancements provided in the 2001-03 biennial budget for a business hotline, OTED travel expenses, business retention and expansion, and business finance and loan programs.
33. **Community-Based Services Task Force** - One-time funding is provided to implement the Washington State Task Force on Funding for Community-Based Services to Victims of Crime, as provided in Chapter 351, Laws of 2002 (SB 6763).
34. **Civil Indigent Legal Representation** - The Governor has recently notified DCTED that funding from the federal Temporary Assistance to Needy Families block grant will no longer be available to support civil indigent legal representation. For this reason, \$1.5 million in funding from the Violence Reduction and Drug Enforcement Account is provided to replace a portion of the reduced federal funding. (Violence Reduction and Drug Enforcement Account)
35. **Violence Reduction & Drug Enf Acct** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 1.1 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)
36. **Artistic Organization Support** - Funding is provided to artistic organizations as reimbursement for the payment of back leasehold excise taxes assessed by the Department of Revenue.
37. **OTED Efficiencies and Savings** - OTED shall take actions consistent with their mission, goals, and objectives to reduce operating costs by \$504,000. Such actions, to the greatest extent possible, shall maintain direct payments to service providers, grants to other entities, and other pass-through funds. Examples of actions that may be taken to effect this reduction include hiring freezes, employee furloughs, staffing reductions, restricted travel and training, delaying purchases of equipment, and limiting personal service contracts.
38. **OCD Efficiencies and Savings** - OCD shall take actions consistent with their mission, goals, and objectives to reduce operating costs by \$1,641,000. Such actions, to the greatest extent possible, shall maintain direct payments to service providers, grants to other entities, and other pass-through funds. Examples of actions that may be taken to effect this reduction include hiring freezes, employee furloughs, staffing reductions, restricted travel and training, delaying purchases of equipment, and limiting personal service contracts.
39. **Vendor Rate Change** - Funding for the second year vendor rate for ECEAP is reduced to 1.5 percent.
40. **Lapse** - Building Code Council Fee Increase - Because SB 5352 did not pass the Legislature, the amount provided lapses (see item 6 above). (Building Code Council Account)
41. **Governor Veto** - The Governor vetoed Section 125(31) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which would have provided funds to artistic organizations to pay back leasehold excise taxes assessed by the Department of Revenue. The Governor also vetoed Section 125(34), which designated funds from the non-appropriated Mobile Home Park Relocation Account to implement Chapter 257, Laws of 2002 (2SSB 5354).

Economic & Revenue Forecast Council

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	1,026	0	1,026
Policy Changes			
1. Efficiencies & Savings	-15	0	-15
Total Policy Changes	-15	0	-15
<hr/>			
2001-03 Revised Appropriations	1,011	0	1,011
Fiscal Year 2002 Total	512	0	512
Fiscal Year 2003 Total	499	0	499

Comments:

- 1. Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Office of Financial Management

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	24,480	44,746	69,226
Policy Changes			
1. Transfer Risk Management Office	0	1,452	1,452
2. Efficiencies & Savings	-366	0	-366
3. Performance Audits	350	0	350
4. Revolving Fund Reductions	0	-339	-339
5. Agency Loss Prevention Reviews	0	132	132
6. VRDE Reduction	0	-3	-3
7. Permit Assistance Center	580	0	580
8. Permit Assistance Center Reduction	-80	0	-80
Total Policy Changes	484	1,242	1,726
2001-03 Revised Appropriations	24,964	45,988	70,952
Fiscal Year 2002 Total	12,456	21,493	33,949
Fiscal Year 2003 Total	12,508	24,495	37,003

Comments:

1. **Transfer Risk Management Office** - The Office of Risk Management is transferred from the Department of General Administration to the Office of Financial Management (OFM). (Risk Management Account-State, Risk Management Account-Local)
2. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.
3. **Performance Audits** - Funding is provided for: 1) assessment and performance scoring of state agencies; and 2) performance audits of state capital construction practices and state contracting practices. (General Fund-State)
4. **Revolving Fund Reductions** - State agencies that provide services to other state agencies are expected to reduce their expenditures and to share the savings with their clients. OFM shall achieve a reduction of \$339,000 in its billings for financial system services purchased by state agencies in FY 2003. The reduction is expected to result from both reduced demand for services and reduced rates. (Data Processing Revolving Account-Non-Appropriated)
5. **Agency Loss Prevention Reviews** - Funding is provided to implement Chapter 333, Laws of 2002 (ESSB 6428 - Loss Prevention Review Teams). (Risk Management Account)
6. **VRDE Reduction** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account (VRDE), a 1.1 percent across-the-board reduction is made to all agencies funded from the account. (VRDE-State)
7. **Permit Assistance Center** - Funding and staff are transferred from the Department of Ecology's Permit Assistance Center to OFM pursuant to Chapter 153, Laws of 2002, PV (E2SHB 2671).
8. **Permit Assistance Center Reduction** - Funding for the Permit Assistance Center is reduced.

Office of Administrative Hearings

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	21,988	21,988
Policy Changes			
1. Efficiencies & Savings	0	-330	-330
2. Unemployment Insurance Appeals	0	786	786
Total Policy Changes	0	456	456
2001-03 Revised Appropriations	0	22,444	22,444
Fiscal Year 2002 Total	0	11,321	11,321
Fiscal Year 2003 Total	0	11,123	11,123

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2. **Unemployment Insurance Appeals** - Appropriation authority is provided for the costs of increased unemployment insurance appeals. The Department of Employment Security will reimburse the Office of Administrative Hearings for the increase with federal block grant money that is already included in their budget. (Administrative Hearings Revolving Account)

Department of Personnel

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	33,693	33,693
Policy Changes			
1. Reduced Agency Billings	0	-545	-545
2. Efficiencies & Savings	0	-262	-262
Total Policy Changes	0	-807	-807
<hr/>			
2001-03 Revised Appropriations	0	32,886	32,886
Fiscal Year 2002 Total	0	17,082	17,082
Fiscal Year 2003 Total	0	15,804	15,804

Comments:

1. **Reduced Agency Billings** - Funding is reduced to account for decreased agency billings as a result of unexpended charges for a payroll system feasibility study. (Data Processing Revolving Account-Non-Appropriated)

2. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by the Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction. (Department of Personnel Service Account)

State Lottery Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	763,162	763,162
Policy Changes			
1. "Big Game" Multi-State Lottery	0	64,604	64,604
2. Efficiencies & Savings	0	-335	-335
3. Reduced Existing Lottery Activity	0	-15,111	-15,111
Total Policy Changes	0	49,158	49,158
2001-03 Revised Appropriations	0	812,320	812,320
Fiscal Year 2002 Total	0	379,995	379,995
Fiscal Year 2003 Total	0	432,325	432,325

Comments:

1. **"Big Game" Multi-State Lottery** - Funding reflects implementation of Chapter 349, Laws of 2002 (E2SSB 6560), which authorizes the State Lottery Commission to join "The Big Game" shared lottery, a multi-state lottery consortium. Participation in "The Big Game" is expected to generate \$24.4 million in additional revenue for the state general fund in FY 2003.

Projected expenditures of \$64.6 million will be deducted from projected gross sales of \$108.3 million. Expenditures include prize payouts (\$54.1 million), retailer commissions (\$7.6 million), vendor contracts (\$2.1 million), and advertising (\$0.8 million). After expenditures, \$18.8 million will be transferred to the student achievement and education construction accounts, to make up for reduced revenue from existing lottery games. In addition, \$0.5 million in FY 2003 is transferred to the Violence Reduction and Drug Enforcement Account, exclusively for the treatment of pathological gambling. Remaining funds of \$24.4 million in net revenue will be deposited in the state general fund. (Shared Game Account-Non-Appropriated)

2. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.
3. **Reduced Existing Lottery Activity** - Funding reflects an anticipated reduction to existing lottery game expenses as a result of entry into "The Big Game," including decreased prize payouts, retailer commissions, and vendor contracts. (State Lottery Account-Non-Appropriated)

Washington State Gambling Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	29,803	29,803
Policy Changes			
1. Efficiencies & Savings	0	-450	-450
Total Policy Changes	0	-450	-450
<hr/>			
2001-03 Revised Appropriations	0	29,353	29,353
Fiscal Year 2002 Total	0	14,807	14,807
Fiscal Year 2003 Total	0	14,546	14,546

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Washington State Commission on Hispanic Affairs

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	460	0	460
Policy Changes			
1. Co-Locate and Consolidate Admin	-24	0	-24
Total Policy Changes	-24	0	-24
<hr/>			
2001-03 Revised Appropriations	436	0	436
Fiscal Year 2002 Total	226	0	226
Fiscal Year 2003 Total	210	0	210

Comments:

1. **Co-Locate and Consolidate Admin** - Savings will be achieved by the administrative consolidation and co-location of the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Commission on Asian-Pacific-American Affairs into one office building. Additional savings will be achieved by sharing administrative services.

Washington State Commission on African-American Affairs

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	420	0	420
Policy Changes			
1. Co-Locate and Consolidate Admin	-2	0	-2
Total Policy Changes	-2	0	-2
<hr/>			
2001-03 Revised Appropriations	418	0	418
Fiscal Year 2002 Total	211	0	211
Fiscal Year 2003 Total	207	0	207

Comments:

1. **Co-Locate and Consolidate Admin** - Savings will be achieved by the administrative consolidation and co-location of the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Commission on Asian-Pacific-American Affairs into one office building. Additional savings will be achieved by sharing administrative services.

Personnel Appeals Board

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	1,679	1,679
Policy Changes			
1. Leave Cash-Out for Board Members	0	26	26
Total Policy Changes	0	26	26
<hr/>			
2001-03 Revised Appropriations	0	1,705	1,705
Fiscal Year 2002 Total	0	836	836
Fiscal Year 2003 Total	0	869	869

Comments:

1. **Leave Cash-Out for Board Members** - One-time funding is provided for payments to Board members who have retired or whose terms on the Board expired during the biennium.
(Department of Personnel Service Account)

Department of Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	52,917	52,917
Total Maintenance Changes	0	125	125
Policy Changes			
1. PERS 3 Transfer Payment	0	96	96
2. TRS 1 Extended School Year	0	9	9
3. LEOFF 2 Part-Time Leave of Absence	0	12	12
4. Transferring Svc Credit to WSPRS	0	122	122
5. Survivor Benefits	0	651	651
6. PERS 1 Terminated Vested	0	53	53
7. Administrative Rate Reduction	0	-732	-732
8. EMT Service Credit Transfer	0	130	130
9. Lapse	0	-139	-139
Total Policy Changes	0	202	202
2001-03 Revised Appropriations	0	53,244	53,244
Fiscal Year 2002 Total	0	27,427	27,427
Fiscal Year 2003 Total	0	25,817	25,817

Comments:

1. **PERS 3 Transfer Payment** - Funding is provided for the Department of Retirement Systems (DRS) to modify computer systems, communication materials, and member presentation materials relating to the new transfer payment dates created by Chapter 159, Laws of 2002 (SB 6376). (DRS Expense Account)
2. **TRS 1 Extended School Year** - Funding is provided for DRS to update Teachers' Retirement System (TRS) Plan 1 communication materials and the retiree application for extended school year members pursuant to SB 6377. (DRS Expense Account)
3. **LEOFF 2 Part-Time Leave of Absence** - Funding is provided for DRS to change communication materials and modify the member information system to identify law enforcement members who take part-time leave of absence under Chapter 28, Laws of 2002 (SB 6378). (DRS Expense Account)
4. **Transferring Svc Credit to WSPRS** - Funding is provided to DRS to update communication materials, the operations manual, and the member information system for eligible members who elect to transfer all past Public Employees' Retirement System (PERS) Plan 2 service credit into the Washington State Patrol Retirement System (WSPRS) pursuant to Chapter 269, Laws of 2002 (SB 6379). (DRS Expense Account)
5. **Survivor Benefits** - Funding is provided to DRS for computer system modification costs related to the changes in automatic and optional survivor benefits pursuant to Chapter 158, Laws of 2002 (ESB 6380). (DRS Expense Account)
6. **PERS 1 Terminated Vested** - Funding is provided for DRS to make system modifications and update member educational materials for future, vested PERS 1 members who separate from service and elect to receive retirement benefits at age 60 pursuant to Chapter 62, Laws of 2002 (SB 6381). (DRS Expense Account)
7. **Administrative Rate Reduction** - The appropriations in this section are reduced to reflect savings resulting from a 0.01 percent reduction of the DRS administrative expense rate, effective May 1, 2002, from 0.23 to 0.22 for the remainder of the 2001-03 biennium. (DRS Expense Account)
8. **EMT Service Credit Transfer** - Funding is provided for DRS to modify the member information system to identify emergency medical technicians (EMTs) who choose to transfer past PERS service credit to the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 as directed by SHB 2896. (DRS Expense Account)
9. **Lapse** - TRS 1 Extended School Year and EMT Service Credit Transfer - Because SB 6377 and SHB 2896 did not pass the Legislature, the amounts provided lapse (see item 2 and item 8 above). (DRS Expense Account)

State Investment Board

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	12,876	12,876
Policy Changes			
1. Efficiencies & Savings	0	-194	-194
2. New Leased Facility	0	779	779
Total Policy Changes	0	585	585
<hr/>			
2001-03 Revised Appropriations	0	13,461	13,461
Fiscal Year 2002 Total	0	6,422	6,422
Fiscal Year 2003 Total	0	7,039	7,039

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2. **New Leased Facility** - Funding is provided to the State Investment Board for increased lease costs including rent, tenant improvements, moving costs, design costs, furniture, filing systems, a telephone system, and a public address system. (State Investment Board Expense Account)

Department of Revenue

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	145,207	10,291	155,498
Policy Changes			
1. Tax Education & Tax Collection	6,260	0	6,260
2. Efficiencies & Savings	-699	0	-699
3. Motor Vehicle Sales Tax	0	109	109
4. Tax Incentives Study	90	0	90
5. Municipal B&O Tax Uniformity	114	0	114
6. Lapse	0	-100	-100
7. Governor Veto	-204	0	-204
Total Policy Changes	5,561	9	5,570
2001-03 Revised Appropriations	150,768	10,300	161,068
Fiscal Year 2002 Total	72,820	5,149	77,969
Fiscal Year 2003 Total	77,948	5,151	83,099

Comments:

1. **Tax Education & Tax Collection** - Funding is provided for additional taxpayer education, audit activity, tax discovery efforts, and delinquent account collections. These strategies are projected to generate \$46.4 million in General Fund-State revenue and \$6.8 million in revenue for local governments during FY 2003, and another \$106.1 million in General Fund-State revenue and \$15.6 million in revenue for local governments in the 2003-05 biennium.
2. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.
3. **Motor Vehicle Sales Tax** - Funding is provided pursuant to Chapter 202, Laws of 2002 (ESHB 2969 - Referendum 51 - Transportation Funding), for education and administrative activities associated with a phased increase to the state sales and use tax on motor vehicles. Funding for this purpose shall lapse if Referendum 51 is not enacted by January 1, 2003. This funding will also lapse by any amount provided in the transportation appropriations act for this purpose, see below. (Multimodal Transportation Account)
4. **Tax Incentives Study** - One-time funding is provided for the Department to conduct a study of tax incentives. The purpose of the study is to allow the Legislature to evaluate the success of tax incentives in terms of job creation, product development, and other factors that are considered a return on investment of public funds. The study shall maintain the confidentiality of individual businesses and participation in the study is voluntary. The Department shall report to the appropriate legislative committees of the Senate and House of Representatives by November 30, 2002. (This funding was vetoed by the Governor. See below.)
5. **Municipal B&O Tax Uniformity** - One-time funding is provided pursuant to ESHB 2658 (Municipal Business and Occupation [B&O] Tax), which intends to provide for a more uniform system of city B&O taxes that eliminate multiple taxation, while allowing for some continued local control. The funding covers Department of Revenue expenses to assist cities and the business community in resolving issues of apportionment and allocation of income. (This funding was vetoed by the Governor, see below. However, even if the funding had not been vetoed, it would have been required to lapse since ESHB 2658 was not enacted.)
6. **Lapse - Motor Vehicle Sales Tax** - Funding of \$100,000 is provided in Chapter 201, Laws of 2002, Partial Veto, (ESSB 6347 - Transportation Supplemental Budget) to implement the provisions of Chapter 202, Laws of 2002 (ESHB 2969). The appropriation contained in Chapter 371, Laws of 2002, Partial Veto (ESSB 6387 - Omnibus Operating Budget) for the same purpose is lapsed by \$100,000 to avoid duplication. (Multimodal Transportation Account)
7. **Governor Veto** - The Governor vetoed Section 137(2) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided funding for a study of tax incentives, and Section 137 (4), which provided funding for ESHB 2658 (Municipal B&O Tax).

NOTE: Amounts shown here reflect only the omnibus appropriations act. The remainder of the Department of Revenue's budget is shown in the Transportation New Law Budget Section of this document.

Board of Tax Appeals

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	2,231	0	2,231
Policy Changes			
1. Efficiencies & Savings	-31	0	-31
Total Policy Changes	-31	0	-31
<hr/>			
2001-03 Revised Appropriations	2,200	0	2,200
Fiscal Year 2002 Total	1,193	0	1,193
Fiscal Year 2003 Total	1,007	0	1,007

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Department of General Administration

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,179	131,850	133,029
Policy Changes			
1. Efficiencies & Savings	-19	0	-19
2. Revolving Fund Reductions	0	-642	-642
3. Non-Appropriated Revolving Fund	0	-1,302	-1,302
4. Transfer Risk Management Office	0	-1,452	-1,452
5. Recycling and Waste Reduction	44	0	44
Total Policy Changes	25	-3,396	-3,371
2001-03 Revised Appropriations	1,204	128,454	129,658
Fiscal Year 2002 Total	549	66,414	66,963
Fiscal Year 2003 Total	655	62,040	62,695

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction. waste reduction provisions of Chapter 299, Laws of 2002 (SHB 2308).

2. **Revolving Fund Reductions** - State agencies that provide services to other state agencies are expected to reduce their expenditures and to share the savings by reducing their revolving fund billings to client state agencies. An ongoing 5 percent reduction in expenditures and revolving fund billings shall be achieved. The Department of General Administration's charges to state agencies for real estate services, seat of government charges, and capitol campus operations are affected by this reduction. (General Services Administration Account)

3. **Non-Appropriated Revolving Fund** - State agencies that provide services to other state agencies are expected to reduce their expenditures and to share the savings with their clients. The Department of General Administration shall achieve a reduction of \$1,302,000 in its billings for services purchased by state agencies in FY 2003. The reduction is expected to result from both reduced demand and reduced rates. (General Administration Services Account-Non-Appropriated)

4. **Transfer Risk Management Office** - The Office of Risk Management is transferred from the Department of General Administration to OFM. (General Administration Services Account)

5. **Recycling and Waste Reduction** - One-time funding is provided for the Department to implement the recycling and

Department of Information Services

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	209,488	209,488
Policy Changes			
1. Revolving Fund Reductions	0	-96	-96
2. Non-Appropriated Revolving Fund Adj	<u>0</u>	<u>-1,995</u>	<u>-1,995</u>
Total Policy Changes	0	-2,091	-2,091
<hr/>			
2001-03 Revised Appropriations	0	207,397	207,397
Fiscal Year 2002 Total	0	104,801	104,801
Fiscal Year 2003 Total	0	102,596	102,596

Comments:

1. **Revolving Fund Reductions** - A revolving fund reduction is made to the amount that the Department of Information Services (DIS) is reimbursed by state agencies for DIS Policy and Regulation Division staff who provide information technology consulting services to agencies and the Information Services Board. (Data Processing Revolving Account)

2. **Non-Appropriated Revolving Fund Adj** - State agencies that provide services to other state agencies are expected to reduce their expenditures and to share the savings with their clients. DIS shall achieve a reduction of \$1,995,000 in its billings for services purchased by state agencies in FY 2003. The reduction is expected to result from both reduced demand and reduced rates. (Data Processing Revolving Account-Non-Appropriated)

Office of the Insurance Commissioner

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	29,675	29,675
Policy Changes			
1. SHIBA HelpLine	0	204	204
2. SHIBA Sponsor Reimbursement	0	176	176
3. Health Carrier Examinations	0	495	495
Total Policy Changes	0	875	875
2001-03 Revised Appropriations	0	30,550	30,550
Fiscal Year 2002 Total	0	14,847	14,847
Fiscal Year 2003 Total	0	15,703	15,703

Comments:

1. **SHIBA HelpLine** - Funding is provided to extend the Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine functions to culturally-diverse populations. The state funding replaces federal grant funds that expire on June 30, 2002. (Insurance Commissioner's Regulatory Account)
2. **SHIBA Sponsor Reimbursement** - Funding is provided for SHIBA sponsor reimbursements. The sponsor organizations recruit and train volunteers who provide insurance assistance, advocacy, and education to Washington residents. (Insurance Commissioner's Regulatory Account)
3. **Health Carrier Examinations** - Funding is provided to increase on-site financial examinations of health insurance carriers. (Insurance Commissioner's Regulatory Account)

Washington Horse Racing Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	4,504	4,504
Policy Changes			
1. Efficiencies & Savings	0	-68	-68
Total Policy Changes	0	-68	-68
<hr/>			
2001-03 Revised Appropriations	0	4,436	4,436
Fiscal Year 2002 Total	0	2,252	2,252
Fiscal Year 2003 Total	0	2,184	2,184

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

Washington State Liquor Control Board

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	2,967	150,262	153,229
Total Maintenance Changes	0	3,577	3,577
Policy Changes			
1. Efficiencies & Savings	-45	-2,059	-2,104
2. Material Handling System Components	0	741	741
3. Distribution Center FTEs	0	84	84
4. Law Enforcement Equipment	0	99	99
Total Policy Changes	-45	-1,135	-1,180
2001-03 Revised Appropriations	2,922	152,704	155,626
Fiscal Year 2002 Total	1,483	80,707	82,190
Fiscal Year 2003 Total	1,439	71,997	73,436

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2. **Material Handling System Components** - Funding is provided for material handling system back-up parts that were not originally budgeted. Funding is also provided for some unanticipated new system requirements, such as material handling system labels, software license costs, and insurance. (Liquor Revolving Account)

3. **Distribution Center FTEs** - One-time funding is provided for nine temporary FTEs for the Seattle distribution center, for three months in FY 2003, to handle the expected increase in sales volume during the holiday season. During the holiday season, the materials handling system is expected to have an average daily shipment of over 20,000 cases of liquor per day and expects to operate a second shift in order to meet liquor store inventory orders. (Liquor Control Board Construction and Maintenance Account)

4. **Law Enforcement Equipment** - One-time funding is provided for the purchase of law enforcement equipment. The Liquor Control Board has received a portion of federal asset sharing funds from forfeited property that was earned from a joint investigation with the federal government. (General Fund-Federal)

Utilities and Transportation Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	31,235	31,235
Policy Changes			
1. Efficiencies & Savings	0	-406	-406
Total Policy Changes	0	-406	-406
<hr/>			
2001-03 Revised Appropriations	0	30,829	30,829
Fiscal Year 2002 Total	0	15,638	15,638
Fiscal Year 2003 Total	0	15,191	15,191

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

NOTE: Amounts shown here reflect only the omnibus appropriations act. The Utilities & Transportation Commission received an appropriation of \$126,000 in the original 2001-03 transportation budget.

Military Department

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	18,144	239,223	257,367
Total Maintenance Changes	0	-112,465	-112,465
Policy Changes			
1. Efficiencies & Savings	-269	0	-269
2. E-911 Program Network Upgrade	0	907	907
3. Wireless Enhanced 911	0	2,818	2,818
Total Policy Changes	-269	3,725	3,456
<hr/>			
2001-03 Revised Appropriations	17,875	130,483	148,358
Fiscal Year 2002 Total	9,165	68,555	77,720
Fiscal Year 2003 Total	8,710	61,928	70,638

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2. **E-911 Program Network Upgrade** - One-time funding is provided for costs associated with upgrading the ability of the enhanced 911 (E-911) network to transfer calls from one Public Safety Answering Point (PSAP) to another PSAP within the state. (E-911 Account)

3. **Wireless Enhanced 911** - Funding is provided for the implementation of Chapter 341, Laws of 2002 (HB 2595), which imposes an additional 20 cent per month state tax on wireless subscribers. The revenue from this tax will be utilized for costs associated with creating the capability to locate the number and location of callers dialing 911 from a wireless phone. (E-911 Account)

Public Employment Relations Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	4,318	0	4,318
Policy Changes			
1. Initiative 775 Impact	285	0	285
2. Efficiencies & Savings	-86	0	-86
3. Higher Ed Bargaining Impacts	47	0	47
Total Policy Changes	246	0	246
2001-03 Revised Appropriations	4,564	0	4,564
Fiscal Year 2002 Total	2,225	0	2,225
Fiscal Year 2003 Total	2,339	0	2,339

Comments:

1. **Initiative 775 Impact** - Funding is provided for the Public Employees' Relations Commission (PERC) to comply with Initiative 775, which grants home care workers full collective bargaining rights under the Public Employees' Collective Bargaining Act administered by PERC. As a result of this Initiative, the Commission will: 1) run an election process to determine if the home care workers want to be represented by a labor organization and which organization would represent them; 2) adopt rules required for the Initiative; 3) negotiate the first collective bargaining agreement; and 4) process anticipated unfair labor practice allegations.

2. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

3. **Higher Ed Bargaining Impacts** - Funding is provided for increased workload related to higher education-related collective bargaining, pursuant to Chapter 356, Laws of 2002, Partial Veto (2SHB 2403) and Chapter 34, Laws of 2002 (ESHB 2540). 2SHB 2403 provides for collective bargaining between all state four-year higher education institutions and their faculty. ESHB 2540 allows teaching and research assistants at the University of Washington to collectively bargain for wages, benefits, and certain working conditions. The Commission is required to conduct elections and provide mediation, in addition to other duties.

Growth Management Hearings Board

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	3,003	0	3,003
Policy Changes			
1. Efficiencies & Savings	-45	0	-45
Total Policy Changes	-45	0	-45
<hr/>			
2001-03 Revised Appropriations	2,958	0	2,958
Fiscal Year 2002 Total	1,497	0	1,497
Fiscal Year 2003 Total	1,461	0	1,461

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.