

OMNIBUS APPROPRIATIONS ACT – AGENCY DETAIL

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LEGISLATIVE

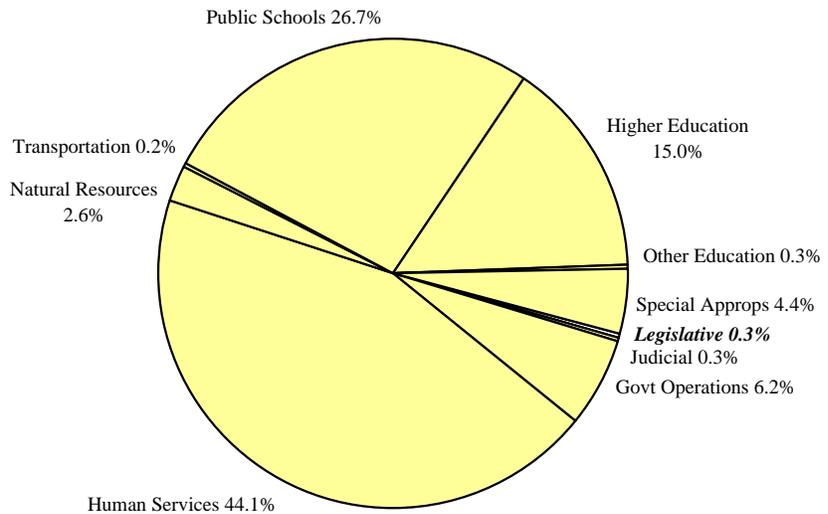
Efficiencies and Savings

Administrative reductions reflecting efficiencies and savings were made in appropriations to all legislative agencies. Agencies are expected to achieve these savings in a manner consistent with the agency's mission, goals, and objectives while, to the greatest extent possible, maintaining client services. Examples of actions that may be taken by state agencies include hiring freezes, employee furloughs, and reductions in employee travel and training, equipment purchases, and personal service contracts.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

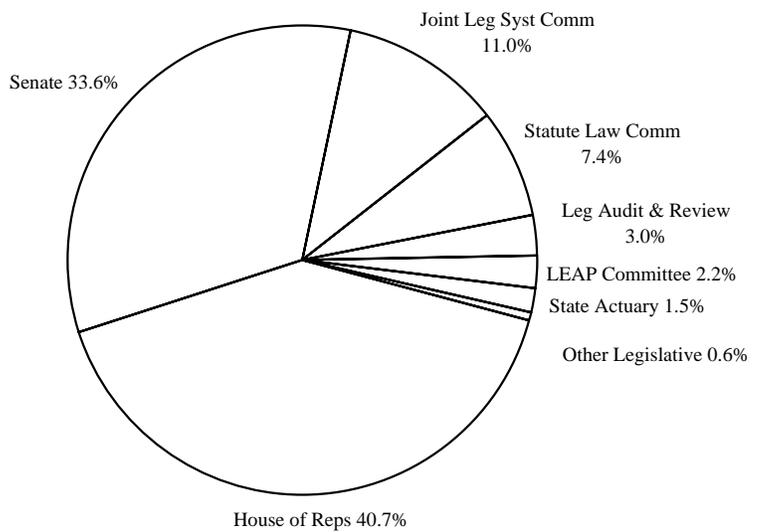
(Dollars in Thousands)

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

House of Representatives	55,430
Senate	45,707
Jt Leg Systems Comm	14,959
Statute Law Committee	10,065
Jt Leg Audit & Rev Comm	4,069
LEAP Committee	2,950
State Actuary	2,054
Other Legislative	876
Legislative	136,110

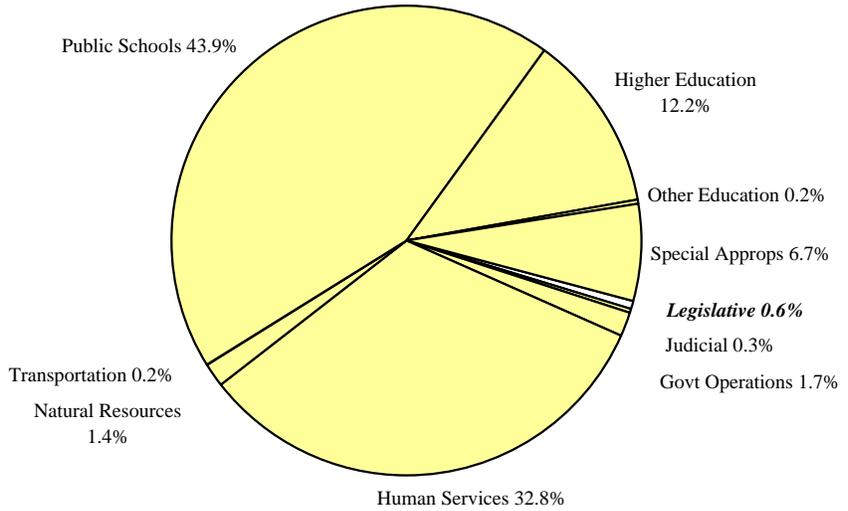


Legislative

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

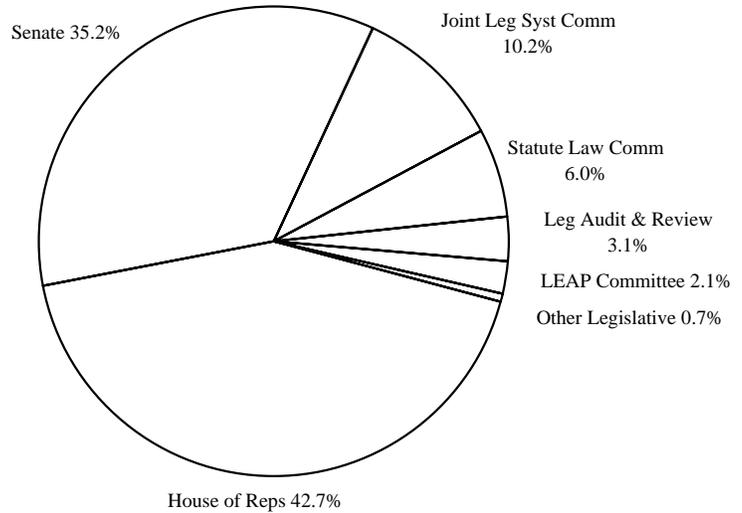
(Dollars in Thousands)

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

House of Representatives	55,385
Senate	45,662
Jt Leg Systems Comm	13,253
Statute Law Committee	7,826
Jt Leg Audit & Rev Comm	4,069
LEAP Committee	2,747
Other Legislative	876
Legislative	129,818



Legislative

House of Representatives

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	56,810	45	56,855
Policy Changes			
1. Efficiencies & Savings	-1,425	0	-1,425
Total Policy Changes	-1,425	0	-1,425
<hr/>			
2001-03 Revised Appropriations	55,385	45	55,430
Fiscal Year 2002 Total	28,313	0	28,313
Fiscal Year 2003 Total	27,072	45	27,117

Comments:

1. **Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce FY 2003 operating costs by 5 percent. Such action, to the greatest extent possible, should maintain client services and state revenues. Examples of actions agencies may typically take include hiring freezes, employee furloughs, restricted travel and training, delaying the purchase of vehicles, and limiting equipment and personal service contracts. The agency, with the Office of Financial Management approval, can use FY 2002 savings to offset the FY 2003 reduction.

Senate

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	46,862	45	46,907
Policy Changes			
1. Efficiencies & Savings	-1,200	0	-1,200
Total Policy Changes	-1,200	0	-1,200
2001-03 Revised Appropriations	45,662	45	45,707
Fiscal Year 2002 Total	22,863	0	22,863
Fiscal Year 2003 Total	22,799	45	22,844

Comments:

- Efficiencies & Savings** - The agency shall take actions consistent with their mission, goals, and objectives to reduce FY 2003 operating costs by 5 percent. Such action, to the greatest extent possible, should maintain client services and state revenues. Examples of actions agencies may typically take include hiring freezes, employee furloughs, restricted travel and training, delaying the purchase of vehicles, and limiting equipment and personal service contracts. The agency, with the Office of Financial Management approval, can use FY 2002 savings to offset the FY 2003 reduction.

Joint Legislative Audit & Review Committee

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	4,374	0	4,374
Policy Changes			
1. Efficiencies & Savings	-58	0	-58
2. Developmental Disabilities Studies	0	0	0
3. Water Conservancy Boards	-35	0	-35
4. Governor Veto	-212	0	-212
Total Policy Changes	-305	0	-305
2001-03 Revised Appropriations	4,069	0	4,069
Fiscal Year 2002 Total	2,131	0	2,131
Fiscal Year 2003 Total	1,938	0	1,938

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. **Developmental Disabilities Studies** - Funding for two existing developmental disabilities studies, that were funded in the 2001-03 biennium, are consolidated and the \$600,000 appropriation is redirected into a performance audit of the Department of Social and Health Services' Division of Developmental Disabilities. This item reflects an adjustment to the fiscal year appropriations.
3. **Water Conservancy Boards** - The Committee's review of water conservancy boards is shifted to FY 2004; funding for this purpose in the 2001-03 biennium is removed. (General Fund-State)
4. **Governor Veto** - The Governor vetoed a portion of Section 103 of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387). The effect of the veto is to eliminate the FY 2003 General Fund-State funding increase, which had been provided to shift costs from FY 2002 to FY 2003 for a developmental disabilities performance audit.

Legislative Evaluation & Accountability Program

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	2,791	203	2,994
Policy Changes			
1. Efficiencies & Savings	-44	0	-44
Total Policy Changes	-44	0	-44
<hr/>			
2001-03 Revised Appropriations	2,747	203	2,950
Fiscal Year 2002 Total	1,329	99	1,428
Fiscal Year 2003 Total	1,418	104	1,522

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 LEAP Committee received an appropriation of \$488,000 in the original 2001-03 transportation budget.

Office of the State Actuary

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	1,923	1,923
Policy Changes			
1. Efficiencies & Savings	0	-29	-29
2. Senior Research Analyst	0	160	160
Total Policy Changes	0	131	131
2001-03 Revised Appropriations	0	2,054	2,054
Fiscal Year 2002 Total	0	1,033	1,033
Fiscal Year 2003 Total	0	1,021	1,021

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. **Senior Research Analyst** - Funding is provided to support the addition of a Senior Research Analyst in the 2001-03 budget. (Department of Retirement Systems Expense Account)

Joint Legislative Systems Committee

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	13,464	1,706	15,170
Policy Changes			
1. Efficiencies & Savings	-211	0	-211
Total Policy Changes	-211	0	-211
2001-03 Revised Appropriations	13,253	1,706	14,959
Fiscal Year 2002 Total	6,421	889	7,310
Fiscal Year 2003 Total	6,832	817	7,649

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.

Statute Law Committee

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	7,947	2,239	10,186
Policy Changes			
1. Efficiencies & Savings	-121	0	-121
Total Policy Changes	-121	0	-121
<hr/>			
2001-03 Revised Appropriations	7,826	2,239	10,065
Fiscal Year 2002 Total	3,909	720	4,629
Fiscal Year 2003 Total	3,917	1,519	5,436

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.

JUDICIAL

Supreme Court

A total of \$219,000 is provided for salary increases awarded to justices of the Supreme Court. The Citizens' Commission on Salaries for Elected Officials awarded increases of 2.3 percent per year on September 1, 2001, and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001. Pursuant to Amendment 78 of the State Constitution, once approved by the Commission, the salary increases go into effect unless repealed by the voters.

Court of Appeals

A total of \$380,000 is provided for salary increases awarded to judges of the Court of Appeals. The Citizens' Commission on Salaries for Elected Officials awarded increases of 2.3 percent per year on September 1, 2001, and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001. Pursuant to Amendment 78 of the State Constitution, once approved by the Commission, the salary increases go into effect unless repealed by the voters.

Office of the Administrator for the Courts

A total of \$1.7 million is provided for salary increases awarded to judges of the Superior Court. The Citizens' Commission on Salaries for Elected Officials awarded increases of 2.3 percent per year on September 1, 2001, and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001. Pursuant to Amendment 78 of the State Constitution, once approved by the Commission, the salary increases go into effect unless repealed by the voters.

In the original 2001-03 biennial budget, \$1.6 million from the Public Safety and Education Account (PSEA) was provided in fiscal year 2003 to increase juror compensation from \$10 per day up to a maximum of \$25 per day, beginning on the second day of juror service. Due to a revenue shortfall in PSEA, the budget eliminates funding for the increase.

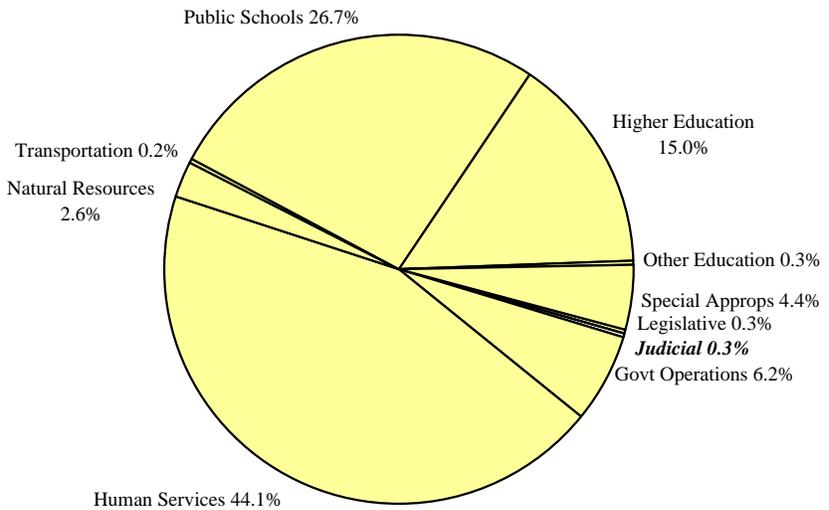
Office of Public Defense

The final budget passed by the Legislature included \$500,000 to continue a dependency and termination case pilot program in Benton, Franklin, and Pierce Counties through April 2003. The Governor vetoed the funding that was provided to continue the dependency and termination case pilot program in fiscal year 2003; therefore, \$500,000 from General Fund-State lapses.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

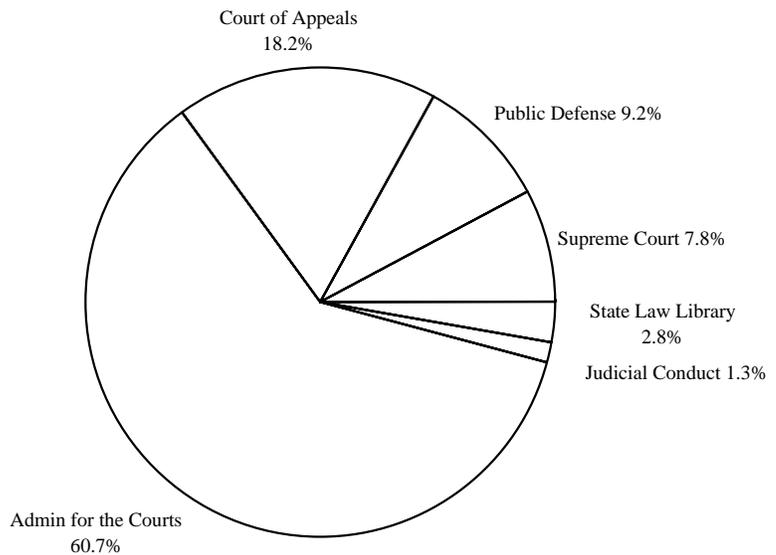
(Dollars in Thousands)

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

Admin for the Courts	85,514
Court of Appeals	25,618
Office of Public Defense	12,944
Supreme Court	10,987
State Law Library	3,906
Judicial Conduct Comm	1,895
Judicial	140,864

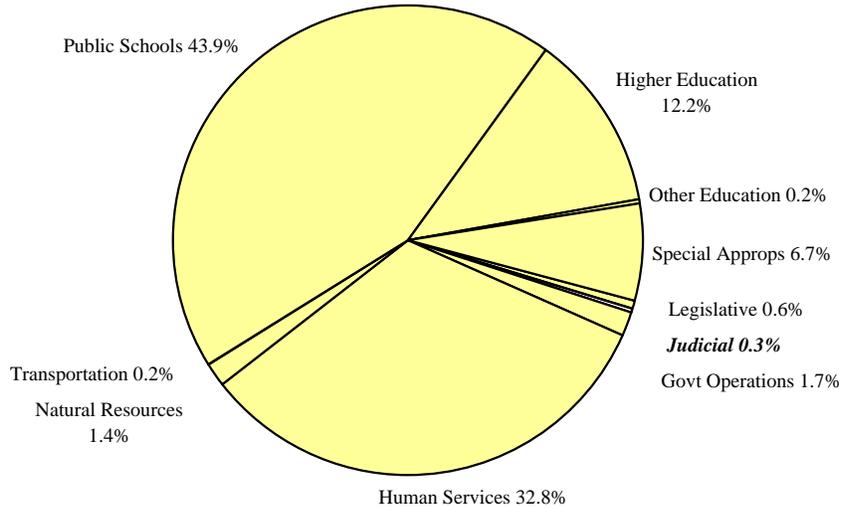


Judicial

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

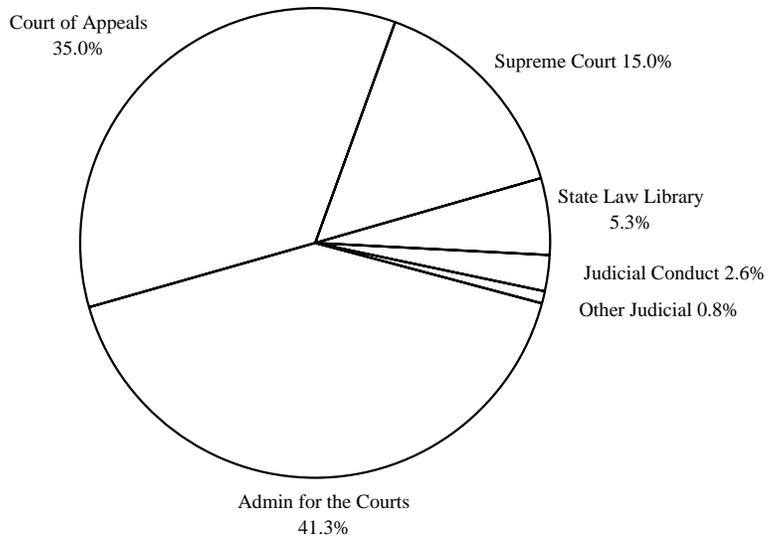
(Dollars in Thousands)

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

Admin for the Courts	30,288
Court of Appeals	25,618
Supreme Court	10,987
State Law Library	3,906
Judicial Conduct Comm	1,895
Other Judicial	600
Judicial	73,294



Judicial

Supreme Court

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	10,933	0	10,933
Policy Changes			
1. Efficiencies & Savings	-165	0	-165
2. Supreme Court Justice Salary Incr	219	0	219
Total Policy Changes	54	0	54
2001-03 Revised Appropriations	10,987	0	10,987
Fiscal Year 2002 Total	5,500	0	5,500
Fiscal Year 2003 Total	5,487	0	5,487

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. **Supreme Court Justice Salary Incr** - Funding is provided for salary increases awarded to the justices by the Citizens' Commission on Salaries for Elected Officials. The Commission awarded increases of 2.3 percent per year on September 1, 2001, and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001.

State Law Library

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	3,965	0	3,965
Policy Changes			
1. Efficiencies & Savings	-59	0	-59
Total Policy Changes	-59	0	-59
<hr/>			
2001-03 Revised Appropriations	3,906	0	3,906
Fiscal Year 2002 Total	1,982	0	1,982
Fiscal Year 2003 Total	1,924	0	1,924

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.

Court of Appeals

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	25,624	0	25,624
Policy Changes			
1. Efficiencies & Savings	-386	0	-386
2. Judges Salary Increase	380	0	380
Total Policy Changes	-6	0	-6
2001-03 Revised Appropriations	25,618	0	25,618
Fiscal Year 2002 Total	12,894	0	12,894
Fiscal Year 2003 Total	12,724	0	12,724

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. **Judges Salary Increase** - Funding is provided for salary increases awarded to the judges of the Court of Appeals by the Citizens' Commission on Salaries for Elected Officials. The Commission awarded increases of 2.3 percent per year on September 1, 2001, and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001.

Commission on Judicial Conduct

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,924	0	1,924
Policy Changes			
1. Efficiencies & Savings	-29	0	-29
Total Policy Changes	-29	0	-29
<hr/>			
2001-03 Revised Appropriations	1,895	0	1,895
Fiscal Year 2002 Total	955	0	955
Fiscal Year 2003 Total	940	0	940

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 Administrator for the Courts

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	28,633	57,392	86,025
Total Maintenance Changes	0	12	12
Policy Changes			
1. Superior Court Salary Increase	1,655	0	1,655
2. PSEA Reduction	0	-560	-560
3. Eliminate Juror Rate Increase	0	-1,618	-1,618
Total Policy Changes	1,655	-2,178	-523
2001-03 Revised Appropriations	30,288	55,226	85,514
Fiscal Year 2002 Total	14,900	28,079	42,979
Fiscal Year 2003 Total	15,388	27,147	42,535

Comments:

1. **Superior Court Salary Increase** - Funding is provided for salary increases awarded to the judges of the Superior Court by the Citizens' Commission on Salaries for Elected Officials. The Commission awarded increases of 2.3 percent per year on September 1, 2001, and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001.
2. **PSEA Reduction** - Due to a revenue shortfall in the Public Safety and Education Account (PSEA), a 2 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)
3. **Eliminate Juror Rate Increase** - In the original 2001-03 biennial budget, FY 2003 funding from PSEA was provided to increase juror compensation from \$10 per day up to a maximum of \$25 per day, beginning on the second day of juror service. Due to a revenue shortfall in PSEA, funding for the increase is eliminated. (PSEA-State)

Office of Public Defense

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	600	12,626	13,226
Policy Changes			
1. PSEA Reduction	0	-253	-253
2. Vendor Rate Change	0	-29	-29
3. Dependency and Termination Pilot	500	0	500
4. Governor Veto	-500	0	-500
Total Policy Changes	0	-282	-282
2001-03 Revised Appropriations	600	12,344	12,944
Fiscal Year 2002 Total	600	6,317	6,917
Fiscal Year 2003 Total	0	6,027	6,027

Comments:

1. **PSEA Reduction** - Due to a revenue shortfall in the Public Safety and Education Account (PSEA), a 2 percent across-the-board reduction is made to all agencies funded from the account. (PSEA-State)
2. **Vendor Rate Change** - Attorneys that handle indigent appellate cases will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. (Public Safety and Education Account-State)
3. **Dependency and Termination Pilot** - Funding is provided to continue a dependency and termination case pilot program in Benton, Franklin, and Pierce Counties through April 2003. The pilot is designed to improve parents representation in dependency and termination cases. By November 15, 2002, the Office of Public Defense will update its final evaluation of the pilot program.
4. **Governor Veto** - The Governor vetoed a portion of Section 113 of Chapter 371, Laws of 2002, Partial Veto, which was provided to continue a dependency and termination case pilot program in Benton, Franklin, and Pierce Counties in FY 2003. Therefore, \$500,000 from General Fund-State lapses.

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

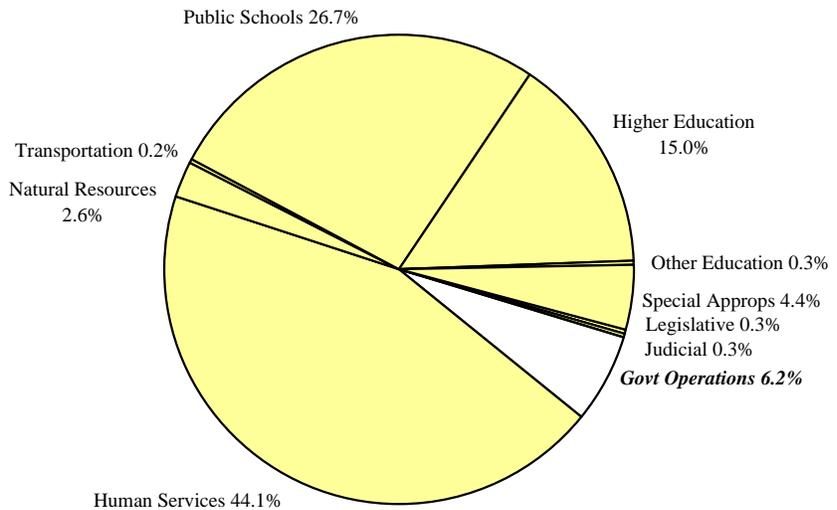
A total of \$2.8 million from the Enhanced 911 Account is provided for the implementation of Chapter 341, Laws of 2002 (HB 2595), which imposes an additional 20 cents per month state tax on wireless subscribers. The revenue from this tax will be utilized for costs associated with creating the capability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

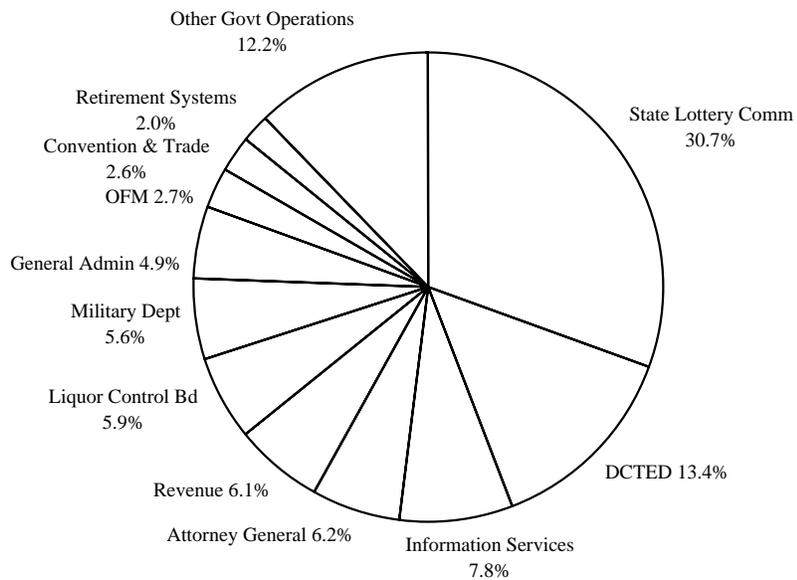
(Dollars in Thousands)

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

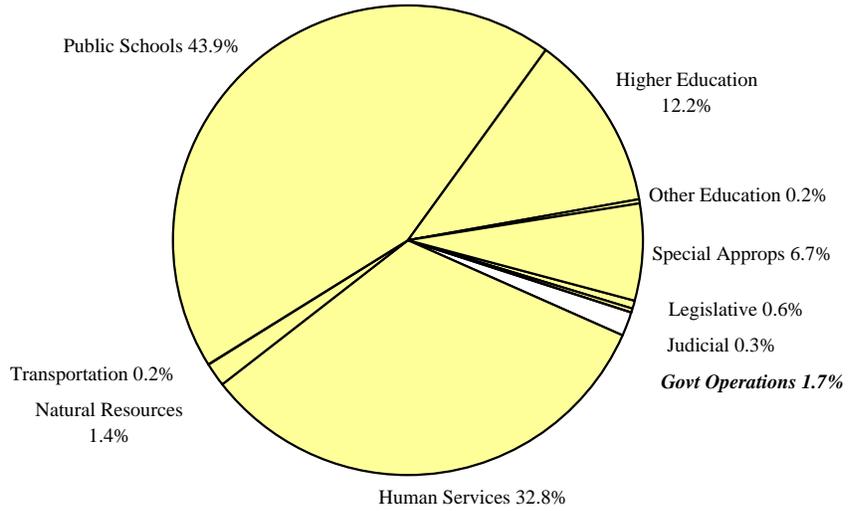


Governmental Operations

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

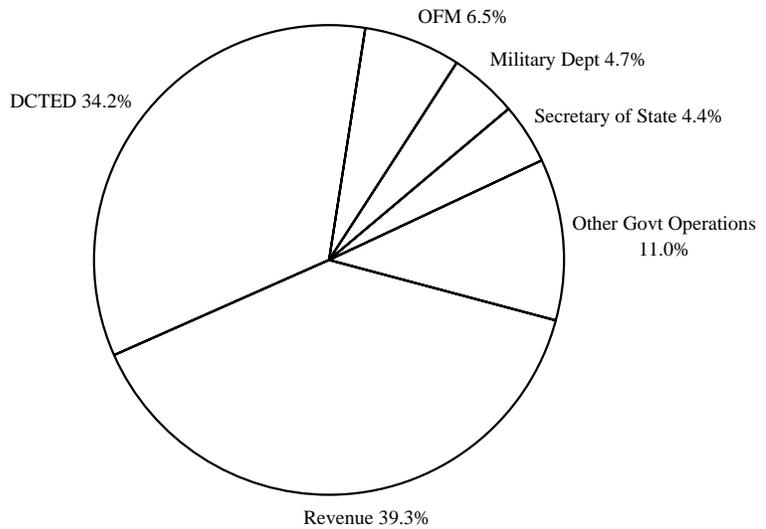
(Dollars in Thousands)

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	<u>-57</u>	<u>0</u>	<u>-57</u>
Total Policy Changes	-57	0	-57
<hr/>			
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
<hr/>			
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)

	GF-S	Other	Total
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
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)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	232	0	232
Policy Changes			
1. Efficiencies & Savings	-5	0	-5
Total Policy Changes	-5	0	-5
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)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	1,250	0	1,250
Policy Changes			
1. Efficiencies & Savings	-19	0	-19
Total Policy Changes	-19	0	-19
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:

- 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
<hr/>			
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:

- | | |
|---|--|
| <p>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)</p> <p>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)</p> <p>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)</p> <p>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)</p> <p>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)</p> <p>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</p> | <p>from service and elect to receive retirement benefits at age 60 pursuant to Chapter 62, Laws of 2002 (SB 6381). (DRS Expense Account)</p> <p>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)</p> <p>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)</p> <p>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)</p> |
|---|--|

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
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.

HUMAN SERVICES

The Human Services section is separated into two sections: the Department of Social and Health Services (DSHS) and Other Human Services. The DSHS budget is displayed by program division in order to better describe the costs of particular services provided by the Department. The Other Human Services section displays budgets at the departmental level, and includes the Department of Corrections, the Department of Labor and Industries, the Employment Security Department, the Health Care Authority, the Department of Health, and other human services related agencies.

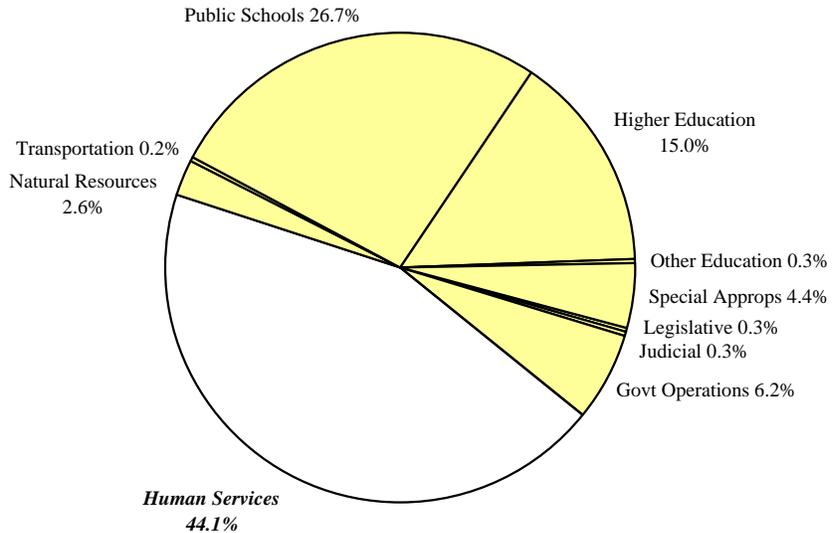
Vendor Rate Increases

Fiscal year 2003 vendor rate increases for providers contracted with DSHS and other human services agencies are reduced from 2.3 percent to 1.5 percent, saving \$9 million.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

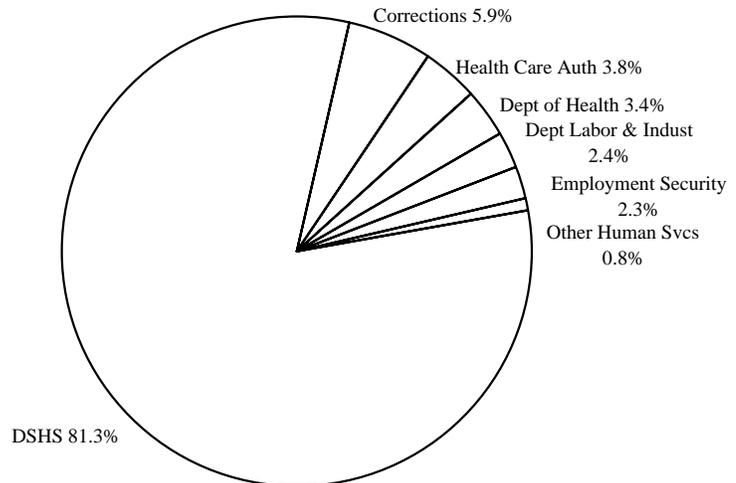
(Dollars in Thousands)

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

DSHS	15,437,738
Dept of Corrections	1,110,323
Health Care Authority	722,545
Dept of Health	653,217
Dept of Labor & Indust	463,701
Employment Security	440,273
Other Human Svcs	148,888
Human Services	18,976,685

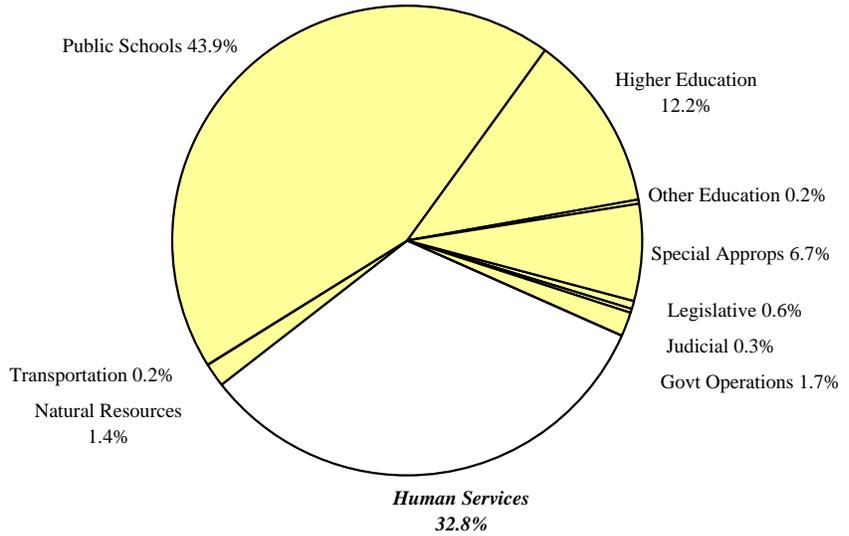


Human Services

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

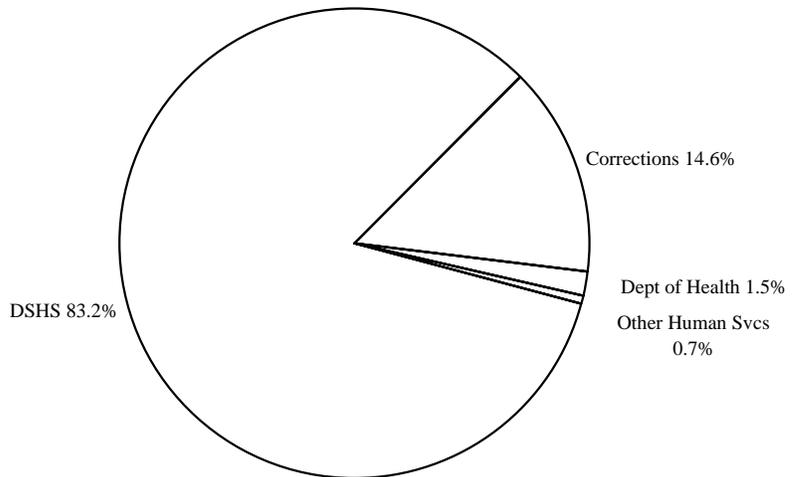
(Dollars in Thousands)

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

DSHS	6,126,587
Dept of Corrections	1,072,559
Dept of Health	112,277
Other Human Svcs	49,774
Human Services	7,361,197



Human Services

DEPARTMENT OF SOCIAL & HEALTH SERVICES

Children and Family Services

The supplemental budget eliminates second year increases funded in the biennial budget for basic foster care rates and increased foster care placements through private agencies. This saves \$2.5 million (\$1.6 million state general fund) and leaves the basic foster care rate at an average of \$420 per month and the average monthly foster care caseload contracted through private agencies at about 1,500.

The budget reduces Family Reconciliation Services (FRS) by about one third, which saves \$1.7 million state general fund. With the remaining funds, the Department will prioritize families and services to avoid placement of children into foster care.

The budget reduces funding for the Therapeutic Child Development Program by 25 percent, saving \$2 million state general fund. This reduction is a result of fewer providers in the Program due to more stringent contract requirements imposed in 2001.

The budget saves \$2.7 million (\$1.9 million state general fund) in program efficiencies. After-hours programs will be centralized and expenditures for travel, equipment, and training will be reduced.

The budget reduces the number of home support specialists by one third or 22 FTE staff. This saves \$625,000 state general fund.

Juvenile Rehabilitation Administration

A total of \$778,000 in additional funding is provided for increased mental health services in the Juvenile Rehabilitation Administration's institutions and community facilities. The Juvenile Rehabilitation Administration will combine this funding with the \$1.1 million provided in the original 2001-03 biennial budget to: increase inpatient and outpatient treatment capacity; provide mental health protocol training to residential staff; and increase mental health professional staff coverage during evening and night-time hours.

Funding in the amount of \$217,000 is provided for new research-based interventions to additional youth as they transition out of institutional settings. Combined with funding provided in the restructuring of parole services, a total of \$945,000 is provided for research-based interventions. The Juvenile Rehabilitation Administration will utilize this funding for juvenile offenders identified as most in need for this type of rehabilitative programming.

A total of \$5.5 million in state and federal funding is reduced due to caseload-related changes in the Juvenile Rehabilitation Administration. Based on the February 2002 forecast, the Juvenile Rehabilitation Administration's residential population is expected to be 97 offenders lower in fiscal year 2002 and 152 offenders lower in fiscal year 2003 than the November 2000 forecasted levels. This results in savings from a reduced need for institutional and community residential beds. Additionally, funding levels are also adjusted for parole and other community services programs to reflect changes in projected workload.

Savings of \$1.5 million are achieved through the closure of Mission Creek Youth Camp, which will be closed by July 2002 and will be mothballed for future use. This closure will reduce the Juvenile Rehabilitation Administration's bed capacity by 60 beds. The closure will result in the relocation of juvenile offenders to other institutions and the relocation of the juvenile offender basic training camp staging area to an existing institution.

The Juvenile Rehabilitation Administration will achieve savings by changing their release policies so that lower-risk offenders serve 115 percent of their minimum sentence as opposed to 145 percent under current practice. In addition to this change, the Juvenile Rehabilitation Administration will work with local juvenile courts to develop

alternative residential placements for approximately 80 to 90 of their lowest-risk youth. These changes are expected to result in a savings of \$1.4 million in state and federal funds.

Savings of \$1.7 million in state and federal funds are achieved by modifying current parole services to juvenile offenders after release from Juvenile Rehabilitation Administration facilities. Specifically, the Juvenile Rehabilitation Administration may take the following steps to improve the effectiveness and cost efficiency of parole services: contract with counties for a greater proportion of parole services; reduce administrative costs related to parole services; reduce the portion of the parole caseload receiving intensive supervision to the statutory required level of 25 percent; provide new research-based interventions to additional youth; increase caseloads of parole counselors; and/or reduce the number of lower-risk youth receiving parole services.

Mental Health

To keep pace with growth in the number of persons enrolled in Medicaid, total funding for community mental health services provided through the Regional Support Networks (RSNs) is increased by \$17 million (2.5 percent) over the level originally budgeted for the biennium. This is in addition to the \$48.5 million (7.8 percent) increase in such funding included in the original 2001-03 appropriation. The cost of this increase is partially offset by:

- Terminating a pilot project that purchases atypical anti-psychotic medications for persons not eligible for them through state medical assistance programs, for a savings of \$2.4 million;
- Reducing administrative expenditures, for a savings of \$0.6 million total funds; and
- Eliminating a number of research and training activities, for a savings of \$0.7 million total funds.

The budget provides a total of \$1.7 million for new community residential and support services for 58 persons who would otherwise be served in the state psychiatric hospitals. This will permit closure of a geriatric ward at Eastern State Hospital by October 2002, for a savings of \$2 million; and closure of 30 "PALS" beds at Western State Hospital by January 2003, for a savings of \$0.7 million. When combined with the four ward closures authorized in the original biennial budget, a total of 178 state hospital beds are to be closed by the end of the 2001-03 biennium, which is about 13 percent of the hospitals' total capacity.

The budget requires RSNs to use \$21.3 million of the approximately \$53 million which they hold in accumulated reserves to provide community mental health services. These services would otherwise need to be paid for with state general funds. RSNs will retain actuarially sufficient risk reserves and will continue to receive advances from the state treasury to cover anticipated cash-flow needs.

Special Commitment Center

Chapter 68, Laws of 2002 (ESSB 6594), includes provisions designed to encourage local jurisdictions to voluntarily work with DSHS to site additional Secure Community Transition Facilities (SCTFs). These facilities are for individuals, civilly committed under the state's sexually violent predator statute, that have progressed enough in their treatment plans to be suitable for this placement. The budget assumes that at least two jurisdictions will work with DSHS. Therefore, \$600,000 is provided for planning, incentive, bonus, and mitigation grants for these communities.

The original 2001-03 budget provided approximately \$2 million for mitigation funding for costs incurred by local governments due to the activities involving residents of the SCTF on McNeil Island. Approximately \$1.4 million of the mitigation funding is eliminated. The remaining \$600,000 is assumed sufficient to cover any increased local government costs associated with the SCTF on McNeil Island. Pursuant to Chapter 12, Laws of 2001, 2nd Special Session (3ESSB 6151), the Department will continue to work towards an agreement with impacted jurisdictions. Additionally, the Special Commitment Center has identified two staff positions in fiscal year 2003 at the SCTF that can be eliminated without impacting operations. The combination of these changes will result in savings of \$1.5 million during the 2001-03 biennium.

Developmental Disabilities

Total funding for persons with developmental disabilities receiving services in their home through Medicaid Personal Care is increased by \$17.7 million (8.5 percent) over the level originally budgeted for the biennium. This is in addition to the \$16.0 million (8.3 percent) increase in such funding provided in the original 2001-03 appropriation.

The budget also provides \$14 million (\$10.3 million state general fund) for fiscal year 2003 to expand access to community services and improve fiscal and program management in the Developmental Disabilities Program. Funding is provided for new residential services, family support, high school transition, caseworkers, and waiver management staff. The funding is intended to settle the *ARC v. Quasim* lawsuit regarding services to developmentally disabled clients.

The budget reduces funding based on the Department's decision to not hire the new case managers provided for in the biennial budget. The decision saved \$5.8 million (\$3.3 million state general fund). Funding provided to address the ARC lawsuit includes money to hire new case managers in fiscal year 2003.

Based on the continued decline in the number of residents in the state Residential Habilitation Centers (RHCs), the budget reduces administrative and support staff at the RHCs. This saves \$2.9 million (\$1.4 million state general fund).

The budget also reduces funding for professional and personal service contracts, for a savings of \$0.9 million state general fund.

Long-Term Care Services

A total of \$2.09 billion is appropriated for the long-term care of an average of 45,000 elderly and disabled adults per month. This is \$186 million (9.8 percent) more than expended upon such services last biennium, but \$55 million less than originally budgeted for the 2001-03 biennium.

The number of persons receiving long-term care is now expected to grow by about 2.5 percent per year this biennium, rather than by the 3.8 percent per year originally budgeted. Other major adjustments include:

- A 115 percent increase in nursing home licensing fees, so that the fees will cover the state's full cost of nursing home inspections and quality assurance. This results in \$2.7 million of reduced state general fund expenditures.
- Eliminating assisted living facility capital payment rates for facilities with low levels of occupancy by state-funded residents, for a state general fund savings of \$1.4 million. Facilities with high levels of occupancy by state-funded residents will continue to receive capital payments.
- Not proceeding with implementation of a new program that would have provided Medicaid-funded in-home care to 200 persons whose incomes are too high to qualify for such services under current rules. This avoids \$1.2 million of new state general fund expenditures.
- Avoiding \$1.3 million of projected state general fund increases through tighter management controls on ancillary support services for persons receiving in-home care and on the manner in which residential facilities are reimbursed during temporary resident absences.

A total of \$5.9 million was appropriated to increase homecare worker wages by 25 cents, to an average of \$7.93 per hour, effective October 1, 2002. The Governor vetoed this increase, and directed the Department to place the appropriation in reserve.

Economic Services

The budget reprograms a portion of the State Supplement Payments (SSP) provided under the federal Supplemental Security Income (SSI) Program, saving \$24 million state general fund in the Economic Services Administration budget. SSP will be provided through the Developmental Disabilities Program to meet the needs of persons striving to live in the community, achieve vocational goals, and continue to live with and be supported by their families. The remaining portion of the SSP funding will be used for payments to current recipients who have

been on SSI since 1973 and persons with an ineligible spouse. This change will not affect the federal benefits provided to SSI recipients.

The budget reduces funding for the General Assistance-Unemployable (GA-U) Program by \$5.4 million state general fund. The savings are based on changes the Department proposed to improve the administration of the Program. This reduction partially offsets the \$16 million increase in the maintenance level adjustment for GA-U caseload growth.

Alcohol and Substance Abuse

The budget saves \$2.6 million state general fund by delaying and reducing drug and alcohol treatment increases funded in the biennial budget. The start up for the involuntary treatment facility in Eastern Washington was delayed until March 2002, saving \$800,000. The \$2.8 million increase in the biennial budget for treatment of persons gravely disabled is delayed and reduced to \$1 million, thus saving \$1.8 million.

The Treatment Accountability for Safe Communities (TASC) Program is reduced by 30 percent, saving \$1 million state general fund.

New funding is provided for treatment of compulsive gambling. Chapter 349, Laws of 2002 authorized the state to participate in a shared lottery game and dedicated \$500,000 of the new revenue to the treatment of compulsive gambling.

Medical Assistance

The supplemental budget increases state funding for Medicaid and other Department of Social and Health Services (DSHS) medical programs by \$100 million (3.8 percent). This is in addition to the \$515 million (25 percent) by which state spending on such programs was already increased over last biennium's level in the original 2001-03 appropriation.

The increased state spending includes: \$8.5 million to settle a lawsuit by hospitals whose certified psychiatric units were paid less than required by DSHS regulations; and \$4.2 million to increase payment rates for physician services by an average of 5 percent and for ambulance services by an average of 25 percent, beginning in the last six months of the biennium. Of the remaining increase, about one-third is due to increased numbers of persons enrolling for services under the existing eligibility standards and about two-thirds is due to higher costs per person covered, particularly in the areas of hospital care and drug costs for the elderly and disabled, and managed care payments for low-income families.

The increases in state spending would have been larger, but for several substantial reductions in medical assistance eligibility and payment rates:

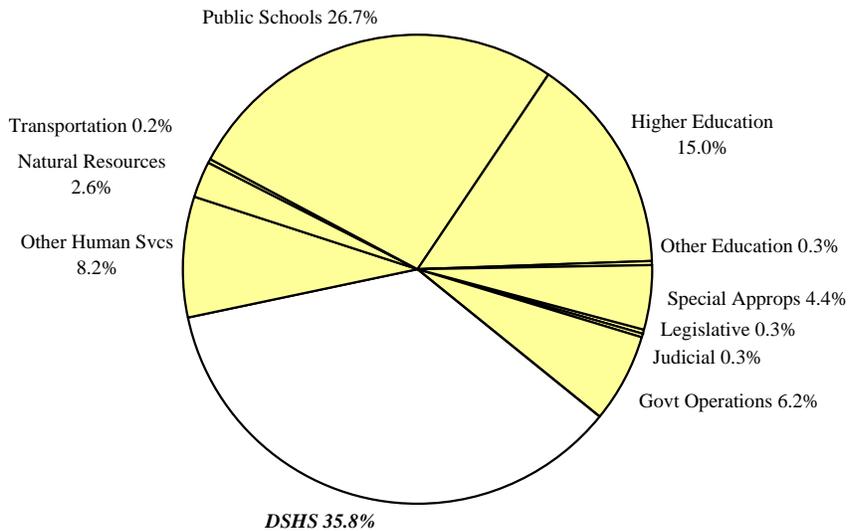
- Beginning in October 2002, immigrants who have legally resided in the United States for less than five years and children whose families cannot document that they are residing here legally will only be eligible for Medical Assistance coverage for emergency conditions. This is expected to reduce state Medical Assistance expenditures by approximately \$23 million during the last nine months of the biennium. These immigrants will instead be encouraged and assisted to enroll in the Basic Health Plan for routine medical coverage.
- A number of administrative changes are expected to reduce enrollment in the GA-U Program by one-third by the end of the biennium, for a savings of \$5.6 million in state Medical Assistance.

Payments to pharmacies for prescription drugs are to be reduced by about 3.5 percent for most drugs and by about 56 percent for the relatively small number of drugs for which there are at least five generic equivalents available. Such rates are comparable to those paid by other major insurers and will result in state fund savings of \$12.9 million. DSHS may continue to pay higher rates for drug ingredients to the extent those are offset by alternative cost-control mechanisms in the pharmacy program.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

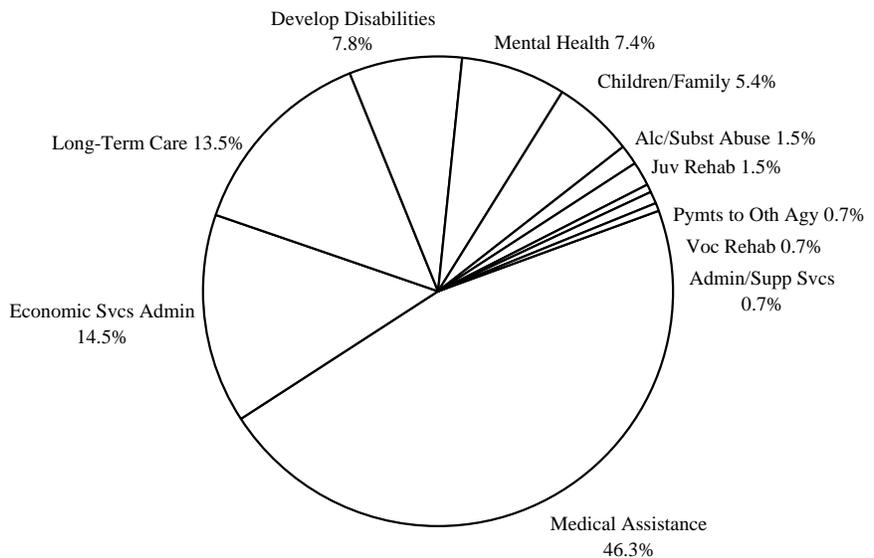
(Dollars in Thousands)

Legislative	136,110
Judicial	140,864
Governmental Operations	2,649,413
DSHS	15,437,738
Other Human Services	3,538,947
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

Medical Assistance	7,151,576
Economic Services Admin	2,231,343
Long-Term Care	2,088,762
Developmental Disabilities	1,207,851
Mental Health	1,147,254
Children & Family Svcs	832,552
Alcohol/Subst Abuse	230,878
Juvenile Rehabilitation	230,853
Pmts to Other Agencies	112,771
Vocational Rehabilitation	103,115
Admin/Support Svcs	100,783
DSHS	15,437,738

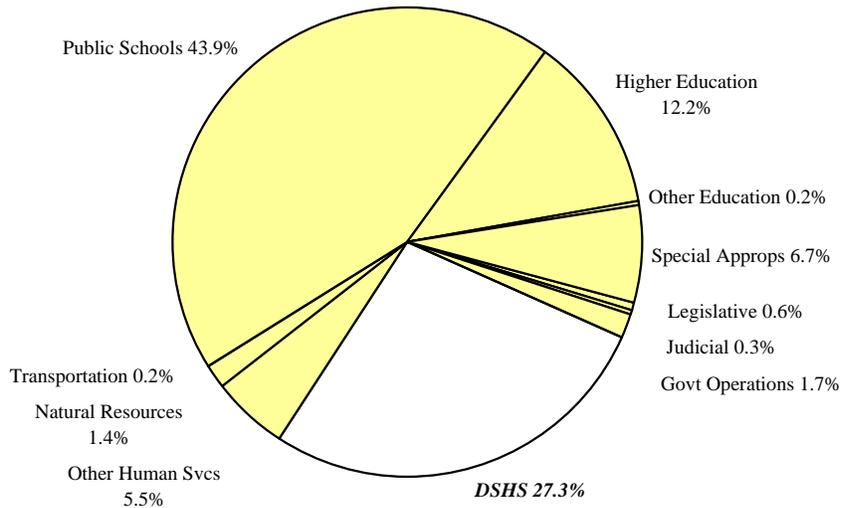


DSHS

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

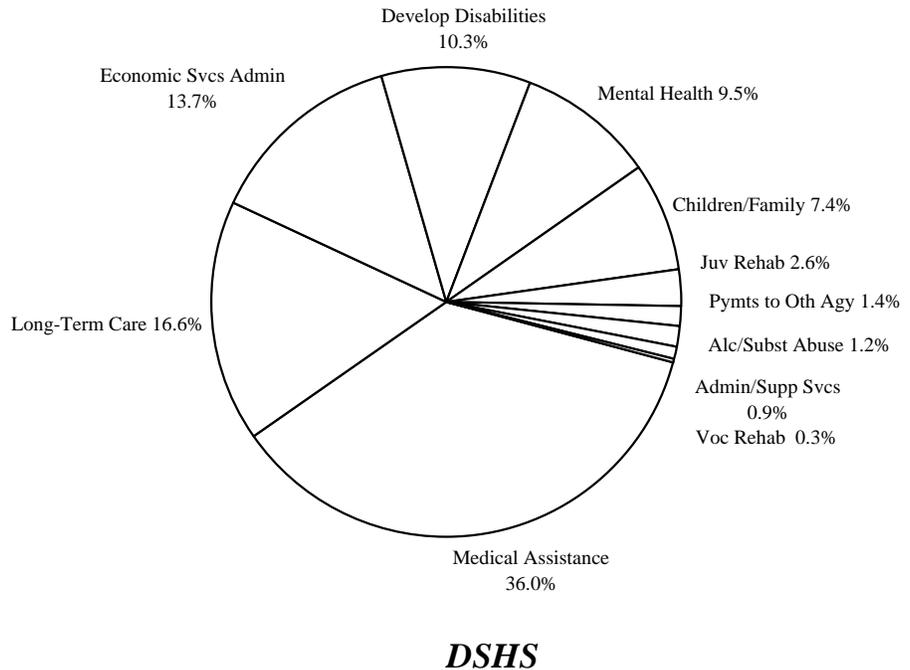
(Dollars in Thousands)

Legislative	129,818
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Governmental Operations	383,769
DSHS	6,126,587
Other Human Services	1,234,610
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

Medical Assistance	2,205,908
Long-Term Care	1,019,137
Economic Services Admin	837,958
Developmental Disabilities	629,106
Mental Health	583,737
Children & Family Svcs	456,146
Juvenile Rehabilitation	162,258
Pmts to Other Agencies	86,106
Alcohol/Subst Abuse	72,873
Admin/Support Svcs	52,838
Vocational Rehabilitation	20,520
DSHS	6,126,587



**Department of Social and Health Services
Children & Family Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	464,802	379,497	844,299
Total Maintenance Changes	2,047	-1,038	1,009
Policy Changes			
1. Violence Reduction & Drug Enf Acct	0	-63	-63
2. Eliminate Incr Child Placing Slots	-694	-244	-938
3. Pediatric Interim Care	-161	161	0
4. Family Reconciliation Services	-1,686	0	-1,686
5. Crisis Residential Center Assess	-140	0	-140
6. Eliminate Special Projects	-406	0	-406
7. Therapeutic Child Development	-2,000	0	-2,000
8. Centralize After-Hours Programs	-1,206	-446	-1,652
9. Reduce Travel, Equipment, Training	-737	-273	-1,010
10. DD Parent Participate in Support	-690	-122	-812
11. Public Safety and Education Account	0	-20	-20
12. Reduce Home Support Specialists	-625	0	-625
13. Hold Basic Foster Care at FY 2002	-921	-614	-1,535
14. Vendor Rate Change	-1,395	-424	-1,819
15. Interpreter Services Efficiencies	-42	-8	-50
Total Policy Changes	-10,703	-2,053	-12,756
2001-03 Revised Appropriations	456,146	376,406	832,552
Fiscal Year 2002 Total	225,104	184,609	409,713
Fiscal Year 2003 Total	231,042	191,797	422,839

Comments:

- 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)
- Eliminate Incr Child Placing Slots** - The 2001-03 enacted budget provides funding to increase the number of private child placing agency slots by 15 percent in FY 2002 and 30 percent in FY 2003. The additional 15 percent increase in child placing slots proposed for FY 2003 is eliminated and the level funded in FY 2002 is maintained. (General Fund-State, General Fund-Federal)
- Pediatric Interim Care** - Non-facility pediatric interim care programs have been determined eligible for partial federal funding. In lieu of General Fund-State, 30 percent federal funding is provided for these programs. The one facility-based pediatric interim care program will maintain full state funding. (General Fund-State, General Fund-Federal)
- Family Reconciliation Services** - Funding for the Family Reconciliation Services Program is reduced by 36 percent. The Department will redesign the program to serve a smaller number of families in crisis, specifically targeting families and services to avoid placement of children into foster care.
- Crisis Residential Center Assess** - Funding for Crisis Residential Center (CRC) assessments is eliminated. Currently, these assessments are underutilized because of the availability of the other assessment options provided by CRC and Family Reconciliation Services staff.
- Eliminate Special Projects** - AmeriCorps mentoring services to older foster youth in two regions and a parenting program for families of other cultures are eliminated.
- Therapeutic Child Development** - Funding for Therapeutic Child Development (TCD) is reduced by 25 percent. TCD provides families with young children at serious risk of abuse or neglect with intensive child development services and interventions to promote parenting skills. Childcare services are provided to the children for at least four hours each day. Additional services include home visits, parent education, and parent support groups.
- Centralize After-Hours Programs** - The After-Hours Program will be centralized to achieve efficiencies. Services will be co-located to provide intake and referral services in response to emergency calls received after normal business hours, on weekends, and on holidays. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Children & Family Services

9. **Reduce Travel, Equipment, Training** - Funding for travel, equipment, training, and conferences is reduced. (General Fund-State, General Fund-Federal)
10. **DD Parent Participate in Support** - SB 6585, which did not pass the Legislature, would have required parents of children with developmental disabilities (DD) to participate in the financial support of their children who are in state supported foster care in the same way as other parents. Parents would have been expected to pay on average \$150 a month, which is about the average collected from parents whose child is in foster care. (General Fund-State, General Fund-Federal)
11. **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)
12. **Reduce Home Support Specialists** - Funding for home support specialist staff is reduced by one-third. Home support specialists assist families at risk of neglect and abuse with basic skills of homemaking and child care.
13. **Hold Basic Foster Care at FY 2002** - The basic rate for foster care covers the basic costs of caring for a foster child in a family home. Foster parents are also reimbursed for other costs associated with caring for a foster child. The basic rate was increased to an average of \$420 per month in July 2001. It was scheduled to increase to \$440 in July 2002. This adjustment holds the basic rate at its current level of \$420 per month. (General Fund-State, General Fund-Federal)
14. **Vendor Rate Change** - The FY 2003 vendor rate increase of 2.3 percent for the Department of Social and Health Services (DSHS) is reduced to a 1.5 percent increase. (General Fund-State, General Fund-Federal, Public Safety and Education Account)
15. **Interpreter Services Efficiencies** - The current method of purchasing interpreter services shall be replaced with a new "brokerage" model for all DSHS programs effective January 2003. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency, and will also contract with intermediaries who will schedule and link interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates and better service coordination and utilization review. Department-wide savings from this approach are estimated at \$1.1 million General Fund-State during the last six months of the current biennium and at \$5.4 million General Fund-State in 2003-05. (General Fund-State, General Fund-Federal)

**Department of Social & Health Services
Children's Administration**

WORKLOAD HISTORY
By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
Foster Care ⁽¹⁾										
Avg # Children Served Monthly	6,665	6,762	8,333	8,283	8,297	8,219	8,127	8,130	8,111	8,086
% Change from prior year		1.5%	23.2%	-0.6%	0.2%	-0.9%	-1.1%	0.0%	-0.2%	-0.3%
Child Care ⁽²⁾										
Avg # Children Served Monthly	4,823	4,581	4,672	4,422	4,435	4,563	4,590	5,030	5,030	5,030
% Change from prior year		-5.0%	2.0%	-5.4%	0.3%	2.9%	0.6%	9.6%	0.0%	0.0%
Child Protective Services ⁽³⁾										
Avg Cases Referred Monthly	5,750	6,108	6,241	6,319	6,477	6,214	6,351	7,927	7,927	7,927
% Change from prior year		6.2%	2.2%	1.2%	2.5%	-4.1%	2.2%	24.8%	0.0%	0.0%
Adoption Support										
Avg # Served Monthly	2,843	3,186	3,678	4,040	4,683	5,455	6,318	7,247	8,106	8,998
% Change from prior year		12.1%	15.4%	9.8%	15.9%	16.5%	15.8%	14.7%	11.9%	11.0%
Caseload Ratio										
Avg Cases Per Worker ⁽³⁾	36:1	36:1	36:1	36:1	33:1	29:1	29:1	29:1	24:1	24:1

(1) Includes Family Foster Care, Group Foster Care and Receiving Care. (Note: Receiving Care is not included prior to 1996)

(2) Includes the following services: Protective/Welfare, Therapeutic, Teen Parent, Seasonal, and Foster Parent Employment.

(3) Combined average number of open cases per worker for Child Protective Services, Child Welfare Services and Family Reconciliation Services

Data Source:

FY 1994 through FY 2001 actuals for Child Care and Child Protective Services provided by the DSHS Budget Division.

FY 1994 through FY 2001 actuals for Foster Care and Adoption Support provided by the Caseload Forecast Council.

FY 2002 and FY 2003 estimates for Child Care and Child Protective Services provided by the DSHS Budget Division.

FY 2002 and FY 2003 estimates for Foster Care and Adoption Support provided by the Caseload Forecast Council.

**Department of Social and Health Services
Juvenile Rehabilitation**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	170,715	70,380	241,095
Total Maintenance Changes	-4,452	-519	-4,971
Policy Changes			
1. Comm Opt for Lower-Risk Offenders	-295	-29	-324
2. Restructure Parole Services	-1,399	-567	-1,966
3. Comm Trans Options for Youth	-1,104	0	-1,104
4. Violence Reduction & Drug Enf Acct	0	-412	-412
5. Reduce Employment Services	-250	0	-250
6. Diagnostic Services Rate Adjustment	-315	0	-315
7. Public Safety and Education Account	0	-124	-124
8. Closure of Mission Creek Youth Camp	-1,452	0	-1,452
9. Enhanced Mental Health Services	778	0	778
10. Research-Based Services	217	0	217
11. Vendor Rate Change	-185	-134	-319
Total Policy Changes	-4,005	-1,266	-5,271
2001-03 Revised Appropriations	162,258	68,595	230,853
Fiscal Year 2002 Total	83,151	34,709	117,860
Fiscal Year 2003 Total	79,107	33,886	112,993

Comments:

- Comm Opt for Lower-Risk Offenders** - Savings are achieved through the development of less costly residential options in the community for juvenile offenders receiving a manifest injustice disposition. The Juvenile Rehabilitation Administration (JRA) provides residential services to 263 such offenders. Approximately 80 to 90 lowest-risk juvenile offenders will access alternative residential services, reducing the need for institutional beds. (General Fund-State, General Fund-Federal, General Fund-Local)
- Restructure Parole Services** - Savings are achieved by modifying current parole services to juvenile offenders after release from JRA facilities. Specifically, JRA will focus on reducing administrative costs related to parole services. Additionally, JRA may take the following steps to improve the effectiveness and cost efficiency of parole services: 1) contract with counties for a greater proportion of parole services; 2) reduce the portion of the parole caseload receiving intensive supervision to the statutory required level of 25 percent; 3) provide new research-based interventions to additional youth; 4) increase caseloads of parole counselors; and/or 5) reduce the number of lower-risk youth receiving parole services. (General Fund-State, General Fund-Federal)
- Comm Trans Options for Youth** - Juvenile offenders committed to a state juvenile facility receive a standard range sentence, based upon the seriousness of the offense and prior criminal history. Currently, youth serve an average of 145 percent of their minimum sentence. Lower-risk youth will now be released at an average of 115 percent of their minimum sentence. Approximately 270 juvenile offenders will serve 60 days less, and upon release, be transitioned to community-based monitoring.
- 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)
- Reduce Employment Services** - Funding for employment-related training to youth in JRA is reduced. Specifically, a contract with the Department of Employment Security's Corrections Clearinghouse Program is eliminated. The K-12 system will continue to provide vocational and other job skills training.
- Diagnostic Services Rate Adjustment** - Diagnostic services are provided in 22 community-based centers through contracts with the juvenile courts and in four state offices. JRA will realign the contracted rate paid to counties for diagnostic services to more closely match the costs incurred by the state where JRA provides these same services.
- 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)
- Closure of Mission Creek Youth Camp** - The Mission Creek Youth Camp will be closed by July 2002 and the institution will be mothballed for future use. This closure will reduce JRA's

Department of Social and Health Services Juvenile Rehabilitation

bed capacity by 60 beds. The closure will result in the relocation of these juvenile offenders to other institutions and the relocation of the juvenile offender basic training camp staging area to an existing institution.

9. **Enhanced Mental Health Services** - Funding is provided for increased mental health services in JRA institutions and community facilities. JRA will combine this funding with the \$1.1 million provided in the original 2001-03 biennial budget to: 1) increase inpatient and outpatient treatment capacity; 2) provide mental health protocol training to residential staff; and 3) increase mental health professional staff coverage during evening and night-time hours.
10. **Research-Based Services** - Funding is provided for new research-based interventions to additional youth as they transition out of institutional settings. With the funding provided in the "Restructure Parole Services" item, a total of \$945,000 is provided for research-based interventions. JRA will utilize this funding for youth identified as most in need for this type of rehabilitative programming.
11. **Vendor Rate Change** - DSHS contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. (General Fund-State, General Fund-Federal, Public Safety and Education Account, Violence Reduction and Drug Enforcement Account)

**Department of Social & Health Services
Juvenile Rehabilitation**

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
Community Residential ⁽¹⁾										
Avg Daily Population/Month	353	346	359	362	305	239	209	194	180	198
% Change from prior year		-2.0%	3.8%	0.8%	-15.7%	-21.6%	-12.6%	-7.2%	-7.2%	10.0%
Institutions										
Avg Daily Population/Month	753	915	1,007	1,028	1,048	996	984	987	937	846
% Change from prior year		21.5%	10.1%	2.1%	1.9%	-5.0%	-1.2%	0.3%	-5.1%	-9.7%
Parole ⁽²⁾										
Avg Daily Population/Month	595	765	917	949	1,002	768	1,023	1,062	1,050	739
% Change from prior year		28.6%	19.9%	3.5%	5.6%	-23.4%	33.3%	3.8%	-1.1%	-29.6%

(1) Includes State Group Homes, Community Residential Placements, Short Term Transition Program, and the County Commitment Program. Beginning in FY 2002, funding for County Commitment Program beds is eliminated.

(2) Parole eligibility standards were significantly modified in FY 1998 and FY 2000. In FY 2003, savings were assumed from JRA implementing parole changes that might result in caseload reductions.

Data Source :

FY 1994 through FY 2001 from DSHS Juvenile Rehabilitation Administration.

FY 2002 through FY 2003 data from legislative fiscal staff.

**Department of Social and Health Services
Mental Health**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	604,510	522,155	1,126,665
Total Maintenance Changes	9,980	14,178	24,158
Policy Changes			
1. Adjust Inpatient Capitation Rates	-4,551	-4,619	-9,170
2. Expand Local Match Option for RSNs	0	11,419	11,419
3. Community Services Reductions	-2,715	-12	-2,727
4. Secure Community Facil Reduction	-1,477	0	-1,477
5. PALS Community Alternatives	-351	275	-76
6. Expand Community Svcs in Eastern WA	-346	-544	-890
7. Reduce Research and Training	-386	-280	-666
8. Spend Down RSN Reserves	-21,220	21,220	0
9. Siting of Additional Facilities	600	0	600
10. Streamline Audit Process	-122	-135	-257
11. RSN Administrative Reduction	-169	-140	-309
12. Vendor Rate Change	-16	0	-16
Total Policy Changes	-30,753	27,184	-3,569
2001-03 Revised Appropriations	583,737	563,517	1,147,254
Fiscal Year 2002 Total	301,259	264,207	565,466
Fiscal Year 2003 Total	282,478	299,310	581,788

Comments:

- Adjust Inpatient Capitation Rates** - The capitated amounts paid to the Regional Support Networks (RSNs) for community psychiatric hospitalizations are adjusted to reflect the fact that approximately 3,500 disabled children and adults have been added to Medicaid eligibility lists as a result of a DSHS decision to automate eligibility determination. These additional eligible persons are very unlikely to be new users of inpatient services, since they would have been enrolled under the previous manual eligibility system if hospitalized. Inpatient capitation payments to the RSNs are already exceeding payments to community hospitals by over 50 percent. If this adjustment were not made, such payments would exceed costs by at least 15 percent more. After this change, total funding for community mental health services will increase by 2.5 percent over the level originally budgeted for the current biennium, and by 6.7 percent over last year's funding level. (General Fund-State, General Fund-Federal)
- Expand Local Match Option for RSNs** - The Mental Health Division is authorized to increase Medicaid payment rates for RSNs whose allocations would otherwise not increase by at least 3.5 percent above the previous year's level in FY 2002 and by at least 5.0 percent more in FY 2003. To qualify for the higher payment, the RSN must use qualified local funds for the required non-federal share of the Medicaid payment. This is an expansion of a funding mechanism authorized in the original 2001-03 budget. (General Fund-Federal)
- Community Services Reductions** - The atypical anti-psychotic medications pilot project is to be terminated by June 2002, rather than at the beginning of 2003 as currently budgeted, for a one-time savings of \$2.4 million. The pilot has been operating in Seattle and Tacoma since early 2001 to test the effectiveness of providing atypical anti-psychotic medications for persons who would not otherwise receive them through state medical assistance programs. A similar program which assists persons in need of such medications qualify for them through the Medicaid Medically Needy Program is also eliminated, as are special contracts for children's inpatient services with Fairfax Hospital and the Children's Regional Medical Center. (General Fund-State, General Fund-Federal)
- Secure Community Facil Reduction** - The original 2001-03 budget provided approximately \$2 million for mitigation funding for costs incurred by local governments due to the activities involving residents of the Secure Community Transition Facility (SCTF) on McNeil Island. Approximately \$1.4 million of the mitigation funding is eliminated. The remaining \$600,000 is assumed sufficient to cover any increased local government costs associated with the SCTF on McNeil Island. Pursuant to Chapter 12, Laws of 2001, 2nd sp.s. (3ESSB 6151), the Department will continue to work towards agreement with impacted jurisdictions. Additionally, the Special Commitment Center has identified two staff positions in FY 2003 at the SCTF that can be eliminated without impacting operations. These reductions are also assumed in this item.
- PALS Community Alternatives** - The Program for Adaptive Living Skills (PALS) at Western State Hospital serves 120 adults who no longer require psychiatric hospital care but who

Department of Social and Health Services Mental Health

face a variety of other barriers to community placement. The budget provides approximately \$650,000 for the development of new community services to enable 30 of the program participants to return to community settings during the final six months of the biennium. None of the patients returning to the community will have a criminal history that might constitute a significant risk to public safety. The legislative approach differs from the one proposed by the agency and Governor in that only about half as many persons are expected to leave the hospital; new funding is provided for them to be served in the community; and nine months is provided for the development of community alternatives, rather than five. (General Fund-State, General Fund-Federal)

effective clinical review processes. (General Fund-State, General Fund-Federal)

11. **RSN Administrative Reduction** - RSNs are expected to reduce administrative expenditures by 3 percent, to no more than 8.0 percent of total state and federal revenues. (General Fund-State, General Fund-Federal)
12. **Vendor Rate Change** - DSHS contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted.

6. **Expand Community Svcs in Eastern WA** - Approximately \$1.1 million is provided for the development of new community services in Eastern Washington, so that 28 persons who would otherwise be served at Eastern State Hospital (ESH) can instead receive appropriate long-term psychiatric care in the community. This is expected to permit closure of one geriatric ward at ESH by October 2002. (General Fund-State, General Fund-Federal, General Fund-Local)

Governor's Vetoes:

The Governor vetoed Section 204(1)(h) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which would have limited expenditures on RSN administration to 8.0 percent of appropriated funds.

The Governor also vetoed Section 204(1)(k), which would have required DSHS and the Department of Community, Trade, and Economic Development to develop a proposal for a structurally-independent ombudsman program.

7. **Reduce Research and Training** - The Mental Health Division contracts with the Washington Institute for Mental Illness Research and Training for research and training services. Contract activities not related to the Division's core functions are eliminated. (General Fund-State, General Fund-Federal)

8. **Spend Down RSN Reserves** - RSNs reported \$53 million of accumulated reserves and fund balances at the end of FY 2001, which is about 16 percent of total revenues for that year. Actuarially-recommended risk reserves vary with the size of the RSN, ranging from 3.7 percent of revenues for the largest RSN to 10 percent of revenues for the smaller ones. The budget directs that RSN fund balances be reduced to the actuarially-recommended level. This is to be accomplished by deducting state funding otherwise due the RSN by the difference between the RSN's accumulated December 2001 reserves, and the recommended risk-reserve amount for that year.

9. **Siting of Additional Facilities** - Funding is provided for planning, incentive, bonus, and mitigation funding associated with the establishing additional Secure Community Transition Facilities, pursuant to Chapter 68, Laws of 2002 (ESSB 6594). To the extent necessary, the Department shall establish an interagency agreement with the Department of Community, Trade, and Economic Development for distribution of planning grants.

10. **Streamline Audit Process** - The Mental Health Division has recently improved the efficiency of its centralized clinical licensing and auditing process by discontinuing on-site reviews of community mental health providers which have been certified by national accreditation organizations. Additional efficiencies can be achieved by establishing similar arrangements for smaller providers that have been inspected and approved by an RSN which has a demonstrated record of

**Department of Social & Health Services
Mental Health**

WORKLOAD HISTORY
By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
State Hospitals ⁽¹⁾										
Avg Daily Population/Month	1,444	1,349	1,278	1,276	1,311	1,354	1,358	1,359	1,397	1,243
% Change from prior year		-6.6%	-5.3%	-0.2%	2.7%	3.3%	0.3%	0.1%	2.8%	-11.0%
Avg Daily Census/Month		1,323	1,246	1,243	1,275	1,317	1,343	1,343	1,381	1,228
% Change from prior year			-5.8%	-0.2%	2.6%	3.3%	1.9%	0.0%	2.8%	-11.1%
Community Outpatient Services										
	32,939	36,728	38,482	39,861	41,328	43,882	45,132	48,254	50,010	51,565
% Change from prior year		11.5%	4.8%	3.6%	3.7%	6.2%	2.8%	6.9%	3.6%	3.1%
Avg Adults Served per Month	25,065	27,210	28,077	28,853	30,024	31,840	32,876	35,239	36,291	37,192
% Change from prior year		8.6%	3.2%	2.8%	4.1%	6.0%	3.3%	7.2%	3.0%	2.5%
Avg Children Served per Month	7,874	9,518	10,405	11,008	11,304	12,042	12,256	13,015	13,719	14,374
% Change from prior year		20.9%	9.3%	5.8%	2.7%	6.5%	1.8%	6.2%	5.4%	4.8%
Special Commitment Center - Main Facility										
Avg Monthly Population	23	28	33	43	57	79	105	130	151	172
% Change from prior year		21.7%	17.9%	30.3%	32.6%	38.6%	32.9%	23.8%	16.3%	13.8%
Special Commitment Center - Less Restrictive Alternatives ⁽²⁾										
Avg Monthly Population	0	1	2	2	2	3	5	5	8	13
% Change from prior year		100.0%	100.0%	0.0%	0.0%	50.0%	66.7%	0.0%	60.0%	64.6%

(1) Includes: Eastern State Hospital, Western State Hospital (WSH), WSH Program for Adaptive Living Skills (PALS), and Child Study and Treatment Center. Prior to FY 1995, also includes Program Offering Rehabilitation and Training in Adult Living (PORTAL).

(2) Includes persons in less restrictive alternative placements on McNeil Island and other locations.

Data Sources:

FY 1992 through FY 2001 actuals are from DSHS Division of Research and Data Analysis reports.
FY 2002 and FY 2003 estimates are from legislative fiscal committees.

**Department of Social and Health Services
Developmental Disabilities**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	620,544	567,171	1,187,715
Total Maintenance Changes	6,850	10,311	17,161
Policy Changes			
1. Voluntary Placement Parent Pay	-720	0	-720
2. ARC Lawsuit	10,320	3,720	14,040
3. Freeze Case Manager Hiring	-3,267	-2,588	-5,855
4. Reduce RHC Staffing	-1,413	-1,470	-2,883
5. Reduce Professional Services	-357	0	-357
6. Professional Service Contracts	-500	0	-500
7. Fund Source Adjustment	-1,767	1,767	0
8. Parent Support for Children <18 Yrs	-10	-10	-20
9. Respite Bed Funding	116	116	232
10. Vendor Rate Change	-690	-272	-962
11. Home Care Worker Wage Increase	1,310	1,207	2,517
12. Governor Veto	-1,310	-1,207	-2,517
Total Policy Changes	1,712	1,263	2,975
2001-03 Revised Appropriations	629,106	578,745	1,207,851
Fiscal Year 2002 Total	304,791	284,902	589,693
Fiscal Year 2003 Total	324,315	293,843	618,158

Comments:

- Voluntary Placement Parent Pay** - SB 6585, which did not pass the Legislature, would have required parents of children with developmental disabilities to participate in the financial support of their children who are in state supported care in the same way as other parents. Parents would have been expected to pay on average \$150 a month, which is about the average collected from foster care parents in the Children's Administration Program. This proposal was estimated to impact approximately 400 Voluntary Placement Program participants. (General Fund-State, General Fund-Federal)
- ARC Lawsuit** - The Legislature finds that comprehensive reform of the Developmental Disabilities Program is required. Recent audits and litigation indicate a need to improve the quality of program data, strengthen program and fiscal management, and clarify the criteria and determination of eligibility for services. Additional resources are also needed to expand access to community services. Funding is provided to address the most urgent needs while strengthening program and fiscal accountability.

developmental disabilities in families with low and moderate incomes by providing cash assistance to individuals and families needing support.

These amounts and the specified expansion of community services, along with funding to hire additional case managers and improved fiscal and waiver management, are intended to be the fiscal component of the negotiated settlement in the pending litigation on developmental disabilities services, *ARC v. Quasim*. (General Fund-State, General Fund-Federal)

- Freeze Case Manager Hiring** - In the 2001-03 budget, the Division received funding to hire 48 new case managers (and support staff) during FY 2002. Savings are achieved due to a hiring freeze imposed by the Department at the beginning of the fiscal year. (General Fund-State, General Fund-Federal)
- Reduce RHC Staffing** - Staffing in the Residential Habilitation Centers (RHCs) is reduced by a total of 65.4 FTEs in FY 2003. To the extent possible, reductions will not occur in direct care staff. (General Fund-State, General Fund-Federal)
- Reduce Professional Services** - Professional services, paid for by the Division of Developmental Disabilities, for medical, dental, and a variety of therapies are reduced by 10 percent effective July 2002. Emphasis will be placed on controlling costs and utilization of these services. (General Fund-State)
- Professional Service Contracts** - Savings are achieved by reducing professional services contracts by \$500,000 in FY

Funding is provided to expand residential services, family support, and high school transition. New funding for family support and high school transition along with a portion of existing funding for these programs shall be provided as supplemental security income (SSI) state supplemental payments. It is the intent of the Legislature that the Department shall comply with federal requirements to maintain aggregate funding for SSI state supplemental payments while promoting self-determination and independence for persons with

Department of Social and Health Services Developmental Disabilities

2003. Contracts for technical assistance related to employment and day services are retained.

7. **Fund Source Adjustment** - Pursuant to the provisions of RCW 43.20A.725 (4)(a) that specifically authorizes the Office of Deaf and Hard of Hearing to award contracts for communications and related services, the Legislature intends the office use funds from the telecommunications relay service excise tax for the office's operational and administrative costs, including operational and administrative costs associated with contracts with regional service centers. (General Fund-State, Telecommunications Device Account-State)
8. **Parent Support for Children <18 Yrs** - SB 6585, which did not pass the Legislature, would have required parents of children under 18 years of age in Residential Habilitation Centers to participate in the financial support of their children. Parents would have been expected to pay on average \$150 a month, which is about the average collected from foster care parents in the Children's Administration Program. (General Fund-State, General Fund-Federal)
9. **Respite Bed Funding** - Funding is provided to support access to five additional respite beds at Yakima Valley School. (General Fund-State, General Fund-Federal)
10. **Vendor Rate Change** - The implementation of the second year vendor rate increase of 2.3 percent for the Department of Social and Health Services (DSHS) is reduced to a 1.5 percent increase. (General Fund-State, General Fund-Federal)
11. **Home Care Worker Wage Increase** - Funding is provided for a 25 cent per hour wage increase for individual and agency providers of homecare services, effective October 1, 2002. The Governor vetoed this appropriation. (General Fund-State, General Fund-Federal)
12. **Governor Veto** - The Governor vetoed Section 205(1)(j) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for a 25 cent an hour wage increase for individual and agency homecare providers, effective October 1, 2002. Therefore, \$2,517,000 in funding to the Division of Developmental Disabilities lapses.

The Governor also vetoed Section 205(1)(a), which required monthly progress reports.

**Department of Social & Health Services
Developmental Disabilities**

**WORKLOAD HISTORY
By Fiscal Year**

	1994	1995	1996	1997	1998	1999	2000	Estimated		
								2001	2002	2003
Institutions										
Avg Monthly Population	1,412	1,322	1,295	1,262	1,228	1,189	1,231	1,231	1,231	1,231
% change from prior year	-4.4%	-6.4%	-2.0%	-2.5%	-2.7%	-3.2%	3.6%	0.0%	0.0%	0.0%
Community Residential Programs⁽¹⁾⁽⁴⁾										
Avg Month End Contracted Beds	3,585	3,683	3,740	3,819	3,742	3,747	3,920	3,957	4,038	4,111
% change from prior year	3.2%	2.7%	1.5%	2.1%	-2.0%	0.1%	4.6%	0.9%	2.0%	1.8%
Employment & Day Programs⁽⁴⁾										
Avg Monthly Number Served	6,789	7,049	7,571	7,954	8,455	8,567	9,193	9,636	9,717	9,790
% change from prior year	4.0%	3.8%	7.4%	5.1%	6.3%	1.3%	7.3%	4.8%	0.8%	0.8%
Family Support⁽²⁾⁽⁴⁾										
Number of Clients Served	2,071	2,207	2,659	3,637	3,985	4,658	5,247	6,256	6,836	7,413
% change from prior year	23.7%	6.6%	20.5%	36.8%	9.6%	16.9%	12.6%	19.2%	9.3%	8.4%
Adult Personal Care⁽³⁾⁽⁴⁾										
Number of Clients Served	2,844	3,244	3,525	3,951	4,199	4,730	5,015	5,630	6,237	6,842
% change from prior year	14.1%	12.3%	8.0%	10.8%	5.9%	11.2%	5.7%	10.9%	9.7%	8.8%

(1) Includes Alternate Living (clients served), Group Homes, intermediate care facilities for the mentally retarded (IMRs), Tenant Support (clients served), and State Operated Living Alternatives (SOLA).

(2) Family Support includes Children's Personal Care.

(3) Adult Personal Care includes Medicaid Personal Care and Chore Services. Prior to FY 1990, Developmental Disabilities' clients enrolled in these programs were counted in the Long-term Care program totals.

(4) Workload numbers for Community Residential, Family Support, Employment and Day and Medicaid Personal Care are subject to change during the 01-03 biennium due to an additional \$14.8 million in total funding to the Developmental Disabilities Division as the fiscal component of the negotiated settlement in the pending litigation, ARC v. Quasim. The actual number of persons served under the settlement is still to be determined.

Data Sources:

FY 1992 through FY 2000 from LEAP workload database except FY 1993 through FY 1997 Community Residential is from DSHS Division of Developmental Disabilities due to a change in reporting methodology.

FY 2001 through FY 2003 are budget estimates from legislative fiscal staff.

**Department of Social and Health Services
Long-Term Care**

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,056,818	1,087,264	2,144,082
Total Maintenance Changes	-25,385	-30,681	-56,066
Policy Changes			
1. Raise AAA Case Mgmt Reimbursement	311	311	622
2. Treatment of Resources	-2,670	-2,681	-5,351
3. Adjust Licensing Fees	-7,558	7,558	0
4. Adjust Rates for Fee Increase	1,064	1,068	2,132
5. Don't Implement In-Home Waiver	-1,224	-1,229	-2,453
6. Revise Bed Retainer Policy	-776	776	0
7. Improve Ancillary Cost Management	-496	-498	-994
8. Assisted Living Rate Reduction	-1,390	-1,390	-2,780
9. Transfer Volunteer Programs	-135	0	-135
10. SCSA & OAA Funding Adjustments	-639	7,798	7,159
11. Vendor Rate Change	-1,710	-1,616	-3,326
12. Home Care Worker Wage Increase	2,927	2,945	5,872
Total Policy Changes	-12,296	13,042	746
2001-03 Revised Appropriations	1,019,137	1,069,625	2,088,762
Fiscal Year 2002 Total	505,983	524,236	1,030,219
Fiscal Year 2003 Total	513,154	545,389	1,058,543

Comments:

1. **Raise AAA Case Mgmt Reimbursement** - The state Department of Social and Health Services (DSHS) contracts with Area Agencies on Aging (AAAs) for case management services on behalf of persons who receive state-funded in-home care. Such services are budgeted at \$78,341 per AAA case manager for FY 2002 and at \$80,143 per AAA case manager for FY 2003, but the AAAs report that their actual costs are about \$6,500 per case manager higher than those amounts. This item increases the payment rate by about \$1,700 per case manager per year, to approximately the same cost as the state would incur if it were to provide the services directly, rather than under contract with the AAAs. (General Fund-State, General Fund-Federal)

2. **Treatment of Resources** - Under federal Medicaid rules, when a spouse applies for publicly-funded long-term care in a nursing home or in the community, the other spouse is able to retain a house, furnishings, and an automobile; about \$2,200 per month of income; and, at the state's discretion, between \$17,856 and \$89,280 in savings or other liquid assets. Washington and at least half the other states presently set the spousal asset limitation at the \$89,280 maximum.

HB 3002 (Institutionalized Persons), which was not enacted, would have reduced the spousal asset standard to \$30,000 in resources. (General Fund-State, General Fund-Federal)

3. **Adjust Licensing Fees** - Nursing home licensing fees are to be increased from their current level of \$127 per year to approximately \$275 per year, so that those fees will fully cover

the cost of licensing and inspection functions, as required by RCW 18.51.050. The state nursing home payment rate will be increased to cover the approximately 56 percent of the cost of this increase allocable to Medicaid.

This item also anticipated passage of legislation requiring that adult family home fees cover an increased share of the public cost of licensing and inspecting them. This legislation was not enacted. Over a two-year period, the fees were to be increased from the current level of \$50 per home, which has been fixed in statute since 1989, to the same rate as applies to boarding homes, currently \$79 per bed.

Approximately \$3.4 million of the state general fund savings is a transfer of licensing fees currently deposited into the state general fund. It is anticipated that those fees will instead be deposited directly into an agency local account. This is expected to result in better monitoring of fee levels, to assure that they are in fact covering the appropriate share of costs. (General Fund-State, General Fund-Local)

4. **Adjust Rates for Fee Increase** - Nursing home Medicaid payment rates are increased by approximately 45 cents per patient day to cover the cost of the increase in licensing fees that is allocable to state-funded residents. (General Fund-State, General Fund-Federal)

5. **Don't Implement In-Home Waiver** - The 2001 Legislature authorized DSHS to seek federal authority to provide Medicaid-funded in-home care to up to 200 persons whose incomes are

Department of Social and Health Services Long-Term Care

too high to qualify for such services under current rules. Because the waiver has not yet been approved and no one is being served, the program will not be implemented. (General Fund-State, General Fund-Federal)

6. **Revise Bed Retainer Policy** - In January 2001, the DSHS Aging and Adult Services Administration instituted a new policy that more than doubled the amount which a community residential facility is paid when a state-assisted resident is temporarily absent from the facility due to hospitalization or personal reasons. The Department is directed to either obtain federal participation in the cost of the new policy, or to revise the policy so that average per-person costs return to the pre-2001 level. (General Fund-State, General Fund-Federal)
7. **Improve Ancillary Cost Management** - Per-person expenditures for ancillary services on behalf of persons receiving state-funded in-home care increased by over 60 percent between FY 1999 and FY 2001 and are projected to increase an additional 36 percent between FY 2001 and FY 2003. "Ancillary services" include things such as home-delivered meals, personal monitors, environmental modifications, and adult day care. There are no consistent state policies regarding the extent to which such expenditures should be authorized, as evidenced by an almost 90 percent difference between the four areas of the state with the highest per-person expenditure levels, and the four with the lowest. DSHS is directed to implement management controls sufficient to limit average per-person expenditures to the FY 2002 level in FY 2003. The FY 2002 level is 20 percent higher than the FY 2001 level, but 13 percent lower than the increase which is otherwise expected to occur in FY 2003. (General Fund-State, General Fund-Federal)
8. **Assisted Living Rate Reduction** - The assisted living reimbursement rate is adjusted by eliminating the capital add-on for facilities with lower levels of occupancy by state-funded clients. The add-on provision was established in 1996 to encourage expansion and development of assisted living services. (General Fund-State, General Fund-Federal)
9. **Transfer Volunteer Programs** - Direct state administration of the Senior Companion and of the Foster Grandparent Programs will end in December 2002. This delayed effective date will allow time for Area Agencies on Aging or private organizations to apply for continued sponsorship of these federally-funded programs. The state will continue to provide sufficient funding for the new sponsors to meet the required federal match. The Senior Companion Program provides stipends to over 700 low-income seniors in the Yakima and Tri-Cities areas to perform chores for other eligible and disabled persons. The Foster Grandparent Program provides stipends to 270 low-income seniors in 11 areas across the state to offer emotional support to children with special needs. (General Fund-State, General Fund-Federal)
10. **SCSA & OAA Funding Adjustments** - This item appropriates the additional \$7.8 million of federal Older Americans Act (OAA) funding that Washington's Area Agencies on Aging (AAAs) will be receiving in the 2001-03 biennium. Such funding increased by \$2.6 million (19 percent) in federal FY 2001, and by an additional \$1.7 million (10 percent) in federal FY 2002. This item also discontinues the increase in state Senior Citizens Services Act (SCSA) funding, which was provided to the AAAs in 1996 as part of Washington's "Expanding Community Options" long-term care initiative. The need for such funding has diminished, given the recent increases in federal funding, and the extensive development of community options which has occurred over the past seven years. (General Fund-State, General Fund-Federal)
11. **Vendor Rate Change** - DSHS contractors will receive a 1.5 percent vendor rate increase in July 2002 rather than a 2.3 percent increase as originally budgeted. Sufficient funds remain in the base budget to continue the 50 cents per hour low-wage worker increase provided on July 1, 2001. (General Fund-State, General Fund-Federal)
12. **Home Care Worker Wage Increase** - Funding was provided for a 25 cent per hour wage increase for individual and agency providers of homecare services, effective October 1, 2002. See veto note below. (General Fund-State, General Fund-Federal)

Governor's Vetoes:

The Governor vetoed Section 206(11) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which would have provided for a home care worker wage increase. The Governor directed that the state general funds associated with this increase be placed in allotment reserve status.

**Department of Social & Health Services
Long-Term Care Services**

WORKLOAD HISTORY
By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	<u>Estimated</u>	
									2002	2003
Nursing Homes										
# FTE Clients	17,168	16,639	15,905	14,992	14,645	14,081	13,783	13,529	13,225	12,872
% Change from prior year		-3.1%	-4.4%	-5.7%	-2.3%	-3.9%	-2.1%	-1.8%	-2.3%	-2.7%
Community Care ⁽¹⁾										
# Clients Served	19,411	19,576	20,876	23,119	25,675	27,567	29,319	30,919	32,031	33,834
% Change from prior year		0.9%	6.6%	10.7%	11.1%	7.4%	6.4%	5.5%	3.6%	5.6%

(1) Includes Chore Services, Community Options Program Entry Services (COPEs), Adult Residential, and Medicaid Personal Care.

Data Source :

Nursing Homes for FY 1992 through FY 1995 from LEAP workload database.

Community Care for FY 1992 through FY 1996 from Aging and Adult Services Administration.

All other data is from the Caseload Forecast Council.

**Department of Social and Health Services
Economic Services Administration**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	861,310	1,388,139	2,249,449
Total Maintenance Changes	15,964	3,679	19,643
Policy Changes			
1. Fund Source Adjustment	-2,092	2,092	0
2. GA-U Program Efficiencies	-5,437	0	-5,437
3. Feds Resume Food Stamps for Immigr	-1,600	0	-1,600
4. Re-Program SSI Supplements	-24,000	0	-24,000
5. Adjust Accounting - SSI Recoveries	-5,570	0	-5,570
6. Vendor Rate Change	-289	-184	-473
7. Interpreter Services Efficiencies	-328	-341	-669
Total Policy Changes	-39,316	1,567	-37,749
2001-03 Revised Appropriations	837,958	1,393,385	2,231,343
Fiscal Year 2002 Total	442,984	699,746	1,142,730
Fiscal Year 2003 Total	394,974	693,639	1,088,613

Comments:

- Fund Source Adjustment** - The performance of the state's Child Support Enforcement Program has exceeded expectations resulting in higher levels of federal funding. These additional federal funds can pay for cost increases for the 2001-03 biennium that previously had been funded with state funds. With this adjustment, the state's funding commitment still exceeds the federally-required maintenance of effort level as determined by the average of state spending during fiscal years 1996-98. (General Fund-State, General Fund-Local)
- GA-U Program Efficiencies** - The General Assistance-Unemployable (GA-U) Program is reduced to reflect more efficient administration of the program.
- Feds Resume Food Stamps for Immigr** - Funding for the Food Assistance Program for legal immigrants is reduced in anticipation of Congress authorizing the resumption of coverage for some legal immigrants in the federal Food Stamp Program. President Bush's budget proposal for federal FY 2003 includes this provision, and support in Congress has been expressed by both parties. This adjustment assumes the change will be effective October 2002.
- Re-Program SSI Supplements** - Funding is reduced in the Economic Services Administration budget to support the re-programming of Supplemental Security Income (SSI) State Supplement Payments. Beginning July 2002, state supplement payments will no longer be provided automatically to all persons receiving a federal SSI benefit. SSI recipients will continue to receive their federal benefits and their federally-provided annual cost-of-living increases each January. Some recipients who are dependent on larger state supplements will be provided a transitional state supplement benefit. The remaining amount of state supplement payments required by federal rules will be used to support low- and moderate-income families who are struggling to continue to care for children and other relatives with developmental disabilities.
- Adjust Accounting - SSI Recoveries** - Accounting for SSI recoveries for general assistance interim benefits are changed to a "month of service" basis. (General Fund-State)
- Vendor Rate Change** - The implementation of the second year of the vendor rate increase of 2.3 percent for the Department of Social and Health Services (DSHS) is reduced to a 1.5 percent increase. (General Fund-State, General Fund-Federal)
- Interpreter Services Efficiencies** - The current method of purchasing interpreter services shall be replaced with a new "brokerage" model for all DSHS programs effective January 2003. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency, and will also contract with intermediaries who will schedule and link interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates and better service coordination and utilization review. Department-wide savings from this approach are estimated at \$1.1 million General Fund-State during the last six months of the current biennium and at \$5.4 million General Fund-State in 2003-05. (General Fund-State, General Fund-Federal)

Governor's Vetoes:

The Governor vetoed Section 207(1), subsections (e) through (n) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which would have reallocated existing appropriations among various purposes within the WorkFirst program. The vetoed subsections do not affect the total program appropriation.

**Department of Social & Health Services
Economic Services Administration**

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
SSI State Supplement										
Avg Monthly Caseload	76,518	82,249	86,299	87,674	88,006	89,176	90,947	92,677	95,701	98,397
% Change from prior year		7.5%	4.9%	1.6%	0.4%	1.3%	2.0%	1.9%	3.3%	2.8%
General Assistance ⁽¹⁾										
Avg Monthly Caseload	17,617	18,371	18,074	18,155	17,657	17,129	16,416	17,857	19,849	20,401
% Change from prior year		4.3%	-1.6%	0.4%	-2.7%	-3.0%	-4.2%	8.8%	11.2%	2.8%
TANF Cases ⁽²⁾										
Avg Monthly Caseload	104,626	104,472	101,136	97,309	84,685	67,475	58,796	54,758	53,648	53,683
% Change from prior year		-0.1%	-3.2%	-3.8%	-13.0%	-20.3%	-12.9%	-6.9%	-2.0%	0.1%
Child Care										
Avg # Children Served/Month	29,772	32,757	30,636	33,309	41,707	51,187	58,786	67,454	72,578	76,313
% Change from prior year		10.0%	-6.5%	8.7%	25.2%	22.7%	14.8%	14.7%	7.6%	5.1%

(1) FY 1994 through FY 2000 includes General Assistance-Unemployable (GA-U), General Assistance-Unemployable with expedited medical (GA-X), and General Assistance for children living with legal guardians (GA-H). Starting in FY 2001 GA-H cases are covered by TANF funding and are moved out of the General Assistance estimate into the TANF Cases estimate. Data collection changed to the Caseload Analysis and Reporting Database (CARD) system in FY 1998. To provide comparable data, monthly caseload data from FY 1995-1997 have been adjusted to reflect the CARD system, which is 7.05 percent higher on average than the previous Average Grant method.

(2) Includes General Assistance-Pregnant Woman (GA-S) cases, and GA-H cases starting in FY 2001 (see note above). To provide comparable data, monthly caseload data from FY 1994-1997 have been adjusted to reflect the CARD system, which is 7.08 percent higher on average than the previous Average Grant method.

Data Sources:

FY 1994 through FY 2001 SSI State Supplement and General Assistance actuals provided by the Caseload Forecast Council.

FY 1994 through FY 2001 TANF Cases and Child Care actuals provided by the DSHS Budget Division.

FY 2002 and FY 2003 estimates represent legislative budget assumptions, based upon forecasts provided by the Caseload Forecast Council and the DSHS Budget Division.

**Department of Social and Health Services
Alcohol & Substance Abuse**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	76,985	158,661	235,646
Total Maintenance Changes	57	-41	16
Policy Changes			
1. Violence Reduction & Drug Enf Acct	0	-571	-571
2. Public Safety and Education Account	0	-275	-275
3. Involuntary Treatment Beds	-800	0	-800
4. Substance Abuse Treatment Reduction	-1,800	0	-1,800
5. King County Juvenile Drug Court	0	75	75
6. Treatment for Compulsive Gambling	0	500	500
7. Reduce & Consolidate TASC	-1,036	0	-1,036
8. Vendor Rate Change	-505	-330	-835
9. Interpreter Services Efficiencies	-28	-14	-42
Total Policy Changes	-4,169	-615	-4,784
2001-03 Revised Appropriations	72,873	158,005	230,878
Fiscal Year 2002 Total	35,851	79,329	115,180
Fiscal Year 2003 Total	37,022	78,676	115,698

Comments:

- 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)
- 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)
- Involuntary Treatment Beds** - The opening of the chemical dependency involuntary treatment facility in Eastern Washington had been postponed due to delays in acquisition and licensing. The facility opened in March of 2002. This reduces the Department's costs for the new facility in FY 2002 by \$800,000.
- Substance Abuse Treatment Reduction** - Additional substance abuse treatment capacity for gravely-disabled individuals, which was provided for in the 2001 legislative session, is eliminated for FY 2002, and reduced to \$1 million for FY 2003. Gravely-disabled individuals are people in danger of serious physical harm resulting from a failure to provide for their essential human needs of health or safety which manifests in severe deterioration in routine functioning, or are a high user of treatment services and other resources.
- King County Juvenile Drug Court** - Funding is provided for the King County Juvenile Drug Court. This drug court was inadvertently overlooked in the 2001-03 biennial budget when other drug courts were receiving funding to replace lost federal allocations. (Violence Reduction and Drug Enforcement Account)
- Treatment for Compulsive Gambling** - One-time funding is provided for treatment of pathological gambling and training of pathological gambling treatment providers pursuant to Chapter 349, Laws of 2002, (E2SSB 6560 - Shared Game Lottery). To receive treatment under this program, a person must be amenable to treatment and unable to afford it. The Department shall contract with qualified treatment providers who will determine eligibility for state-funded treatment within Department guidelines. The Department shall report to the Legislature a plan to implement this program by September 1, 2002. The Department shall track program participation and client outcomes and summarize them in a report to the Legislature by November 1, 2003. (Violence Reduction and Drug Enforcement Account)
- Reduce & Consolidate TASC** - The Treatment Accountability for Safe Communities (TASC) Program is reduced by 30 percent in FY 2003. The Department shall implement this reduction in such a way that allows for a consolidation of remaining TASC funding with drug court funding by FY 2004. The intent is to provide consolidated state support for drug court and TASC services that have the greatest success in diverting offenders into successful treatment and recovery. The Division of Alcohol and Substance Abuse shall coordinate this reduction and consolidation with the Children's Administration in order to minimize any disruption with the purchase of TASC services involving child-dependency cases.
- Vendor Rate Change** - The implementation of the second year of the vendor rate increase of 2.3 percent for the Department of

Department of Social and Health Services Alcohol & Substance Abuse

Social and Health Services (DSHS) is reduced to a 1.5 percent increase. (General Fund-State, General Fund-Federal, Public Safety and Education Account, Violence Reduction and Drug Enforcement Account)

- 9. Interpreter Services Efficiencies** - The current method of purchasing interpreter services shall be replaced with a new "brokerage" model for all DSHS programs effective January 2003. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency, and will also contract with intermediaries who will schedule and link interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates and better service coordination and utilization review. Department-wide savings from this approach are estimated at \$1.1 million General Fund-State during the last six months of the current biennium and at \$5.4 million General Fund-State in 2003-05. (General Fund-State, General Fund-Federal)

**Department of Social & Health Services
Division of Alcohol and Substance Abuse**

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
ADATSA - Assessment										
Avg Monthly Assessments	1,195	1,278	1,284	1,199	1,194	1,162	1,167	1,112	1,100	1,100
% Change from prior year		6.5%	0.5%	-7.1%	-0.4%	-2.8%	0.4%	-4.9%	-1.1%	0.0%
ADATSA - Outpatient Treatment										
Avg Monthly Admissions	272	295	325	308	322	340	351	357	370	370
% Change from prior year		7.8%	9.2%	-5.5%	4.3%	5.3%	3.1%	1.7%	3.5%	0.0%
ADATSA - Residential										
Avg Monthly Admissions	586	608	610	631	673	633	574	596	578	578
% Change from prior year		3.6%	0.3%	3.3%	6.2%	-6.3%	-10.3%	3.7%	-3.1%	0.0%

*The Alcoholism and Drug Addiction Treatment and Support Act (ADATSA) was established in 1987.
Workloads in ADATSA services are limited to openings available.*

Data Sources:

FY 1994 through FY 2001 actuals provided by the DSHS Budget Division.

FY 2002 and FY 2003 estimates provided by the Division of Alcohol and Substance Abuse

**Department of Social and Health Services
Medical Assistance Payments**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	2,159,789	4,966,168	7,125,957
Total Maintenance Changes	90,719	-12,853	77,866
Policy Changes			
1. HIV Cost Controls	-301	0	-301
2. Vendor Rate Incr-Select Providers	3,730	3,709	7,439
3. Hospital Settlement	8,500	0	8,500
4. Treatment of Resources	-330	-331	-661
5. Don't Implement In-Home Waiver	-314	-316	-630
6. Vendor Rate Change	-4,171	-5,233	-9,404
7. Increase Discount on AWP	-12,385	-11,992	-24,377
8. OPPS Rate Reduction	-1,061	-1,064	-2,125
9. Direct Legal Immigrants to BHP	-8,925	0	-8,925
10. Direct Undocumented Children to BHP	-14,446	0	-14,446
11. Maternity Support Services	-8,602	8,602	0
12. Interpreter Services Efficiencies	-728	-1,022	-1,750
13. GA-U Medical Savings	-5,567	0	-5,567
Total Policy Changes	-44,600	-7,647	-52,247
2001-03 Revised Appropriations	2,205,908	4,945,668	7,151,576
Fiscal Year 2002 Total	1,081,150	2,818,960	3,900,110
Fiscal Year 2003 Total	1,124,758	2,126,708	3,251,466

Comments:

- HIV Cost Controls** - The Evergreen Health Insurance Program provides insurance coverage for persons with AIDS who do not qualify for Medicaid, but whose incomes are below 370 percent of the federal poverty level. In coordination with the Department of Health, the Department of Social and Health Services (DSHS) is to establish mechanisms to assure that the program operates within appropriated levels. Such mechanisms are to include, but are not limited to, adjusting the state's contribution on a sliding-basis, so that higher-income recipients are required to contribute more toward their cost of care.
- Vendor Rate Incr-Select Providers** - The state Medical Assistance Program pays primary care providers substantially less than either the federal Medicare Program, or private insurance. This is particularly the case for services to adults, for which payments are lower than for comparable pediatric and maternity services. For example, in calendar year 2000, Medicaid paid only about 53 percent as much as private insurers for an adult office visit, and only about 62 percent as much as Medicare. This is reportedly creating substantial financial problems for physician practices across the state, and resulting in Medical Assistance recipients delaying necessary care, or seeking it in emergency rooms. Ambulance operators also report that Medical Assistance rates are substantially below their costs, creating significant financial problems for their operations, and cost-shifts to other payers.

To address these concerns, the budget provides an approximately 5 percent increase in average Medical Assistance payment rates for physician-related services to adults; and also a 25 percent increase in ambulance payment rates. Both types of increase are to be targeted toward procedures with the greatest need, as evidenced by access problems and difference from prevailing-rate benchmarks, rather than distributed on an across-the-board basis. Both increases will be effective January 1, 2003, and so will cost more than four times the amount shown here to continue next biennium. (General Fund-State, Health Services Account-State, General Fund-Federal)
- Hospital Settlement** - Funds are provided for the Department to settle a lawsuit, *Providence St. Peter Hospital, et. al. v. DSHS*, regarding reimbursement to hospitals with Medicare-certified stand-alone psychiatric units.
- Treatment of Resources** - SHB 3002, which was not enacted, would have reduced the maximum asset level for married applicants for Medicaid-funded long-term care services to \$30,000, from the current level of \$89,000. As a result, an estimated 200 persons would have been ineligible for Medicaid-funded medical assistance and long-term care in FY 2003, while spending down their excess assets. (General Fund-State, General Fund-Federal)
- Don't Implement In-Home Waiver** - The 2001 Legislature authorized DSHS to seek federal authority to provide Medicaid-funded in-home care to up to 200 persons whose incomes are too high to qualify for such services under current rules. Because the waiver has not yet been approved and no one is

Department of Social and Health Services Medical Assistance Payments

being served, the program will not be implemented. (General Fund-State, General Fund-Federal)

- 6. Vendor Rate Change** - DSHS contractors will receive a 1.5 percent vendor rate increase in July 2002 rather than a 2.3 percent increase as originally budgeted. (General Fund-State, General Fund-Federal, Health Services Account)
- 7. Increase Discount on AWP** - The average wholesale price (AWP) is the list price assigned to a drug by its manufacturer. Manufacturers typically sell the drug to wholesalers and retailers for substantially less than this list price, and most third-party payers in turn pay participating pharmacies a discounted percentage of the AWP. Washington's Medical Assistance Program has for a number of years paid 89 percent of the AWP for single-source drugs, and 89 percent of the AWP of the third lowest-priced generally available label for multiple-source drugs.

A recent study by the federal Office of the Inspector General (OIG) concluded that pharmacies in Washington are in fact paying an average of only about 79 percent of the AWP for single-source drugs, and 35 percent of the AWP for generics. The Governor's budget proposed reducing the Medical Assistance Program's payments to pharmacies to those levels. As an alternative, the legislative budget anticipates that the Medical Assistance Program will pay 86 percent of the AWP for single-source drugs and 50 percent of AWP for drugs for which there are at least four generic labels. Such rates are comparable to, and competitive with, those paid by the Uniform Medical Plan, and other major insurers. The budget further anticipates that the Medical Assistance Program will begin providing a mail-order pharmacy option for its clients no later than January 2003. This will result in a substantial discount on drug prices for taxpayers and increased convenience for elderly and disabled recipients with chronic conditions.

The Department may pay higher rates for drug ingredients than identified here, to the extent that the cost of the higher payment rates is offset by alternative cost-control mechanisms in the pharmacy program. Such alternative mechanisms must be: 1) developed in consultation with the state pharmacy association; 2) likely to prove effective, based upon the documented experience of other similar programs; and 3) not necessary to achieve the utilization and cost-control initiative savings targets already established for the pharmacy program. (General Fund-State, General Fund-Federal)

- 8. OPSS Rate Reduction** - The outpatient prospective payment system (OPSS) is an incentive-based payment mechanism which pays for a "bundle" of procedures typically associated with a particular condition rather than for each specific procedure. Implementation is expected to reduce Medicaid outpatient expenditures by approximately 6 percent, but it has been delayed since April 2000 in order to minimize the burden on hospitals by assuring that the state system is consistent with the one required by the federal Medicare Program. Implementation is now not expected until April 2004. To

compensate for this, an across-the-board reduction in outpatient rates is to be implemented effective July 1, 2002, to approximate the savings which would occur had the system not been repeatedly delayed. (General Fund-State, General Fund-Federal)

- 9. Direct Legal Immigrants to BHP** - The 1996 federal welfare and immigration reform legislation made some legal immigrants entering the country after 1996 ineligible for Medicaid for a five-year period. Washington's response was to use "state-only" funding to provide such families with the same level of medical coverage as they would receive if they qualified for the state/federal Medicaid Program. In accordance with Chapter 366, Laws of 2002 (SSB 6833 - Immigrant Medical Care), such coverage is terminated effective October 2002. The approximately 2,400 adults and 1,900 children affected by this termination will instead be eligible to enroll in some of the new Basic Health Plan (BHP) slots available as a result of the passage of Initiative 773. As required by federal law, those who do not obtain coverage through the BHP or other sources will continue to qualify for Medicaid coverage for emergency conditions.
- 10. Direct Undocumented Children to BHP** - Since approximately 1989, Washington has used "state-only" funds to provide the same level of medical and dental coverage to children who are not in the country legally, and whose families have incomes below 100 percent of the federal poverty level, as the children would receive if they qualified for Medicaid. In accordance with Chapter 366, Laws of 2002 (SSB 6833 - Immigrant Medical Care), this coverage is terminated effective October 2002. The children will be eligible to enroll in the additional BHP slots which are available as a result of the passage of Initiative 773. As required by federal law, those who do not enroll in the BHP or obtain other insurance coverage will continue to be eligible for Medicaid coverage of emergent conditions.
- 11. Maternity Support Services** - In accordance with Initiative 773, which directs that \$5 million per year is to be expended upon programs that address conditions which disproportionately affect the health of low-income persons, funding for Maternity Support Services (MSS) is transferred from the general fund to the Health Services Account. MSS includes preventative health services for pregnant and post-pregnancy women. Program services include inter-disciplinary needs assessment and intervention; childbirth education; and childcare during medical appointments, labor and delivery, and physician-ordered bed rest. (General Fund-State, Health Services Account)
- 12. Interpreter Services Efficiencies** - As an alternative to the proposed elimination of funding for interpreter services in the Medical Assistance Program, the budget anticipates that the current method of purchasing interpreter services is replaced with a new "brokerage" model by January 2003 for all DSHS programs. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency and will also contract with intermediaries who will schedule and link

Department of Social and Health Services Medical Assistance Payments

interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates and also from better service coordination and utilization review.

Department-wide savings from this approach are estimated at \$2.6 million during the last six months of the current biennium and at \$5.4 million in 2003-05. (General Fund-State, General Fund-Federal)

13. **GA-U Medical Savings** - The DSHS Economic Services Administration is to make a number of administrative changes which will reduce the average length of stay for persons in the General Assistance for the Unemployed (GA-U) Program. This is expected to reduce the number of persons who receive state-funded medical assistance as a result of their GA-U enrollment by one-third by the end of FY 2003.

Department of Social & Health Services
Medical Assistance Payments

WORKLOAD HISTORY
By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated		
									2002	2003	
Categorically Needy	559,686	613,968	653,083	697,456	704,900	691,838	725,838	763,861	814,511	831,633	
AFDC/TANF	329,660	329,519	320,540	310,247	286,965	254,023	257,490	266,029	270,470	271,726	
Elderly	35,823	36,892	38,716	42,050	45,047	47,336	50,408	52,187	53,500	54,872	
Disabled	85,454	91,261	94,848	94,962	95,010	96,640	100,187	105,958	113,214	118,494	
Non-AFDC Children	75,602	121,343	162,748	211,707	239,487	254,069	276,272	294,436	327,540	351,410	
Non-AFDC Pregnant Women	17,845	18,299	19,043	20,853	21,430	21,851	21,702	22,380	23,420	22,994	
Undocumented Children	12,361	12,786	13,000	13,468	13,050	13,297	15,328	18,217	20,981	5,549	
Medicare Beneficiaries	2,941	3,868	4,188	4,169	3,911	4,622	4,451	4,654	5,121	5,328	
Breast & Cervical Cancer									55	134	
Medicaid Buy-In									210	1,126	
Medically Needy	17,012	14,425	11,395	10,245	11,059	11,596	12,566	13,473	14,424	15,003	
AFDC-Related	5,822	3,895	1,433	0	0	0	0	0	0	0	
Elderly	5,208	4,837	4,295	4,341	4,625	4,822	5,158	5,628	6,023	6,634	
Disabled	5,537	5,559	5,576	5,765	6,356	6,650	7,299	7,761	8,318	8,286	
All Others	445	134	91	139	78	124	109	84	83	83	
Children's Health Insurance Program							2	355	3,360	6,184	9,425
General Assistance/ADATSA											
# Persons/Month	10,049	10,955	11,786	12,997	13,179	12,911	11,716	12,322	12,329	10,231	
State Medically Indigent											
# Persons/Month	2,634	2,407	2,060	2,003	2,284	2,271	2,457	2,734	3,338	3,628	
Refugees											
# Persons/Month	1,546	1,665	1,411	1,064	1,353	1,319	1,004	1,190	1,234	1,233	
Total Eligibles per Month	590,927	643,420	679,735	723,765	732,775	719,935	753,936	796,940	852,020	871,153	
% Change from prior year		8.9%	5.6%	6.5%	1.2%	-1.8%	4.7%	5.7%	6.9%	2.2%	

Data Sources:

DSHS Budget Division, Office of Forecasting and Policy Analysis, November 2001 and March 2002 Forecasts, adjusted by legislative fiscal for eligibility changes adopted in 2002 session.

**Department of Social and Health Services
 Vocational Rehabilitation**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	21,089	84,098	105,187
Policy Changes			
1. Transfer to Services for the Blind	-406	-1,503	-1,909
2. Phase Out Extended Support Services	-163	0	-163
Total Policy Changes	-569	-1,503	-2,072
2001-03 Revised Appropriations	20,520	82,595	103,115
Fiscal Year 2002 Total	11,135	40,797	51,932
Fiscal Year 2003 Total	9,385	41,798	51,183

Comments:

- 1. Transfer to Services for the Blind** - The Division of Vocational Rehabilitation (DVR) and the Department of Services for the Blind (DSB) have agreed to assign 14 percent of the annual federal vocational rehabilitation grant to DSB rather than 12 percent as in the past. This results in an allocation between the two programs more consistent with national averages and is expected to enable DSB to avoid the "order of selection" waiting lists under which DVR has operated since fall 2000. Reduction of DVR's federal allocation results in a corresponding reduction in the amount of state general funds needed to match the federal grant. The DSB will be able to match the additional federal revenues without an increase in its state general fund appropriation because of an interagency agreement with the School for the Blind. (General Fund-State, General Fund-Federal)
- 2. Phase Out Extended Support Services** - The Extended Support Services Program provides subsidized sheltered employment for 89 adults whose cognitive and/or physical impairments and life experiences have prevented them from obtaining permanent employment in the regular workforce. As an alternative to elimination of the program July 1, 2002, the budget provides for it to be phased out over the course of the following year. This will provide families and case managers additional time to find alternative ways for the affected individuals to productively spend the workday.

**Department of Social and Health Services
 Administration & Supporting Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	59,813	51,372	111,185
Total Maintenance Changes	75	13	88
Policy Changes			
1. IT Systems Streamlining	-1,503	-1,000	-2,503
2. Administrative Reductions	-5,547	-2,440	-7,987
Total Policy Changes	-7,050	-3,440	-10,490
2001-03 Revised Appropriations	52,838	47,945	100,783
Fiscal Year 2002 Total	30,419	26,383	56,802
Fiscal Year 2003 Total	22,419	21,562	43,981

Comments:

- IT Systems Streamlining** - Information technology efficiencies will be achieved by centralizing purchasing and support functions that will result in greater economies of scale. In addition, a planned mainframe system change achieves savings by using existing technology platforms.
- Administrative Reductions** - The Department shall implement reductions in administrative expenditures that achieve ongoing savings, reduce duplicative and redundant work processes and, where possible, eliminate entire administrative functions and offices. The Department may transfer amounts among sections and programs to achieve these savings provided that reductions in direct services to clients and recipients of the Department shall not be counted as administrative reductions. The Department shall report to the appropriate committees of the Legislature a spending plan to achieve these reductions by July 1, 2002, and shall report actual achieved administrative savings by December 1, 2002. (General Fund-State, General Fund-Federal)

OTHER HUMAN SERVICES

Health Care Authority

With \$34 million of the new revenue generated by Initiative 773, Basic Health Plan enrollment will expand from 125,000 in July 2002 to 172,000 by the end of the biennium. During July through October 2002, opportunities for subsidized coverage will be offered on a phased-in basis for 27,000 non-citizen children and adults who will no longer be eligible for state medical assistance programs in the Department of Social and Health Services (DSHS). Beginning in January 2003, subsidized coverage will be offered on a phased-in basis for an additional 20,000 enrollees.

State grant support for nonprofit community clinics is increased by \$3 million. These funds will be used for dental care and medical interpreter services, particularly for the 27,000 non-citizen children and adults who will no longer be eligible for coverage through DSHS Medical Assistance programs.

Department of Health

As required by Initiative 773, funding for the state's comprehensive effort to reduce tobacco use is increased by \$8.7 million, to a total of \$43.2 million for the biennium, of which \$26.2 million will be expended in the second year.

State expenditures to make federally-recommended childhood vaccines universally available in the state, at no cost to the family, are projected to be \$5.5 million less than originally budgeted for the biennium. This is because the purchase of several vaccines has been delayed by a nationwide supply shortage, and because federal funds are covering a larger percentage of program costs than originally anticipated.

Increased federal funding is also being used to avoid approximately \$2.1 million of state expenditures on a number of different programs, including AIDS drug and medical services, education and case management services through the AIDS Networks, and administration of the childhood vaccines and Women, Infants, and Children (WIC) nutrition programs.

Approximately \$0.5 million of increased expenditures on AIDS drugs and medical assistance is to be avoided by requiring participants to shoulder a larger share of costs, based upon income.

The agency is to reduce administrative costs by \$1 million department-wide, with \$0.6 million of the reduction in fee-supported health professional licensing programs.

Department of Corrections

A total of \$36 million from the state general fund and \$500,000 from the Cost of Supervision Fund is provided for the increased operating costs associated with the projected population changes based on the current forecasts prepared by the Caseload Forecast Council. The Department of Corrections' residential population is expected to be 335 offenders higher in fiscal year 2002 and 413 offenders higher in fiscal year 2003 than the November 2000 forecasted levels. Funding levels are also adjusted for significant increased workload in the community supervision program. Additionally, funding is provided for increased health care inflation.

Savings of \$4.3 million are achieved through the initiation of a variety of actions to reduce operating costs and achieve administrative savings. These steps include: identifying efficiencies in business, human resources, and information technology support activities; reducing administrative costs associated with offender programs; mitigating the need for outside training resources by using Department staff to perform these functions; standardizing meal plans to lower overall food costs; and reducing administrative costs at the regional level.

The Department of Corrections will achieve savings by removing community corrections officer positions at contracted work release facilities and only performing pre-sentence investigations for sex offenders and mentally-ill offenders. The budget assumes that \$3.5 million in savings will be achieved by these changes.

Savings of \$100,000 are achieved through the implementation of Chapter 290, Laws of 2002 (2SHB 2338), which reduces sentences for certain narcotics drug dealers and, with the exception of methamphetamine-related offenses, eliminates the triple scoring of prior drug offenses in determining an offenders presumptive sentence. The legislation also establishes a new drug grid for the sentencing of most felony drug crimes committed on or after July 1, 2004. Beginning in the 2003-05 biennium, 25 percent of the state savings resulting from the sentencing changes in this act will be dedicated towards providing drug treatment to offenders in the prison system and 75 percent of the state savings will be distributed to local governments for drug treatment and related services for individuals involved in the criminal justice system.

The Governor vetoed funding for the implementation of Chapter 324, Laws of 2002 (ESSB 6490), and therefore funding in the amount of \$53,000 lapses.

Washington State Health Care Authority

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	13,309	669,578	682,887
Total Maintenance Changes	0	-3,997	-3,997
Policy Changes			
1. Transfer Community Health Services	-6,654	6,654	0
2. Basic Health Enrollment Expansion	0	41,238	41,238
3. Low-Income Clinics	0	3,000	3,000
4. Efficiencies & Savings	0	-766	-766
5. PEBB Participation for K-12	0	183	183
6. Consolidated Drug Purchasing	0	1,359	1,359
7. Lapse	0	-1,359	-1,359
Total Policy Changes	-6,654	50,309	43,655
2001-03 Revised Appropriations	6,655	715,890	722,545
Fiscal Year 2002 Total	6,655	323,390	330,045
Fiscal Year 2003 Total	0	392,500	392,500

Comments:

1. **Transfer Community Health Services** - Funding for Community Health Services is shifted from the General Fund-State to the Health Services Account beginning July 1, 2002. (General Fund-State, Health Services Account)
2. **Basic Health Enrollment Expansion** - With revenue generated by Initiative 773, Basic Health Plan (BHP) enrollment will expand from 125,000 in July 2002 to 172,000 by the end of the biennium. During July-October 2002, opportunities for subsidized coverage will be offered on a phased-in basis for 27,000 non-citizen children and adults who will no longer be eligible for state medical assistance programs in the Department of Social and Health Services (DSHS). Beginning in January 2003, subsidized coverage will be offered on a phased-in basis for an additional 20,000 enrollees. (Health Services Account-State, BHP Trust Account-Non-Appropriated)
3. **Low-Income Clinics** - State grant support is increased for dental care and medical interpreter services through nonprofit community clinics. These funds are targeted towards the 27,000 non-citizen children and adults who will no longer be eligible for coverage through DSHS Medical Assistance programs. (Health Services Account-State)
4. **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.
5. **PEBB Participation for K-12** - Funding is provided to implement Chapter 142, Laws of 2002 (SHB 2536 - School District Employees Health Care). The bill allows school districts that purchase health and other insurance benefits through the Health Care Authority (HCA) to be charged a composite rate, rather than a tiered rate based on family size. The bill directs HCA to charge a tiered rate to districts enrolling in the future if applying the composite rate to them would increase costs to the state and its employees. (HCA Administration Account-State)
6. **Consolidated Drug Purchasing** - Funding was appropriated for implementation of SSB 6368 (Prescription Drug Utilization and Education). (Health Services Account-State, General Fund-Medicaid, Medical Aid Account-State)
7. **Lapse** - Because SSB 6368 was not enacted, the appropriation lapsed.

Washington State Health Care Authority

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	<u>Estimated</u>	
									2002	2003
Basic Health Plan (Subsidized & HCW) ⁽¹⁾	29,731	37,580	61,773	124,348	127,582	129,873	130,995	132,667	126,014	154,480
% Change from prior year		26.4%	64.4%	101.3%	2.6%	1.8%	0.9%	1.3%	-5.0%	22.6%
Regular Enrollees	29,731	37,580	61,590	123,555	126,472	128,610	129,530	131,111	124,533	153,030
% Change from prior year		26.4%	63.9%	100.6%	2.4%	1.7%	0.7%	1.2%	-5.0%	22.9%
Subsidized Homecare Workers			184	792	1,110	1,263	1,464	1,556	1,481	1,450
% Change from prior year				331.2%	40.1%	13.8%	15.9%	6.3%	-4.8%	-2.1%

(1) State subsidy for "regular" enrollees is provided through the Health Care Authority budget. State and federal subsidy for homecare worker enrollees is provided in the DSHS Long-Term Care and Developmental Disabilities budgets.

Data Source :

FY 1992 through FY 2001 from the Health Care Authority.

FY 2002 and FY 2003 estimates from legislative fiscal staff.

Human Rights Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	5,388	1,644	7,032
Policy Changes			
1. Efficiencies & Savings	-81	0	-81
Total Policy Changes	-81	0	-81
<hr/>			
2001-03 Revised Appropriations	5,307	1,644	6,951
Fiscal Year 2002 Total	2,688	838	3,526
Fiscal Year 2003 Total	2,619	806	3,425

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.

Board of Industrial Insurance Appeals

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	29,406	29,406
Total Maintenance Changes	0	213	213
2001-03 Revised Appropriations	0	29,619	29,619
Fiscal Year 2002 Total	0	14,914	14,914
Fiscal Year 2003 Total	0	14,705	14,705

Comments:

No budget changes were made that reflect a change in statute or agency policy.

Washington State Criminal Justice Training Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	19,047	19,047
Total Maintenance Changes	0	85	85
Policy Changes			
1. Public Safety and Education	0	-369	-369
2. Vendor Rate Change	0	-7	-7
Total Policy Changes	0	-376	-376
<hr/>			
2001-03 Revised Appropriations	0	18,756	18,756
Fiscal Year 2002 Total	0	9,537	9,537
Fiscal Year 2003 Total	0	9,219	9,219

Comments:

1. **Public Safety and Education** - 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. **Vendor Rate Change** - The Washington Association of Sheriffs and Police Chiefs and the Criminal Justice Training Commission's food service contractor will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. (Public Safety and Education Account-State)

Department of Labor and Industries

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	15,420	439,723	455,143
Total Maintenance Changes	0	1,322	1,322
Policy Changes			
1. Increased Farm Safety Inspections	0	507	507
2. Apprenticeship Transfer	-2,103	2,103	0
3. Employment Standards Transfer	-2,223	2,223	0
4. Crime Victims' Program Reduction	0	-397	-397
5. Plumbing Contractors	0	96	96
6. Crime Victims' Revenue Adjustment	0	0	0
7. Boiler Safety Inspection Increases	0	251	251
8. Occupational Safety & Health Grants	0	5,000	5,000
9. Increased Litigation Costs	0	529	529
10. Center for Occupational Health	0	300	300
11. ESHB 2304 - Transportation	0	950	950
Total Policy Changes	-4,326	11,562	7,236
2001-03 Revised Appropriations	11,094	452,607	463,701
Fiscal Year 2002 Total	5,577	226,739	232,316
Fiscal Year 2003 Total	5,517	225,868	231,385

Comments:

1. **Increased Farm Safety Inspections** - Funding is provided to increase labor law enforcement and workplace safety inspections for agricultural workers. (Accident Account, Medical Aid Account)
2. **Apprenticeship Transfer** - The apprenticeship activities are transferred from General Fund-State funding to the workers' compensation funds. Apprenticeships promote a better trained and stable workforce, thus reducing workplace accidents. (General Fund-State, Accident Account, Medical Aid Account)
3. **Employment Standards Transfer** - The employment standards activities are transferred from General Fund-State funding to the workers' compensation funds. Enforcement of employment standards promotes a safer workplace. (General Fund-State, Accident Account, Medical Aid Account)
4. **Crime Victims' Program Reduction** - Due to a revenue shortfall in the Public Safety and Education Account (PSEA), a 2 percent across-the-board reduction is made to all agencies funded from the account. (PSEA-State)
5. **Plumbing Contractors** - Funding is provided to implement Chapter 82, Laws of 2002 (ESHB 2470 - Plumbing Contractors), which requires plumbing contractors to verify plumbing trainees' hours and that the hours were properly supervised. The Department of Labor and Industries is permitted, in certain circumstances, to audit records and issue infractions to plumbing contractors that verify trainees' hours. (Plumbing Certificate Account-State)
6. **Crime Victims' Revenue Adjustment** - The Crime Victims' Program is funded from state, federal, and private/local sources. Due to a revenue projection showing an increase in private/local sources, state funds are reduced and private/local funds are increased by the same amount. (PSEA-State, PSEA-Private/Local)
7. **Boiler Safety Inspection Increases** - Funding is provided for increased boiler inspections. The Board of Boiler Rules is requiring boiler installers to notify the Department about new boiler installations and to obtain safety inspections. Previously, boiler owners were responsible for notifying the Department. Increased inspections are anticipated as a result of the change in notification requirements. Revenue to pay the cost of the boiler inspection program comes from boiler permit and inspection fees. (Pressure Systems Safety Account)
8. **Occupational Safety & Health Grants** - Funding is provided to improve worker safety and health. The Department may operate time-limited programs to reduce work-related injury and disease, including providing grants to employee and employer organizations for worker safety programs such as educational efforts, training, and testing new safety methods. (Medical Aid Account)
9. **Increased Litigation Costs** - Litigation costs continue to increase as a result of increased appeals and lawsuits before the Board of Industrial Insurance Appeals and the courts. Litigation costs include expert witnesses, court-ordered attorney fees, court reporters, couriers, medical records, medical consultations and court filing fees. Funding is increased in the first year based on the assumption that actual deficits for legal service to date will continue for the remainder of FY 2002. The second year increase is estimated to be twice the deficit level projected for FY 2002. (Accident Account, Medical Aid Account)

Department of Labor and Industries

10. **Center for Occupational Health** - Funding is provided for a second center of occupational health and education to be located on the east side of the state. These centers train physicians on best practices for occupational medicine and work with labor and business to improve the quality and outcomes of medical care provided to injured workers.
(Medical Aid Account-State)
11. **ESHB 2304 - Transportation** - Chapter 5, Laws of 2002 (ESHB 2304), makes changes to chapter 39.12 RCW.

Indeterminate Sentence Review Board

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	1,998	0	1,998
Policy Changes			
1. Efficiencies & Savings	-30	0	-30
Total Policy Changes	-30	0	-30
<hr/>			
2001-03 Revised Appropriations	1,968	0	1,968
Fiscal Year 2002 Total	999	0	999
Fiscal Year 2003 Total	969	0	969

Comments:

- 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 Veterans' Affairs

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	19,756	56,221	75,977
Total Maintenance Changes	97	0	97
Policy Changes			
1. Reduce Vendor Rate	-12	0	-12
2. Efficiencies & Savings	-244	0	-244
3. Bed Conversions Shortfall	-7	-1,532	-1,539
4. Facility Start-Up Delays	0	-2,516	-2,516
5. Homeless Veterans' Reintegration	0	155	155
Total Policy Changes	-263	-3,893	-4,156
2001-03 Revised Appropriations	19,590	52,328	71,918
Fiscal Year 2002 Total	9,961	24,640	34,601
Fiscal Year 2003 Total	9,629	27,688	37,317

Comments:

1. **Reduce Vendor Rate** - Department of Veterans' Affairs Field Services contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted.
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. **Bed Conversions Shortfall** - In its original 2001-03 budget, the Department of Veterans' Affairs proposed to reduce state expenditures by converting 65 beds to a higher level of care which would generate more federal and private revenues than the marginal additional cost of their operation. This has not proved feasible, both because of implementation of new federal accreditation standards, and also because earlier-than-anticipated federal approval of construction funding for a new nursing facility on the Retsil campus is requiring demolition of buildings in which the new level of care was to be provided. These factors have combined to result in a projected \$2.3 million revenue deficit at the homes. The agency proposes to manage this deficit by: 1) not incurring the \$1.45 million of additional staffing and other costs authorized for delivery of the planned higher level of care; and 2) applying \$786,000 of federal and private revenues whose receipt was "deferred" last biennium to resolution of the shortfall. (General Fund-State, General Fund-Federal, General Fund-Local)
4. **Facility Start-Up Delays** - Acquisition, accreditation, and implementation of the new Eastern Washington Veterans' Home did not proceed as quickly as originally planned. As a result, expenditures and revenues will both be lower during the first fiscal year than the agency originally projected. The agency now expects the facility to be serving its full capacity of 97 veterans by July 2002, rather than by December 2001 as planned. (General Fund-Federal, General Fund-Local)
5. **Homeless Veterans' Reintegration** - Federal funding is provided to extend the Homeless Veterans' Reintegration Grant. (General Fund-Federal)

Home Care Quality Authority

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	0	0
Total Maintenance Changes	152	0	152
<hr/>			
2001-03 Revised Appropriations	152	0	152
Fiscal Year 2002 Total	0	0	0
Fiscal Year 2003 Total	152	0	152

Comments:

Funding is provided for the establishment of the Home Care Quality Authority (HCQA), pursuant to the passage of Initiative 775 in November 2001. Solely for the purposes of collective bargaining, the HCQA acts as the public employer for home care workers, who provide services to the elderly and to people with disabilities. The HCQA is also responsible for establishing home care worker qualifications, developing referral services, and providing training opportunities and recruitment activities. The funding level assumes a start date of July 1, 2002, with a phasing in of costs to account for the recruitment of staff. This funding represents approximately 50 percent of the costs to operate the HCQA; an interagency agreement with the Department of Social and Health Services Aging and Adult Services Administration and the Division of Developmental Disabilities covers the other 50 percent with federal Medicaid matching funds.

Department of Health

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	132,249	498,912	631,161
Total Maintenance Changes	0	2,325	2,325
Policy Changes			
1. Maximize Use of Federal Funds	-1,111	788	-323
2. HIV Early Intervention Funding	-757	724	-33
3. Cost-Sharing for HIV Assistance	-484	0	-484
4. I-773 Tobacco Plan Enhancement	0	8,745	8,745
5. Childhood Vaccines Fund Shift	-11,641	11,641	0
6. Efficiencies & Savings	0	-574	-574
7. Administrative Reductions	-421	0	-421
8. Federal Bio-Terrorism Funding	0	18,121	18,121
9. Upgrade Hospital Reporting System	0	599	599
10. Certificate of Need Staff Increase	105	0	105
11. Disciplinary Tracking System	0	294	294
12. Recreation Therapy	0	56	56
13. Infant-Friendly Certification	-83	0	-83
14. Northwest Family Center	-174	0	-174
15. Vaccine Funding Savings	-3,680	-1,828	-5,508
16. Initiate Fees for Syphilis Testing	-80	80	0
17. Initiate Fees for Shellfish Testing	-702	702	0
18. Water Conservation and Reuse	-182	182	0
19. Group B Water Inventory Completion	-220	0	-220
20. Reduce Children's Hospital Contract	-182	0	-182
21. AIDSNETS Funding Reduction	-360	360	0
22. Regulate Adult Family Homes	0	-224	-224
23. SSB 6037 Veterinary Services	0	37	37
Total Policy Changes	-19,972	39,703	19,731
2001-03 Revised Appropriations	112,277	540,940	653,217
Fiscal Year 2002 Total	57,337	257,328	314,665
Fiscal Year 2003 Total	54,940	283,612	338,552

Comments:

1. **Maximize Use of Federal Funds** - Increased federal funding is substituted for state general funds in the following areas: 1) administrative costs in the Childhood Immunization Program; 2) technical assistance to hospitals in the Early Hearing Loss Detection, Diagnosis and Intervention Program; and 3) nutrition services and administration costs in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Additionally, substantial increases in state tobacco funding over the last three years enable the Department to reallocate a portion of the Preventive Health and Health Services Block Grant from tobacco prevention to support health promotion and education activities which were previously state-funded. (General Fund-State, General Fund-Federal)
2. **HIV Early Intervention Funding** - The Human Immunodeficiency Virus (HIV) Early Intervention Program uses state and federal funds to provide prescription drugs, limited medical and dental services, and insurance premium assistance for persons with HIV disease. Because of increased federal funding and drug manufacturer rebates, state general fund support for the program only needs to increase by \$327,000 in FY 2003, to \$2.65 million, rather than by \$970,000 as originally budgeted. (General Fund-State, General Fund-Federal, General Fund-Local)
3. **Cost-Sharing for HIV Assistance** - The HIV Early Intervention Program provides financial assistance with drug costs, insurance premiums, and medical, dental, and laboratory testing for persons with HIV disease. Due to the expense of drug therapies, and enrollment increases associated with increased longevity and earlier onset of therapy, expenditures on the program are growing about 17 percent annually. Enrollment in the program is open to any HIV-infected person with an income below 370 percent of poverty (\$31,000 for a single person) and less than \$10-15,000 in liquid assets. The agency is directed to implement cost-control mechanisms sufficient to limit the increase in program expenditures to approximately 8 percent in FY 2003. Such mechanisms are to include, but are not limited to, a system under which recipients will be required to cover an increased portion of their cost of care, on a sliding-scale basis adjusted for income.

Department of Health

4. **I-773 Tobacco Plan Enhancement** - Initiative 773 requires an appropriation of no less than \$26,240,000 each fiscal year starting with FY 2003 for implementation of the state tobacco prevention and control plan. This item brings the total appropriation to the required level. (Tobacco Prevention and Control Account)
5. **Childhood Vaccines Fund Shift** - The 2001-03 state funding for the Childhood Vaccine program is shifted from the state general fund to the Health Services Account. (General Fund-State, Health Services Account)
6. **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.
7. **Administrative Reductions** - Funding for a variety of administrative functions is reduced. The corneal eye bank will no longer be subject to regulation by both the state and federal governments. The Department of Health (DOH) will no longer review and approve applications by integrated health systems for immunity from federal anti-trust laws. The Department will reduce its capacity to conduct sunrise reviews of proposed insurance benefit mandates. Various administrative services within the Division of Community and Family Health will be reduced, and a position will be eliminated in the Policy, Legislative, and Constituent Relations Office. The Board of Health will reduce its number of formal meetings, staff time, and contracted research.
8. **Federal Bio-Terrorism Funding** - In consultation with the federal government, local public health departments, hospitals, medical professionals, and state and local public safety agencies, DOH will develop and begin implementation of a comprehensive plan for improving state and local response to public health emergencies and threats, including acts of bio-terrorism. Major components of the comprehensive plan will include: statewide and regional response to bio-terrorism incidents and infectious disease outbreaks; mass distribution of antibiotics, vaccines, and medical material from the National Pharmaceutical Stockpile; assessment of needed statutory and regulatory changes regarding medical professional credentialing and liability in the event of a public health emergency; development of a communications system which assures 24/7 sharing of critical health information among emergency departments, state and local health officials, and law enforcement personnel; and training for such personnel. (General Fund-Federal)
9. **Upgrade Hospital Reporting System** - A one-time fund balance in the Hospital Data Collection Account is to be used to modernize the Comprehensive Hospital Abstract Reporting System (CHARS) to a secure, Internet-based application. This is expected to improve data quality and timeliness, while at the same time reducing reporting costs for hospitals, and ongoing operating costs to the state by \$180-200,000 per year. Development of this system will enable the Legislature to reduce the current \$750,000 per year Health Services Account subsidy of CHARS next biennium by the projected operating costs savings. (Hospital Commission Account)
10. **Certificate of Need Staff Increase** - In order to reduce the backlog in the number of pending applications and exemption requests, an additional FTE is added to the Certificate of Need Program. DOH will increase fees for this function as needed to support the additional FTE. (General Fund-Local)
11. **Disciplinary Tracking System** - During the 1999-01 biennium, DOH received \$2.4 million to obtain a new licensing and disciplinary tracking system that would consolidate reporting for all health professions. It was determined that an "off-the-shelf" product that met the Department's business needs was not available. The spending authority for this project lapsed. This funding enables the Department to link and enhance the current separate disciplinary tracking systems. (Health Professions Account)
12. **Recreation Therapy** - Funding is provided to implement Chapter 216, Laws of 2002 (HB 2315 - Recreation Therapy). The legislation creates a registration program for recreational therapists. (Health Professions Account)
13. **Infant-Friendly Certification** - Chapter 88, Laws of 2001 (2SHB 1590), allows an employer to use the designation of "infant-friendly" on promotional materials should it develop workplace policies supportive of women who breastfeed their babies. Under the law, DOH is to develop and implement criteria, and review and certify businesses with policies that meet the criteria. Due to budget constraints, the certification function will not be performed.
14. **Northwest Family Center** - State grant support to the Northwest Family Center is discontinued. The center provides case management, prevention and risk reduction, outreach, and chemical dependency counseling for women and children with HIV disease. State grant support is less important now than when it began in 1990, because: 1) HIV transmission from mothers to infants has been dramatically reduced as a result of more effective treatments; 2) federal grant and Medicaid funding to the center has increased substantially in recent years without any corresponding reduction in state grant assistance; and 3) other obstetric and pediatric providers now have technological links to specialists in the field.
15. **Vaccine Funding Savings** - The state purchases medically-recommended childhood vaccines, so that they are available at no cost to families and medical providers. State expenditures for this function are less than originally projected because: 1)

Department of Health

federal Vaccines for Children funding is available to cover a larger share of expenditures than originally budgeted; and 2) manufacturer shortages have delayed purchase of two vaccines, most notably the new "Prevnar" vaccine recently available on the market. (General Fund-State, Health Services Account)

16. **Initiate Fees for Syphilis Testing** - Current law requires the state public health laboratory to provide syphilis testing free of charge upon request. While intended to support public health and community health agencies, physicians and laboratories in the general medical community also use this service. SB 6584, which was not enacted, would have imposed an approximately \$25 fee to cover the cost of tests ordered by all other individuals and organizations. (General Fund-State, General Fund-Local)
17. **Initiate Fees for Shellfish Testing** - The state public health laboratory tests shellfish from public beaches and commercial growers for the presence of bacteria or biotoxins to ensure that contaminated shellfish are not consumed by the public. This item requires commercial shellfish growers to pay for testing related to their commercial product beginning July 1, 2002, at an average fee of approximately \$100 per test. SSB 6790, which was not enacted, would also have required that the fee for recreational shellfish licenses issued by the Department of Fish and Wildlife be increased by approximately \$2 effective April 1, 2002, so that lab testing and on-site inspection of recreationally-harvested shellfish would also be fee-supported rather than state-subsidized. (General Fund-State, General Fund-Local)
18. **Water Conservation and Reuse** - Funding for the water conservation and reuse program is transferred from the state general fund to the Salmon Recovery Account. State funding for this function will be considered for reduction or elimination in the 2003-05 biennium if a comprehensive water strategy is enacted that includes a significant municipal conservation and re-use component. (General Fund-State, Salmon Recovery Account)
19. **Group B Water Inventory Completion** - The 2001 Legislature appropriated funds which are being used to provide \$800,000 per calendar year (CY) to assist local health departments assure the safety of very small water systems. This item reduces the CY 2003 appropriation level for start-up and baseline inventory activities already completed in CY 2002. Sufficient funds remain to continue financial assistance grants at the \$800,000 per year level in CY 2003.
20. **Reduce Children's Hospital Contract** - State funding to Children's Hospital and Regional Medical Center (CHRMC) is reduced. The CHRMC develops assessment strategies, quality assurance processes, and family involvement strategies for children with special health care needs. It also informs and educates providers, policy makers, and others about children with special health care needs.
21. **AIDSNETS Funding Reduction** - The six regional Acquired Immune Deficiency Syndrome networks (AIDSNETs) receive state and federal funding: to provide outreach and prevention activities for people at high risk of contracting HIV disease; to conduct education and testing programs for the general public; and to coordinate care and case management for affected individuals. State funding for these functions is reduced by approximately 4.5 percent (or 2 percent, counting all state and federal funding available to the networks in CY 2001). Increased federal funding is expected to offset this reduction in state financial support. (General Fund-State, General Fund-Federal)
22. **Regulate Adult Family Homes** - Chapter 223, Laws of 2002 (HB 2444 - Regulation of Adult Family Home Providers) eliminates the requirement that owners and managers of adult family homes register with DOH. The Department of Social and Health Services will be solely responsible for inspecting adult family home facilities, and for assuring that staff meet statutory and regulatory standards. The fees which adult family home providers and managers paid to support the registration requirement are also eliminated. (Health Professions Account)
23. **SSB 6037 Veterinary Services** - Funds are provided for implementation of Chapter 157, Laws of 2002 (SSB 6037), which allows animal control agencies and humane societies to provide services such as veterinary sterilizations and vaccinations for certain low-income households. (Health Professions Account-State)

Department of Corrections

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,039,588	40,839	1,080,427
Total Maintenance Changes	41,103	-2,709	38,394
Policy Changes			
1. Public Safety and Education Account	0	-348	-348
2. Drug Offender Sentencing	-100	0	-100
3. Elim Pre-Sentence Investigation	-2,173	0	-2,173
4. Education Contract Consolidation	-1,223	0	-1,223
5. Food Service Efficiencies	-464	0	-464
6. Eliminate Mental Health Contract	-330	0	-330
7. Efficiencies & Savings	-2,263	0	-2,263
8. Motor Vehicle Theft	53	0	53
9. Vendor Rate Change	-221	0	-221
10. Violence Reduction & Drug Enf Acct	0	-18	-18
11. Contracted Work Release Facilities	-1,358	0	-1,358
12. Governor Veto	-53	0	-53
Total Policy Changes	-8,132	-366	-8,498
2001-03 Revised Appropriations	1,072,559	37,764	1,110,323
Fiscal Year 2002 Total	528,472	20,013	548,485
Fiscal Year 2003 Total	544,087	17,751	561,838

Comments:

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|---|---|
| <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 the account. (Public Safety and Education Account-State)</p> <p>2. Drug Offender Sentencing - Savings are achieved through the implementation of Chapter 290, Laws of 2002 (2SHB 2338), which reduces sentences for the manufacture, delivery, or possession with intent to deliver heroin or cocaine from seriousness level VIII to seriousness level VII on the adult felony sentencing grid. Additionally, when calculating the effect of accompanying drug offense convictions, each prior conviction will count as one instead of three for the purposes of determining an offender's standard range sentence under the Sentencing Reform Act. Methamphetamine manufacturing offenses will not be eligible for these sentencing changes.</p> <p>3. Elim Pre-Sentence Investigation - A portion of the funding for the Department to conduct pre-sentence investigations (PSI) is eliminated. Currently, the Department provides PSIs upon request of the courts for use in determining an offender's sentence. The Department will continue to conduct PSIs for sex offenders and dangerous mentally-ill offenders.</p> <p>4. Education Contract Consolidation - The Department of Corrections (DOC) contracts with several community colleges for educational services in prison facilities. Savings are achieved as a result of the Department reducing administrative costs in the delivery of these educational services. The Department, in consultation with the State Board for Community and Technical Colleges, will develop a plan for</p> | <p>achieving this level of savings with the least possible impact on current direct service levels.</p> <p>5. Food Service Efficiencies - Savings are achieved as a result of the Department utilizing standardized meal plans and menus in their correctional facilities, thereby eliminating duplicative workload between facilities. These efficiencies will not directly affect services or compromise cultural or health requirements of incarcerated offenders.</p> <p>6. Eliminate Mental Health Contract - DOC contracts with a third-party reviewer to conduct staff training, program evaluation, and periodic updates for the Department's mental health program. DOC will investigate existing services for efficiencies and eliminate the contract with the University of Washington. This change will not affect mental health services to offenders.</p> <p>7. 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.</p> <p>8. Motor Vehicle Theft - Funding is provided for the implementation of Chapter 324, Laws of 2002 (ESSB 6490),</p> |
|---|---|

Department of Corrections

which increases the penalties for taking a motor vehicle without permission.

9. **Vendor Rate Change** - The Department's education, chemical dependency, and work release contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted.
10. **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)
11. **Contracted Work Release Facilities** - Savings are achieved by DOC no longer having community corrections officers (CCOs) located at contracted work release facilities. It is assumed that the CCOs will be moved to direct supervision activities.
12. **Governor Veto** - The Governor vetoed Section 221(2)(i) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided funding for the implementation of Chapter 324, Laws of 2002 (ESSB 6490). Therefore, funding in the amount of \$53,000 lapses.

Department of Corrections

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
Community Supervision ⁽¹⁾										
# Active (Non-Monetary) Offenders	24,987	26,458	28,700	28,961	31,173	30,973	30,278	31,323	35,473	37,214
% Change from prior year		5.9%	8.5%	0.9%	7.6%	-0.6%	-2.2%	3.5%	13.3%	4.9%
# of Monetary Only Offenders	19,726	21,291	22,284	22,997	23,115	22,979	26,458	27,364	28,146	28,674
% Change from prior year		7.9%	4.7%	3.2%	0.5%	-0.6%	15.1%	3.4%	2.9%	1.9%
Work Release										
Avg Daily Pop/Month	542	576	604	622	612	636	642	656	699	699
% Change from prior year		6.3%	4.9%	3.0%	-1.6%	3.9%	0.9%	2.2%	6.6%	0.0%
Institutions										
Avg Daily Pop/Month	9,949	10,421	11,177	11,968	12,694	13,629	13,910	14,386	14,585	14,731
% Change from prior year		4.7%	7.3%	7.1%	6.1%	7.4%	2.1%	3.4%	1.4%	1.0%
Average Cost Per Inmate ⁽²⁾										
Annual	22,903	23,610	23,394	22,906	22,986	22,849	23,775	24,685	25,600	25,962
% Change from prior year		3.1%	-0.9%	-2.1%	0.3%	-0.6%	4.1%	3.8%	3.7%	1.4%

(1) Data reflect end of year caseloads. With the enactment of the Offender Accountability Act (Chapter 196, Laws of 1999), and beginning in FY 2000, the Department may contract out for the supervision of monetary only offenders.

(2) Cost per offender includes institutions, pre-releases, and work-releases.

Data Source:

Caseload Forecast Council, Department of Corrections, and legislative fiscal staff.

Department of Services for the Blind

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	3,321	13,013	16,334
Policy Changes			
1. Efficiencies & Savings	-81	0	-81
2. Transfer from DSHS Voc Rehab	0	1,503	1,503
Total Policy Changes	-81	1,503	1,422
<hr/>			
2001-03 Revised Appropriations	3,240	14,516	17,756
Fiscal Year 2002 Total	1,652	7,152	8,804
Fiscal Year 2003 Total	1,588	7,364	8,952

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. **Transfer from DSHS Voc Rehab** - The Department of Social and Health Services (DSHS) Division of Vocational Rehabilitation (DVR) and the Department of Services for the Blind (DSB) have agreed to assign 14 percent of the annual federal vocational rehabilitation grant to DSB, rather than 12 percent as in the past. This results in an allocation between the two programs more consistent with national averages, and is expected to enable DSB to avoid the "order of selection" waiting lists under which DVR has operated since fall 2000. The DSB will be able to match the additional federal revenues without an increase in its state general fund appropriations because of an interagency agreement with the School for the Blind. (General Fund-State, General Fund-Federal)

Sentencing Guidelines Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,793	0	1,793
Policy Changes			
1. Efficiencies & Savings	-25	0	-25
Total Policy Changes	-25	0	-25
<hr/>			
2001-03 Revised Appropriations	1,768	0	1,768
Fiscal Year 2002 Total	936	0	936
Fiscal Year 2003 Total	832	0	832

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 Employment Security

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	0	426,339	426,339
Total Maintenance Changes	0	10,964	10,964
Policy Changes			
1. Unemployment Insurance Program	0	1,370	1,370
2. Redetermination for FML	0	156	156
3. Unemployment Insurance (EHB 2901)	0	1,600	1,600
4. Lapse	0	-156	-156
Total Policy Changes	0	2,970	2,970
2001-03 Revised Appropriations	0	440,273	440,273
Fiscal Year 2002 Total	0	222,903	222,903
Fiscal Year 2003 Total	0	217,370	217,370

Comments:

1. **Unemployment Insurance Program** - The Department receives federal funds for one-time unemployment insurance administrative expenses. These funds will be used to make technology improvements that will reduce the time intake agents are on the phone with a client. Space at the telecenters will be reconfigured to meet the increase in seasonal staff that are needed to respond to expected increases in unemployment insurance claims. The funds will also be used to increase the accuracy of the employer tax system. (Unemployment Compensation Administrative Account-Federal)
2. **Redetermination for FML** - Funding is provided for the administrative costs of implementing SHB 2355 (Unemployment Insurance), which allows for redetermination of unemployment insurance benefits for persons who took unpaid family and medical leave (FML). (Unemployment Compensation Administrative Account-Federal)
3. **Unemployment Insurance (EHB 2901)** - Funding is provided for implementation of Chapter 149, Laws of 2002, Partial Veto (EHB 2901 - Unemployment Insurance). (Administrative Contingency Account-State)
4. **Lapse** - SHB 2355 did not pass the Legislature. The funding provided lapses.

NATURAL RESOURCES

The 2002 supplemental budget for the natural resources agencies reduces funding from the 2001-03 biennium budget by \$39.8 million from the general fund and \$21.2 million total funds. The general fund reductions include \$21.5 million in shifts of ongoing activities to other accounts, primarily the Water Quality Account, State Toxics Control Account, and the Wildlife Account. In addition, the budget includes general fund reductions totaling \$4.5 million for the Departments of Ecology and Fish and Wildlife, with the assumption that these activities would be considered for funding by the Salmon Recovery Funding Board. The budget also makes reductions in dedicated accounts, primarily the Department of Natural Resources trust management funds, totaling \$10.7 million to reflect decreased revenues to these accounts.

Department of Ecology

The operating budget provides \$700,000 each from the general fund and the Water Quality Account to the Department of Ecology for a dedicated rescue tug stationed at Neah Bay for at least 200 days during fiscal year 2003.

The budget provides \$176,000 from the general fund to the Office of the Attorney General and the Department of Ecology for a series of studies to continue the progress on the water strategy. In addition, the budget provides \$100,000 from the general fund to the Department to continue facilitation of the strategy.

The budget shifts watershed planning grant funding through the Department of Ecology from the general fund to the Water Quality Account. Within the appropriation, Ecology will provide technical assistance, local planning units will address water quality, quantity, and habitat issues and a grant will be made for facilitation of the Puget Sound regional initiative. The Water Quality Account will assume \$8 million of the \$11.9 million program – resulting in a \$2.9 million reduction in grants and staffing. The budget assumes that the Department will apply to the Salmon Recovery Funding Board to fund in-stream flow components of watershed plans.

The budget assumes that the Department will take a variety of actions to reduce operating costs and achieve administrative savings – resulting in \$5 million in general fund savings. These steps include identifying efficiencies in business, human resources, and information technology support activities. Reductions include: limiting the Neah Bay rescue tug to 200 days in fiscal year 2002; reducing the auto emission program to reflect a small population of vehicles subject to testing; and reducing technical assistance under the state environmental policy act and in shoreline planning.

State Parks and Recreation Commission

The budget reduces the general fund appropriation by \$1.5 million for state park operations and assumes that some state parks may be closed. Based on an assessment of state park facility attributes, the State Parks and Recreation Commission may temporarily close some state parks. In addition, the Commission will assess whether to continue to operate parks owned by others, such as public utility districts, counties, and federal agencies. If the owners are unable to pay State Parks' operating costs, the facilities will be returned to the owners.

The budget assumes that the Commission will take a variety of actions to reduce operating costs and achieve administrative savings totaling \$500,000. In addition, a 2001 enhancement for parks maintenance is reduced by \$500,000.

Conservation Commission

The budget provides \$600,000 from the Water Quality Account to the Conservation Commission for engineering grants to conservation districts for project design and approval of dairy waste management systems, irrigation systems, salmon recovery projects, and other natural resource protection activities that benefit salmon.

Department of Fish and Wildlife

The budget provides \$400,000 from the general fund to the Department of Fish and Wildlife to match federal funding to continue the commercial fishing license buy-back program under the terms of the Pacific Salmon Treaty.

The budget reduces the general fund appropriation by \$273,000 and assumes that the McAllister Creek fish hatchery will be closed.

The budget makes shifts totaling \$7 million. The Salmon Recovery Funding Board will consider funding grants to lead entities that recommend projects to the board and smolt production monitoring. The development of a forest roads management plan, Pacific coastal license buy-back, and the Lower Skykomish habitat conservation plan are shifted to the Salmon Recovery Account.

The budget assumes that the Department will take a variety of actions to reduce operating costs and achieve administrative savings by \$2.4 million general fund. An additional \$3.9 million in general fund savings are made through the following program reductions: one position is eliminated and vacancies are maintained in the enforcement program; various construction crews are consolidated; watershed technical assistance is reduced and the Salmonid Screening, Habitat Enhancement, and Restoration and screen functions are reduced.

Department of Natural Resources

The budget provides \$1.8 million from the State Toxics Control Account to partially resolve the Department of Natural Resources (DNR) Superfund liability for cleanup of contamination in the Thea Foss waterway in Tacoma.

During the summer of 2001, there were a series of wildfires that significantly affected state and local fire fighting agencies. An additional \$33 million is provided for costs associated with the 2001 fire season and replenishing the fire contingency pool for future fires. This funding, combined with the \$3 million provided in the original 2001-03 budget, will fund the following costs: \$24.2 million for DNR and other natural resource agencies costs in fire suppression activities; \$7.8 million for fire mobilizations coordinated by the Military Department; and \$4 million as a contingency for fire mobilization and suppression activities in the future. In addition, the supplemental budget continues to fund \$15.2 million General Fund-State for fire suppression in DNR.

The budget provides \$400,000 from the general fund and \$800,000 from other fund sources to the Department for correction camp supervisors.

The budget assumes that the Department will take a variety of actions to reduce operating costs and achieve administrative savings of \$2.6 million from the general fund. In addition, funding in the forest practices program is reduced for development of the small forest landowners database, postponement of the "reasonable use rule," and postponement of the program's wetlands database. Funding is reduced for recreation lands management, including management of natural areas, public use enforcement, and urban-interface campgrounds.

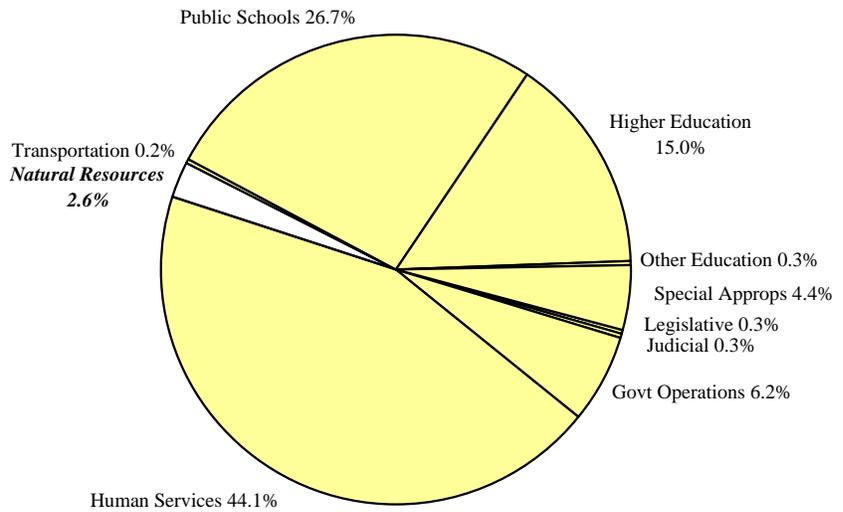
Department of Agriculture

A \$700,000 general enhancement in the 2001-03 biennial budget for market development in the Department of Agriculture is replaced by federal funds. In October 2001, the state received federal funding of \$10.1 million to promote agriculture and specialty crops.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

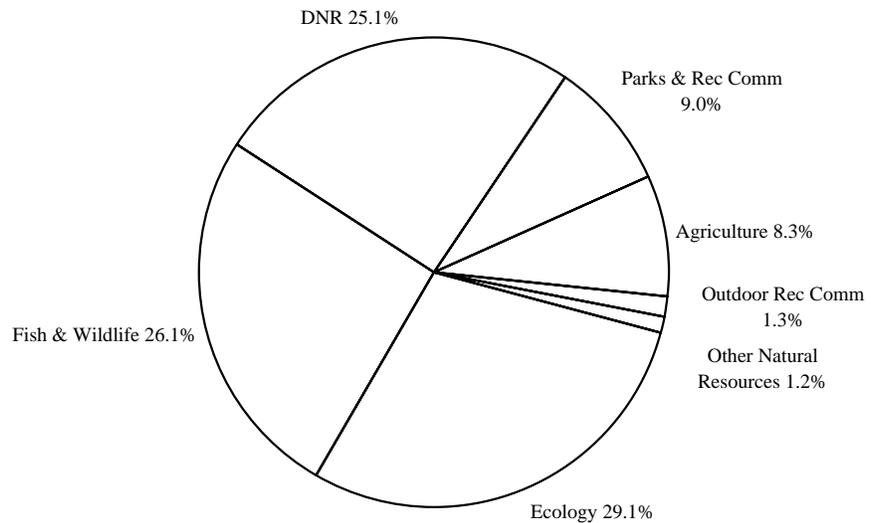
(Dollars in Thousands)

Legislative	136,110
Judicial	140,864
Governmental Operations	2,649,413
Human Services	18,976,685
<i>Natural Resources</i>	<i>1,102,464</i>
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

Dept of Ecology	320,271
Dept of Fish & Wildlife	287,586
Dept of Natural Resources	276,766
Parks & Recreation Comm	99,285
Dept of Agriculture	91,172
Outdoor Recreation	14,270
Other Natural Resources	13,114
<i>Natural Resources</i>	<i>1,102,464</i>

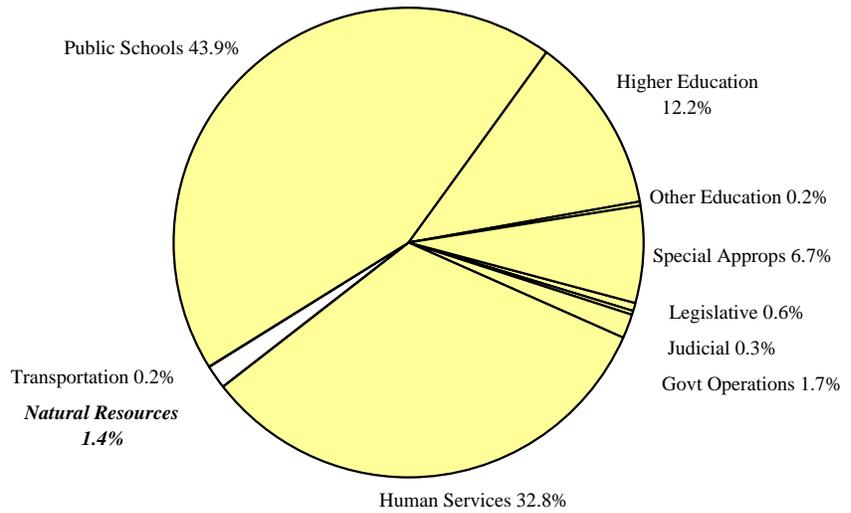


Natural Resources

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

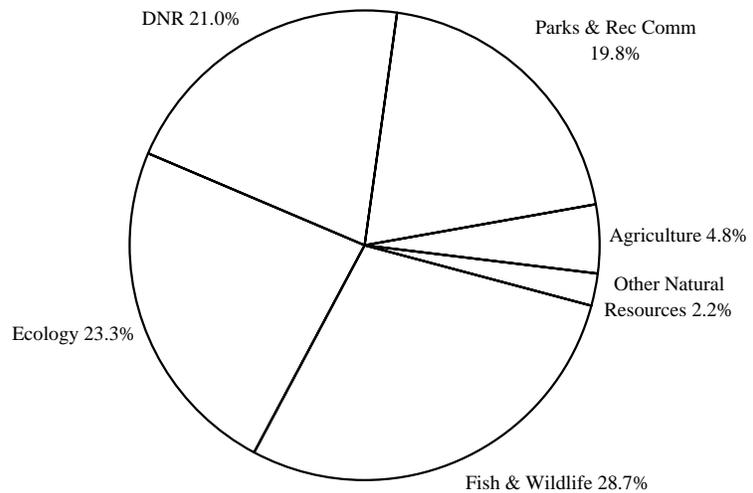
(Dollars in Thousands)

Legislative	129,818
Judicial	73,294
Governmental Operations	383,769
Human Services	7,361,197
<i>Natural Resources</i>	<i>315,637</i>
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

Dept of Fish & Wildlife	90,709
Dept of Ecology	73,687
Dept of Natural Resources	66,414
Parks & Recreation Comm	62,538
Dept of Agriculture	15,249
Other Natural Resources	7,040
<i>Natural Resources</i>	<i>315,637</i>



Natural Resources

Columbia River Gorge Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	789	749	1,538
Policy Changes			
1. Efficiencies & Savings	-12	0	-12
Total Policy Changes	-12	0	-12
<hr/>			
2001-03 Revised Appropriations	777	749	1,526
Fiscal Year 2002 Total	398	378	776
Fiscal Year 2003 Total	379	371	750

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 Ecology

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	91,114	235,222	326,336
Policy Changes			
1. U.S. v. Washington (Culverts)	16	28	44
2. Agricultural Burning Costs	0	300	300
3. Administrative Reduction	-1,400	0	-1,400
4. Drought Response Reduction	0	-3,000	-3,000
5. Stream Gauging Fund Shift	-500	500	0
6. Reduce Auto Emission Program	-711	0	-711
7. Aquatic Pesticides Shift to Fees	-359	359	0
8. Limit Rescue Tug to 200 Days	-348	0	-348
9. Ground Water Data System	0	125	125
10. Water Quality Certifications	-600	600	0
11. Shorelines Management	-180	0	-180
12. Loan Tracking System	0	555	555
13. Neah Bay Rescue Tug	700	700	1,400
14. Watershed Grants & Assistance	-11,900	9,000	-2,900
15. Salmon Recovery Office	-82	0	-82
16. Forest Management	-200	0	-200
17. Hanford Liaison	-108	108	0
18. Contaminated Sediments	-362	362	0
19. Salmon Recovery Monitoring	-182	0	-182
20. Stormwater Phase 2	-600	600	0
21. SEPA Technical Assistance	-150	0	-150
22. Willapa River TMDL	0	200	200
23. Permit Assistance Center	-580	0	-580
24. Wetlands Technical Assistance	-70	0	-70
25. Local Litter Clean-Up Assistance	0	750	750
26. Septic Management Strategy	0	175	175
27. Water Strategy 2002 Legislation	189	0	189
Total Policy Changes	-17,427	11,362	-6,065
2001-03 Revised Appropriations	73,687	246,584	320,271
Fiscal Year 2002 Total	39,404	122,995	162,399
Fiscal Year 2003 Total	34,283	123,589	157,872

Comments:

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| <p>1. U.S. v. Washington (Culverts) - Funding is provided for the state's role in the United States v. Washington State (Culverts) litigation. (General Fund-State, Water Quality Permit Account, Water Quality Account)</p> <p>2. Agricultural Burning Costs - Funding is provided for the Department of Ecology (DOE) to comply with the direction of the court regarding the public health impacts associated with cereal grain burning. DOE will complete a health assessment to better quantify human health impacts, improve ambient monitoring and smoke management, and carry out other tasks outlined in a recent settlement agreement. Existing fund balance will support these one-time activities. (Air Pollution Control Account)</p> <p>3. Administrative Reduction - 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</p> | <p>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.</p> <p>4. Drought Response Reduction - The unexpended balance from the State Drought Preparedness Account is transferred back into the state general fund. (State Drought Preparedness Account)</p> <p>5. Stream Gauging Fund Shift - The enhanced streamflow monitoring activities funded in the biennial budget are shifted from the state general fund to the State Drought Preparedness Account and the Salmon Recovery Account. (General Fund-State, State Drought Preparedness Account, Salmon Recovery Account)</p> |
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Department of Ecology

6. **Reduce Auto Emission Program** - The emission testing program is downsized to fit the revenue from a statutorily-reduced population of vehicles being tested.
7. **Aquatic Pesticides Shift to Fees** - State general fund activities related to aquatic pesticides permitting are shifted to the Water Quality Permit Account. Adequate fund balance and revenue is projected in this account to allow for this permanent transfer. (General Fund-State, Water Quality Permit Account)
8. **Limit Rescue Tug to 200 Days** - The contract for the Neah Bay rescue tug is reduced from 222 to 200 days during FY 2002. This reduction conforms with the 2001-03 omnibus budget proviso regarding the rescue tug. Funding for "other safety tug services" for emergency (preventive) tug contracting in Puget Sound is eliminated.
9. **Ground Water Data System** - Funding is provided to upgrade the DOE data system used to track and manage well drilling information. This system will be updated to provide data on water wells (location, driller licensing, unique well number, size, etc.) via the Internet. Updating and modernizing the Well Drilling Information System will assist local watershed planning units, local government, and DOE in managing water resources. (Reclamation Account)
10. **Water Quality Certifications** - Funding for water quality certifications is shifted from the state general fund to the Water Quality Account. (General Fund State, Water Quality Account)
11. **Shorelines Management** - Funding for DOE's shoreline planning and technical assistance is reduced. Two FTEs from a staff of 14 are eliminated.
12. **Loan Tracking System** - Funding is provided to develop and implement an automated loan tracking system. The system will track current and future loan portfolio and support long-term loan account administration, revenue tracking and forecasting, and loan activity reporting and analysis. (Water Pollution Control Revolving Account)
13. **Neah Bay Rescue Tug** - Funding is provided for a dedicated rescue tug stationed at Neah Bay. The existing contract for the rescue tug will be extended to provide tug services to respond to vessel emergencies. (General Fund-State, Water Quality Account)
14. **Watershed Grants & Assistance** - DOE's watershed planning grant funding is shifted from the state general fund to the Water Quality Account. Watershed planning grants are provided to local planning units to address water quantity, water quality, and habitat issues, and DOE will provide technical assistance. The Department may apply to the Salmon Recovery Funding Board for resources to fund instream flow components of watershed plans for watersheds where flows are a limiting factor for salmon. (General Fund-State, Water Quality Account)
15. **Salmon Recovery Office** - Funding is eliminated for a DOE position in the Governor's Salmon Recovery Office.
16. **Forest Management** - Staffing is reduced for work on a Memorandum of Agreement with the Forest Service to improve water quality on federal forest lands.
17. **Hanford Liaison** - Funding is shifted from the state general fund to the State Toxics Control Account for a Congressional liaison position. (General Fund-State, State Toxics Control Account)
18. **Contaminated Sediments** - Funding is shifted from the state general fund to the State Toxics Control Account for contaminated sediment clean-up. (General Fund-State, State Toxics Control Account)
19. **Salmon Recovery Monitoring** - Funding for monitoring activities associated with salmon recovery is eliminated. The budget assumes the Department will apply to the Salmon Recovery Funding Board to fund these activities.
20. **Stormwater Phase 2** - Funding is shifted from the state general fund to the State Toxics Control Account for activities associated with implementation of Stormwater Phase II rules. (General Fund-State, State Toxics Control Account)
21. **SEPA Technical Assistance** - Funding for DOE's State Environmental Policy Act (SEPA) document management, technical assistance, and streamlining is reduced. One FTE from a staff of nine working on SEPA is eliminated.
22. **Willapa River TMDL** - Funding is provided for DOE to contract with Pacific County for development of the Willapa River total maximum daily load. (Water Quality Account)
23. **Permit Assistance Center** - The Permit Assistance Center is transferred to the Office of Financial Management within the Governor's Office under Chapter 153, Laws of 2002, Partial Veto (E2SHB 2671).
24. **Wetlands Technical Assistance** - Funding and staff are reduced for the wetlands program at the Department affecting the amount of staff time available for technical assistance.
25. **Local Litter Clean-Up Assistance** - Funding is provided for an interagency agreement with the Department of Natural Resources (\$500,000) and counties (\$250,000) to utilize corrections crews to increase litter pickup activities. (Waste Reduction, Recycling and Litter Control Account)
26. **Septic Management Strategy** - A one-time fund balance is provided for DOE to create a stakeholder advisory committee to develop a statewide septic strategy. The strategy will address septic permit requirements, changes to existing rules, clarification of state and local responsibilities, technical assistance needs, and fee structure changes that are necessary to support the program in future biennia. (Biosolids Permit Account)
27. **Water Strategy 2002 Legislation** - Funding is provided for a series of studies to continue the policy discussions on water strategy. The study topics include: federal and Indian reserved

Department of Ecology

water rights, alternatives for resolving water disputes, streamlining the water right general adjudication process, conducting negotiations with other states and Canada, and improving the administration of water right records. Funding is also provided for facilitation of water law reform.

State Parks and Recreation Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	65,164	35,475	100,639
Policy Changes			
1. San Juan Island Parks	157	68	225
2. Reservation System Savings	-105	0	-105
3. U.S. v. Washington (Culverts)	22	0	22
4. Parks Maintenance	-500	0	-500
5. Forest Road Inventory	-200	200	0
6. Increased Revenue Options	0	500	500
7. Sno-Park Compliance	0	-1	-1
8. Better Financial Information	0	115	115
9. Computer Compatibility	0	90	90
10. Efficiencies & Savings	-500	0	-500
11. Temporary Park Closure	-1,500	0	-1,500
12. Non-Motorized Winter Recreation	0	300	300
Total Policy Changes	-2,626	1,272	-1,354
2001-03 Revised Appropriations	62,538	36,747	99,285
Fiscal Year 2002 Total	32,198	17,207	49,405
Fiscal Year 2003 Total	30,340	19,540	49,880

Comments:

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| <p>1. San Juan Island Parks - Funding is provided for the Commission to assume ownership and management of sites closed by the Department of Natural Resources (DNR) in the San Juan Islands (Griffin Bay, Upright Channel, Obstruction Pass, and Pt. Doughty). State Parks will also resume management of three State Parks facilities (Blind Island, James Island, and Doe Island) previously managed by DNR. (General Fund-State, Parks Renewal and Stewardship Account)</p> <p>2. Reservation System Savings - On October 1, 2001, the State Parks' on-line reservation system was switched from the Oregon Parks and Recreation Department to Camis, a Canadian call center provider. Cost savings have been realized due to this successful negotiation.</p> <p>3. U.S. v. Washington (Culverts) - Funding is provided for the state's role in the United States v. Washington State (Culverts) litigation.</p> <p>4. Parks Maintenance - During the 2001 legislative session, State Parks received \$4 million in funding to address a deferred maintenance backlog. Ongoing funding is reduced to \$1.5 million per year.</p> <p>5. Forest Road Inventory - The State Parks forest road inventory project is shifted from the state general fund to the Salmon Recovery Account. This project is currently evaluating, surveying, and mapping all forest roads on state park lands to determine future actions needed to protect salmon and water quality. (General Fund-State, Salmon Recovery Account)</p> <p>6. Increased Revenue Options - Additional spending authority is provided to support increased enterprise and revenue</p> | <p>generating opportunities implemented by the Commission. (Parks Renewal and Stewardship Account)</p> <p>7. Sno-Park Compliance - Due to a revenue shortfall in the Public Safety and Education Account, a 2.0 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)</p> <p>8. Better Financial Information - Funding is provided to develop information to strengthen management decisions by capturing financial data across numerous cost centers. (Parks Renewal and Stewardship Account)</p> <p>9. Computer Compatibility - Funding is provided for State Parks to contract with the Department of Information Services (DIS) to upgrade its current computer systems and manage future computer needs. (Parks Renewal and Stewardship Account)</p> <p>10. 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.</p> <p>11. Temporary Park Closure - Based on an assessment of state parks facility attributes, the Commission may close parks to achieve cost savings. In addition, State Parks will assess</p> |
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State Parks and Recreation Commission

whether to continue operating facilities owned by others, such as Public Utility Districts, counties, the U.S. Army Corps of Engineers, and the Bureau of Reclamation. If the owners are unable to pay for State Parks' operating costs, operation of the parks will be returned to the owners.

12. **Non-Motorized Winter Recreation** - A good snow season in 2001-02 has increased revenue to the Winter Recreation Account and allows more non-motorized Sno-Park grooming and clearing of snow from parking lots. (Winter Recreation Account)

NOTE: Amounts shown here reflect only the omnibus appropriations act. The State Parks & Recreation Commission received an appropriation of \$1,582,000 in the original 2001-03 transportation budget.

Interagency Committee for Outdoor Recreation

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	788	13,447	14,235
Policy Changes			
1. Statewide Monitoring Strategy	-500	500	0
2. Biodiversity Conservation Strategy	35	0	35
Total Policy Changes	-465	500	35
<hr/>			
2001-03 Revised Appropriations	323	13,947	14,270
Fiscal Year 2002 Total	143	6,987	7,130
Fiscal Year 2003 Total	180	6,960	7,140

Comments:

1. **Statewide Monitoring Strategy** - Funding for the state general fund portion of the statewide monitoring strategy is shifted to the Salmon Recovery Account. (General Fund-State, Salmon Recovery Account)

2. **Biodiversity Conservation Strategy** - Funding is provided to convene and facilitate a biodiversity conservation committee to develop recommendations for a state biodiversity program.

Environmental Hearings Office

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,693	0	1,693
Policy Changes			
1. Efficiencies & Savings	-25	0	-25
Total Policy Changes	-25	0	-25
<hr/>			
2001-03 Revised Appropriations	1,668	0	1,668
Fiscal Year 2002 Total	846	0	846
Fiscal Year 2003 Total	822	0	822

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.

State Conservation Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	4,403	3,739	8,142
Policy Changes			
1. CREP Technical Assistance	-100	0	-100
2. Efficiencies & Savings	-31	-40	-71
3. Engineering Grants	0	600	600
4. Limiting Factors Analysis	0	-801	-801
Total Policy Changes	-131	-241	-372
<hr/>			
2001-03 Revised Appropriations	4,272	3,498	7,770
Fiscal Year 2002 Total	2,141	1,995	4,136
Fiscal Year 2003 Total	2,131	1,503	3,634

Comments:

1. **CREP Technical Assistance** - Technical assistance grants to Conservation Districts will be reduced by an average of \$1,600 dollars per district qualified to receive Conservation Reserve Enhancement Program (CREP) technical assistance grants.

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. **Engineering Grants** - Funding is provided for engineering grants to conservation districts for project design and approval of dairy waste management systems, irrigation systems, salmon recovery projects, and other natural resource protection activities that benefit salmon. (Water Quality Account)

4. **Limiting Factors Analysis** - Funding for Limiting Factors Analysis for FY 2003 is eliminated. The Conservation Commission may apply to the Salmon Recovery Funding Board to fund this activity for FY 2003. (Water Quality Account)

Department of Fish and Wildlife

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	102,362	194,275	296,637
Total Maintenance Changes	72	60	132
Policy Changes			
1. Administrative Program Savings	-1,444	482	-962
2. Enforcement Reductions and Savings	-822	0	-822
3. Hatchery and Production Elimination	-273	0	-273
4. Resource Program Reductions	-512	0	-512
5. Public Safety and Education Account	0	-12	-12
6. Salmon Recovery Reallocation	-1,612	1,612	0
7. Puget Sound Action Plan Reductions	-493	0	-493
8. Resource Program Fund Shifts	-1,064	1,064	0
9. U.S. v. Washington (Culverts)	111	0	111
10. Enforcement Staff Settlement	0	400	400
11. Efficiencies & Savings	-550	0	-550
12. Critical Wildlife Disease Testing	0	180	180
13. Lake Whatcom Kokanee	0	200	200
14. Emergency Fire Costs	0	148	148
15. Regional Fisheries Enhancement	0	429	429
16. Governor's Salmon Team	-173	0	-173
17. Pacific Salmon Treaty State Match	400	0	400
18. Regional Salmon Recovery Planning	0	-1,000	-1,000
19. SSHEAR Construction	-300	0	-300
20. Priority Habitat and Species	-80	0	-80
21. Coordinate Salmon Recovery Grants	-3,250	0	-3,250
22. Salmon Recovery Monitoring	-1,100	0	-1,100
23. Construction Crew Consolidation	-500	0	-500
24. Watershed Technical Assistance	-200	0	-200
25. HPA Advisory Group	62	0	62
26. JLARC Fish Program Review	75	0	75
27. ALEA Adjustment to Revenue	0	-961	-961
Total Policy Changes	-11,725	2,542	-9,183
2001-03 Revised Appropriations	90,709	196,877	287,586
Fiscal Year 2002 Total	46,375	96,077	142,452
Fiscal Year 2003 Total	44,334	100,800	145,134

Comments:

1. **Administrative Program Savings** - Funding is reduced for administrative programs to achieve state general fund savings. The Legislative and External Affairs Program as well as positions in the Intergovernmental Policy Unit will be restructured. Funding for habitat and recreational lands leased from the Department of Natural Resources are shifted to the State Wildlife Account. The Department will eliminate the third of three mailings that encourages anglers to return catch record cards. Closer management of Attorney General time and expenses will be utilized to achieve savings. One-time savings are accrued from holding vacancies for two customer service positions in regional offices. (General Fund-State, General Fund-Federal, Wildlife Account-State)
3. **Hatchery and Production Elimination** - Funding for the hatchery program is reduced and the McAllister Creek hatchery will be closed. Savings to the Puget Sound Recreational Enhancement Account as a result of closing McAllister Creek hatchery must be used to increase production for recreational fishers elsewhere in Puget Sound under the Puget Sound Recreational Enhancement Program.
2. **Enforcement Reductions and Savings** - One permanent position will be eliminated. Current and anticipated vacancies within the Department's Enforcement Program will remain unfilled until the start of the 2003-05 biennium.
4. **Resource Program Reductions** - Half of an FTE position that provides public information will be eliminated. Departmental property management will be reduced on agency lands. Pilot projects relating to fish screen, fishway, and fish passage barrier assessments for landowners seeking Endangered Species Act (ESA) cooperative compliance agreements will be reduced from four to three. One-half FTE position relating to shellfish policy coordination, development and policy analysis and one-half FTE position relating to shellfish and salmon fishery

Department of Fish and Wildlife

management will be eliminated. A support position related to steelhead data management will be reduced.

5. **Public Safety and Education Account** - Due to a revenue shortfall in the Public Safety and Education Account, a 2.0 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)
6. **Salmon Recovery Reallocation** - Funding for one-time activities supporting salmon recovery will be shifted from the state general fund to the Salmon Recovery Account. Activities include Forest Roads Management Plans, Pacific Salmon Coastal License Buyback, and the Lower Skykomish Habitat Conservation Plan. (General Fund-State, Salmon Recovery Account)
7. **Puget Sound Action Plan Reductions** - Data collection, contaminant monitoring, and technical assistance activities for the Puget Sound Water Quality Action Plan are reduced or eliminated to achieve state general fund savings. Annual contaminant monitoring of marine fish will be replaced by biennial monitoring.
8. **Resource Program Fund Shifts** - Funding for Dusky Goose hunting is shifted from the state general fund to federal funding to maintain current opportunities and the number of hunting days. Resident native non-game fish management and stock assessment activities are shifted to a federal funding source for one year. The substitution of funding sources will affect data entry of native non-game species. ESA take permits for activities related to federal hatcheries, fisheries, and research activities are shifted from the state general fund to federal funding sources available for one year. Partial Habitat program funding as well as a resident game fish manager is shifted from the state general fund to the State Wildlife Account. (General Fund-Federal, Wildlife Account-State)
9. **U.S. v. Washington (Culverts)** - Funding is provided for the state's role in the United States v. Washington State (Culverts) litigation.
10. **Enforcement Staff Settlement** - Funding is provided to fully compensate eligible union members for overtime back pay. During the 1997-99 biennium, the Department eliminated overtime compensation for the Enforcement Program as part of the response to the agency's fiscal situation. The Sergeant's Union filed and won their grievance with the Department and was awarded overtime back pay. (Wildlife Account-State)
11. **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.
12. **Critical Wildlife Disease Testing** - Chronic Wasting Disease (CWD) has been documented in free-ranging deer and elk in several states and provinces although no cases have been confirmed in Washington. Nearly one-third of a local trumpeter swan population in Whatcom County was killed by an unknown source of lead shot poisoning. In order to stop the continued demise of trumpeter swans and to determine the status of CWD in Washington State, funding is provided for the Department to conduct a study and implement steps to control and clean up affected areas and diseased animals. (Wildlife Account-State)
13. **Lake Whatcom Kokanee** - The Department and tribes have begun implementing a plan to restore anadromous fish passage above a barrier in the middle fork of the Nooksack River. Once passage is achieved, the water supply to Lake Whatcom will be contaminated with fish pathogens and thus prevent transfer of the current disease-free Kokanee eggs to other watersheds in the state. (Kokanee are the land-locked form of sockeye salmon.) Funding is provided for the Department to investigate the feasibility of, and to initiate actions for, establishing a viable Kokanee brood program at an alternative location. (Wildlife Account-State)
14. **Emergency Fire Costs** - Funding is provided to pay for fire suppression costs during the 2001 fire season. Special Appropriations to the Governor provides \$60,000 to the Department for fire suppression costs. (Wildlife Account-State)
15. **Regional Fisheries Enhancement** - The Puget Sound Recreational Enhancement Program and the Regional Fishery Enhancement Program provide financial assistance to regional and recreational fisheries enhancement groups to participate in enhancing the state's salmon population including salmon research, increased natural and artificial production, and habitat improvement. Additional funding will allow these groups to complete additional enhancement and habitat restoration projects. (Regional Fisheries Enhancement Group Account-Non-Appropriated, Recreational Fisheries Enhancement Account)
16. **Governor's Salmon Team** - Funding is eliminated for two Fish and Wildlife positions in the Governor's Salmon Recovery Office.
17. **Pacific Salmon Treaty State Match** - Funding is provided as a state match to federal funding to implement the Pacific Salmon Treaty. Funds will be used to continue the commercial license buyback program.
18. **Regional Salmon Recovery Planning** - Funding for regional salmon recovery planning grants is shifted from the Omnibus Operating budget to the Capital Budget. (Water Quality Account)
19. **SSHEAR Construction** - Funding is reduced for Salmonid Screening, Habitat Enhancement, and Restoration (SSHEAR)

Department of Fish and Wildlife

construction projects to limit competition between Department construction crews and private contractors performing projects on non-Department lands.

20. **Priority Habitat and Species** - Funding is reduced for the Priority Habitats and Species System, delaying the development and dissemination of information.
21. **Coordinate Salmon Recovery Grants** - Funding for grants to lead entities established under chapter 77.85 RCW is eliminated. Funding for lead entities will be considered by the Salmon Recovery Funding Board.
22. **Salmon Recovery Monitoring** - Funding for salmon smolt production monitoring is eliminated. The Department may apply to the Salmon Recovery Funding Board for funding this activity.
23. **Construction Crew Consolidation** - Savings are realized from the consolidation of habitat engineering and construction crews, hatcheries maintenance crews, and the business services construction crew.
24. **Watershed Technical Assistance** - Funding is reduced for technical assistance for lead entities, Regional Fisheries Enhancement Groups, and local watershed efforts working on salmon recovery activities.
25. **HPA Advisory Group** - Funding is provided for the Department to assist the hydraulic project approval (HPA) permit program technical advisory group.
26. **JLARC Fish Program Review** - Funding is provided for the Joint Legislative Audit and Review Committee (JLARC) to conduct a review of the fish management division of the Fish Program.
27. **ALEA Adjustment to Revenue** - Because of declining revenue, expenditures from the Aquatic Lands Enhancement Account (ALEA) will be reduced. Reductions will be made to fish management programs and cooperative volunteer grants and technical assistance. (ALEA-State)

Department of Natural Resources

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	72,975	210,241	283,216
Policy Changes			
1. Thea Foss Waterway Settlement	0	1,865	1,865
2. Natural Resource Conservation Areas	-175	175	0
3. Agricultural College Trust Lands	-541	0	-541
4. U.S. v. Washington (Culverts)	0	310	310
5. Surface Mining Reclamation	0	-133	-133
6. Efficiencies & Savings	-1,200	0	-1,200
7. GIS Statewide Radio System	22	44	66
8. Regulatory Technical Assistance	-138	0	-138
9. Forest Practices	-900	0	-900
10. Fire Suppression Transfer	-3,504	0	-3,504
11. Derelict Vessel Removal	0	89	89
12. Recreational Lands Management	-525	0	-525
13. Fire Suppression	0	7,496	7,496
14. Correctional Camps Funding	400	800	1,200
15. Trust Land Management	0	-10,000	-10,000
16. Aquatic Lands Enhancement Account	0	-535	-535
Total Policy Changes	-6,561	111	-6,450
2001-03 Revised Appropriations	66,414	210,352	276,766
Fiscal Year 2002 Total	35,949	107,203	143,152
Fiscal Year 2003 Total	30,465	103,149	133,614

Comments:

- | | |
|---|---|
| <p>1. Thea Foss Waterway Settlement - Funding is provided to partially resolve the Department of Natural Resources' (DNR's) Superfund liability for cleanup of contamination in the Thea Foss Waterway. (State Toxics Control Account)</p> <p>2. Natural Resource Conservation Areas - Natural area program costs are temporarily shifted to the Natural Resources Conservation Areas Stewardship Account. Funding will continue educational programs and maintenance activities for natural resource conservation areas. (General Fund-State, Natural Resources Conservation Areas Stewardship Account)</p> <p>3. Agricultural College Trust Lands - Funding from the state general fund for management of Agricultural College trust lands is reduced, and the existing fund balance remaining in the Agricultural Trust Land Management Account will be used to manage these lands.</p> <p>4. U.S. v. Washington (Culverts) - Funding is provided for the state's role in the United States v. Washington State (Culverts) litigation. (Forest Development Account, Resource Management Cost Account)</p> <p>5. Surface Mining Reclamation - Funding is reduced to bring appropriation authority in line with revenue from surface mining permits. DNR will reduce surface mining compliance activities. (Surface Mine Reclamation Account)</p> <p>6. Efficiencies & Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration</p> | <p>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.</p> <p>7. GIS Statewide Radio System - Funding is provided for development of a geographic information system (GIS) database of existing communication systems and networks to make decisions regarding the coordination of communication systems statewide. (General Fund-State, Resource Management Cost Account, Forest Development Account)</p> <p>8. Regulatory Technical Assistance - A funding reduction postpones development of the small forest landowner database. Funding is retained for the acquisition of riparian easements and the development of alternative plans.</p> <p>9. Forest Practices - The Forest Practices Board's consideration of "reasonable use rules" will be delayed by one year. The upgrade of the Forest Practices Program's wetlands database is delayed one year.</p> <p>10. Fire Suppression Transfer - A portion of the funding for fire suppression in FY 2003 is shifted to the fire contingency pool which is included in the Special Appropriations to the Governor section of the budget.</p> |
|---|---|

Department of Natural Resources

11. **Derelict Vessel Removal** - Funding is provided for DNR's costs associated with implementation of Chapter 286, Laws of 2002 (ESHB 2376). (Derelict Vessels Removal Account)
12. **Recreational Lands Management** - Funding is reduced for management of natural areas, public use enforcement, and campgrounds closest to urban areas.
13. **Fire Suppression** - Funding is provided to pay for fire suppression costs during the 2001 fire season. DNR anticipates receiving \$7.496 million in Federal Emergency Management Assistance for some of these fires and additional funds from the U.S. Forest Service and other federal agencies for their share of the fire costs. Special Appropriations to the Governor provide \$24.009 million to DNR for fire suppression costs. (General Fund-Federal)
14. **Correctional Camps Funding** - Funding is provided for correctional camp supervisors at DNR. In addition to these funds, DNR shall receive funds through an interagency agreement with the Department of Ecology for increased levels of litter pickup. (General Fund-Local, Forest Development Account)
15. **Trust Land Management** - DNR projects a revenue decrease caused by a decline in timber sales. Trust land management activities are reduced, including a reduction in agency administration and silvicultural thinning activities. (Resource Management Cost Account, Forest Development Account)
16. **Aquatic Lands Enhancement Account** - DNR will reduce agency overhead expenses for the Aquatic Lands Enhancement grant program because of a projected revenue decrease. (Aquatic Lands Enhancement Account-State)

Governor's Vetoes:

The Governor vetoed Section 308(18) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which required DNR, in managing recreation sites and natural resources conservation areas in the San Juan Islands, to employ cost recovery methods comparable to those employed at similarly situated state park facilities. No appropriations are affected by the veto.

Department of Agriculture

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	16,189	72,873	89,062
Policy Changes			
1. Fruit & Vegetable Inspection Acct	0	0	0
2. International Marketing	-700	700	0
3. Efficiencies & Savings	-240	0	-240
4. Microbiological Data Program	0	360	360
5. Citrus Longhorned Beetle	0	1,500	1,500
6. Pesticide Surface Water Monitoring	0	490	490
Total Policy Changes	-940	3,050	2,110
2001-03 Revised Appropriations	15,249	75,923	91,172
Fiscal Year 2002 Total	7,815	36,988	44,803
Fiscal Year 2003 Total	7,434	38,935	46,369

Comments:

1. **Fruit & Vegetable Inspection Acct** - Funding is provided to implement Chapter 322, Laws of 2002 (SSB 6254). Currently, revenue from fruit and vegetable inspections are deposited into one of three district bank accounts. The bill would move the deposit of program revenues from local district accounts to a new Fruit and Vegetable Inspection Account in the State Treasury that would be managed by the Department of Agriculture. (Agricultural Local Account-Non-Appropriated, Horticultural Districts Account-Non-Appropriated, Fruit and Vegetable Inspection Account-Non-Appropriated)
2. **International Marketing** - In October 2001, the Department of Agriculture received \$10.1 million in unanticipated federal funds to promote agriculture and specialty crops. A portion of these funds will replace the 2001 enhancements for market development. (General Fund-Federal)
3. **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.
4. **Microbiological Data Program** - Funding is provided to collect data on pathogens and indicator organisms in food to be used by state and federal agencies for policy making, regulatory, and educational purposes. (General Fund-Federal)
5. **Citrus Longhorned Beetle** - Funding is provided to survey for Citrus Longhorned Beetle in Washington. In August 2001, imported maple trees at a Tukwila nursery were found to be infested with the Citrus Longhorned Beetle, a tree-killing pest not known to occur in the United States. The Department of

Agriculture is in the process of surveying for infestation and plans to treat or remove suspect trees during the spring and summer of 2002. (General Fund-Federal)

6. **Pesticide Surface Water Monitoring** - Funding is provided to contract with the United States Geological Survey and/or the Department of Ecology to sample and analyze surface waters for pesticide residues. Surface water sampling will be completed in basins that represent the various agricultural cropping patterns in Washington State and provide habitat for salmon. (State Toxics Control Account, General Fund-Federal)

NOTE: Amounts shown here reflect only the omnibus appropriations act. The Department of Agriculture received an appropriation of \$305,000 in the original 2001-03 transportation budget.

TRANSPORTATION

The majority of funding for transportation services is included in the transportation budget, not in the omnibus appropriations act. The omnibus appropriations act includes only a portion of the funding for the Department of Licensing and the Washington State Patrol. Therefore, the notes contained in this section are limited. For additional information on transportation funding, please see the Special Appropriations, Transportation Current Law Budget, and Transportation New Law Budget Sections of this document.

Washington State Patrol

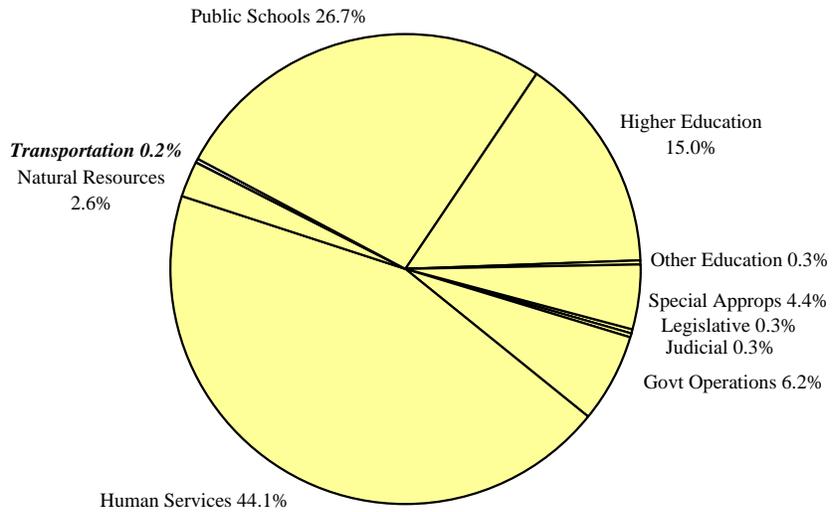
A total of \$1.1 million from the Fingerprint Identification Account is provided for improvements and upgrades to various criminal justice information systems maintained by the Washington State Patrol. These include: continued support of the Criminal History Backlog Elimination project; changes to keep the crime information and identification systems current with the needs of the public safety community; and implementing live-scan fingerprint technology throughout the state.

The Washington State Patrol, in cooperation with the Forensics Investigation Council, the Washington Association of Sheriffs and Police Chiefs, and the Washington Association of Prosecuting Attorneys have developed a comprehensive improvement plan to improve the delivery of forensic services to Washington law enforcement agencies, cities, and counties. Additionally, funding is provided for Chapter 289, Laws of 2002 (SHB 2468), which expands DNA data banking to additional felony offenders and certain misdemeanants. A total of \$1.1 million from other funds is provided for the implementation of a portion of the Forensic Laboratory Services Improvement Plan.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

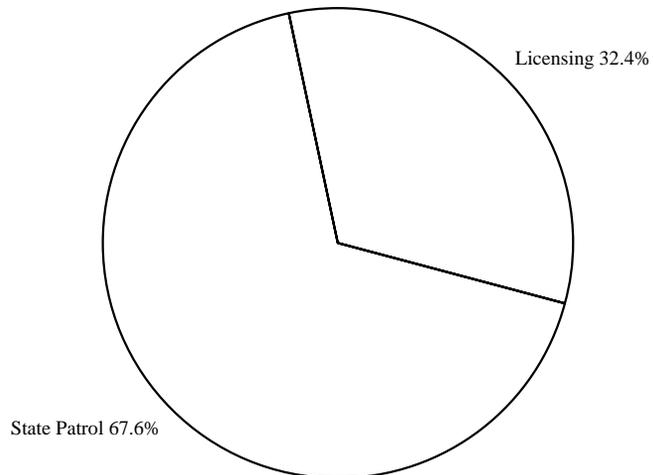
(Dollars in Thousands)

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

Washington State Patrol	71,397
Dept of Licensing	34,293
Transportation	105,690

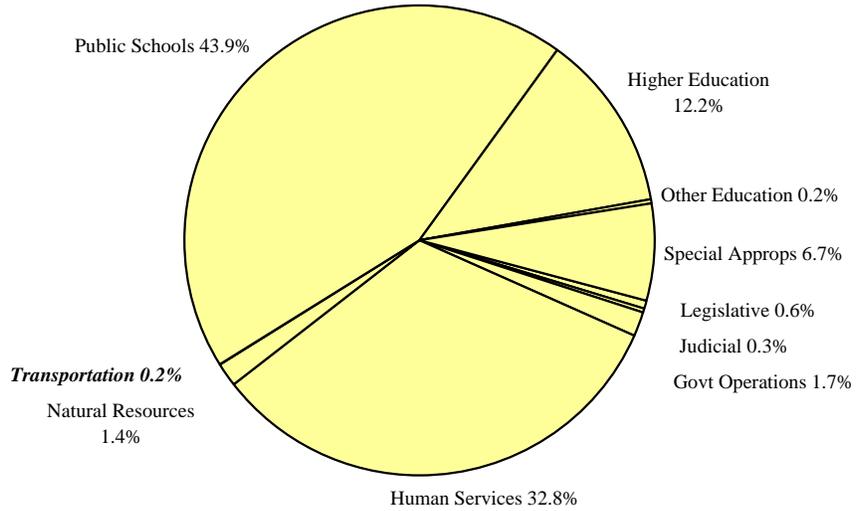


Transportation

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

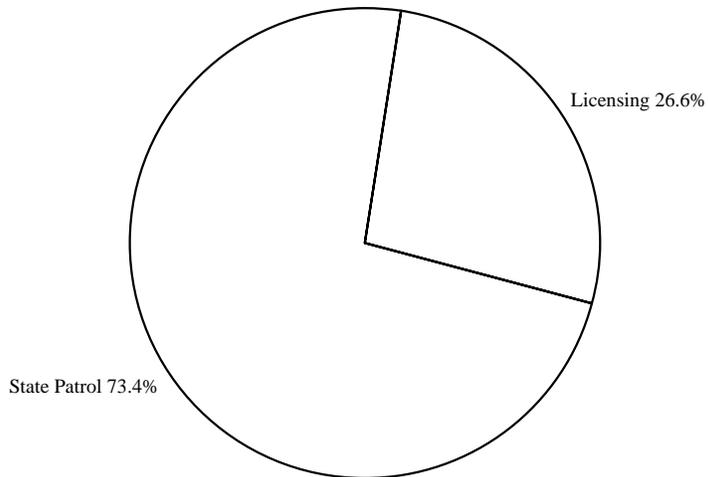
(Dollars in Thousands)

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

Washington State Patrol	29,500
Dept of Licensing	10,666
Transportation	40,166



Transportation

Department of Licensing

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	10,766	23,799	34,565
Total Maintenance Changes	-51	-258	-309
Policy Changes			
1. Efficiencies & Savings	-49	0	-49
2. Derelict Vessels	0	86	86
Total Policy Changes	-49	86	37
<hr/>			
2001-03 Revised Appropriations	10,666	23,627	34,293
Fiscal Year 2002 Total	5,366	12,132	17,498
Fiscal Year 2003 Total	5,300	11,495	16,795

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. **Derelict Vessels** - Funding is provided for Department of Licensing's administrative costs associated with the implementation of Chapter 286, Laws of 2002 (ESHB 2376), which imposes an additional fee on boat licenses to pay for the removal of derelict vessels on state waterways. (Derelict Vessels Removal Account)

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

Washington State Patrol

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	29,956	39,973	69,929
Total Maintenance Changes	0	0	0
Policy Changes			
1. Public Safety and Education Account	0	-301	-301
2. Efficiencies & Savings	-456	0	-456
3. Criminal History System Update	0	245	245
4. Disposition Backlog Elimination	0	538	538
5. Forensic Lab Improvements	0	1,096	1,096
6. FBI Records Reconciliation	0	53	53
7. Live-Scan/AFIS Support	0	296	296
8. Violence Reduction & Drug Enf Acct	0	-3	-3
Total Policy Changes	-456	1,924	1,468
<hr/>			
2001-03 Revised Appropriations	29,500	41,897	71,397
Fiscal Year 2002 Total	21,567	20,592	42,159
Fiscal Year 2003 Total	7,933	21,305	29,238

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. **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. **Criminal History System Update** - During the 1999-01 biennium, work was completed on the rewrite of the Washington State Identification System and the Washington Crime Information Center, now known as "W2." Funding is provided to support W2 system upgrades and changes to keep W2 current with local needs and to conform with federally-initiated programming changes. (Fingerprint Identification Account)
4. **Disposition Backlog Elimination** - One-time funding is provided to continue the Criminal History Backlog Elimination project. This project, originally funded in the 2001-03 biennial budget, will eliminate court disposition and address fingerprint card processing backlogs at the Washington State Patrol's (WSP's) Identification Section. This funding will allow WSP to fully eliminate the backlog. (Fingerprint Identification Account)
5. **Forensic Lab Improvements** - WSP, in cooperation with the Forensics Investigation Council, the Washington Association of Sheriffs and Police Chiefs, and the Washington Association of Prosecuting Attorneys, have developed a comprehensive improvement plan to address deficiencies in the delivery of forensic services to Washington law enforcement agencies, cities, and counties. Funding is provided for a portion of the Forensic Laboratory Services Improvement Plan. Additionally, funding is provided for the implementation of Chapter 289, Laws of 2002 (SHB 2468), which expands DNA databanking to additional felony offenders and certain misdemeanants. Funding for increases beyond these levels is subject to appropriation in future budgets. (Death Investigations Account, County Criminal Justice Assistance Account, Municipal Criminal Justice Assistance Account, Federal Drug Seizure Account)
6. **FBI Records Reconciliation** - The Washington State Identification System automatically transmits criminal history information to the Federal Bureau of Investigation (FBI) Interstate Identification Index (III). For a number of reasons, the information does not always match, prompting an FBI-produced variance report. The variance reports are checked at the state repository and corrections are made to synchronize the systems. The FBI requires this record reconciliation now and for future participation in national efforts, such as the National Fingerprint File. Funding is provided for costs associated with reconciling the discrepancies in state and federal information. (Fingerprint Identification Account)
7. **Live-Scan/AFIS Support** - In partnership with local agencies, the WSP is implementing live-scan fingerprint technology throughout the state. As this technology is fully implemented, local law enforcement agencies will be able to electronically deliver fingerprints to the WSP's Automated Fingerprint Identification System (AFIS) while suspects are still in custody.

Washington State Patrol

AFIS will then be able to search fingerprints in its database and return search results back to local agencies in a matter of minutes. Funds are provided to further implement live-scan technology and provide ongoing support to local agencies. (Fingerprint Identification Account)

8. **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)

NOTE: Amounts shown here reflect only the omnibus appropriations act. The remainder of the Washington State Patrol's budget is shown in the Transportation Current Law Budget Section of this document.

PUBLIC SCHOOLS

Maintenance Level Adjustments — \$126.3 Million General Fund-State

Enrollment and Workload Changes — \$105.3 Million General Fund-State

The February 2002 enrollment forecast from the Caseload Forecast Council increased K-12 enrollment by 8,827 full-time equivalent (FTE) students for the 2001-02 school year and 12,531 FTE students for the 2002-03 school year. Also included in workload changes are other adjustments including staff mix and local deductible revenues.

Levy Equalization Update — \$12.7 Million General Fund-State

Higher-than-expected assessed property values and local levy bases and increased voter approval of local levies increased the maintenance level amount for the Local Effort Assistance Program.

K-12 Inflation — \$6.2 Million General Fund-State Savings

Inflation adjustments are provided in the budget for K-12 basic education programs. The inflation forecast changed from 2.1 percent to 1.0 percent for fiscal year 2002 and from 2.3 percent to 1.7 percent for fiscal year 2003. Basic education budgets cannot be adjusted once school districts have set their budgets, so no changes are made for the 2001-02 school year. A budget adjustment is made for the 2002-03 school year taking into account the lower inflation in the previous year and the coming year. These adjustments result in a budgeted inflation rate of 1.01 percent for the 2002-03 school year.

Initiative 732 Cost-of-Living Adjustment (COLA) — \$14.5 Million General Fund-State

The 2001 calendar year Seattle Consumer Price Index (CPI) used for the 2002-03 school year K-12 COLA mandated by Initiative 732 is higher than the 3.1 percent anticipated in the original 2001-03 budget. The new CPI estimate is 3.6 percent and results in a \$14.5 million increase for COLAs for state-funded K-12 staff.

Savings and Reductions

Pension Rate Change — \$53.9 Million General Fund-State Savings

Chapter 7, Laws of 2002 (HB 2782), changes employer and employee pension contribution rates based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. The change in rates is effective April 1, 2002.

Better Schools Class Size — \$24.6 Million General Fund-State Savings

Beginning with the 2002-03 school year, the Better Schools K-4 staffing ratio enhancement is reduced from 2.2 certificated instructional staff per 1,000 students to 0.8 staff per 1,000 students.

Health Benefit Rate Changes — \$29.5 Million General Fund-State Savings

The monthly funding rate for health, life, and disability insurance benefits for state-funded K-12 staff will increase from \$455.27 per month for the 2001-02 school year to \$457.07 for the 2002-03 school year. The original 2001-03 biennial budget provided \$493.59 per month for the 2002-03 school year.

Integrating Federal Funds — \$24.1 Million General Fund-State Savings, \$50.4 Million Federal Funds

Federal funds are incorporated in the funding of three programs in the following amounts: Special Education (\$17.3 million); Learning Assistance (\$5.8 million); and the Washington Assessments of Student Learning (\$1.0 million).

Staff Mix Calculation Change — \$18.9 Million General Fund-State Savings

Staff mix refers to the experience and education of a school district's certificated instructional staff. It is one of the components used to determine state funding in the General Apportionment and Special Education Programs and

adjusts state funding based on the profile of a school district's staff in these two programs. Beginning with the 2002-03 school year, all of a district's certificated instructional staff are used to calculate staff mix.

Learning Improvement Days — \$12.1 Million General Fund-State Savings

Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, only two extra days are provided.

Transfer to State Flexible Education Funds — \$6.8 Million General Fund-State Savings

A “State Flexible Education Fund” is created and funds are transferred into the program from various sources including various statewide grant programs. After a reduction of 24.7 percent, the funds are combined to create a flexible pool of funds for school districts allocated at a rate of \$21.55 per FTE student. The funds may be expended for local program enhancements as determined by school districts to improve student learning, including all the programs that were transferred into the new fund. The funds may not be expended to increase salary or compensation for existing teaching duties. Programs transferred and the amounts transferred are listed below.

State Flexible Education Funds Program	
General Fund-State	
(Dollars in Thousands)	
Source of Amounts Transferred In	
Block Grant Program	14,193
School Safety Allocation	6,084
Mentor/Beginning Teacher Assist at 50 Percent	2,347
Educational Centers	1,349
Complex Needs	1,075
Truancy	750
Superintendent/Principal Internships at 50 Percent	705
Paraprofessional Training at 50 Percent	547
Principal Assessment and Mentorships at 50 Percent	313
Total Transferred Amount	<u>27,363</u>
24.7 Percent Reduction	-6,751
State Flexible Education Fund Amount	<u>20,612</u>
Rate Per FTE Student	\$21.55

Traffic Safety Education — \$2.3 Million General Fund-State Savings

The General Fund-State subsidy for this program is eliminated. The budget was based on the assumption that \$6.6 million in Public Safety Education Account funds would become available for the program from enactment of HB 2573. The bill was not enacted resulting in no subsidy for the program for the 2002-03 school year.

Levy Equalization — \$1.5 Million General Fund-State Savings

The fiscal year 2003 levy equalization amount is adjusted to reflect the various policy changes in the K-12 supplemental budget. The budget also changes the per pupil inflator from 3.3 percent to 2.9 percent to reflect the change in per pupil spending in the 2002 supplemental budget. The change in per pupil expenditures is calculated using General Fund-State, General Fund-Federal, and Student Achievement Fund appropriations in fiscal year 2002 and fiscal year 2003. In addition, calendar year 2003 levy equalization allocations are reduced 1 percent as authorized by Chapter 317, Laws of 2002 (EHB 3011 – Local Effort Assistance).

Efficiencies and Savings — \$1.4 Million General Fund-State Savings

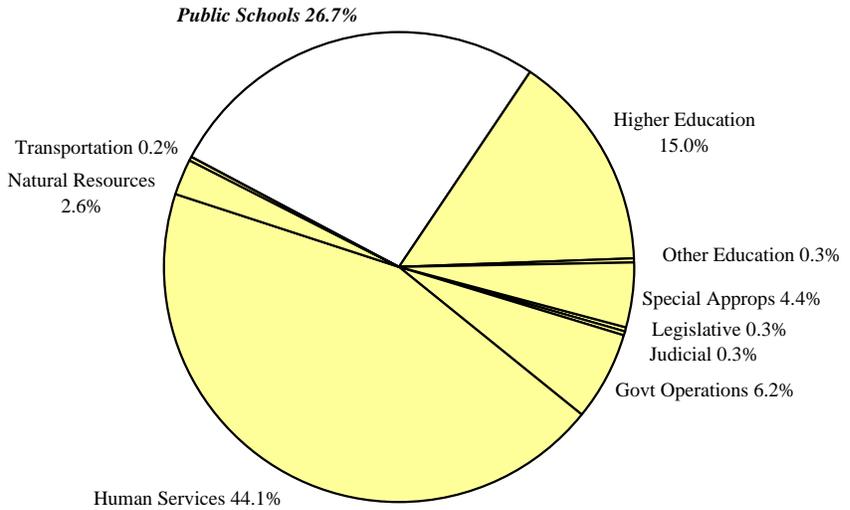
Most basic education programs not subject to transfer to the State Flexible Education Funds Program are reduced by 3.0 percent for fiscal year 2003. The major programs included in this reduction are: the Office of the Superintendent of Public Instruction; Educational Service Districts; Highly Capable; and summer Skills Center Programs.

Public Schools 2002 Supplemental Budget	
General Fund-State	
(Dollars in Thousands)	
2002 Maintenance Changes	126,324
2002 Policy Changes	
Pension Rate Change	-53,962
Health Benefit Changes	-29,509
Better Schools	-24,551
Integrating Federal Funds	-24,142
Staff Mix Calculation Change	-18,982
Learning Improvement Days	-12,109
Transfer to Flexible Education Fund	-6,751
Traffic Safety Education Allocation	-2,283
Efficiencies and Savings	-1,436
Levy Equalization	-1,472
Levy Equalization Task Force	49
National Board Certification	70
Total Policy Changes	-175,078
Net Policy and Maintenance Changes	-48,754

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

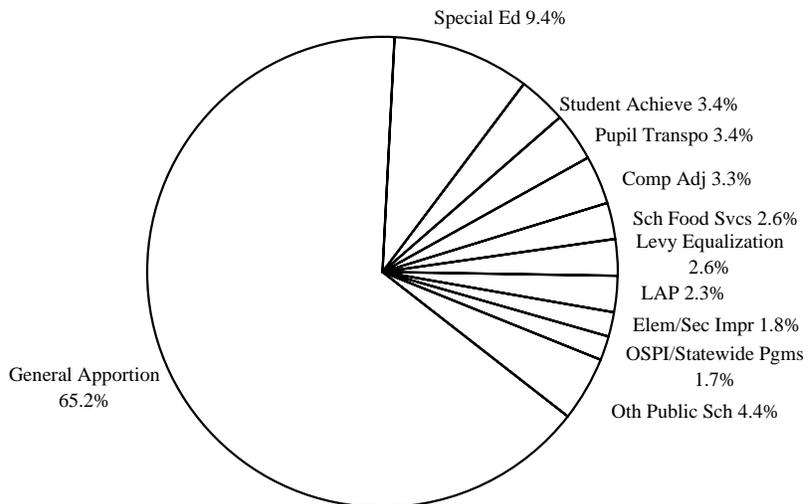
(Dollars in Thousands)

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

General Apportionment	7,498,021
Special Education	1,085,333
Student Achievement	391,149
Pupil Transportation	385,695
Compensation Adj	381,004
School Food Services	296,387
Levy Equalization	295,863
Learning Assist Pgm (LAP)	266,587
Elem/Second Sch Improve	201,737
OSPI & Statewide Pgms	192,176
Other Public Schools	509,733
Public Schools	11,503,685

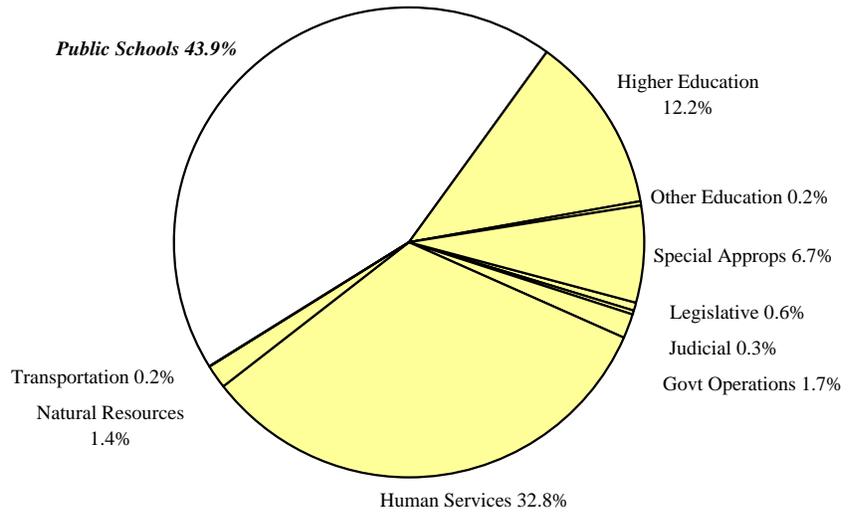


Public Schools

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

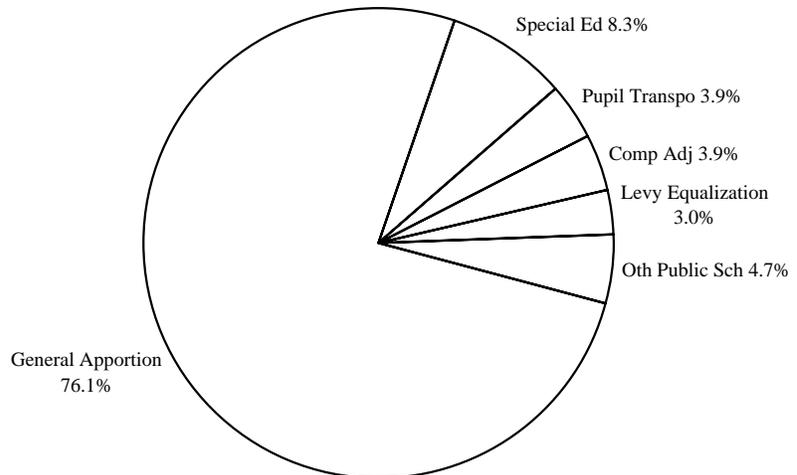
(Dollars in Thousands)

Legislative	129,818
Judicial	73,294
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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

General Apportionment	7,498,021
Special Education	828,926
Pupil Transportation	385,695
Compensation Adj	380,813
Levy Equalization	295,863
Other Public Schools	465,014
Public Schools	9,854,332



Public Schools

Public Schools

WORKLOAD HISTORY By School Year

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	<u>Estimated</u>		
								2001-02	2002-03	
General Apportionment										
FTE Enrollment	886,247	904,288	923,467	936,435	946,385	948,485	951,033	956,639	958,563	
% Change from prior year		2.0%	2.1%	1.4%	1.1%	0.2%	0.3%	0.6%	0.2%	
Special Education										
Funded Enrollment ⁽¹⁾	107,232	108,185	109,149	111,257	113,249	115,257	116,709	118,511	120,638	
% Change from prior year		0.9%	0.9%	1.9%	1.8%	1.8%	1.3%	1.5%	1.8%	
Bilingual Education										
Headcount Enrollment	39,888	42,981	46,029	47,975	52,040	55,656	59,514	62,889	66,866	
% Change from prior year		7.8%	7.1%	4.2%	8.5%	6.9%	6.9%	5.7%	6.3%	
Learning Assistance Program										
Entitlement Units ⁽²⁾	117,112	154,867	157,482	159,556	159,481	184,804	177,763	174,275	172,316	
% Change from prior year		32.2%	1.7%	1.3%	0.0%	15.9%	-3.8%	-2.0%	-1.1%	

(1) 1995-96 through 2002-03 represent headcount enrollments funded through the main funding formula and do not include additional enrollment funded through the Special Education Safety Net.

(2) Formula changed in 1995 – entitlement units used for allocation purposes only. Actual students served may vary. Allocation formula changed in 1999-00 school year to include 10th and 11th grades.

Data Sources :

1994-95 through 1998-99 amounts from SPI/OFM and Caseload Forecast Council.

2001-02 through 2002-03 estimates from Caseload Forecast Council and Legislative 2002 Supplemental Budget.

**Public Schools
 OSPI & Statewide Programs**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	61,304	238,025	299,329
Total Maintenance Changes	62	-97,329	-97,267
Policy Changes			
1. Efficiencies & Savings	-677	0	-677
2. Levy Equalization Task Force	49	0	49
3. Transfer to State Flexible Ed Fund	-9,258	0	-9,258
4. Technology Task Force	92	0	92
5. Governor Veto	-92	0	-92
Total Policy Changes	-9,886	0	-9,886
2001-03 Revised Appropriations	51,480	140,696	192,176
Fiscal Year 2002 Total	29,582	109,740	139,322
Fiscal Year 2003 Total	21,898	30,956	52,854

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. Levy Equalization Task Force** - One-time funding is provided to support the work of the Local Effort Assistance Task Force created by Chapter 317, Laws of 2002 (HB 3011 - Local Effort Assistance).
- 3. Transfer to State Flexible Ed Fund** - A "State Flexible Education Fund" is created and funds are transferred into the program from various sources including various statewide grant programs. After a reduction of 24.7 percent, the funds are combined to create a flexible pool of funds for school districts allocated at a rate of \$21.55 per full time equivalent (FTE) student. Programs transferred from this budget program to the State Flexible Education Funds program are: Truancy, Complex Needs, Educational Centers, and the School Safety Allocation.
- 4. Technology Task Force** - Funds are provided for the formation of the Technology Task Force to study the technology currently available in schools, the training in technology, how technology is currently funded, and recommendations for the future. The task force consists of 19 members, and the study is to be completed by November 1, 2002.
- 5. Governor Veto** - The Governor vetoed Section 501(2)(b)(iii) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided funding for a study of technology in public schools. Therefore, funding in the amount of \$92,000 lapses.

**Public Schools
General Apportionment**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	7,512,176	0	7,512,176
Total Maintenance Changes	78,318	0	78,318
Policy Changes			
1. Efficiencies & Savings	-78	0	-78
2. Pension Rate Change	-43,707	0	-43,707
3. Better Schools	-22,938	0	-22,938
4. Staff Mix Calculation Change	-15,913	0	-15,913
5. Learning Improvement Days	-9,837	0	-9,837
Total Policy Changes	-92,473	0	-92,473
2001-03 Revised Appropriations	7,498,021	0	7,498,021
Fiscal Year 2002 Total	3,786,124	0	3,786,124
Fiscal Year 2003 Total	3,711,897	0	3,711,897

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. Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.
- 3. Better Schools** - Beginning with the 2002-03 school year, the Better Schools K-4 staffing ratio enhancement is reduced from 2.2 certificated instructional staff per 1,000 students to 0.8 staff per 1,000 students.
- 4. Staff Mix Calculation Change** - Staff mix refers to the experience and education of a school district's certificated instructional staff. It is one of the components used to determine state funding in the apportionment and special education programs and adjusts state funding based on the profile of a school district's staff in these two programs.
- 5. Learning Improvement Days** - Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, the number of state-funded learning improvement days is reduced from three to two.

Public Schools Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	398,659	0	398,659
Total Maintenance Changes	19,310	0	19,310
Policy Changes			
1. Health Benefit Changes	-29,509	0	-29,509
2. Efficiencies & Savings	-10	0	-10
3. Pension Rate Change	-3,243	0	-3,243
4. Better Schools	-1,613	0	-1,613
5. Staff Mix Calculation Change	-1,307	0	-1,307
6. Learning Improvement Days	-833	0	-833
7. Integrating Federal Funds	-641	191	-450
Total Policy Changes	-37,156	191	-36,965
2001-03 Revised Appropriations	380,813	191	381,004
Fiscal Year 2002 Total	124,903	0	124,903
Fiscal Year 2003 Total	255,910	191	256,101

Comments:

1. **Health Benefit Changes** - The monthly funding rate for health, life, and disability insurance benefits for state-funded K-12 staff will increase from \$455.27 per month in the 2001-02 school year to \$457.07 in the 2002-03 school year. The original 2001-03 biennial budget provided \$493.59 per month for the 2002-03 school year.
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. **Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.
4. **Better Schools** - Beginning with the 2002-03 school year, the Better Schools K-4 staffing ratio enhancement is reduced from 2.2 certificated instructional staff per 1,000 students to 0.8 staff per 1,000 students.
5. **Staff Mix Calculation Change** - Staff mix refers to the experience and education of a school district's certificated instructional staff. It is one of the components used to determine state funding in the apportionment and special education programs and adjusts state funding based on the profile of a school district's staff in these two programs. Beginning with the 2002-03 school year, all of a district's certificated instructional staff are used to calculate staff mix.
6. **Learning Improvement Days** - Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, the number of state-funded learning improvement days is reduced from three to two.
7. **Integrating Federal Funds** - Integrating federal funds to fund a portion of the Special Education and Learning Assistance Programs reduces the amount needed for General Fund-State funded compensation increases by \$641,000.

**Public Schools
 Pupil Transportation**

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	387,491	0	387,491
Total Maintenance Changes	-1,212	0	-1,212
Policy Changes			
1. Efficiencies & Savings	-24	0	-24
2. Pension Rate Change	-560	0	-560
Total Policy Changes	-584	0	-584
2001-03 Revised Appropriations	385,695	0	385,695
Fiscal Year 2002 Total	192,402	0	192,402
Fiscal Year 2003 Total	193,293	0	193,293

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. **Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.

**Public Schools
Special Education**

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	839,908	256,092	1,096,000
Total Maintenance Changes	13,779	-14,686	-907
Policy Changes			
1. Pension Rate Change	-4,851	0	-4,851
2. Staff Mix Calculation Change	-1,762	0	-1,762
3. Learning Improvement Days	-1,089	0	-1,089
4. Integrating Federal Funds	-17,059	15,001	-2,058
Total Policy Changes	-24,761	15,001	-9,760
2001-03 Revised Appropriations	828,926	256,407	1,085,333
Fiscal Year 2002 Total	420,165	112,780	532,945
Fiscal Year 2003 Total	408,761	143,627	552,388

Comments:

1. **Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.
2. **Staff Mix Calculation Change** - Staff mix refers to the experience and education of a school district's certificated instructional staff. It is one of the components used to determine state funding in the apportionment and special education programs and adjusts state funding based on the profile of a school district's staff in these two programs. Beginning with the 2002-03 school year, all of a district's certificated instructional staff are used to calculate staff mix.
3. **Learning Improvement Days** - Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, the number of state-funded learning improvement days is reduced from three to two.
4. **Integrating Federal Funds** - Federal funds to Washington State for special education will increase by \$24 million for the 2002-03 school year. The budget incorporates a portion of the increase to fund the special education safety net and to increase the maximum percentage of a district's enrollment funded under special education from the current 12.7 percent to 13.0 percent. (General Fund-State, General Fund-Federal)

**Public Schools
 Traffic Safety Education**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	6,183	0	6,183
Total Maintenance Changes	377	0	377
Policy Changes			
1. Traffic Safety Education Allocation	-2,283	6,567	4,284
2. Lapse	0	-6,567	-6,567
Total Policy Changes	-2,283	0	-2,283
2001-03 Revised Appropriations	4,277	0	4,277
Fiscal Year 2002 Total	3,765	0	3,765
Fiscal Year 2003 Total	512	0	512

Comments:

1. **Traffic Safety Education Allocation** - The remaining General Fund-State subsidy for traffic safety education is eliminated beginning with the 2002-03 school year. The budget was based on the assumption that \$6.6 million in Public Safety Education Account funds would become available for the program from the enactment of EHB 2573. The bill was not enacted resulting in no subsidy for the program for the 2002-03 school year. (General Fund-State, Public Safety Education Account)
2. **Lapse** - Traffic Safety Education Allocation - The budget was based on the assumption that \$6.6 million in Public Safety and Education Account (PSEA) funds would become available for the program from enactment of HB 2573. The bill was not enacted resulting in the lapse of the PSEA funding.

**Public Schools
Educational Service Districts**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	9,536	0	9,536
Policy Changes			
1. Efficiencies & Savings	-156	0	-156
2. Pension Rate Change	-47	0	-47
3. Learning Improvement Days	-5	0	-5
Total Policy Changes	-208	0	-208
2001-03 Revised Appropriations	9,328	0	9,328
Fiscal Year 2002 Total	4,757	0	4,757
Fiscal Year 2003 Total	4,571	0	4,571

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. **Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.

3. **Learning Improvement Days** - Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, the number of state-funded learning improvement days is reduced from three to two.

**Public Schools
 Levy Equalization**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	284,644	0	284,644
Total Maintenance Changes	12,691	0	12,691
Policy Changes			
1. Levy Equalization Update	-583	0	-583
2. Levy Equalization Policy	-889	0	-889
Total Policy Changes	-1,472	0	-1,472
2001-03 Revised Appropriations	295,863	0	295,863
Fiscal Year 2002 Total	140,932	0	140,932
Fiscal Year 2003 Total	154,931	0	154,931

Comments:

1. **Levy Equalization Update** - The various adjustments in the K-12 budget for school year 2002-03 reduce the amount needed for levy equalization by \$583,000.
2. **Levy Equalization Policy** - Calendar year 2003 levy equalization allocations are reduced 1 percent as authorized by Chapter 317, Laws of 2002 (HB 3011 - Local Effort Assistance).

**Public Schools
 Institutional Education**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	38,248	8,548	46,796
Total Maintenance Changes	-231	0	-231
Policy Changes			
1. Pension Rate Change	-233	0	-233
2. Learning Improvement Days	-53	0	-53
Total Policy Changes	-286	0	-286
2001-03 Revised Appropriations	37,731	8,548	46,279
Fiscal Year 2002 Total	19,073	4,274	23,347
Fiscal Year 2003 Total	18,658	4,274	22,932

Comments:

1. **Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.
2. **Learning Improvement Days** - Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, the number of state-funded learning improvement days is reduced from three to two.

Public Schools
Education of Highly Capable Students

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	12,840	0	12,840
Total Maintenance Changes	119	0	119
Policy Changes			
1. Efficiencies & Savings	-166	0	-166
2. Pension Rate Change	-76	0	-76
3. Learning Improvement Days	-18	0	-18
Total Policy Changes	-260	0	-260
2001-03 Revised Appropriations	12,699	0	12,699
Fiscal Year 2002 Total	6,470	0	6,470
Fiscal Year 2003 Total	6,229	0	6,229

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. **Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.
3. **Learning Improvement Days** - Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, the number of state-funded learning improvement days is reduced from three to two.

**Public Schools
 Elementary & Secondary School Improvement**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	288,166	288,166
Total Maintenance Changes	0	-86,429	-86,429
2001-03 Revised Appropriations	0	201,737	201,737
Fiscal Year 2002 Total	0	142,639	142,639
Fiscal Year 2003 Total	0	59,098	59,098

Comments:

The recently enacted federal "No Child Left Behind Act" replaces the Elementary and Secondary Improvement Act. The \$86.4 million change in this program is not due to a reduction in federal funds, but rather to realignment of the federal funds to state programs with similar purposes, such as the Learning Assistance Program, the Bilingual Program, and the Education Reform Program.

**Public Schools
Education Reform**

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	72,245	3,233	75,478
Total Maintenance Changes	-48	3,858	3,810
Policy Changes			
1. National Board Certification	70	0	70
2. Efficiencies & Savings	-325	0	-325
3. Transfer to State Flexible Ed Fund	-3,912	0	-3,912
4. Improving Teacher Quality	0	46,553	46,553
5. Integrating Federal Funds	-1,000	7,427	6,427
Total Policy Changes	-5,167	53,980	48,813
2001-03 Revised Appropriations	67,030	61,071	128,101
Fiscal Year 2002 Total	36,880	1,250	38,130
Fiscal Year 2003 Total	30,150	59,821	89,971

Comments:

1. **National Board Certification** - Currently, bonuses for attainment of national board certification for teachers are limited to three years. The budget extends the total bonus payments to four years.
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. **Transfer to State Flexible Ed Fund** - A "State Flexible Education Fund" is created and funds are transferred into the program from various sources including a portion of the Education Reform Program. After a reduction of 24.7 percent, the funds are combined to create a flexible pool of funds for school districts and are allocated at a rate of \$21.55 per full-time equivalent (FTE) student. Fifty percent of the the following Education Reform programs are transferred: Mentor/Beginning Teacher Assistance, Paraprofessional Training, Principal Assessment and Mentorships, and Superintendent/Principal Internships.
4. **Improving Teacher Quality** - The recently enacted "No Child Left Behind Act" will provide \$44.2 million in federal funds allocated to school districts for improving teacher quality in the 2002-03 school year. Permissible uses of the funds include: 1) class size reduction in early grades; 2) programs to assist schools in retaining and recruiting teachers; 3) professional development activities for teachers, principals, and paraprofessionals; and 4) teacher mentoring. Prior to the 2002-03 school year, this same amount of federal funds was provided for class size reduction, grants to improve the teaching of science, and school building renovation. (General Fund-Federal)
5. **Integrating Federal Funds** - Under the "No Child Left Behind Act" of 2001, Washington will receive \$7.4 million to create reading, math, and science assessments for grades 3 through 8. The original budget assumption that \$3.0 million of federal funds would be available for this purpose is increased to \$4.0 million. (General Fund-Federal)

**Public Schools
 Transitional Bilingual Instruction**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	88,215	0	88,215
Total Maintenance Changes	132	20,280	20,412
Policy Changes			
1. Pension Rate Change	-680	0	-680
2. Learning Improvement Days	-166	0	-166
Total Policy Changes	-846	0	-846
2001-03 Revised Appropriations	87,501	20,280	107,781
Fiscal Year 2002 Total	42,767	0	42,767
Fiscal Year 2003 Total	44,734	20,280	65,014

Comments:

The maintenance level budget contains an increase of \$20.3 million in federal funds. Rather than being an increase, this is a realignment of federal funds which were previously appropriated in another section of the budget. The \$20.3 million consists of federal language acquisition state grants and migrant education funds provided under the "No Child Left Behind Act."

- 1. Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.
- 2. Learning Improvement Days** - Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, the number of state-funded learning improvement days is reduced from three to two.

**Public Schools
 Learning Assistance Program (LAP)**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	139,410	0	139,410
Total Maintenance Changes	2,661	125,189	127,850
Policy Changes			
1. Pension Rate Change	-565	0	-565
2. Learning Improvement Days	-108	0	-108
3. Integrating Federal Funds	-5,442	5,442	0
Total Policy Changes	-6,115	5,442	-673
2001-03 Revised Appropriations	135,956	130,631	266,587
Fiscal Year 2002 Total	71,342	0	71,342
Fiscal Year 2003 Total	64,614	130,631	195,245

Comments:

1. **Pension Rate Change** - Employer and employee contribution rates are changed in accordance with Chapter 7, Laws of 2002 (HB 2782 - Actuarial Experience Study), which implements the 1995-2000 experience study and the 2000 actuarial valuation of the retirement systems. The Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent; the School Employees' Retirement System (SERS) employer contribution rate is reduced from 1.54 percent to 0.96 percent; and the Teachers' Retirement System (TRS) employer rate is reduced from 2.75 percent to 1.05 percent.
2. **Learning Improvement Days** - Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. Starting in the 2002-03 school year, the number of state-funded learning improvement days is reduced from three to two.
3. **Integrating Federal Funds** - The formula for allocation of Learning Assistance Program funds is changed for the 2002-03 school year to incorporate increases in federal funds. Districts not receiving an increase of at least 3 percent in federal funds are held harmless.

NOTE: This section contains an increase of \$130.6 million in federal funds. Rather than being an increase, this is a realignment of federal funds which were previously appropriated in another section of the budget. The \$130.6 million consists of federal Title I basic grants to school districts which under the "No Child Left Behind Act" are very similar in purpose to the state Learning Assistance Program.

**Public Schools
 Block Grants**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	37,031	0	37,031
Total Maintenance Changes	366	0	366
Policy Changes			
1. Transfer to State Flexible Ed Fund	-14,193	0	-14,193
Total Policy Changes	-14,193	0	-14,193
2001-03 Revised Appropriations	23,204	0	23,204
Fiscal Year 2002 Total	19,663	0	19,663
Fiscal Year 2003 Total	3,541	0	3,541

Comments:

- 1. Transfer to State Flexible Ed Fund** - Starting with the 2002-03 school year, \$14.1 million in block grant funds are transferred to the State Flexible Education Fund.

**Public Schools
 State Flexible Education Funds**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	0	0
Policy Changes			
1. Transfer to State Flexible Ed Fund	20,612	0	20,612
Total Policy Changes	20,612	0	20,612
2001-03 Revised Appropriations	20,612	0	20,612
Fiscal Year 2002 Total	0	0	0
Fiscal Year 2003 Total	20,612	0	20,612

Comments:

- 1. Transfer to State Flexible Ed Fund** - A State Flexible Education Funds Program is created for the 2002-03 school year to be allocated at a rate of \$21.55 per full-time equivalent (FTE) student. The fund is created from transfers of funds previously provided for various statewide grant programs, education reform programs, and the block grant program. The amount transferred to this program is \$27.4 million and it is reduced by \$6.8 million, or 24.7 percent. School districts may prioritize use of the funds to improve student learning among all the various original purposes of the moneys. The moneys may not be used to increase salaries or compensation for existing teaching duties.

**Public Schools
 Student Achievement Program**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	393,300	393,300
Total Maintenance Changes	0	-2,151	-2,151
2001-03 Revised Appropriations	0	391,149	391,149
Fiscal Year 2002 Total	0	180,837	180,837
Fiscal Year 2003 Total	0	210,312	210,312

Comments:

Initiative 728, which created the Student Achievement Fund, requires that a portion of lottery revenues and \$140 per FTE student from state property taxes be placed in the fund for the 2001-02 and 2002-03 school years. Enrollment increases require an additional \$1.3 million diversion of state property taxes to this fund. This is offset by a reduction in the forecast for lottery revenues of \$3.5 million for FY 2002.

The lower lottery revenues reduce the allocation per student from \$193.92 to \$190.19 for school year 2001-02 and from \$220.59 to \$219.84 for the 2002-03 school year.

Public Schools
Common School Construction

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	191,220	191,220
Total Maintenance Changes	0	-64	-64
Policy Changes			
1. Education Construction Acct	0	-42,700	-42,700
Total Policy Changes	0	-42,700	-42,700
2001-03 Revised Appropriations	0	148,456	148,456
Fiscal Year 2002 Total	0	129,736	129,736
Fiscal Year 2003 Total	0	18,720	18,720

Comments:

- Education Construction Acct** - The Education Construction Account transfer to the Common School Construction Account is adjusted consistent with the requirements of the 2002 Supplemental Capital Budget.

HIGHER EDUCATION

Enrollment Increases

A one-time supplement of \$4 million from the state general fund and \$2.6 million from the State Administrative Contingency Account is provided to expand two-year college enrollment in workforce training by 1,320 full-time equivalent students. This enhancement is made in response to substantially increased demands for retraining from dislocated workers affected by restructuring and layoffs in the Washington State economy.

Financial Aid

A supplement of \$2.2 million from the state general fund is added to the State Need Grant Program to help support higher tuition charges expected in the second year. The Higher Education Coordinating Board is directed to adjust awards, where necessary, to ensure that students who meet the eligibility requirements of 55 percent of the state's median family income are served. Budget savings of \$2.4 million in state financial aid are realized by restricting new Promise scholarship awards to a maximum of \$1,000 a year.

College and University Operations

In enacting a supplemental budget, the Legislature approved \$53.9 million in undesignated, across-the-board reductions to operations supported by the general fund. The cuts amount to 5 percent of original, fiscal year 2003 appropriations to each four-year university and 3 percent of original, fiscal year 2003 appropriations to the State Board on behalf of community and technical colleges. Additional reductions for internal agency services, travel, and equipment are described in the Special Appropriations Section of this document.

Compensation

A cost-of-living adjustment (COLA) is increased from 3.1 percent to 3.6 percent effective July 1, 2002. This increase is funded with a \$1.3 million supplemental appropriation from the general fund for employees of state community and technical colleges who are covered by Initiative 732. Eliminating a 2.6 percent COLA budgeted for state employees not covered by Initiative 732 accounts for savings of \$21.5 million during fiscal year 2003.

The 2002 Legislature intended to make \$6 million in state general funds available for competitively awarded salary adjustments by four-year universities and The Evergreen State College to recruit and retain key faculty and professional staff. The Governor vetoed the recruitment and retention appropriations. For faculty at state community and technical colleges, increment increases during fiscal year 2003 are eliminated, resulting in general fund savings of \$1.2 million.

Benefit savings of \$6.6 million to the general fund are realized by approving new actuarial valuations that change contributions to pensions and by increasing the employee's assumed share of rising health benefit premiums at the state level. Additionally, a one-time appropriation of \$9.5 million from the state general fund and \$2.5 million from the College Faculty Awards Account provide for the settlement costs of a lawsuit involving retirement contributions for part-time instructors employed by state community and technical colleges during the years 1977 to 1999.

Tuition Policy

Governing boards of each institution and the State Board for Community and Technical Colleges are granted authority to decide the appropriate level of tuition for enrolled students during academic year 2002-03. Limits apply to tuition increases, but only for **undergraduates** as follows:

- For residents attending the University of Washington or Washington State University, no greater increase than 16 percent over current year rates;

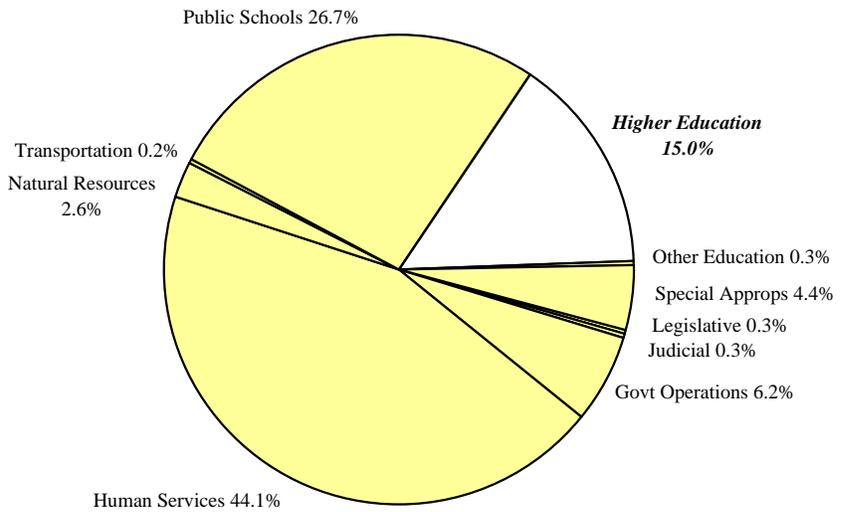
- For residents attending the regional universities of Eastern, Western, Central, or The Evergreen State College, no greater increase than 14 percent over current year rates;
- For residents attending state community and technical colleges, no greater increase than 12 percent over current year rates.

The 2002 Legislature chose not to limit tuition action by institutions with respect to **non-resident students and graduate students** for the coming academic year. For the remainder of the biennium, the Legislature encourages state colleges and universities to reduce waiver activity recognizing the need to preserve the quality of academic programs supported by tuition.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

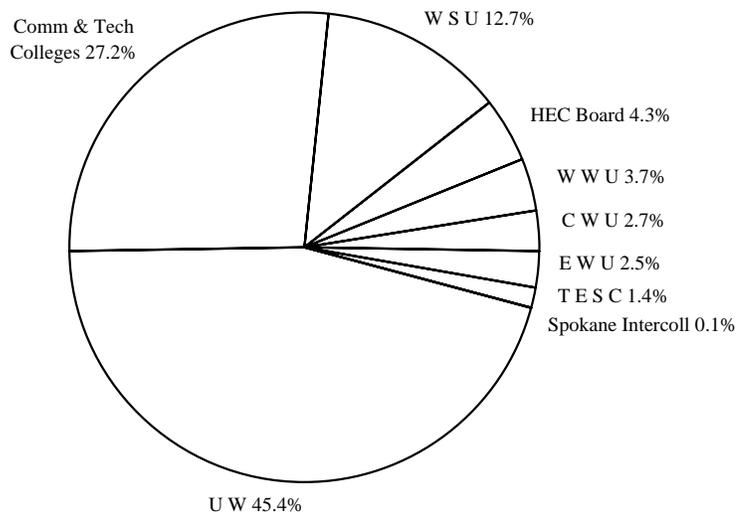
(Dollars in Thousands)

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

Univ of Washington	2,925,540
Community/Tech Colleges	1,750,405
Washington State Univ	817,324
Higher Ed Coord Bd	279,943
Western Washington Univ	235,470
Central Washington Univ	175,149
Eastern Washington Univ	162,729
The Evergreen State Coll	88,824
Spokane Intercoll	4,223
Higher Education	6,439,607

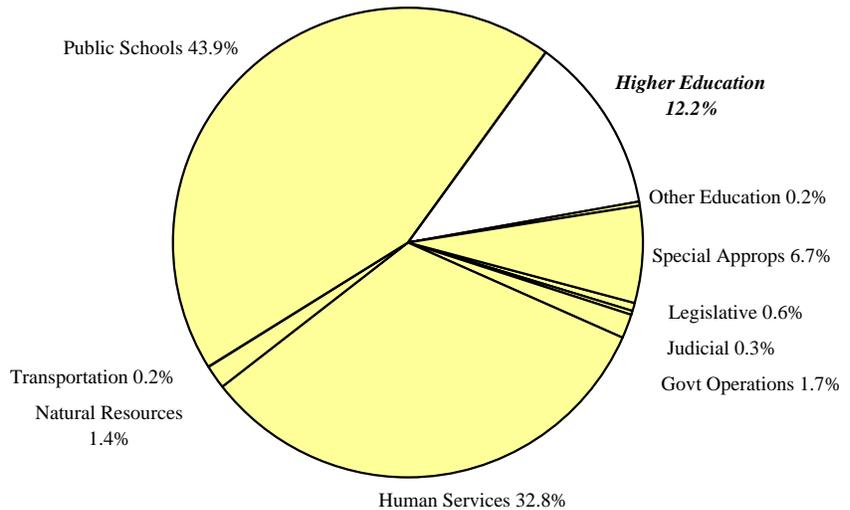


Higher Education

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

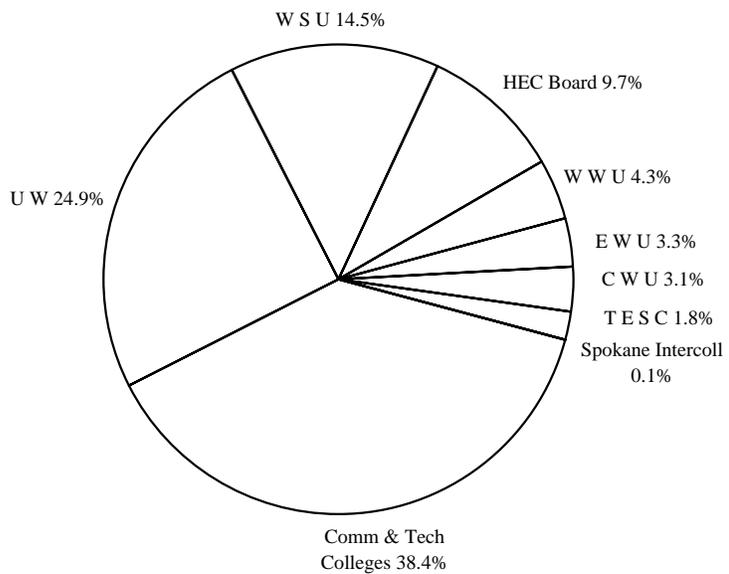
(Dollars in Thousands)

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

Community/Tech Colleges	1,047,641
Univ of Washington	679,674
Washington State Univ	395,169
Higher Ed Coord Bd	264,158
Western Washington Univ	117,700
Eastern Washington Univ	89,241
Central Washington Univ	85,572
The Evergreen State Coll	49,513
Spokane Intercoll	2,896
Higher Education	2,731,564



Higher Education

Higher Education
FTE Student Enrollment History
 By Academic Year

	Actual Enrollment							Budgeted	
	1994-95 ¹	1995-96 ¹	1996-97 ¹	1997-98 ¹	1998-99 ¹	1999-00 ¹	2000-01 ¹	2001-02	2002-03
Community & Technical Colleges	113,609	118,075	118,653	117,925	121,302	125,131	128,093	125,082	128,222
General Enrollment ⁽²⁾	113,609	109,907	111,129	110,808	114,885	117,623	120,830	117,852	119,672
Dislocated Workers ⁽²⁾	0	8,168	7,524	7,117	6,417	7,508	7,263	7,200	8,520
Two-plus-Two ⁽³⁾	0	0	0	0	0	0	0	30	30
Four-Year Schools	77,305	77,977	79,435	80,458	81,814	82,734	84,784	84,523	85,290
University of Washington	31,493	31,811	32,858	33,398	33,592	34,058	34,966	34,820	35,146
Washington State University	18,007	18,425	18,594	18,584	19,148	18,983	19,473	19,570	19,694
Eastern Washington University	7,605	7,364	6,945	6,907	7,244	7,712	8,081	7,933	8,017
Central Washington University	7,337	7,339	7,448	7,474	7,471	7,463	7,287	7,470	7,470
The Evergreen State College	3,377	3,387	3,489	3,728	3,822	3,697	3,786	3,754	3,837
Western Washington University	9,486	9,651	10,101	10,367	10,537	10,821	11,191	10,976	11,126
HECB Timber Workers ⁽⁴⁾	104	118	139	148	177	45	48	0	0
Total Higher Education	191,018	196,170	198,227	198,531	203,293	207,910	212,925	209,605	213,512

(1) Actual enrollments were greater than budgeted levels in these years. Institutions are permitted to enroll over budgeted levels and to support the additional student FTEs with tuition and fees.

(2) General Enrollment includes technical college and Distressed Economic Community program enrollments. For 1994-95, actual enrollment includes dislocated worker FTEs funded through the Employment and Training Trust Fund. Since 1997-98, the Community and Technical College System has been authorized to enroll up to 7,200 FTEs in the Dislocated Workers Program.

(3) Specific funding has been provided since 2000-01 for Olympic Community College to facilitate the delivery of upper division courses by accredited, four-year guest institutions for 30 FTE students. Because the supporting funds do not generate lower division enrollment, there are no actual FTE to report for the two-year college system.

(4) Actual Timber Worker enrollments reported for 1994-95, 1995-96, 1996-97 and 1998-99 include Pullman extended degree students.

Data Source :

Community and Technical College data from the State Board for Community and Technical Colleges.

Four Year Schools data from the Higher Education Enrollment Report (HEER) from the OFM Forecasting Division.

HECB Timber Worker data from the Higher Education Coordinating Board (HECB).

Higher Education
Budgeted Enrollment Increases
 By Academic Year

	FTE Student Enrollment				
	Budgeted Level 2000-2001	Increase for 2001-2002	Total Budgeted 2001-2002	Increase for 2002-03	Total Budgeted 2002-2003
Community & Technical Colleges	123,762	1,320	125,082	3,140	128,222
General Enrollments	116,032	1,820	117,852	1,820	119,672
Dislocated Workers ⁽¹⁾	7,200	0	7,200	1,320	8,520
Timber Workers	500	(500)	0	0	0
Two-plus-Two	30	0	30	0	30
Four-Year Schools	84,855	(332)	84,523	767	85,290
University of Washington	34,688	132	34,820	326	35,146
Seattle ⁽²⁾	32,266	55	32,321	106	32,427
Bothell ⁽²⁾	1,136	33	1,169	66	1,235
Tacoma ⁽²⁾	1,286	44	1,330	154	1,484
Washington State University	19,847	(277)	19,570	124	19,694
Main	17,609	(277)	17,332	0	17,332
Spokane ⁽²⁾	551	0	551	42	593
Tri-Cities	616	0	616	0	616
Vancouver ⁽²⁾	1,071	0	1,071	82	1,153
Eastern Washington University	7,864	69	7,933	84	8,017
Central Washington University	7,867	(397)	7,470	0	7,470
The Evergreen State College	3,713	41	3,754	83	3,837
Western Washington University	10,826	150	10,976	150	11,126
HECB Timber Workers	50	(50)	0	0	0
Total Higher Education	208,617	988	209,605	3,907	213,512

(1) The State Board for Community and Technical Colleges is authorized to enroll up to 7,200 FTEs in the Dislocated Workers Program in academic year 2001-02, and up to 8,520 FTEs in academic year 2002-03.

(2) Subject to reporting requirements, the research universities may reallocate up to 10 percent of newly budgeted FTEs to a campus other than that designated by lawmakers to focus on high demand areas.

2001-2003 New Tuition and Services and Activities Fee Authority ⁽¹⁾

	Current Rate	Maximum New Rate	
	2000-2001	2001-2002	2002-2003
Research Universities			
Resident Undergraduate	3,650	3,898	4,522
Resident Graduate - Business (UW)	5,642	6,490	TBD
Resident Graduate - Business (WSU)	5,642	6,319	TBD
Resident Graduate - All Other	5,642	6,022	TBD
Resident Law	6,099	6,834	TBD
Resident MD/DDS/DVM	9,338	9,963	TBD
Nonresident Undergraduate	11,456	12,225	TBD
Nonresident Graduate - Business (UW)	14,018	16,119	TBD
Nonresident Graduate - Business (WSU)	14,018	15,703	TBD
Nonresident Graduate - All Other	14,018	14,955	TBD
Nonresident Law	15,207	17,034	TBD
Nonresident MD/DDS/DVM	23,462	25,035	TBD
Regional Universities			
Resident Undergraduate	2,831	3,019	3,442
Resident Graduate - Business	4,532	5,075	TBD
Resident Graduate - All Other	4,532	4,834	TBD
Nonresident Undergraduate	9,966	10,634	TBD
Nonresident Graduate - Business	13,674	15,315	TBD
Nonresident Graduate - All Other	13,674	14,591	TBD
Community & Technical Colleges			
Resident Undergraduate	1,641	1,751	1,961
Nonresident Undergraduate	6,459	6,893	TBD

(1) These are average tuition and fees rates by sector; individual institutions may vary slightly from these averages. "TBD" reflects rates yet to be determined by the governing boards of the respective institutions. See notes below.

Notes:

The budget grants institutions' governing boards the flexibility to increase tuition rates up to certain limits set out in section 601 of the act. The tuition and fee levels above illustrate the maximum amounts that could be set by institutions where caps exist. For most students, tuition fees could not increase by more than 6.7 percent in academic year 2001-02. For academic year 2002-03, only undergraduate tuition fees for residents are capped. The maximum increase governing boards may adopt for undergraduate study by residents is 12 percent at state community and technical colleges, 14 percent at state regional universities of Eastern, Western, Central and The Evergreen State College, and 16 percent at state research universities of Washington State and the University of Washington. For graduate and non-resident students, institutional governing boards have full discretion to raise tuition fees as deemed appropriate in the 2002-03 academic year. Institutions may adopt tuition rate increases that vary by student category. Institutions may also adjust tuition rates based upon time of day, day of week, delivery method, or campus.

Services and activities (S&A) fees included in the figures above are estimated at the highest levels permissible under tuition statutes. S&A fees are set by institutions' governing boards, and they may be increased from one year to the next by a percentage not to exceed the annual percentage increase in student tuition fees for any tuition category. If the institution has dedicated a portion of the S&A fees to repay bonded debt, then that portion of the S&A fees may not be increased.

Community & Technical College System

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,058,130	697,664	1,755,794
Total Maintenance Changes	1,357	0	1,357
Policy Changes			
1. Health Benefits Changes	-1,905	0	-1,905
2. Operating Cost Reduction	-16,312	0	-16,312
3. Pension Rate Change	-1,295	0	-1,295
4. Expand Worker Retraining Program	4,000	2,600	6,600
5. No 2nd Year COLA	-4,644	0	-4,644
6. No 2nd Year Increments	-1,190	0	-1,190
7. Mader Settlement	9,500	2,500	12,000
Total Policy Changes	-11,846	5,100	-6,746
<hr/>			
2001-03 Revised Appropriations	1,047,641	702,764	1,750,405
Fiscal Year 2002 Total	514,141	338,961	853,102
Fiscal Year 2003 Total	533,500	363,803	897,303

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 3 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Expand Worker Retraining Program** - In response to increased layoffs during the present economic downturn, 1,320 full-time equivalent (FTE) enrollments are added on a one-time basis for worker retraining efforts by the colleges. Funding is

provided at \$5,000 per student. (General Fund-State, Administrative Contingency Account-State)

5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

6. **No 2nd Year Increments** - No further increments are assumed for faculty during the remainder of the biennium. A reduction is taken in FY 2003 to reflect this change.

7. **Mader Settlement** - Provides for the settlement of a lawsuit (Mader v. Health Care Authority) involving retirement contributions for part-time faculty employed by State colleges. (General Fund-State, College Faculty Awards Trust Account)

University of Washington

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	707,088	2,245,885	2,952,973
Policy Changes			
1. Health Benefits Changes	-1,150	-14	-1,164
2. Operating Cost Reduction	-18,056	0	-18,056
3. Pension Rate Change	-353	-5	-358
4. Recruitment & Retention	2,774	0	2,774
5. No 2nd Year COLA	-7,855	0	-7,855
6. Governor Veto	-2,774	0	-2,774
Total Policy Changes	-27,414	-19	-27,433
2001-03 Revised Appropriations	679,674	2,245,866	2,925,540
Fiscal Year 2002 Total	345,904	1,099,768	1,445,672
Fiscal Year 2003 Total	333,770	1,146,098	1,479,868

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.
5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.
2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.
6. **Governor Veto** - The Governor vetoed Section 604(10) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention (see item above).

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now. (General Fund-State, Accident Account, Medical Aid Account)

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782). (General Fund-State, Death Investigations Account, Accident Account, Medical Aid Account)
4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional and research faculty and staff.

Washington State University

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	411,355	422,155	833,510
Policy Changes			
1. Health Benefits Changes	-648	0	-648
2. Operating Cost Reduction	-10,497	0	-10,497
3. Pension Rate Change	-274	0	-274
4. Recruitment & Retention	1,726	0	1,726
5. No 2nd Year COLA	-4,767	0	-4,767
6. Governor Veto	-1,726	0	-1,726
Total Policy Changes	-16,186	0	-16,186
2001-03 Revised Appropriations	395,169	422,155	817,324
Fiscal Year 2002 Total	201,362	207,976	409,338
Fiscal Year 2003 Total	193,807	214,179	407,986

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

6. **Governor Veto** - The Governor vetoed Section 605(4) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention (see item above).

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional and research faculty and staff.

5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education

Eastern Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	92,914	73,488	166,402
Policy Changes			
1. Health Benefits Changes	-166	0	-166
2. Operating Cost Reduction	-2,369	0	-2,369
3. Pension Rate Change	-73	0	-73
4. Recruitment & Retention	450	0	450
5. No 2nd Year COLA	-1,065	0	-1,065
6. Governor Veto	-450	0	-450
Total Policy Changes	-3,673	0	-3,673
2001-03 Revised Appropriations	89,241	73,488	162,729
Fiscal Year 2002 Total	45,517	35,973	81,490
Fiscal Year 2003 Total	43,724	37,515	81,239

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

6. **Governor Veto** - The Governor vetoed a portion of Section 606 of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention (see item above).

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional faculty and staff.

5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education

Central Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	89,140	89,577	178,717
Policy Changes			
1. Health Benefits Changes	-180	0	-180
2. Operating Cost Reduction	-2,249	0	-2,249
3. Pension Rate Change	-85	0	-85
4. Enrollment Recovery	350	0	350
5. Recruitment & Retention	374	0	374
6. No 2nd Year COLA	-1,054	0	-1,054
7. Governor Veto	-724	0	-724
Total Policy Changes	-3,568	0	-3,568
2001-03 Revised Appropriations	85,572	89,577	175,149
Fiscal Year 2002 Total	44,147	44,119	88,266
Fiscal Year 2003 Total	41,425	45,458	86,883

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Enrollment Recovery** - Support is provided to assist with Central Washington University's enrollment recovery efforts.

5. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment

and retention salary offers to attract and preserve quality instructional faculty and staff.

6. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

7. **Governor Veto** - The Governor vetoed Section 607(1) and (2) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for enrollment recovery as well as recruitment and retention (see items above).

The Evergreen State College

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	51,594	39,311	90,905
Policy Changes			
1. Health Benefits Changes	-97	0	-97
2. Operating Cost Reduction	-1,304	0	-1,304
3. Pension Rate Change	-44	0	-44
4. Recruitment & Retention	226	0	226
5. WSIPP Studies	60	0	60
6. No 2nd Year COLA	-636	0	-636
7. Governor Veto	-286	0	-286
Total Policy Changes	-2,081	0	-2,081
2001-03 Revised Appropriations	49,513	39,311	88,824
Fiscal Year 2002 Total	25,325	18,990	44,315
Fiscal Year 2003 Total	24,188	20,321	44,509

Comments:

- | | |
|--|---|
| <p>1. Health Benefits Changes - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.</p> <p>Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.</p> <p>2. Operating Cost Reduction - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.</p> <p>3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).</p> <p>4. Recruitment & Retention - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional faculty and staff.</p> | <p>5. WSIPP Studies - Funding is provided for the Washington State Institute for Public Policy (WSIPP) to conduct the following studies: At-Risk Youth Prevention Programs, Drug Sentencing Changes (under Chapter 290, Laws of 2002 - 2SHB 2338), Research University Branch Campus Study, and Higher Education Coordinating Board Study. In recognition of fiscal constraints the state faces, the Institute will conduct these studies with limited new funding along with available resources. For more information, see language contained in section 608 of the 2002 Supplemental Operating Budget Act.</p> <p>6. No 2nd Year COLA - No further cost-of-living adjustments (COLAs) are funded except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.</p> <p>7. Governor Veto - The Governor vetoed Section 608(1) and (11) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention and studies to be conducted by WSIPP (see items above).</p> |
|--|---|

Western Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	122,636	117,770	240,406
Policy Changes			
1. Health Benefits Changes	-204	0	-204
2. Operating Cost Reduction	-3,144	0	-3,144
3. Pension Rate Change	-115	0	-115
4. Recruitment & Retention	450	0	450
5. No 2nd Year COLA	-1,473	0	-1,473
6. Governor Veto	-450	0	-450
Total Policy Changes	-4,936	0	-4,936
2001-03 Revised Appropriations	117,700	117,770	235,470
Fiscal Year 2002 Total	59,732	57,761	117,493
Fiscal Year 2003 Total	57,968	60,009	117,977

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

6. **Governor Veto** - The Governor vetoed Section 609(2) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention (see item above).

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional faculty and staff.

5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education

Higher Education Coordinating Board

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	264,603	15,089	279,692
Total Maintenance Changes	361	696	1,057
Policy Changes			
1. Operating Cost Reduction	-120	0	-120
2. HECB Admin of Financial Aid	-416	0	-416
3. State Need Grant	2,180	0	2,180
4. Promise Scholarships	-2,450	0	-2,450
Total Policy Changes	-806	0	-806
<hr/>			
2001-03 Revised Appropriations	264,158	15,785	279,943
Fiscal Year 2002 Total	125,990	7,246	133,236
Fiscal Year 2003 Total	138,168	8,539	146,707

Comments:

1. **Operating Cost Reduction** - 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.
2. **HECB Admin of Financial Aid** - The Higher Education Coordinating Board (HECB) allowance for state-level administration of Financial Aid is reduced from the present, indirect rate of 2.1 percent of program appropriations to 1.8 percent beginning in FY 2003.
3. **State Need Grant** - Funds are provided to support tuition increases in FY 2003. HECB is directed to adjust grant levels as necessary to ensure that as many students as possible who meet the financial criteria of 55 percent of median family income are served.
4. **Promise Scholarships** - Promise Scholarships awarded to new student recipients for the 2002-03 academic year shall be valued at no more than \$1,000 a year.

Spokane Intercollegiate Research & Technology Inst

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	3,000	1,327	4,327
Policy Changes			
1. Operating Cost Reduction	-100	0	-100
2. Pension Rate Change	-4	0	-4
Total Policy Changes	-104	0	-104
2001-03 Revised Appropriations	2,896	1,327	4,223
Fiscal Year 2002 Total	1,499	771	2,270
Fiscal Year 2003 Total	1,397	556	1,953

Comments:

1. **Operating Cost Reduction** - 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.

2. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

OTHER EDUCATION

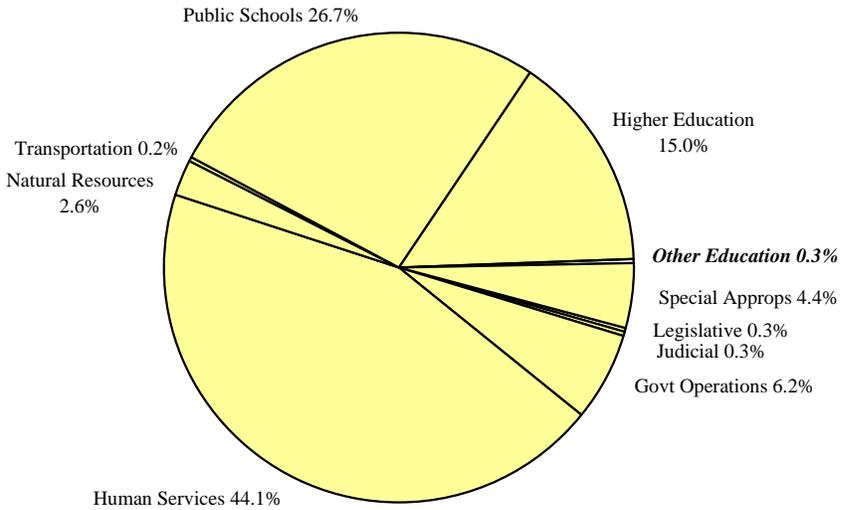
State Library

The State Library is transferred to the Office of the Secretary of State. Funding for the Library is provided to the Governor; however, general funds are reduced by \$279,000 with the exception of grants for the Washington Talking Book and Braille Library.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

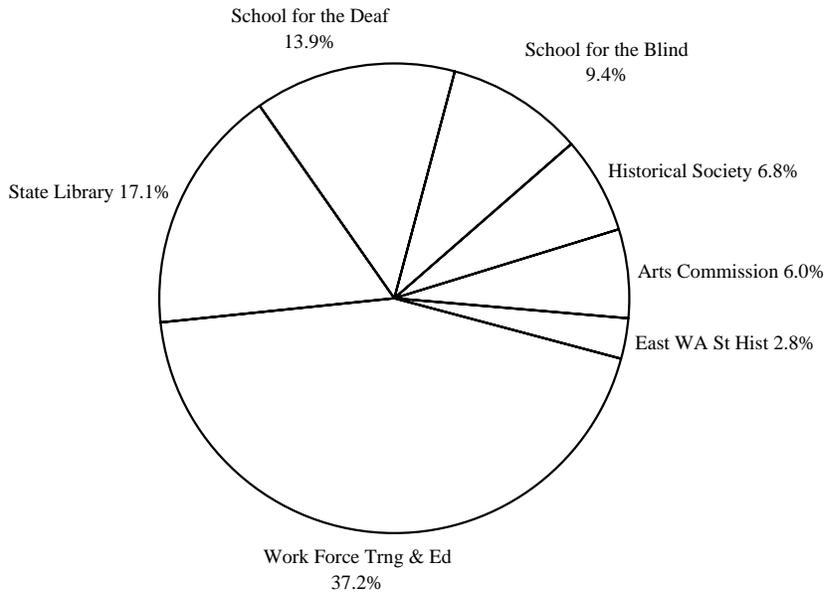
(Dollars in Thousands)

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

Work Force Trng & Ed	48,881
State Library	18,976
School for the Deaf	15,378
School for the Blind	10,428
State Hist Society	7,494
State Arts Comm	6,664
East WA State Hist Society	3,163
Other Education	110,984

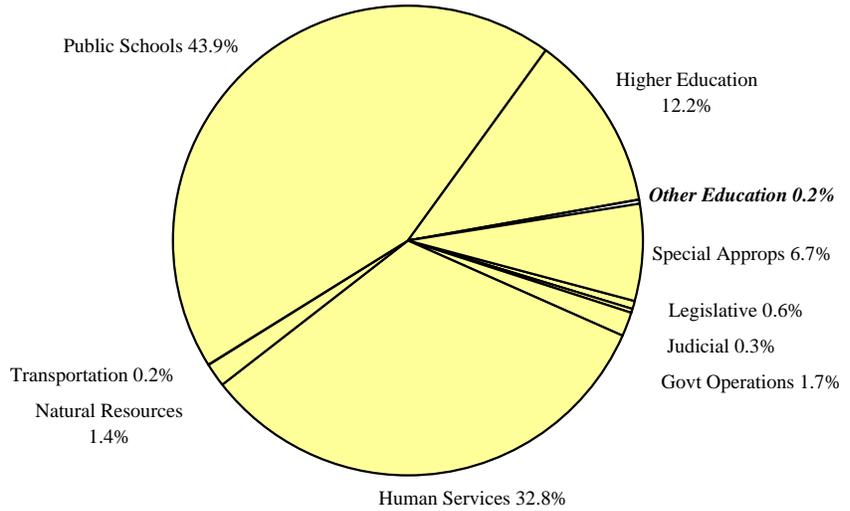


Other Education

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

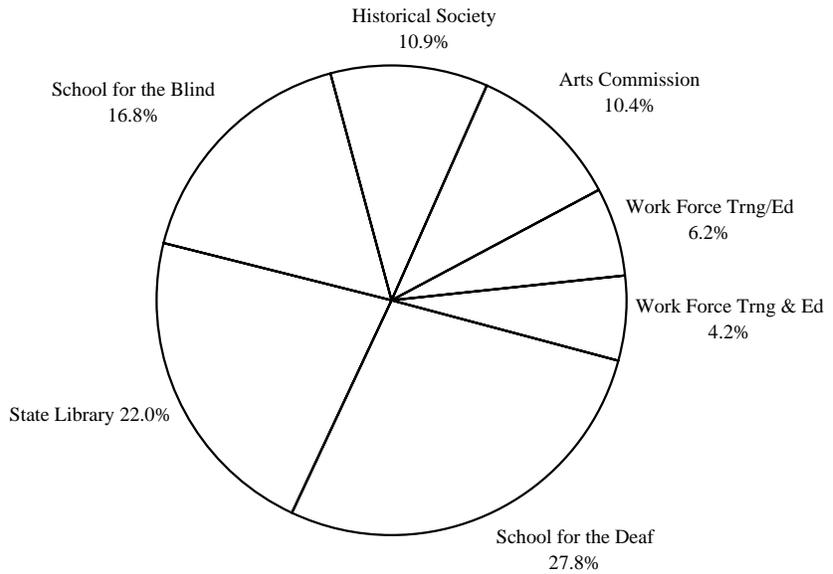
(Dollars in Thousands)

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

School for the Deaf	15,146
State Library	12,000
School for the Blind	9,174
State Hist Society	5,934
State Arts Comm	5,661
Work Force Trng & Ed	3,395
East WA State Hist Society	3,163
Other Education	54,473



Other Education

Work Force Training & Education Coordinating Board

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	3,482	45,486	48,968
Policy Changes			
1. Efficiencies & Savings	-87	0	-87
Total Policy Changes	-87	0	-87
<hr/>			
2001-03 Revised Appropriations	3,395	45,486	48,881
Fiscal Year 2002 Total	1,762	23,388	25,150
Fiscal Year 2003 Total	1,633	22,098	23,731

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.

State Library

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	17,577	6,976	24,553
Policy Changes			
1. Trsf State Library to Secy of State	-5,577	0	-5,577
Total Policy Changes	-5,577	0	-5,577
2001-03 Revised Appropriations	12,000	6,976	18,976
Fiscal Year 2002 Total	8,791	3,980	12,771
Fiscal Year 2003 Total	3,209	2,996	6,205

Comments:

1. **Trsf State Library to Secy of State** - The State Library is transferred to the Secretary of State (Chapter 342, Laws of 2002 - SHB 2926), and the funding is included in the Governor's Emergency Fund appropriation.

Washington State Arts Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	5,747	1,000	6,747
Policy Changes			
1. Efficiencies & Savings	-86	0	-86
2. TumbleWords Program	0	3	3
Total Policy Changes	-86	3	-83
2001-03 Revised Appropriations	5,661	1,003	6,664
Fiscal Year 2002 Total	2,873	407	3,280
Fiscal Year 2003 Total	2,788	596	3,384

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. **TumbleWords Program** - Spending authority is provided for the TumbleWords Readings and Residencies Program. One-time funds are provided by the Western States Arts Federation. (General Fund-Private/Local)

Washington State Historical Society

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	6,028	1,560	7,588
Policy Changes			
1. Efficiencies & Savings	-94	0	-94
Total Policy Changes	-94	0	-94
<hr/>			
2001-03 Revised Appropriations	5,934	1,560	7,494
Fiscal Year 2002 Total	2,899	771	3,670
Fiscal Year 2003 Total	3,035	789	3,824

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.

Eastern Washington State Historical Society

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	3,209	0	3,209
Policy Changes			
1. Efficiencies & Savings	-46	0	-46
Total Policy Changes	-46	0	-46
<hr/>			
2001-03 Revised Appropriations	3,163	0	3,163
Fiscal Year 2002 Total	1,674	0	1,674
Fiscal Year 2003 Total	1,489	0	1,489

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.

State School for the Blind

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	9,111	1,173	10,284
Total Maintenance Changes	5	0	5
Policy Changes			
1. Regional Services	0	81	81
2. Replacement Bus	65	0	65
3. Learning Improvement Days	-7	0	-7
Total Policy Changes	58	81	139
<hr/>			
2001-03 Revised Appropriations	9,174	1,254	10,428
Fiscal Year 2002 Total	4,520	586	5,106
Fiscal Year 2003 Total	4,654	668	5,322

Comments:

1. **Regional Services** - Spending authority is provided for increased regional services to school districts for itinerant teachers, orientation, and mobility specialists. Services are provided on a fee-for-service basis. (General Fund-Private/Local)

2. **Replacement Bus** - One-time funding is provided for a special education bus to transport students. The current bus used to transport students does not meet school bus safety standards for transporting disabled students.

3. **Learning Improvement Days** - Savings will be achieved by reducing the number of student learning improvement days from three to two, effective in the 2002-03 school year. Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The most recent change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days were added to the 180 day school year, and for teachers who worked the extra three days, the state provided an additional 1.64 percent of salary.

State School for the Deaf

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	14,834	232	15,066
Total Maintenance Changes	7	0	7
Policy Changes			
1. Bus Replacement	65	0	65
2. Safety Initiatives	250	0	250
3. Learning Improvement Days	-10	0	-10
Total Policy Changes	305	0	305
2001-03 Revised Appropriations	15,146	232	15,378
Fiscal Year 2002 Total	7,395	116	7,511
Fiscal Year 2003 Total	7,751	116	7,867

Comments:

1. **Bus Replacement** - One-time funding is provided for a special education bus to transport students. The current bus used to transport students does not meet school bus safety standards for transporting disabled students.
2. **Safety Initiatives** - Funding is provided for two residential deans, three residential student life counselors, and one bus monitor to increase student oversight. The School will improve staff communications by holding monthly academic and residential staff meetings and will implement a "train the trainer" program to build staff skills to deal with deaf children who present at-risk behaviors.
3. **Learning Improvement Days** - Savings will be achieved by reducing the number of student learning improvement days from three to two, effective in the 2002-03 school year. Since 1993, the Legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The most recent change was in 1999 when the Legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days were added to the 180 day school year, and for teachers who worked the extra three days, the state provided an additional 1.64 percent of salary.

SPECIAL APPROPRIATIONS

Cost-of-Living Adjustments

Funding is eliminated that would have provided a 2.6 percent salary increase in fiscal year 2003 for state classified employees, exempt employees, and employee groups not under the jurisdiction of the Washington Personnel Resources Board, such as assistant attorneys general, judicial employees, and commissioned Washington State Patrol officers. This results in general fund savings of \$2.89 million.

Other General Fund-State salary savings for fiscal year 2003 include eliminating a 2.6 percent increase for higher education employees not covered by Initiative 732, saving \$21.5 million. (See agency detail in the Higher Education Section.) Vendor rate increases of 2.3 percent are reduced to 1.5 percent, saving \$9.4 million. (See agency detail in the Human Services Section and the Department of Community, Trade, and Economic Development.)

State Employee Health Benefits

The state will increase its payments for state and higher education employee health benefits by 6.5 percent in fiscal year 2003, rather than by 8.8 percent as originally budgeted, for a savings of \$3.5 million General Fund-State. Specific impacts upon employee medical benefits and cost-sharing will be determined by the Public Employees' Benefits Board during the summer, following the review of price quotations submitted by participating insurance plans. By way of example, the new state contribution to health benefits is roughly equivalent to what would occur if: (a) office visit co-pays for employees enrolled in managed care plans were increased to \$15, from their current level of \$10; (b) the average employee paid \$57 of their family's monthly medical premium next year, compared to \$37 per month now; (c) the employer contribution to prescription drug benefits is reduced by 10 percent; and (d) recipient co-insurance on the Uniform Medical Plan is increased to 15 percent, from the current level of 10 percent.

Pension Contribution Rate Adjustments

The budget, in separate legislation (Chapter 7, Laws of 2002 – HB 2782), includes reductions in employer and state contributions for the Public Employees' Retirement System (PERS), School Employees' Retirement System (SERS), Teachers' Retirement System (TRS), and Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement Plan 2 and employee contribution rates for the Plan 2 retirement systems. Most of the savings (\$54 million) are in the K-12 system.

The 1995-2000 Experience Study conducted by the Office of the State Actuary showed that the contribution rates for PERS, SERS, TRS, and LEOFF were higher than necessary to fully fund those systems. Effective April 1, 2002, employer contribution rates were reduced from 1.54 percent to 1.10 percent for PERS; 1.54 percent to 0.96 percent for SERS; and 2.75 percent to 1.05 percent for TRS. The basic state contribution rate for LEOFF 2 was reduced from 1.80 percent to 1.75 percent.

Plan 2 employees' contribution rates were reduced from 4.50 percent to 4.39 percent for LEOFF 2; 0.88 percent to 0.65 percent for PERS 2; 0.88 percent to 0.35 percent for SERS 2; and 1.23 percent to 0.15 percent for TRS 2.

Extraordinary Criminal Justice Assistance

An amount of \$394,000 from the Public Safety and Education Account is provided for assistance to Franklin and Stevens Counties for extraordinary judicial and other criminal justice costs incurred in the adjudication of aggravated homicide cases.

Fire Mobilization and Fire Suppression

During the summer of 2001, there were a series of wildfires that significantly affected state and local fire fighting agencies. An additional \$33 million is provided from the Disaster Response Account to cover costs associated

with the 2001 fire season and to replenish the fire contingency pool for future fires. This funding, combined with the \$3 million provided in the original 2001-03 budget, will fund the following costs: \$24.2 million for the Department of Natural Resources and other natural resource agencies costs in fire suppression activities; \$7.8 million for fire mobilizations coordinated by the Military Department; and \$4 million as a contingency for fire mobilization and suppression activities in the future.

Local Government Backfill

After the passage of Initiative 695 in 1999, the Legislature replaced a portion of the lost Motor Vehicle Excise Tax (MVET) funding for local governments for the remainder of fiscal year 2000 and for fiscal year 2001. This backfill was continued in the 2001-03 operating budget, when \$48.3 million was appropriated for Public Health Districts, \$93.1 million for cities, and \$49.5 million for counties.

The 2002 Supplemental Operating Budget did not change the fiscal year 2002 appropriations but did eliminate or modify city and county appropriations for fiscal year 2003. The Public Health district appropriations were left unchanged.

The appropriation to cities was reduced from \$47.3 million to \$8.0 million and the money directed only to those cities hardest hit by the loss of MVET funds as measured by the percentage loss compared with unrestricted revenues. Those cities whose loss was less than 10 percent received no backfill. Those cities where the loss was greater than 10 percent received backfill that grew proportionally with the loss.

The county appropriation was reduced from \$25.1 million to \$5 million and directed to 18 counties most affected by the loss of MVET funds.

Efficiency Reductions

A variety of efficiency reductions were made to state agencies' appropriations, as described below.

- Administrative reductions were made directly to agencies' fiscal year 2003 appropriations. Agencies are expected to achieve these savings in a manner consistent with the agency's mission, goals, and objectives while, to the greatest extent possible, maintaining client services. Examples of actions that may be taken by state agencies include hiring freezes, employee furloughs, and reductions in employee travel and training, equipment purchases, and personal service contracts. For the amount of each agency's reduction, see the table on the following pages.
- Revolving fund appropriations were reduced by \$3.7 million from the state general fund and by \$4.2 million from other funds. State agencies that provide services to other state agencies are directed to reduce their expenditures and to share the savings with their clients. The savings are captured in client state agencies' budgets through reductions in their revolving fund appropriations. The Office of Financial Management will distribute the revolving fund reductions to client state agencies through the allotment process.
- Across-the-board reductions in expenditures for employee travel (\$3.0 million general fund) and equipment purchases (\$2.3 million general fund) to reflect the elimination of nonessential travel and a freeze on equipment purchases. (Reductions in travel and equipment purchases for the Senate and House of Representatives were made directly to the appropriations of the two agencies.)
- A contingency fund of \$1.5 million is provided to the Governor to provide assistance to state agencies that are unable to absorb these efficiency reductions. The Governor may also use his Emergency Fund appropriation for this purpose.

2002 Supplemental Omnibus Operating Budget Efficiency Reductions

(Dollars in Thousands)

	FY 2003	2001-03	
	FTEs	GF-S	Total Funds
Legislative	-14.0	-3,001	-3,030
Judicial	-3.0	-639	-639
Governmental Operations			
Office of the Governor	-2.0	-136	-136
Lieutenant Governor		-23	-23
Public Disclosure Commission		-57	-57
Secretary of State	-3.0	-501	-501
Governor's Office of Indian Affairs		-8	-8
Salaries for Elected Officials		-5	-5
Caseload Forecast Council		-19	-19
Department of Financial Institutions	-2.0		-357
Department of Community, Trade, & Economic Development	-2.5	-274	-274
Economic & Revenue Forecast Council		-15	-15
Office of Financial Management	-3.6	-366	-366
Office of Administrative Hearings	-4.0		-330
Department of Personnel	-6.5		-262
State Lottery Commission	-4.5		-335
Washington State Gambling Commission	-6.0		-450
State Investment Board	-2.0		-194
Department of Revenue	-3.0	-699	-699
Tax Appeals Board		-31	-31
Department of General Administration		-19	-19
Washington Horse Racing Commission	-0.9		-68
Liquor Control Board	-4.0	-45	-2,104
Utilities & Transportation Commission	-4.0		-406
Military Department	-1.0	-269	-269
Public Employment Relations Commission	-1.0	-86	-86
Growth Management Hearings Board		-45	-45
Total Governmental Operations	-50.0	-2,598	-7,059
DSHS	-45.5	-9,204	-14,577
Other Human Services			
Health Care Authority	-9.0		-766
Human Rights Commission	-1.0	-81	-81
Indeterminate Sentence Review Board		-30	-30
Department of Health	-1.3	-421	-995
Department of Veterans' Affairs -- Headquarters	-0.7	-49	-49
Department of Veterans' Affairs -- Field Services	-0.9	-51	-51
Department of Veterans' Affairs -- Institutional Services	-1.9	-144	-144
Department of Corrections -- Admin & Support Services	-14.6	-943	-943
Department of Corrections -- Institutional	-7.1	-2,093	-2,093
Department of Corrections -- Community Corrections	-7.5	-450	-450
Department of Services for the Blind		-81	-81
Sentencing Guidelines Commission		-25	-25
Total Other Human Services	-44.0	-4,368	-5,708

2002 Supplemental Omnibus Operating Budget Efficiency Reductions

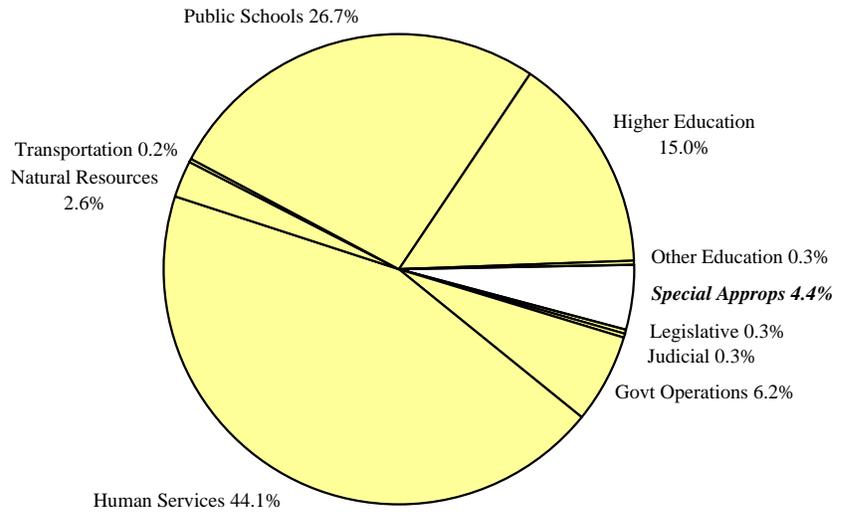
(Dollars in Thousands)

	FY 2003	2001-03	
	FTEs	GF-S	Total Funds
Natural Resources			
Columbia River Gorge Commission		-12	-12
Department of Ecology	-14.0	-1,400	-1,400
State Parks & Recreation Commission	-5.0	-500	-500
Environmental Hearings Office		-25	-25
State Conservation Commission	-1.0	-31	-71
Department of Fish & Wildlife	-5.0	-550	-550
Department of Natural Resources	-12.0	-1,200	-1,200
Department of Agriculture	-2.4	-240	-240
Total Natural Resources	-39.4	-3,958	-3,998
Transportation			
Washington State Patrol	-2.0	-456	-456
Department of Licensing	-0.5	-49	-49
Total Transportation	-2.5	-505	-505
Public Schools	-8.0	-1,436	-1,436
Higher Education	-576.5	-54,567	-54,567
Other Education			
Work Force Training & Education Coordinating Board	-0.1	-87	-87
Washington State Arts Commission	-0.5	-86	-86
Washington State Historical Society	-2.0	-94	-94
Eastern Washington Historical Society	-1.0	-46	-46
Total Other Education	-3.6	-313	-313
Special Appropriations (All Agencies)			
Agency Administrative Contingencies		1,500	1,500
Revolving Fund Reductions		-3,743	-7,984
State Agency Equipment Reduction		-2,300	-2,300
State Employee Travel Reduction		-3,000	-3,000
Total Special Appropriations		-7,543	-11,784
Total Efficiency Reductions	-786.5	-88,132	-103,616

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

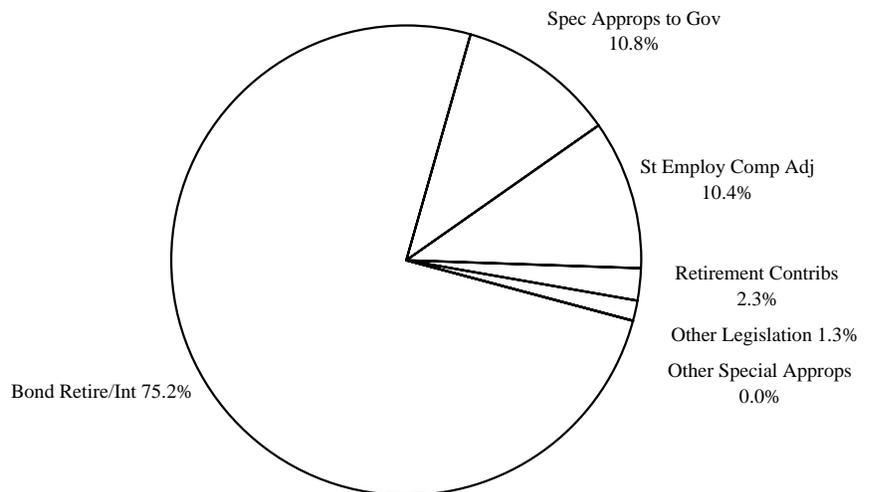
(Dollars in Thousands)

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
<i>Special Appropriations</i>	<i>1,904,368</i>
Statewide Total	43,069,870



Washington State

Bond Retire/Int	1,432,580
Special Approps to Governor	204,773
St Employ Comp Adj	197,491
Retirement Contributions	44,145
Other Legislation	25,100
Other Special Approps	279
<i>Special Appropriations</i>	<i>1,904,368</i>

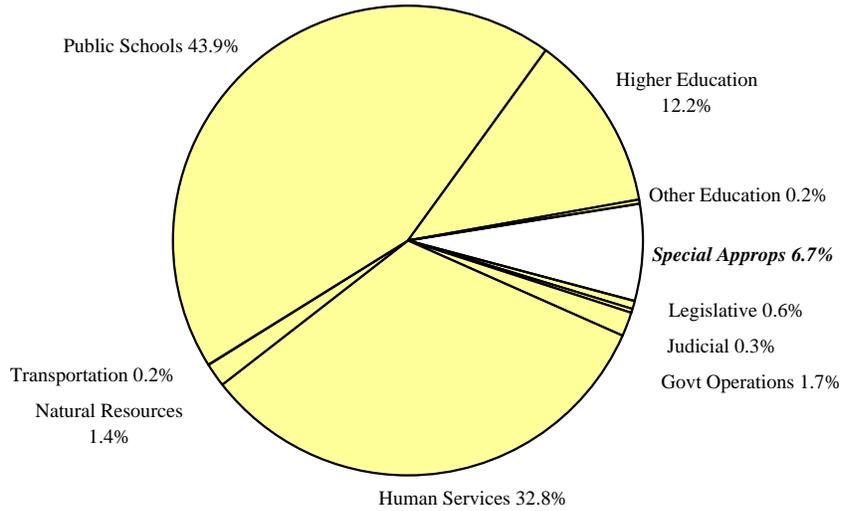


Special Appropriations

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

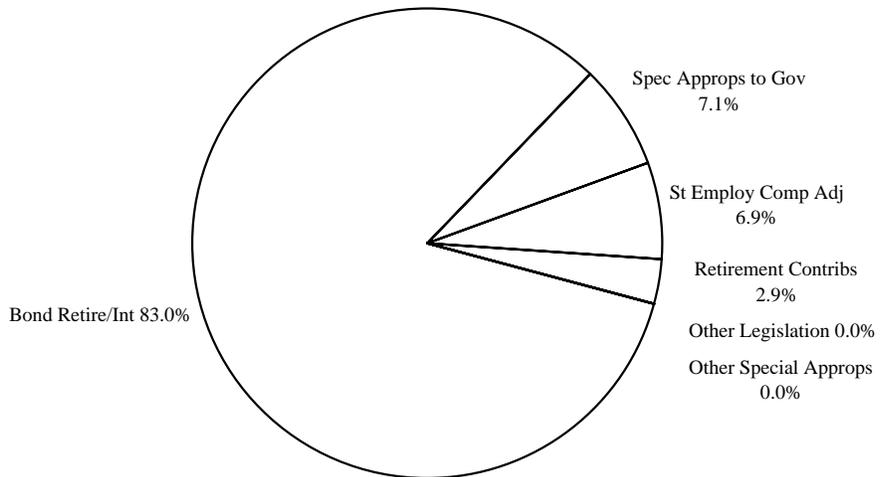
(Dollars in Thousands)

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
<i>Special Appropriations</i>	<i>1,506,941</i>
Statewide Total	22,451,191



Washington State

Bond Retire/Int	1,251,110
Special Approps to Governor	107,369
St Employ Comp Adj	103,943
Retirement Contributions	44,145
Other Legislation	100
Other Special Approps	274
<i>Special Appropriations</i>	<i>1,506,941</i>



Special Appropriations

Bond Retirement and Interest

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,248,770	196,509	1,445,279
Total Maintenance Changes	0	-15,039	-15,039
Policy Changes			
1. Increase in GF-S Debt Service	2,250	0	2,250
2. Increase in Bond Sale Expenses	90	0	90
Total Policy Changes	2,340	0	2,340
<hr/>			
2001-03 Revised Appropriations	1,251,110	181,470	1,432,580
Fiscal Year 2002 Total	601,206	97,978	699,184
Fiscal Year 2003 Total	649,904	83,492	733,396

Comments:

1. **Increase in GF-S Debt Service** - The increase reflects the increased debt service required by the passage of the supplemental capital budget.
2. **Increase in Bond Sale Expenses** - The increase reflects the increased bond sale expenses required by the passage of the supplemental capital budget.

NOTE: Amounts shown here reflect only the omnibus appropriations act. The remainder of the Bond Retirement & Interest budget is shown in the Transportation Current Law Budget Section of this document.

Special Appropriations to the Governor

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	179,406	64,764	244,170
Policy Changes			
1. DCTED-County Corporation Assist	-25,138	0	-25,138
2. DCTED-Municipal Corporation Assist	-47,252	0	-47,252
3. Fire Contingency Initiative	0	32,983	32,983
4. Extraordinary Criminal Justice Cost	0	394	394
5. Governor's Emergency Fund	7,160	0	7,160
6. Fire Suppression Transfer	0	3,504	3,504
7. Liability Account	25,000	0	25,000
8. Adjust K-20 Network Fund Balance	-11,264	0	-11,264
9. Reduce Technology Pool Funding	-1,000	0	-1,000
10. State Employee Travel Reduction	-3,000	0	-3,000
11. State Agency Equipment Reduction	-2,300	0	-2,300
12. Agency Administrative Contingencies	1,500	0	1,500
13. Small County Assistance	5,000	0	5,000
14. Revolving Fund Reduction	-3,743	-4,241	-7,984
15. Municipal Assistance	8,000	0	8,000
16. Governor Veto	-25,000	0	-25,000
Total Policy Changes	-72,037	32,640	-39,397
2001-03 Revised Appropriations	107,369	97,404	204,773
Fiscal Year 2002 Total	86,460	48,347	134,807
Fiscal Year 2003 Total	20,909	49,057	69,966

Comments:

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|--|---|
| <p>1. DCTED-County Corporation Assist - State assistance provided to county governments following the passage of Initiative 695 is eliminated for counties, effective July 1, 2002. Partial assistance for counties most affected by Initiative 695 is provided under a separate appropriation.</p> <p>2. DCTED-Municipal Corporation Assist - State assistance provided to city governments following the passage of Initiative 695 is eliminated for all cities, effective July 1, 2002. Partial assistance for cities most affected by Initiative 695 is provided under a separate appropriation.</p> <p>3. Fire Contingency Initiative - An additional \$33 million is provided for costs associated with the 2001 fire season and replenishing the fire contingency pool for future fires. This funding, combined with the \$3 million provided in the original 2001-03 budget, will fund the following costs: 1) \$24.2 million for the Department of Natural Resources' (DNR's) and other natural resource agencies' costs in fire suppression activities; 2) \$7.8 million for fire mobilizations coordinated by the Military Department; and 3) \$4 million as a contingency pool for fire mobilization and suppression activities in the future. (Disaster Response Account-State)</p> <p>4. Extraordinary Criminal Justice Cost - Funding is provided for assistance to Franklin and Stevens Counties for extraordinary criminal justice costs incurred in the adjudication of aggravated homicide cases. (Public Safety & Education Account)</p> | <p>5. Governor's Emergency Fund - Funding is provided the Governor for emergency allocations to agencies to facilitate a quick response to critical needs that may emerge during FY 2003. Up to \$5,298,000 of the FY 2003 appropriation is provided for costs associated with implementing Chapter 342, Laws of 2002 (SHB 2926 - Transferring the State Library to the Office of the Secretary of the State).</p> <p>6. Fire Suppression Transfer - A portion of the FY 2003 fire suppression funding for DNR is shifted from the General Fund-State to the Disaster Response Account. (Disaster Response Account)</p> <p>7. Liability Account - The sum of \$25 million from the General Fund-State is deposited to the Liability Account to cover increased costs associated with tort claims and defense. The Governor vetoed this appropriation. (General Fund-State, Liability Account)</p> <p>8. Adjust K-20 Network Fund Balance - The \$11 million appropriation from the General Fund-State to the Education Technology Revolving Account is removed for FY 2003. The fund balance in the Education Technology Revolving Account shall be used to pay operating expenses for the K-20 Network in FY 2003. (Education Technology Revolving Account, General Fund-State)</p> <p>9. Reduce Technology Pool Funding - Funding for the technology pool is reduced by \$1 million.</p> |
|--|---|

Special Appropriations to the Governor

10. **State Employee Travel Reduction** - State agency expenditures are reduced to reflect the elimination of non-essential travel by state employees and officials. (General Fund-State)
11. **State Agency Equipment Reduction** - State agency expenditures for equipment purchases are reduced.
12. **Agency Administrative Contingencies** - Funds are provided to the Governor for assisting state agencies that are unable to effectively absorb the administrative, travel, and equipment reductions and efficiency savings enacted in this 2002 Supplemental Appropriations Act.
13. **Small County Assistance** - Funding is provided for counties most affected by passage of Initiative 695: Adams, Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, Stevens, Wahkiakum, Walla Walla, and Yakima.
14. **Revolving Fund Reduction** - Client state agencies will realize savings of \$3.7 million General Fund-State and \$4.2 million Other Funds as a result of service and rate reductions implemented by the Attorney General, the State Auditor, General Administration, Department of Information Services, the Secretary of State, Office of Administrative Hearings, Department of Personnel, and Department of Retirement Systems. (General Fund-State, Other Funds)
15. **Municipal Assistance** - Funding is provided for assistance to cities most affected by the loss of revenue resulting from Initiative 695 (Repeal of the Motor Vehicle Excise Tax).
16. **Governor Veto** - The Governor vetoed Section 725 of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which appropriated \$25 million from the general fund for deposit to the Liability Account, which is used for state tort claims and defense costs.

Contributions to Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	44,720	0	44,720
Policy Changes			
1. Pension Contributions	-575	0	-575
Total Policy Changes	-575	0	-575
<hr/>			
2001-03 Revised Appropriations	44,145	0	44,145
Fiscal Year 2002 Total	21,687	0	21,687
Fiscal Year 2003 Total	22,458	0	22,458

Comments:

1. **Pension Contributions** - Effective April 1, 2002, the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80 percent to 1.75 percent based on the 1995-2000 experience study and 2000 actuarial valuation of the state retirement systems, as provided in Chapter 7, Laws of 2002 (HB 2782).

State Employee Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	138,099	139,203	277,302
Policy Changes			
1. Health Benefit Changes	-5,144	-4,942	-10,086
2. State Employee Health Benefit Chgs	6,000	2,000	8,000
3. Pension Rate Change	-6,137	-6,080	-12,217
4. State Employee Salary Increase	-28,889	-36,707	-65,596
5. Salary Reclass Implementation	14	74	88
Total Policy Changes	-34,156	-45,655	-79,811
2001-03 Revised Appropriations	103,943	93,548	197,491
Fiscal Year 2002 Total	40,648	41,370	82,018
Fiscal Year 2003 Total	63,295	52,178	115,473

Comments:

1. **Health Benefit Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction (see item 2 below). Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

General Fund-Federal, General Fund-Private/Local, Salary and Insurance Increase Revolving Fund)

5. **Salary Reclass Implementation** - Funding is provided to correct for salary increases for certain positions which would have received salary increases pursuant to the recommendations of the Personnel Resources Board but which were overlooked in the original 2001-03 biennial budget. Funding is also provided for corrections to state employee COLAs. (General Fund-State, Salary and Insurance Increase Revolving Account)

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Salary and Insurance Increase Revolving Account)

2. **State Employee Health Benefit Chgs** - Additional funding is provided solely for state employee health benefits. (General Fund-State, General Fund-Federal)

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided in Chapter 7, Laws of 2002 (HB 2782). (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

4. **State Employee Salary Increase** - Funding is eliminated for a second year cost-of-living adjustment (COLA) for all state classified employees and exempt personnel, except for employees subject to Initiative 732. (General Fund-State,

Sundry Claims

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	0	0	0
Total Maintenance Changes	274	5	279
2001-03 Revised Appropriations	274	5	279
Fiscal Year 2002 Total	274	5	279
Fiscal Year 2003 Total	0	0	0

Comments:

Supplemental appropriations are made for claims for damages to crops by wildlife (Wildlife Account-State) and claims for reimbursement for persons acquitted of crimes on the basis of self-defense (General Fund-State).