

Other Human Services

Basic Health Plan

State expenditures are reduced by dropping the number of persons covered by the program and by increasing the share of benefit costs that is borne by enrollees. Enrollment is gradually reduced from approximately 121,000 enrollees at the beginning of the 2003-05 biennium by limiting new admissions until a budgeted enrollment level of 100,000 enrollees is achieved. This is projected to occur by February 2004. Beginning in 2004, the state cost of covered benefits will be reduced by approximately 18 percent by raising enrollee premiums, co-pays, and deductibles.

Prescription Drug Purchasing

The Medical Assistance Administration, the Health Care Authority, and the Department of Labor and Industries will consolidate their drug purchasing by jointly developing a list of drugs in each of at least 16 therapeutic classes to be prioritized for state-agency purchase. The prioritized list will be based upon safety, efficacy, and cost, and will be developed by a statewide pharmacy and therapeutics committee consisting of nine professional members. This is expected to reduce the growth in state drug expenditures by \$84 million (\$30 million state funds) across the three agencies.

A pharmacy connection program will be established by the Health Care Authority through a contract with a university or other qualified organization to link state residents with manufacturer-sponsored drug assistance programs. This new program will employ staff, students, and volunteers to help persons who do not have prescription drug coverage in identifying and applying for the particular manufacturer-sponsored program which best fits the individual's income level and pharmaceutical needs.

Criminal Justice Training Commission

Funding in the amount of \$250,000 is provided for the Washington Association of Sheriffs and Police Chiefs to staff and support a web site with information about registered sex offenders.

Department of Labor and Industries

Enhanced Collections

The operating budget appropriates \$1 million to the Department of Labor and Industries (L&I) for additional staff and support for the Collections Unit, which is responsible for all collections activity related to employers who do not pay proper workers' compensation premiums or do not pay fines for worker safety violations; the Provider Fraud Investigation Program, which audits, investigates, and gathers information on alleged frauds and abuse; and the Third Party Unit, which recovers costs of workers' compensation claims from liable parties. The additional staff and funds are estimated to increase biennial collections by an additional \$8.2 million.

Enhanced Customer Service

In the 2001-03 biennium, L&I conducted a feasibility study of methods to exchange workers' compensation claim-related information electronically with employers, health care providers, and workers. The feasibility study supported a comprehensive new system for electronic management of workers' compensation claims and employer information. The operating budget appropriates \$9.9 million from the state Medical Aid and Accident Accounts to build the Online Reporting and Customer Access Project, which will allow customers to exchange information and establish and manage workers' compensation claims on-line 24 hours per day.

Home Care Quality Authority

Funding in the amount of \$150,000 is provided for the design and development of the home care provider registry required pursuant to Chapter 3, Laws of 2002 (Initiative 775).

The Legislature rejects the collective bargaining agreement entered into by the Home Care Quality Authority and the exclusive bargaining representative of individual home care providers.

Department of Health

The 2003-05 budget includes new funding for the following activities: \$1.1 million for policy development and technical assistance regarding new water conservation requirements; \$266,000 for an increase in statewide coordination and quality enhancement of local food safety inspection efforts; \$2.4 million for increased laboratory testing of newborns; \$222,000 for technical assistance to hospitals regarding detection of hearing impairments in newborns; and \$150,000 for the design of a state plan for the treatment and prevention of Hepatitis C. Most of these increases are to be supported by increased fees or private contributions, rather than by general state revenues.

The state and local fee for certified copies of birth and death certificates is increased to \$17.00. This raises \$5.9 million of new revenue, which will be used to: (1) reduce the state subsidy of the vital records and statistics system by \$2.4 million; and (2) develop and implement an Internet-based electronic death registration system.

AIDS Prescription Drug Program expenditures are projected to grow at 15 percent per year in 2003-05. About half of the increase results from increased enrollment, and the remainder is primarily due to higher drug costs associated with manufacturer price increases and the introduction of new treatment regimens. The state cost of these expenditure increases is limited to \$4.9 million, \$1.5 million less than what would otherwise be needed, by requiring recipients to participate in cost-sharing to the maximum extent allowed under the federal Ryan White Care Act.

The 2003-05 budget eliminates state-funded expenditures on the following programs: the Comprehensive Hospital Accounting and Reporting System, for a savings of \$1.5 million; the Child Death Review Program, for a savings of \$1.0 million; and a tax subsidy for the inspection and testing of recreational shellfish beds, which will instead be funded by a \$2.00 increase in recreational shellfish licensing fees.

Department of Corrections

Savings in the amount of \$40.1 million are achieved through the implementation of Chapter 379, Laws of 2003 (ESSB 5990), which: (1) advances the effective date of a new drug offender sentencing grid enacted during the 2002 legislative session from July 1, 2004, to July 1, 2003; (2) changes the maximum amount of earned release time that certain offenders may earn from 33 percent of their sentence to 50 percent; (3) reduces the amount of early release time an offender may earn for serious violent and Class A sex offenses from 15 percent to 10 percent of the sentence; (4) shifts responsibility for the billing and collection of outstanding legal financial obligations for offenders under supervision only for this purpose from the Department of Corrections (DOC) to the Office of the Administrator for the Courts and county clerks; and (5) eliminates community supervision for certain low- and moderate-risk offenders. These sentencing changes are expected to result in an additional \$1.8 million in savings associated with a reduction in the number of offenders requiring substance abuse treatment.

Funding in the amount of \$400,000 is provided to address community corrections officer training issues related to the implementation of the Offender Accountability Act (Chapter 196, Laws of 1999).

DOC, in consultation with the Washington Association of Sheriffs and Police Chiefs (WASPC) and the Department of Social and Health Services, will implement a pilot project to test the availability, reliability, and effectiveness of an electronic monitoring system for sex offenders. Funding in the amount of \$100,000 is provided to the Department for the purposes of establishing the pilot project. WASPC is to report on the results of the pilot project by January 31, 2004.

Employment Security Department

A total of \$4 million of federal and state funds (non general fund) are provided to decrease fraud in the unemployment insurance (UI) system. Funds will be used to increase UI benefit overpayment prevention and detection by initiating a social security number cross-match and increasing investigation and collection staff.

Funding is also provided for better services for UI claimants. The amount of \$8.7 million of federal and state funds (non general fund) will be used to expedite the unemployment filing process and re-employment of claimants who are currently drawing UI by providing new technology, effective links to employers, and job search review.

Washington State Health Care Authority

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	6,655	715,890	722,545
2003 Supplemental *	0	-58,132	-58,132
Total 2001-03 Biennium	6,655	657,758	664,413
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2003-05 Maintenance Level	0	915,858	915,858
Policy Changes			
1. Consolidated Drug Purchasing	0	1,159	1,159
2. I-773 Basic Health Expansion	0	-206,146	-206,146
3. General Inflation	0	-209	-209
4. Managed BHP Enrollment	0	-15,341	-15,341
5. Restructure the Basic Health Plan	0	-156,778	-156,778
6. Pharmacy Connection Program	0	500	500
7. Pension Funding Change	0	-246	-246
8. Revolving Funds	0	-140	-140
9. Staff Reduc. & Oper. Efficiencies	0	-498	-498
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Total 2003-05 Biennium	0	538,159	538,159
Fiscal Year 2004 Total	0	275,463	275,463
Fiscal Year 2005 Total	0	262,696	262,696

Comments:

1. **Consolidated Drug Purchasing** - Funding is provided for the Medical Assistance Administration, the Health Care Authority, and the Department of Labor and Industries to consolidate their drug purchasing by jointly developing a list of drugs in each of at least 16 therapeutic classes to be prioritized for state agency purchase. The prioritized list will be based upon safety, efficacy, and cost and will be developed by a statewide pharmacy and therapeutics committee consisting of nine professional members. This is expected to reduce the growth in state drug expenditures by \$84 million (\$30 million state funds) across the three agencies. This item funds the administrative cost of operating the program. (State Health Care Authority Administrative Account-State, Health Services Account-State, Medical Aid Account-State, General Fund-Federal)
2. **I-773 Basic Health Expansion** - Savings are achieved by halting the expansion of enrollment in the Basic Health Plan (BHP). This item represents the difference in cost between the increase to 160,000 persons for which funding is assumed in the budget base, and the projected June 2003 enrollment of 120,777 persons funded in the 2003 Supplemental Budget. (Health Services Account-State, General Fund-Federal, Basic Health Trust Account-Non-Appropriated)
3. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-Federal, Health Care Authority Administrative Account-State)
4. **Managed BHP Enrollment** - Savings are achieved by limiting admissions to the BHP until the target level of 100,000 enrollees is reached. Subsidized enrollment is expected to decrease to approximately 103,000 by December 2003, and it is anticipated that enrollment will reach the 100,000 targeted level early in calendar year 2004. Under the Health Care Authority's managed enrollment policy, the only persons admitted to the BHP are: (1) those who have temporarily left the program due to a Medicaid-covered pregnancy; (2) children not eligible for Medicaid due to their immigration status; (3) enrollees who become current on their account after losing a month's coverage due to late payment; and (4) new dependents of existing enrollees. (Health Services Account-State, Basic Health Trust Account-Non-Appropriated)
5. **Restructure the Basic Health Plan** - Sufficient funding is provided for approximately 100,000 persons per month to receive state-subsidized health insurance coverage through the BHP from January 2004 through June 2005. Beginning in 2004, the BHP is to be restructured to reduce the state cost of covered services by approximately 18 percent. The revised benefit package is expected to include the following increases in enrollees' out-of-pocket costs: a \$250 annual deductible; a \$5 increase in office visit co-pays; a \$3-\$7 increase in co-pays for prescription drugs; a \$200 increase in the cost of a hospital stay; and a \$60-\$70 annual increase, depending upon income, in the minimum premium charged to enrollees whose incomes are below 125 percent of the poverty level. (Health Services Account-State, General Fund-Federal, Basic Health Trust Account-Non-Appropriated)
6. **Pharmacy Connection Program** - Funding is provided for the Health Care Authority to contract with a university or other qualified organization to link state residents with manufacturer-sponsored drug assistance programs. This new Pharmacy Connection Program will employ staff, students, and volunteers to help persons who do not have prescription drug coverage

Washington State Health Care Authority

identify and apply for the particular manufacturer-sponsored program that best fits the individual's income level and pharmaceutical needs. (Health Services Account-State)

7. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-Federal, Health Care Authority Administration Account-State, Health Services Account-State)
8. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Health Care Authority Administrative Account-State, Health Services Account-State)
9. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-Federal, Health Care Authority Administrative Account-State, Health Services Account-State)

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Washington State Health Care Authority

WORKLOAD HISTORY

By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	Estimated	
									2004	2005
Basic Health Plan (Subsidized & HCW)*	61,773	124,348	127,582	129,873	130,995	132,667	123,730	128,937	106,346	101,335
% Change from prior year		101.3%	2.6%	1.8%	0.9%	1.3%	-6.7%	4.2%	-17.5%	-4.7%
Regular Enrollees	61,590	123,555	126,472	128,610	129,530	131,111	122,250	127,603	105,011	100,000
% Change from prior year		100.6%	2.4%	1.7%	0.7%	1.2%	-6.8%	4.4%	-17.7%	-4.8%
Subsidized Homecare Workers	184	792	1,110	1,263	1,464	1,556	1,481	1,335	1,335	1,335
% Change from prior year		331.2%	40.1%	13.8%	15.9%	6.3%	-4.8%	-9.9%	0.0%	0.0%

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

Data Source :

FY 1994 through FY 2003 from the Health Care Authority.

FY 2004 and FY 2005 estimates from the legislative fiscal staff.

Human Rights Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	5,307	1,644	6,951
2003 Supplemental *	-136	250	114
Total 2001-03 Biennium	5,171	1,894	7,065
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2003-05 Maintenance Level	5,434	1,715	7,149
Policy Changes			
1. General Inflation	-27	-4	-31
2. Reduce Agency Spending	-478	-52	-530
3. Pension Funding Change	-26	-14	-40
4. Staff Reduc. & Oper. Efficiencies	-128	-36	-164
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Total 2003-05 Biennium	4,775	1,609	6,384
Fiscal Year 2004 Total	2,368	816	3,184
Fiscal Year 2005 Total	2,407	793	3,200

Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, General Fund-Federal)

2. **Reduce Agency Spending** - The Commission's total budget is reduced by 7 percent from maintenance level as a general activity cut. State general fund support is reduced by 9 percent. The Commission shall use its managerial discretion to reduce spending in those areas that have the least impact on client services and federal requirements. (General Fund-State, General Fund-Federal)

3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Board of Industrial Insurance Appeals

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	0	29,619	29,619
2003-05 Maintenance Level	0	30,695	30,695
Policy Changes			
1. General Inflation	0	-190	-190
2. Pension Funding Change	0	-152	-152
3. Revolving Funds	0	20	20
4. Staff Reduc. & Oper. Efficiencies	0	-224	-224
Total 2003-05 Biennium	0	30,149	30,149
Fiscal Year 2004 Total	0	15,040	15,040
Fiscal Year 2005 Total	0	15,109	15,109

Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Accident Account-State, Medical Aid Account-State)

2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Accident Account-State, Medical Aid Account-State)

3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Accident Account-State, Medical Aid Account-State)

4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Accident Account-State, Medical Aid Account-State)

Washington State Criminal Justice Training Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	0	18,756	18,756
2003-05 Maintenance Level	0	18,861	18,861
Policy Changes			
1. General Inflation	0	-227	-227
2. Pension Funding Change	0	-30	-30
3. Sex Offender Website	0	250	250
4. Revolving Funds	0	4	4
5. Staff Reduc. & Oper. Efficiencies	0	-172	-172
Total 2003-05 Biennium	0	18,686	18,686
Fiscal Year 2004 Total	0	9,436	9,436
Fiscal Year 2005 Total	0	9,250	9,250

Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Public Safety and Education Account-State)

2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Public Safety and Education Account-State)

3. **Sex Offender Website** - Funding is provided for the Washington Association of Sheriffs and Police Chiefs (WASPC) to staff and support a website with information about registered sex offenders. Initial development of the website was provided through donations. The prohibition against using state funds for the maintenance and operation of the site is removed under Chapter 217, Laws of 2003 (SB 5410). (Public Safety and Education Account-State)

4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Public Safety and Education Account-State)

5. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Public Safety and Education Account-State)

Department of Labor and Industries

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	11,094	452,607	463,701
2003 Supplemental *	0	-6,173	-6,173
Total 2001-03 Biennium	11,094	446,434	457,528
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2003-05 Maintenance Level	11,689	465,736	477,425
Policy Changes			
1. General Inflation	-27	-1,871	-1,898
2. Operating Costs/Exist Capital Proj	0	1,000	1,000
3. Claims Appeal	0	280	280
4. Claims Management	0	9,923	9,923
5. Collections Unit Enhancement	0	606	606
6. Health Services Analysis	0	398	398
7. Accounts Receivable System	416	5,696	6,112
8. Provider Fraud Unit	0	268	268
9. Third Party	0	149	149
10. ESSB 5713 (Electrical Contractors)	0	296	296
11. Pension Funding Change	-69	-1,996	-2,065
12. Cholinesterase Med Monitoring	0	378	378
13. Eliminate Health and Safety Grants	0	-10,000	-10,000
14. SSB 5248-Transportation Efficiency	0	100	100
15. Revolving Funds	-38	-7,326	-7,364
16. Staff Reduc. & Oper. Efficiencies	-248	-3,586	-3,834
17. Self-Insurance Premiums	0	725	725
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Total 2003-05 Biennium	11,723	460,776	472,499
Fiscal Year 2004 Total	5,863	235,387	241,250
Fiscal Year 2005 Total	5,860	225,389	231,249

Comments:

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| <p>1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)</p> <p>2. Operating Costs/Exist Capital Proj - Funding is provided to eliminate a growing backlog of extraordinary facility repairs that have exceeded the routine maintenance threshold, to provide certain upgrades related to employee safety and to improve the environmental infrastructure that promotes continuous operations. (Accident Account-State, Medical Aid Account-State)</p> <p>3. Claims Appeal - Funding is increased for the Office of Claims Appeals to improve the timeliness of the reconsideration process and reduce the backlog of internal appeals cases. (Accident Account-State, Medical Aid Account-State)</p> <p>4. Claims Management - In the 2001-03 biennium, the Department of Labor and Industries (L&I) conducted a feasibility study of methods to exchange workers' compensation claim-related information electronically with employers, health care providers, and workers. The feasibility study supported a comprehensive new system for electronic management of workers' compensation claims and employer information. Funding is provided to build this new system, the Online Reporting and Customer Access Project, which will</p> | <p>provide customers the ability to exchange information and establish and manage workers' compensation claims on-line 24 hours per day. (Accident Account-State, Medical Aid Account-State)</p> <p>5. Collections Unit Enhancement - The Collections Unit is responsible for all collections activity related to employers who do not pay proper workers' compensation premiums or do not pay fines for worker safety violations. This unit ensures that employers pay their premiums, responsible parties pay for the damage they cause, fraud is kept to a minimum, and appeals are handled in a timely manner. The additional staff will increase annual collections by an estimated \$2.5 million. (Accident Account-State, Medical Aid Account-State)</p> <p>6. Health Services Analysis - L&I spends approximately \$16 million per year on independent medical examinations (IMEs) for injured workers. When the exams do not provide the necessary information to make a decision, the medical costs and treatment can be delayed, thereby increasing costs. Funding is provided to establish a peer review process of IMEs in order to enhance the quality of these exams so that the necessary information is provided. (Medical Aid Account-State)</p> <p>7. Accounts Receivable System - Funding is provided to develop an enterprise accounts receivable system. This system will combine 16 separate accounts receivable systems within the</p> |
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Department of Labor and Industries

agency for greater accountability and reconciliation with the state accounting system. An outside auditor will perform a one-time audit on the new system. (General Fund-State, various other funds)

8. **Provider Fraud Unit** - The Provider Fraud Investigation Program audits, investigates, and gathers information on alleged frauds and abuse by identifying fraudulent billing practices, pursuing leads, and recommending methods to prevent fraudulent activities. Additional funding and FTE staff are provided to investigate more cases of fraud and recover more funds for the workers' compensation system. It is estimated that these additional FTEs will be able to identify \$1 million dollars per year in fraudulent billings. (Accident Account-State, Medical Aid Account-State)
9. **Third Party** - The Third Party Unit recovers costs of workers' compensation claims from liable parties. Funding for one additional FTE is provided to increase the recovery of benefits. The additional investigator will increase the recovery of benefits by \$600,000 per year. (Accident Account-State, Medical Aid Account-State)
10. **ESSB 5713 (Electrical Contractors)** - Funding is provided to implement the provisions of Chapter 399, Laws of 2003, Partial Veto (ESSB 5713). Expenditures will include implementing continuing education requirements, making necessary computer system modifications to address the requirements of the bill, and providing staff for the joint legislative task force established in the bill. (Electrical License Account-State, Plumbing Certificate Account-State)
11. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
12. **Cholinesterase Med Monitoring** - Funding is provided for L&I to contract with medical laboratories, health care providers, and other entities to provide cholinesterase medical monitoring of farm workers who handle cholinesterase-inhibiting pesticides and to collect and analyze data related to such monitoring. (Accident Account-State)
13. **Eliminate Health and Safety Grants** - The Safety and Health Impact Grant Program can only continue when there are excess funds over the 10 percent contingency reserve. Since there will be no excess funds in the 2003-05 biennium, this \$10 million dollar program is eliminated. (Medical Aid Account-State)
14. **SSB 5248-Transportation Efficiency** - Chapter 363, Laws of 2003 (SSB 5248), makes an appropriation from the Public Works Administration Account to L&I for purposes of prevailing wage surveys. (Public Works Administration Account-State)
15. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)
16. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)
17. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Accident Account-State, Medical Aid Account-State)

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Indeterminate Sentence Review Board

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	1,968	0	1,968
2003-05 Maintenance Level	2,000	0	2,000
Policy Changes			
1. General Inflation	-10	0	-10
2. Pension Funding Change	-8	0	-8
3. Revolving Funds	10	0	10
4. Staff Reduc. & Oper. Efficiencies	-32	0	-32
Total 2003-05 Biennium	1,960	0	1,960
Fiscal Year 2004 Total	980	0	980
Fiscal Year 2005 Total	980	0	980

Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions.
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

Department of Veterans' Affairs

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Expenditure Authority	19,590	52,328	71,918
2003 Supplemental *	554	-328	226
Total 2001-03 Biennium	20,144	52,000	72,144
2003-05 Maintenance Level	22,143	57,282	79,425
Policy Changes			
1. General Inflation	-292	0	-292
2. Pension Funding Change	-101	-277	-378
3. Revolving Funds	14	26	40
4. Staff Reduc. & Oper. Efficiencies	-188	-14	-202
Total 2003-05 Biennium	21,576	57,017	78,593
Fiscal Year 2004 Total	11,579	27,885	39,464
Fiscal Year 2005 Total	9,997	29,132	39,129

Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions.
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Home Care Quality Authority

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	152	0	152
2003 Supplemental *	19	0	19
Total 2001-03 Biennium	171	0	171
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2003-05 Maintenance Level	509	0	509
Policy Changes			
1. Registry of Home Care Providers	150	0	150
2. Pension Funding Change	-2	0	-2
3. Revolving Funds	14	0	14
<hr/>			
Total 2003-05 Biennium	671	0	671
Fiscal Year 2004 Total	412	0	412
Fiscal Year 2005 Total	259	0	259

Comments:

1. **Registry of Home Care Providers** - One-time funding is provided to design and develop a referral registry of individual home care providers, as required by Initiative 775. The Home Care Quality Authority will develop procedures to remove from the registry providers who have committed improper acts in the performance of their duties.

2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.

3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Department of Health

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	112,277	540,940	653,217
2003 Supplemental *	-95	-3,639	-3,734
Total 2001-03 Biennium	112,182	537,301	649,483
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2003-05 Maintenance Level	119,251	577,431	696,682
Policy Changes			
1. Expand Food Safety Program	266	0	266
2. Add Newborn Screening Tests	0	2,350	2,350
3. Newborn Hearing Screening	222	0	222
4. Web-Based Death Certificate System	0	3,433	3,433
5. Vital Records Fee Increase	-2,452	2,452	0
6. Transfer AIDS Insurance Program	6,798	0	6,798
7. State Toxics Account Reduction	0	-231	-231
8. General Inflation	-345	-1,132	-1,477
9. Child Death Reviews	-1,000	0	-1,000
10. Reduce CHARS Subsidy	0	0	0
11. Increase HIV Cost-Sharing	-1,545	0	-1,545
12. Additional Federal Grants	0	28,223	28,223
13. Pension Funding Change	-435	-661	-1,096
14. Hepatitis C	0	150	150
15. Recreational Shellfish Testing	-938	938	0
16. Transfer Trauma Funding	0	-2,299	-2,299
17. Water Reclamation Assistance	-678	0	-678
18. Municipal Water Systems	111	987	1,098
19. Mercury Reduction and Education	0	144	144
20. Optometrist Prescription Authority	0	67	67
21. Nursing Technician Registration	0	67	67
22. Revolving Funds	-4	-4	-8
23. Staff Reduc. & Oper. Efficiencies	-884	-666	-1,550
<hr/>			
Total 2003-05 Biennium	118,367	611,249	729,616
Fiscal Year 2004 Total	58,143	305,547	363,690
Fiscal Year 2005 Total	60,224	305,702	365,926

Comments:

1. **Expand Food Safety Program** - Funding is provided for a 33 percent increase in statewide coordination and quality enhancement of local food safety inspection efforts. This increase is required due to: (1) an increase in local and nationwide food recalls; (2) the need to update training materials, exams, and inspection forms to conform with the comprehensive revision of the state's food service rules scheduled for implementation in January 2005; (3) requests from the food industry and local health jurisdictions for the state to take a more active leadership role in promoting consistent food safety policies and training statewide; and (4) the need to develop and implement a plan to respond to emergencies which might result from sabotage of the food supply.

expenditures by approximately \$1.6 million per year beginning in calendar year 2004, requiring an estimated \$20.50 (50 percent) increase in the fee charged for newborn screenings. An estimated \$800,000 of the annual cost (\$400,000 state funds) will be borne by the state's Medical Assistance Program, which pays for 43 percent of all births in the state. (General Fund-Local)
3. **Newborn Hearing Screening** - The State Board of Health has recommended that all newborns be screened for early hearing loss. Funding is provided for technical assistance to hospitals for implementation of this requirement, and for surveillance and tracking activities associated with early hearing loss detection, diagnosis, and intervention.
2. **Add Newborn Screening Tests** - The State Board of Health has recommended that all newborns be screened by the state public health laboratory for five additional disorders which can cause mental or motor retardation, blindness, hearing loss, physical abnormalities, and/or death if undetected. Testing for the five disorders will increase public health laboratory
4. **Web-Based Death Certificate System** - The Department of Health's (DOH) Center for Health Statistics maintains the state's system of vital records and statistics. The state and local fee for all certified copies of vital records is raised to \$15.00. Of that increase, \$7.00 of each fee for second copies of death certificates ordered at the same time as the first copy will go to

Department of Health

DOH to maintain the state vital records system, including the implementation of a web-based electronic death registration system. Appropriation authority is provided for the implementation of a web-based death registration system. (General Fund-Local)

5. **Vital Records Fee Increase** - As provided in Chapter 241, Laws of 2003 (SSB 5545 - Fees for Vital Records), the fee charged for a certified copy of all birth, death, marriage, and divorce certificates is increased by \$2, from \$15 to \$17, in order to reduce the need for state subsidy of the vital records and statistics system. Maintenance and operation of the statewide system has become increasingly reliant upon state revenues since implementation of the automated birth certificate system in 1992. The automated system enables the public to pick up certified copies of birth certificates at local health departments, rather than driving or writing to Olympia. Since current law provides that fees collected remain with the local issuer, the more user-friendly system has resulted in reduced revenues to maintain and operate the databases upon which the entire vital records system depends. The legislation provides \$2 of all fees collected, regardless of issuer, to be deposited with DOH to support maintenance and operation of the statewide system. (General Fund-State, General Fund-Private/Local)
6. **Transfer AIDS Insurance Program** - Administrative responsibility for the Evergreen Health Insurance Program, which pays for insurance coverage for persons with AIDS who are not eligible for Medicaid, is transferred from the Department of Social and Health Services (DSHS) to DOH. This will consolidate agency management and budgetary responsibility for all non-Medicaid services for persons with HIV disease into a single agency.
7. **State Toxics Account Reduction** - Funding in the State Toxics Control Account is reduced by \$230,000 in the 2003-05 biennium. To achieve this reduction, DOH will: no longer test water and toxic samples at the public health laboratories; terminate toxicological consultations involving pesticides and fertilizers for environmental health programs, local health jurisdictions, and citizens; or reduce the level of response to requests for general toxicological consultations. (State Toxics Control Account)
8. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)
9. **Child Death Reviews** - Since 1999, DOH has provided financial assistance for local health department staff to review the circumstances surrounding unexpected child deaths, and has collected, analyzed, and disseminated the result of the teams' findings. State funding for this activity is discontinued. Unusual circumstances will continue to be investigated by local health and law enforcement officials. Patterns and factors associated with avoidable deaths will likely continue to be analyzed and disseminated by private organizations, such as the Sudden Infant Death Syndrome (SIDS) Foundation.
10. **Reduce CHARS Subsidy** - The state subsidy for the Comprehensive Hospital Accounting and Reporting System (CHARS) is eliminated. Since its inception, CHARS has been funded by a statutory assessment on hospital revenues. During 1992-2000, this assessment averaged 0.033 percent of hospital revenues. During the 2000 legislative session, the system received a public subsidy for the first time, from the Health Services Account. As a result of the subsidy being eliminated, the assessment is expected to increase to approximately 0.018 percent of hospital revenues. (Health Services Account-State, Hospital Commission Account-State)
11. **Increase HIV Cost-Sharing** - To partially offset the \$6.4 million increase in projected state expenditures for the AIDS Drug Assistance Program, without denying access to life-sustaining medications by lowering eligibility levels or establishing program waiting lists, recipient cost-sharing is to be increased to the maximum allowed under the federal Ryan White Care Act. Recipient cost-sharing will average 5-10 percent of family income, compared to 2-4 percent now.
12. **Additional Federal Grants** - Additional federal appropriation authority is provided due to the receipt of federal funds greater than anticipated in the base-level budget, including: \$18.9 million for the Women, Infant, and Child (WIC) nutrition program; \$2.1 million for sexually-transmitted disease projects; \$2.1 million for childhood immunization operations; \$1.8 million for infectious disease laboratory work; \$1.0 million for small rural hospitals; and \$900,000 for HIV-AIDS services and epidemiology. (General Fund-Federal)
13. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
14. **Hepatitis C** - Funding is provided for implementation of Chapter 273, Laws of 2003 (SSB 5039 - Hepatitis C). DOH shall design a state plan for the prevention and treatment of Hepatitis C. Funding for the development of the plan will be provided through federal and private sources. (General Fund-Private/Local)
15. **Recreational Shellfish Testing** - DOH inspects and tests shellfish from public beaches for the presence of bacteria and biotoxins to ensure that contaminated shellfish are not consumed by the public. The cost of this inspection and testing function is currently subsidized, through the state general fund. In accordance with Chapter 263, Laws of 2003 (SSB 6073 - Shellfish License Fee), the fee for recreational shellfish licenses

Department of Health

issued by the Department of Fish and Wildlife will be increased by an average of \$2, so that lab testing and on-site inspection of recreationally-harvested shellfish will be fee-supported rather than state-subsidized. (General Fund-State, General Fund-Private/Local)

16. **Transfer Trauma Funding** - Some of the Emergency Medical Services and Trauma Account revenues previously appropriated to DOH are transferred to DSHS, in order to collect federal Medicaid matching funds on allowable expenditures. The \$12.6 million which continues to be appropriated to DOH is to be distributed among hospitals, trauma professionals, and other trauma services through fixed grants and contracts. The Departments are directed to implement a system to assure that state expenditures for increased trauma reimbursement do not exceed the amount appropriated from the Emergency Medical Services and Trauma Account and do not include federal disproportionate share hospital funding not specifically appropriated for this purpose. The previous system of attempting to distribute such funding through add-ons to the standard Medicaid fee-for-service payment rates in order to generate federal matching funds resulted in over-expenditures of \$3.8 million in FY 2000; \$13 million in FY 2001, and an additional \$11 million through the first ten months of FY 2002. Those over-expenditures had to be paid by the state general fund, rather than by the special-purpose trauma fund. (Emergency Medical Systems and Trauma Account-State)
17. **Water Reclamation Assistance** - During the 1999-01 biennium, the state's Drinking Water Program expanded efforts to promote water conservation and re-use by providing technical assistance and training to local water systems, and by promoting improved coordination among state and local agencies. Because a solid foundation has now been laid for continuation of such efforts locally, and because this is a lower priority government activity, state funding for this expanded effort is discontinued.
18. **Municipal Water Systems** - Funding is provided for implementation of Chapter 5, Laws of 2003, 1st sp.s. (2E2SHB 1338 - Municipal Water Rights). This legislation requires DOH to draft rules, implement policy, and provide technical assistance regarding new, enforceable water conservation requirements. It is also expected to result in 50 additional water systems seeking plan reviews each year, in order to secure water rights. The majority of the cost associated with the bill will be financed by a 25 cent per residence fee on water connections. (General Fund-State, General Fund-Private/Local)
19. **Mercury Reduction and Education** - Funding is provided for DOH to develop a plan for educating schools, local governments, businesses, and the public on proper disposal methods for mercury-added products, as required by Chapter 260, Laws of 2003, Partial Veto (ESHB 1002 - Mercury). (State Toxics Control Account)
20. **Optometrist Prescription Authority** - Chapter 142, Laws of 2003 (SSB 5226 - Optometry) authorizes optometrists who have completed additional instruction and clinical supervision to prescribe certain oral medications. Funding is provided for the health professional quality assurance program to define training requirements, develop drug guidelines, and promulgate rules for implementation of this new licensing option. (Health Professions Account-State)
21. **Nursing Technician Registration** - Chapter 258, Laws of 2003 (SSB 5829 - Nursing Technicians), authorizes nursing students who are employed by hospitals or nursing homes and who have registered as nursing technicians to perform certain tasks under the supervision of a registered nurse. Funding is provided for DOH to establish and managed this new fee-supported registration program. (Health Professions Account-State)
22. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)
23. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Department of Corrections

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	1,072,559	37,764	1,110,323
2003 Supplemental *	19,451	794	20,245
Total 2001-03 Biennium	1,092,010	38,558	1,130,568
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2003-05 Maintenance Level	1,208,756	34,069	1,242,825
Policy Changes			
1. General Inflation	-4,637	-148	-4,785
2. Comm. Corr. Officer Training	400	0	400
3. Electronic Monitoring Pilot	100	0	100
4. Reduce Low/Mod-Risk Supervision	-14,782	0	-14,782
5. Shift LFO Billing and Collection	-3,375	0	-3,375
6. LFO Savings	-334	0	-334
7. Drug Treatment Funding Adj.	-229	1,412	1,183
8. Pension Funding Change	-5,805	-22	-5,827
9. OMNI-Phase II Modifications	3,250	0	3,250
10. Sentencing & Early Release Changes	-24,939	0	-24,939
11. Revolving Funds	-1,522	0	-1,522
12. Staff Reduc. & Oper. Efficiencies	-5,660	-16	-5,676
13. Self-Insurance Premiums	12,846	0	12,846
<hr/>			
Total 2003-05 Biennium	1,164,069	35,295	1,199,364
Fiscal Year 2004 Total	579,116	17,681	596,797
Fiscal Year 2005 Total	584,953	17,614	602,567

Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, General Fund-Federal, Public Health Services Account-State, Cost of Supervision Fund)
2. **Comm. Corr. Officer Training** - Funding is provided to expand the adult services academy from three weeks to four weeks in order to address training related to the implementation of the Offender Accountability Act (OAA). In addition, the training will address tort liability claims, OAA issues related to victims, and safety issues such as defensive tactics and search and seizure arrests. The additional funding will cover increased expenses resulting from the Criminal Justice Training Commission's expansion of the academy to include these issues.
3. **Electronic Monitoring Pilot** - One-time funding is provided for a pilot project to examine the efficacy, feasibility, and reliability of using GPS electronic monitoring to track released level III sex offenders or kidnapping offenders under the jurisdiction of the Department of Corrections (DOC) and sexually-violent predators under the state's civil commitment laws. DOC will work with the Washington Association of Sheriffs and Police Chiefs (WASPC) and the Department of Social and Health Services (DSHS) to establish the pilot project. WASPC will report to the Legislature by January 31, 2004, on the results of the pilot.
4. **Reduce Low/Mod-Risk Supervision** - DOC is responsible for supervising felony offenders who have been sentenced in Superior Court and reside in the community. Using a risk assessment process, the Department classifies offenders into four risk levels. Funding is reduced in accordance with Chapter 379, Laws of 2003 (ESSB 5990), which eliminates community supervision for offenders who have been assessed as low or moderate risk (risk management levels D and C) with certain exceptions. Regardless of risk level, the Department will continue to supervise offenders with prison sentences who have a current or prior: sex offense; violent offense; crime against a person; residential burglary conviction; felony domestic violence conviction; delivery of a controlled substance to a minor conviction; methamphetamine manufacture/delivery/possession with intent to deliver conviction; and offenders who have been sentenced under the First-Time Offender Waiver (FTOW); and offenders whose conditions of community supervision include substance abuse treatment. For offenders sentenced to jail for one year or less, the Department will only supervise those offenders for whom the courts have imposed a term of community custody because of a current conviction for a sex offense, violent offense, crime against a person, drug offense, or a sentence under the FTOW. The community supervision changes expire on July 1, 2010.
5. **Shift LFO Billing and Collection** - Currently, DOC is responsible for the monitoring and collection of court-ordered legal financial obligations (LFOs) for offenders supervised in the community. Effective October 1, 2003, the collection of LFOs from offenders who have no other supervision

Department of Corrections

requirements is shifted from the Department to county clerks through the Office of the Administrator for the Courts (OAC). Billing for all offenders who owe LFOs will be performed by OAC effective January 1, 2004.

6. **LFO Savings** - Savings are achieved in conjunction with Chapter 379, Laws of 2003 (ESSB 5990), which shifts responsibility for the billing and collection of outstanding LFOs under supervision only for this purpose from DOC to OAC and county clerks.
7. **Drug Treatment Funding Adj.** - Funding in the amount of \$2.9 million is provided to DOC in accordance with Chapter 290, Laws of 2002 (2SHB 2338), which lowered presumptive standard range sentences for certain drug offenders and devoted savings resulting from the implementation of the sentencing changes to drug offender treatment in prison and in the community. Existing funding is adjusted in conjunction with an assumed reduction in the drug offender population due to proposed drug sentencing and early release changes included in Chapter 379, Laws of 2003 (ESSB 5990). The reduction assumes that fewer offenders will need treatment services in prison than was previously estimated. Funding for offenders participating in drug courts or other court-supervised substance abuse treatment programs in the community is reflected in the DSHS Division of Alcohol and Substance Abuse budget. (General Fund-State, Violence Reduction and Drug Enforcement Account-State)
8. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, Public Safety and Education Account-State, Cost of Supervision Fund)
9. **OMNI-Phase II Modifications** - Funding from the second phase of the Department's project to replace the Offender-Based Tracking System with the new Offender Management Network Information (OMNI) system is shifted from FY 2003 to the 2003-05 biennium to account for modifications to the sentence structure and classification modules. These modules will be carried forward from the 2001-03 biennium in order to prevent the Department from incurring additional costs to the OMNI project as a result of offender sentencing and supervision changes enacted by the Legislature in Chapter 379, Laws of 2003 (ESSB 5990).
10. **Sentencing & Early Release Changes** - Savings are achieved through the implementation of Chapter 379, Laws of 2003 (ESSB 5990), which: (1) moves up the effective date of a new drug offender sentencing grid enacted during the 2002 legislative session (Chapter 290, Laws of 2002 [2SHB 2338]) from July 1, 2004, to July 1, 2003; (2) changes the maximum amount of earned release time that certain offenders may earn from 33 percent of their sentence to 50 percent; (3) reduces the amount of early release time an offender may earn for serious violent and Class A sex offenses from 15 percent to 10 percent of the sentence; and (4) changes the manner in which DOC must supervise offenders in the community. The 50 percent earned early release changes will only be made available to offenders who are classified as low- to moderate-risk and who do not have current or prior convictions for violent offenses, sex crimes, certain methamphetamine crimes, residential burglary offenses, felony domestic violence offenses, delivery of a controlled substance to a minor, or crimes against persons. Provisions that increase the maximum earned release time apply both to the existing inmate population and to future inmates incarcerated in state prison facilities. The early release provisions expire July 1, 2010.
11. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
12. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Public Safety and Education Account-State)
13. **Self-Insurance Premiums** - Funding is provided to reflect increased self-insurance premiums for DOC in the 2003-05 biennium. State agencies pay an annual self-insurance premium to fund the state's self-insurance liability program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations.

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Department of Corrections

WORKLOAD HISTORY

By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	Estimated		
								2003	2004	2005
Community Supervision ⁽¹⁾										
# Active (Non-Monetary) Offenders	28,700	28,961	31,173	30,973	30,278	31,323	35,719	37,946	27,882	28,279
% Change from prior year		0.9%	7.6%	-0.6%	-2.2%	3.5%	14.0%	6.2%	-26.5%	1.4%
# of Monetary Only Offenders	22,284	22,997	23,115	22,979	26,458	27,364	27,145	27,438	0	0
% Change from prior year		3.2%	0.5%	-0.6%	15.1%	3.4%	-0.8%	1.1%		
Work Release										
Avg Daily Pop/Month	604	622	612	636	642	656	654	699	699	699
% Change from prior year		3.0%	-1.6%	3.9%	0.9%	2.2%	-0.4%	7.0%	0.0%	0.0%
Institutions										
Avg Daily Pop/Month	11,177	11,968	12,694	13,629	13,910	14,386	14,808	15,664	15,547	15,763
% Change from prior year		7.1%	6.1%	7.4%	2.1%	3.4%	2.9%	5.8%	-0.8%	1.4%
Average Cost Per Inmate ⁽²⁾										
Annual	23,394	22,906	22,986	22,849	23,775	24,685	25,447	26,112	26,012	26,342
% Change from prior year		-2.1%	0.3%	-0.6%	4.1%	3.8%	3.1%	2.6%	-0.4%	1.3%

(1) Data reflect end of year caseloads. Comprehensive sentencing reforms (Chapter 379, Laws of 2003 - ESSB 5990) enacted during the 2003 legislative session changed the manner in which offenders are supervised in the community. Effective October 1, 2003, the monitoring of offenders whose only supervision requirement is the payment of monetary obligations (i.e., monetary only) is shifted from the Department of Corrections to county clerks through the Office of the Administrator for the Courts (OAC).

(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 Expenditure Authority	3,240	14,516	17,756
2003 Supplemental *	-6	543	537
Total 2001-03 Biennium	3,234	15,059	18,293
2003-05 Maintenance Level	3,621	14,985	18,606
Policy Changes			
1. Federal Match Update/Revision	0	1,437	1,437
2. General Inflation	-23	-72	-95
3. Pension Funding Change	-14	-45	-59
4. Revolving Funds	2	6	8
5. Staff Reduc. & Oper. Efficiencies	-52	-160	-212
Total 2003-05 Biennium	3,534	16,151	19,685
Fiscal Year 2004 Total	1,767	7,982	9,749
Fiscal Year 2005 Total	1,767	8,169	9,936

Comments:

1. **Federal Match Update/Revision** - Federal appropriation authority is provided for the Department of the Services for the Blind to maximize federal funding for vocational rehabilitation services. (General Fund-Federal)

2. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, General Fund-Federal)

3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-Federal)

5. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Sentencing Guidelines Commission

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	1,768	0	1,768
2003-05 Maintenance Level	1,698	0	1,698
Policy Changes			
1. General Inflation	-10	0	-10
2. Pension Funding Change	-6	0	-6
3. Revolving Funds	10	0	10
4. Staff Reduc. & Oper. Efficiencies	-214	0	-214
Total 2003-05 Biennium	1,478	0	1,478
Fiscal Year 2004 Total	737	0	737
Fiscal Year 2005 Total	741	0	741

Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions.
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. Funding is adjusted to more closely reflect actual agency staffing patterns. It is assumed that the Commission can leave vacant one position on an ongoing basis. This represents 30 percent of the number of staff months actually vacant during the first eight months of FY 2003.

Department of Employment Security

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	0	440,273	440,273
2003 Supplemental *	0	-750	-750
Total 2001-03 Biennium	0	439,523	439,523
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2003-05 Maintenance Level	0	515,615	515,615
Policy Changes			
1. General Inflation	0	-1,694	-1,694
2. Reemployment of UI Claimants	0	2,272	2,272
3. Social Security Crossmatch	0	644	644
4. Overpayment Cash Processing	0	387	387
5. Increased Revenue Collection	0	1,105	1,105
6. Pension Funding Change	0	-1,294	-1,294
7. Electronic Data Management	0	1,881	1,881
8. Improve Initial UI Claim Process	0	2,065	2,065
9. UI Claimant Assistance	0	4,337	4,337
10. Manufacturing Advisory Partnership	0	100	100
11. SB 6099 - Unemployment Comp	0	11,500	11,500
12. Revolving Funds	0	-1,246	-1,246
13. Staff Reduc. & Oper. Efficiencies	0	-3,902	-3,902
14. Self-Insurance Premiums	0	202	202
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Total 2003-05 Biennium	0	531,972	531,972
Fiscal Year 2004 Total	0	272,370	272,370
Fiscal Year 2005 Total	0	259,602	259,602

Comments:

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| <p>1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Employment Services Account-State)</p> <p>2. Reemployment of UI Claimants - Funding is provided to expedite the reemployment of claimants who are currently drawing unemployment insurance (UI) by providing the tools and technology needed to effectively link claimants to employers. The Employment Security Department (ESD) has been providing these services on a pilot basis and the projects have already resulted in a 40 percent decrease in UI benefit usage for long-term unemployed clients. This funding will allow ESD to implement the program statewide. (Employment Services Account-State)</p> <p>3. Social Security Crossmatch - Funding is provided to increase unemployment insurance benefit overpayment prevention and detection by initiating a cross-match with the Social Security Administration and by increasing investigative staff. This initiative will result in increased UI benefit payment accuracy due to verifying each social security number used to file claims. (Administrative Contingency Account-State)</p> <p>4. Overpayment Cash Processing - One-time funding is provided to develop an automated cash processing computer system that interfaces with the Department's benefit payment system (GUIDE - General Unemployment Insurance</p> | <p>Development Effort). This system will provide an efficient and effective method for processing payments, and will improve the audit and accounting functions for all claimant payments submitted to the agency. (Administrative Contingency Account-State)</p> <p>5. Increased Revenue Collection - Funding is provided for additional revenue collection staff. This will result in an increased collection of unemployment insurance benefit overpayments of \$7.2 million annually (principal and interest). (Administrative Contingency Account-State)</p> <p>6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Account-State)</p> <p>7. Electronic Data Management - One-time funding is provided to build an electronic data management system to improve the collection, storage, and access of claimant and employer documents used regularly by the Department. The system will</p> |
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scan incoming documents (typically at a volume up to 37,016 per week), establish a bar code with routing information, and build an electronic delivery system. (Unemployment Compensation Administration Account-Federal)

to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for ESD's self-insurance premium in the 2003-05 biennium. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Account-State)

* Please see the 2003 Supplemental Operating Budget Section for additional information.

8. **Improve Initial UI Claim Process** - One-time funding is provided for technology to collect information from unemployment insurance applicants using the keypads on their telephones, and provide that information to the claims taker at the beginning of the telephone interview. This will decrease the amount of time necessary for the initial claim telephone interview, while at the same time decreasing wait times for initial claim applicants. (Unemployment Compensation Administration Account-Federal)
9. **UI Claimant Assistance** - Funding is provided for 25 front-line staff to assist unemployment claimants in WorkSource offices statewide. Half of the new staff will provide direct services to UI claimants by helping them find employment. The other half of the new staff will enforce work requirements by providing job search review. These new staff will enable the Department to retain unemployment insurance claims-taking staff in their current positions while not sacrificing other employment and enforcement duties. (Unemployment Compensation Administration Account-Federal)
10. **Manufacturing Advisory Partnership** - Funding is provided to establish an advisory partnership on the Washington manufacturing sector. (Administrative Contingency Account-State)
11. **SB 6099 - Unemployment Comp** - Chapter 3, Laws of 2003, 2nd sp.s. (SB 6099), provides funding for the implementation of Chapter 4, Laws of 2003, 2nd sp.s., Partial Veto (2ESB 6097 - Unemployment Compensation). 2ESB 6097 revises the unemployment compensation system, including changes to UI benefits, UI taxes, and administration of the UI program. (Unemployment Compensation Administration Account-Federal)
12. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Account-State)
13. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Account-State)
14. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related