

Governmental Operations

Litigation

The supplemental operating budget provides funding for legal costs associated with defending the state in several lawsuits:

- \$818,000 of state Legal Services Revolving Account funds to defend a lawsuit claiming prior owners and lessors of the former site of a wood-treating company are liable for cleanup of hazardous substances on the property under the State Model Toxics Control Act. Although a tentative settlement has been reached in the case, in the event that the settlement is not agreed upon by all parties, funding is provided for legal preparation prior to a trial date.
- \$114,000 of state general funds to defend a lawsuit brought by Spokane County claiming it was owed reimbursement for various statutory requirements.
- \$231,000 of state Legal Services Revolving Account funds to defend the violent video game statute, Chapter 365, Laws of 2003 (ESHB 1009), which prohibits the sale or rental of video or computer games to minors where the player causes physical harm to a human form depicted as a law enforcement officer.

Digital Learning Commons

The supplemental operating budget provides \$650,000 in state general funds for the Digital Learning Commons to expand the pilot project in the 2004-05 school year to serve additional students and teachers. In its first year of operation, the Digital Learning Commons is providing services to 5,000 students and 500 teachers in 17 schools. The expansion will also provide additional resources for parents and increase parent participation in the second year of the project.

Studies

The supplemental operating budget provides funding for several studies at the Office of Financial Management:

- \$252,000 to study land use and local government finance;
- \$15,000 to review the Department of Social and Health Services' Medical Assistance Administration budget development practices;
- \$75,000 for a Task Force on Non-Economic Damages to study non-economic damages in actions for injuries resulting from health care; and
- \$40,000 to evaluate the costs and benefits of additional efforts aimed at encouraging K-12 employee collective bargaining units to elect coverage under Public Employees Benefits Board administered health care plans.

Legislative Building Security

The supplemental operating budget provides a one-time appropriation of \$770,000 General Administration Services Account-State to the Department of General Administration for security staff for the Legislative Building, per recommendations of the Legislative Building Security Committee. The new security measures are expected to include security screening of persons and packages entering the building.

Office of the Secretary of State

Elections

The supplemental operating budget provides the authority to spend the state Help America Vote Act (HAVA) match (provided in Special Appropriations to the Governor) of \$3.14 million as well as the authority to spend an estimated \$20 million that the state expects to receive in federal HAVA funding. These state and federal funds are provided to: (1) develop a statewide voter registration database; (2) obtain direct recording electronic equipment or other disability access devices to allow people with disabilities to vote unassisted; (3) replace punch card voting equipment; and (4) implement a Local Government Grant program to pass through funds to counties.

The supplemental operating budget reduces the General Fund-State appropriation by \$6.038 million as a result of Chapter 1, Laws of 2003, 3rd Special Session (HB 2297), which cancelled the presidential primary that was to be held in 2004. *The Governor vetoed this item.*

Security Microfilm

The supplemental operating budget provides a total of \$423,000 in spending authority from the Archives and Records Management Account-State and the Local Government Archives Account-State for several activities related to security microfilm, which holds backup copies of essential state and local government records. Due to the growing volume of records, spending authority is provided for additional staff to inspect the microfilm upon receipt; to construct a new vault within the State Archives building; and to conduct reparation work on a sample of poor quality security microfilm to assess a range of problems and determine appropriate treatment for all impaired film in the Archives' holdings. In funding these activities, it is assumed that revolving fund charges will not be increased and the existing fund balance will be used.

Department of Community, Trade, and Economic Development

Increases

The supplemental operating budget provides increased funding for a variety of programs:

- \$2.0 million for increased civil legal services for low-income people who cannot afford to obtain legal counsel;
- \$2.0 million for housing-based supportive services for homeless families;
- \$163,000 for community voice mail contractors to provide free, personalized voice mail services to people in crisis and transition; and
- \$99,000 to restore funding to the fiscal year 2002 level for the Retired Senior Volunteer program, which puts thousands of retirees to work in a variety of voluntary settings.

Youth Assessment Center

The budget also provides \$300,000 for start-up and initial operation of a youth assessment center in Pierce County. This funding will leverage an equal amount of funding from private sources and will support activities related to reducing the rate of incarceration of juvenile offenders.

Military Department

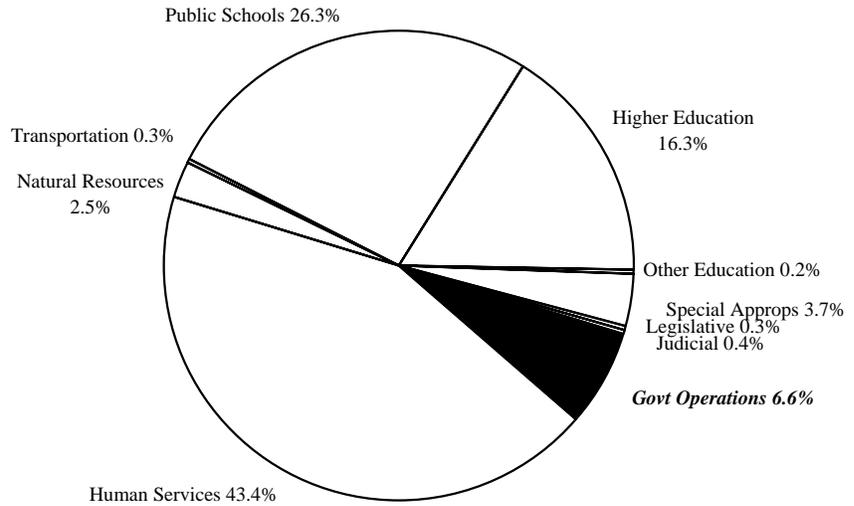
The federal fiscal year 2004 budget includes \$60.4 million in grants to the Washington State Military Department, with at least 80 percent required to be passed through to local governments. Funding includes: \$33.4 million for equipment, exercises, training, and planning; \$16.4 million for the Urban Area Security Initiative for the city of Seattle; \$9.9 million in terrorism prevention and deterrence funding; and \$694,000 for the Citizen Corps and Community Emergency Response Team programs.

Funding of \$6.7 million from the Federal Emergency Management Agency and required state matching funds are provided to the Washington State Military Department to cover response and recovery expenses for the October 2003 floods.

2003-05 Washington State Operating Budget Total Budgeted Funds

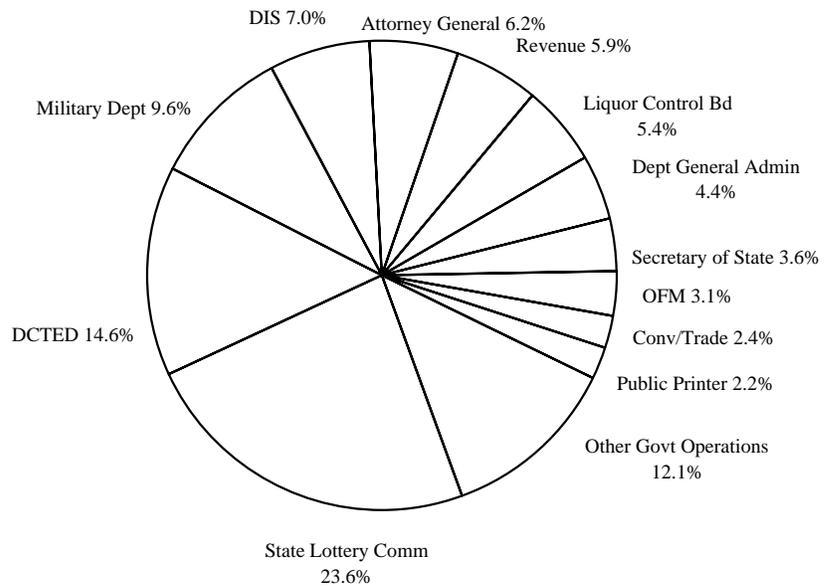
(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
Human Services	19,753,001
Natural Resources	1,149,662
Transportation	125,500
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
Statewide Total	45,494,003



Washington State

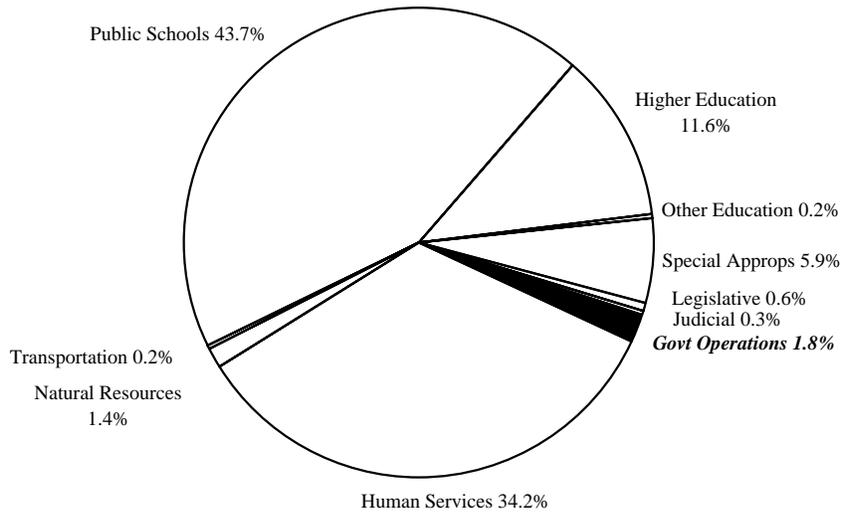
Lottery Commission	705,818
Comm/Trade/Econ Dev	435,612
Military Department	286,119
Dept Information Services	208,547
Attorney General	184,144
Revenue	175,935
Liquor Control Board	161,069
Dept General Administration	131,891
Secretary of State	107,851
Office of Financial Mgmt	93,189
Convention & Trade Center	71,752
Public Printer	66,000
Other Govt Operations	361,969
Governmental Operations	2,989,896



Governmental Operations

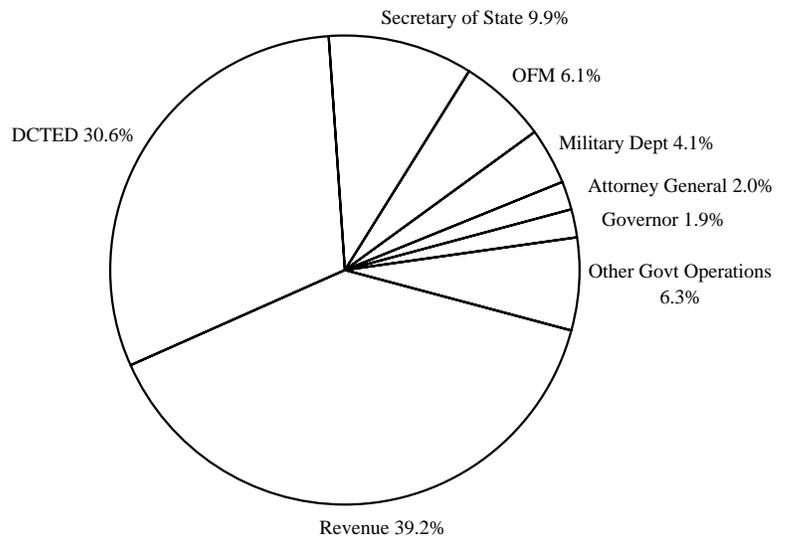
2003-05 Washington State Operating Budget
General Fund-State
(Dollars in Thousands)

Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
Human Services	7,960,037
Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
Statewide Total	23,246,088



Washington State

Revenue	164,680
Comm/Trade/Econ Dev	128,371
Secretary of State	41,428
Office of Financial Mgmt	25,492
Military Department	17,044
Attorney General	8,511
Office of the Governor	7,784
Other Govt Operations	26,651
Governmental Operations	419,961



Governmental Operations

Office of the Governor

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Original Appropriations	7,549	4,994	12,543
Policy Changes			
1. Hood Canal Early Actions	100	0	100
2. Governor's Transition Team	135	0	135
Total Policy Changes	235	0	235
2003-05 Revised Appropriations	7,784	4,994	12,778
Fiscal Year 2004 Total	3,773	2,492	6,265
Fiscal Year 2005 Total	4,011	2,502	6,513

Comments:

1. **Hood Canal Early Actions** - In early October 2003, thousands of fish, shrimp, and crabs were found dead in waters from Annas Bay to Hoodsport. This is the second time in two years that large fish kills have been reported in the canal. A preliminary scientific study and assessment has indicated that the primary cause of the kills is low levels of dissolved oxygen in Hood Canal. The Puget Sound Action Team is currently detailing the causes contributing to low dissolved oxygen levels in a report and expects recommendations for early corrective actions to be available by March 2004. Funding is provided to begin implementation of early corrective action projects to reduce and/or prevent major sources of human-related pollution and nutrients from entering the canal.
2. **Governor's Transition Team** - Funding is provided to cover the costs of the new governor's transition team for the period of November 2004 through January 2005.

Office of the Secretary of State

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	41,428	40,479	81,907
Total Maintenance Changes	0	625	625
Policy Changes			
1. Savings - 2004 Presidential Primary	-6,038	0	-6,038
2. Eastern Regional/Digital Archive	0	1,756	1,756
3. Security Microfilm Inspection	0	125	125
4. Security Microfilm Storage Vault	0	100	100
5. Security Microfilm Repairation	0	198	198
6. Help America Vote Act Compliance	0	23,140	23,140
7. Governor Veto	6,038	0	6,038
Total Policy Changes	0	25,319	25,319
<hr/>			
2003-05 Revised Appropriations	41,428	66,423	107,851
Fiscal Year 2004 Total	24,336	51,393	75,729
Fiscal Year 2005 Total	17,092	15,030	32,122

Comments:

1. **Savings - 2004 Presidential Primary** - Chapter 1, Laws of 2003, 3rd sp.s (HB 2297), cancelled the presidential primary that was to be held in 2004. As a result, the state will save \$6.038 million because counties will not need to be reimbursed for election administration costs.
2. **Eastern Regional/Digital Archive** - The new Eastern Regional Archives and Digital Archive facility will open in spring 2004. Funds are provided for additional facility capital costs, digital archive technology architecture costs, and additional digital archive staff and operational costs. Building plan changes, required as a result of building code changes and additional site preparation, necessitate additional capital costs. It is assumed that the Office of the Secretary of State will not increase revolving fund charges and will use the existing fund balance for the additional staff. (Archives and Records Management Account-State, Local Government Archives Account-State)
3. **Security Microfilm Inspection** - Backup copies of essential state and local government records are maintained on security microfilm. This film must be inspected when it is received to ensure that it meets archival standards. Because of the growing volume of these records, spending authority is provided for additional staff to perform these inspections. It is assumed that the Office of the Secretary of State will not increase revolving fund charges and will use the existing fund balance for the additional staff. (Archives and Records Management Account-State, Local Government Archives Account-State)
4. **Security Microfilm Storage Vault** - For preservation purposes, security microfilm must be stored in a temperature-controlled facility. Spending authority is provided to construct a new vault within the State Archives building for the growing volume of local government security microfilm. It is assumed that the Office of the Secretary of State will not increase revolving fund charges and will use the existing fund balance to construct the vault. (Local Government Archives Account-State)
5. **Security Microfilm Repairation** - Repairation work is needed on a significant amount of older security microfilm. Spending authority is provided to conduct this work on a sample of poor quality security microfilm to assess a range of problems and determine appropriate treatment for all impaired film in the Archives' holdings. It is assumed that the Office of the Secretary of State will not increase revolving fund charges and will use the existing fund balance to conduct this work. (Local Government Archives Account-State)
6. **Help America Vote Act Compliance** - Congress passed the Help America Vote Act (HAVA) in 2002 to improve election administration, voter outreach, and education. Washington is eligible to receive up to \$62.8 million in federal funding during the 2003-05 biennium to help the state meet the new HAVA mandates. These payments require a state match of 5 percent, or \$3.14 million, which is provided in the Special Appropriations agency budget. This match, and \$20.0 million of federal spending authority, are provided to: (1) develop a statewide voter registration database; (2) obtain direct recording electronic equipment or other disability access devices to allow people with disabilities to vote unassisted; (3) replace punch card voting equipment; and (4) implement a Local Government Grant program to pass through funds to counties. (Elections Account-State, Elections Account-Federal)
7. **Governor Veto** - The Governor partially vetoed Section 111 of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which eliminated the savings associated with the cancellation of Washington's 2004 presidential primary. The primary was cancelled by Chapter 1, Laws of 2003, 3rd sp.s (HB 2297).

Office of the State Treasurer

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Original Appropriations	0	13,149	13,149
Total Maintenance Changes	0	314	314
<hr/>			
2003-05 Revised Appropriations	0	13,463	13,463
Fiscal Year 2004 Total	0	6,718	6,718
Fiscal Year 2005 Total	0	6,745	6,745

Comments:

There were no policy level changes.

Office of the State Auditor

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Original Appropriations	1,403	43,730	45,133
Policy Changes			
1. Forest Fire Studies	100	0	100
Total Policy Changes	100	0	100
<hr/>			
2003-05 Revised Appropriations	1,503	43,730	45,233
Fiscal Year 2004 Total	701	21,905	22,606
Fiscal Year 2005 Total	802	21,825	22,627
<hr/>			

Comments:

- Forest Fire Studies** - Funding is provided for a review of emergency fire suppression costs in the Department of Natural Resources.

Citizens' Commission on Salaries for Elected Officials

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	240	0	240
Policy Changes			
1. Office Operations	29	0	29
2. Evaluate Elected Positions	35	0	35
Total Policy Changes	64	0	64
2003-05 Revised Appropriations	304	0	304
Fiscal Year 2004 Total	112	0	112
Fiscal Year 2005 Total	192	0	192

Comments:

1. **Office Operations** - Additional funds are provided to the Office of the Citizens' Commission on Salaries for Elected Officials for operations and staffing to ensure sufficient office coverage during the Commission's slow season. This additional funding will allow the Office to maintain office hours from 8 a.m. to 4 p.m., Monday through Friday, during FY 2004.

2. **Evaluate Elected Positions** - Funding is provided to conduct a point factor job evaluation of the positions of legislator, Supreme Court Justice, and judges of the Court of Appeals, Superior Court, and District Court. The resulting information will be used by future commissions in setting elected officials' salary schedules.

Office of the Attorney General

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	8,166	174,097	182,263
Policy Changes			
1. Pacific Sound Resources Litigation	0	818	818
2. Violent Video Games Litigation	231	0	231
3. Return of Office Relocation Funding	0	-179	-179
4. Licensing Caseload Increases	0	600	600
5. Hallett Case	0	40	40
6. Homicide Investigative Tracking	0	187	187
7. Correctional Industries	0	70	70
8. Spokane County Litigation	114	0	114
Total Policy Changes	345	1,536	1,881
2003-05 Revised Appropriations	8,511	175,633	184,144
Fiscal Year 2004 Total	4,345	87,831	92,176
Fiscal Year 2005 Total	4,166	87,802	91,968

Comments:

- Pacific Sound Resources Litigation** - Pacific Sound Resources and the Port of Seattle filed suit against the state of Washington, the Department of Natural Resources, and other parties claiming prior owners and lessors of the former site of a wood-treating company are liable for cleanup of hazardous substances on the property under the State Model Toxics Control Act. A tentative settlement has been reached. In the event that the settlement is not agreed upon by all parties, funding is provided for legal preparation prior to a trial date. (Legal Services Revolving Account-State)
- Violent Video Games Litigation** - In 2003, the Legislature enacted the violent video game statute, Chapter 365, Laws of 2003 (ESHB 1009), which prohibits the sale or rental of video or computer games to minors where the player causes physical harm to a human form depicted as a law enforcement officer. The Video Software Dealers Association filed a lawsuit in U.S. District Court challenging the statute as unconstitutional. Funding is provided for legal research, briefing, evidence gathering, and working with potential witnesses. A trial, if necessary, is scheduled for June 2004.
- Return of Office Relocation Funding** - In the 2003-05 biennial budget, the Office of the Attorney General received funding to relocate the Torts Division. Savings of \$179,000 are realized because the relocation will not be achieved in the current biennium. (Legal Services Revolving Account-State)
- Licensing Caseload Increases** - The Department of Licensing's driver license cases have increased significantly over the past several years and are expected to continue increasing. This increase is due to driving under the influence (DUI) implied consent and administrative DUI caseloads, including an increase of cases in the appellate courts. Funding is provided for additional attorney time to address these cases. (Legal Services Revolving Account-State)
- Hallett Case** - Funding is provided to pay legal costs incurred for the Hallett class action lawsuit prior to settlement in November 2003. In August 2002, the U.S. Court of Appeals remanded sections of the Hallett class action lawsuit back to the U.S. District Court for further litigation. The lawsuit was originally brought in 1993 and alleged that inadequacies in health care at the Washington Corrections Center for Women violated the inmates' protection against cruel and unusual punishment. (Legal Services Revolving Account-State)
- Homicide Investigative Tracking** - Funding is provided for two investigators to increase the timely collection of data and to provide training for local jurisdictions and assistance to law enforcement agencies related to the Homicide Investigative Tracking System (HITS). HITS is the statewide central repository for information related to violent crimes against persons. Data from more than 7,500 murder cases and 7,700 sexual assault cases have been collected and are used to assist local law enforcement in investigating these types of crimes. (Public Safety and Education Account-State)
- Correctional Industries** - Funding is provided to implement Chapter 167, Laws 2004 (E2SSB 6489), which revises requirements pertaining to the operation of correctional industries inmate work programs. (Legal Services Revolving Account-State)
- Spokane County Litigation** - In January 2004, Spokane County sued the state, claiming it was owed reimbursement under RCW 43.135.060 for various statutory requirements. Funding is provided for legal costs associated with defending the case.

Caseload Forecast Council

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Original Appropriations	1,277	0	1,277
Total Maintenance Changes	32	0	32
Policy Changes			
1. Retirement Buyout Costs	<u>31</u>	<u>0</u>	<u>31</u>
Total Policy Changes	31	0	31
<hr/>			
2003-05 Revised Appropriations	1,340	0	1,340
Fiscal Year 2004 Total	669	0	669
Fiscal Year 2005 Total	671	0	671

Comments:

- Retirement Buyout Costs** - One-time funding is provided for transitional costs related to the Council's anticipated change in management. This includes vacation and sick leave buyout costs for the retiring director and one month of salary overlap for cross-training purposes.

Department of Community, Trade, & Economic Development

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	122,260	274,346	396,606
Policy Changes			
1. Military Base Reviews	500	0	500
2. Federal Programs Increase	0	22,977	22,977
3. Private/Local Programs Increase	0	4,501	4,501
4. Developmental Disability Endow Fund	0	-208	-208
5. 7E7 Project Implementation	614	0	614
6. Homeless Families	2,000	150	2,150
7. Small Bus Incubator (ESHB 2784)	150	0	150
8. Annexation	60	0	60
9. Mobile Home Relocation Assistance	0	300	300
10. Weatherization Assistance Increase	0	5,000	5,000
11. Public Works Loans	0	175	175
12. Civil Indigent Legal Services	2,000	0	2,000
13. Agricultural Land Study (SB 6488)	75	0	75
14. Youth Assessment Center	300	0	300
15. Community Voice Mail	163	0	163
16. Northwest Orthopaedic Institute	150	0	150
17. Retired Senior Volunteer Program	99	0	99
18. BRE Adjustment	0	0	0
Total Policy Changes	6,111	32,895	39,006
2003-05 Revised Appropriations	128,371	307,241	435,612
Fiscal Year 2004 Total	61,805	150,060	211,865
Fiscal Year 2005 Total	66,566	157,181	223,747

Comments:

1. **Military Base Reviews** - Funding is provided to support the activities of state agencies and local communities related to the 2005 round of military base realignments and closures. Of the funding, \$350,000 is provided for grants to one organization each within Island, Kitsap, Pierce, Snohomish, and Spokane Counties. The remaining funding is provided for the Department of Community, Trade, and Economic Development (DCTED) to develop and implement criteria and procedures, such as the types of activities that can be funded by the grants, and requirements for local matching funds, and to support the related activities of state agencies as identified by the Governor.

2. **Federal Programs Increase** - The federal appropriation level for DCTED is increased due to additional funding from the following federal sources: Low-Income Home Energy Assistance Program which provides payments to utility companies on behalf of low-income households who cannot afford to pay energy bills; the Community Development Block Grant, which provides competitive grants to communities for projects including housing development, facility maintenance, etc.; Services*Training*Officers*Prosecutors Grant, which provides funds and technical assistance to local law enforcement, prosecutors, and victim services to improve the criminal justice system's response to violence against women; the HOME program, which distributes funds for tenant-based rental assistance, first-time homebuyers, new construction, etc.; and six competitive special projects awards under the State Energy Program Grant program for the Puget Sound Clean Cities Coalition; the Washington Industries of the Future Project, assessing and ensuring compliance with the Washington Energy Code; a Rebuild America Project to improve schools and public housing; Regional Combined Cooling, Heating, and Power Application Centers; and a Fuel Cell Public Education and Technology Promotion Project. (General Fund-Federal)

3. **Private/Local Programs Increase** - DCTED has received increased funding from private and local sources. The Pierce County Alliance of Tacoma increased its contract with DCTED by \$267,000 (one-time) to fund local methamphetamine initiatives through the Community Mobilization program. The Sound Transit Authority awarded \$75,000 (one-time) to survey historic properties that may be impacted by the development of the mass transportation plan for King County. The Bond Cap Allocation program requires an additional \$108,000 to administer the Program, which is increasing at a rate of \$5.0 million to \$6.0 million each year. The Economic Development Training and Education program, which provides comprehensive professional development to communities, is increased by \$550,000. Through an agreement with the Bonneville Power Administration and Energy Northwest, the Energy Facility Siting Evaluation Council received a one-time award of \$3.5 million to conduct off-site mitigation. (General Fund-Private/Local)

4. **Developmental Disability Endow Fund** - Enrollments in the Developmental Disabilities Endowment Fund are below initial

Department of Community, Trade, & Economic Development

- estimates. As a result, fee income is insufficient to support the program. One-time funding is provided from the Developmental Disabilities Endowment Trust Account-State to provide the necessary minimum administrative support for the program, and the appropriation from the Community and Economic Development Fee Account-State is decreased in accordance with the reduced amount of fees collected. Fees are anticipated to be sufficient in the 2005-07 biennium to support the program. (Developmental Disabilities Endowment Trust Account-State, Community and Economic Development Fee Account-State)
5. **7E7 Project Implementation** - Funding is provided for staff to coordinate the state's role in siting Boeing's 7E7 Dreamliner final assembly plant, which was awarded to Washington in December 2003.
 6. **Homeless Families** - A one-time General Fund-State appropriation is made to the Homeless Families Services Fund-Non-Appropriated to provide state matching funds for housing-based supportive services for homeless families. Of the state general fund appropriation, \$150,000 (one-time) is provided to set up the administrative functions necessary to administer the requirements of the bill, including choosing a contractor to administer the program after the 2003-05 biennium. (General Fund-State, Homeless Families Services Fund-State)
 7. **Small Bus Incubator (ESHB 2784)** - Pursuant to Chapter 237, Laws of 2004 (ESHB 2784), funding is provided to create a small business incubator program to provide start-up and operating assistance to qualified small business incubators.
 8. **Annexation** - Funding is provided to study the progress in each of the buildable lands counties toward achieving annexation or incorporation of urban growth areas. A report is due to the Legislature by December 1, 2004.
 9. **Mobile Home Relocation Assistance** - One-time spending authority is provided for relocation assistance to approximately 60 families in two mobile home parks in Wenatchee whose homes will be dislocated when the parks close. The current appropriation does not provide sufficient authority to relocate these parks and assist the original number of families projected in the 2003-05 biennial budget. (Mobile Home Park Relocation Account-State)
 10. **Weatherization Assistance Increase** - The Low-Income Weatherization Assistance program works to improve the energy efficiency and affordability of low-income housing through energy conservation measures in homes, including insulation, air sealing, space and water heating system modification, and energy conservation education. DCTED is provided with the authority to spend the remaining account balance. (Low-Income Weatherization Assistance Account-State)
 11. **Public Works Loans** - Spending authority is provided for additional staff to support an increased number of public works projects and to design a new financing database system that will replace a 6-year-old contract management system. The Public Works Board makes loans to local governments for infrastructure improvements and currently has 1,300 contracts in the program's loan portfolio. (Public Works Assistance Account-State)
 12. **Civil Indigent Legal Services** - Funding is provided for increased civil legal services for low-income people who cannot afford to hire legal counsel. This funding will allow more people to access representation in civil matters. Of this funding, \$100,000 is provided for a general farm organization with members in every county of the state to develop and administer an alternative dispute resolution system to resolve disputes between farmworkers and farmers.
 13. **Agricultural Land Study (SB 6488)** - Pursuant to Chapter 209, Laws of 2004 (SB 6488), funding is provided to study the designation of agricultural lands with long-term commercial significance in King, Chelan, Lewis, and Yakima Counties. A report is due to the Legislature by December 1, 2004.
 14. **Youth Assessment Center** - One-time funding is provided for start-up and initial operation of a Youth Assessment Center in Pierce County. This funding will leverage an equal amount from private sources and will support youth assessment center program activities related to reducing the rate of incarceration of juvenile offenders.
 15. **Community Voice Mail** - One-time funding is provided to community voice mail agencies in order to provide people in crisis and transition free, personalized voice mail services.
 16. **Northwest Orthopaedic Institute** - One-time funding is provided to the Northwest Orthopaedic Institute to develop additional organizational infrastructure to assist its community-based musculoskeletal health research.
 17. **Retired Senior Volunteer Program** - Funding for the Retired Senior Volunteer program is increased to restore funding to the FY 2002 appropriation level.
 18. **BRE Adjustment** - Funding is shifted from FY 2004 to FY 2005 to account for a delay in selecting projects to be funded for the Business Retention and Expansion (BRE) program. Shifting the funding reflects the actual budget and expenditure plans of the projects selected for funding.

Office of Financial Management

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	25,045	50,273	75,318
Total Maintenance Changes	0	17,424	17,424
Policy Changes			
1. Permit Assistance Integration	0	0	0
2. Land Use & Local Govt Finance Study	252	0	252
3. Medicaid Forecasting	15	0	15
4. Task Force on Non-Econ Damages	75	0	75
5. Regulatory Improvement Project	50	0	50
6. K-12 Health Care Benefit Study	40	0	40
7. Lapse - 2SSB 6217	-50	0	-50
8. Transfer Collective Bargaining	65	0	65
Total Policy Changes	447	0	447
2003-05 Revised Appropriations	25,492	67,697	93,189
Fiscal Year 2004 Total	12,630	33,766	46,396
Fiscal Year 2005 Total	12,862	33,931	46,793

Comments:

1. **Permit Assistance Integration** - The 2003-05 biennial budget included funds for the Office of Financial Management's (OFM's) Permit Assistance Center to implement Chapter 245, Laws of 2003 (2SSB 5694), which established an integrated environmental permit system through a pilot project of economic development significance. To date, no projects have met the criteria for this pilot. Funding is transferred from FY 2004 to FY 2005 in order to be available once a project is selected.
2. **Land Use & Local Govt Finance Study** - One-time funding is provided for a study of land use and local government finance. The study shall include recommendations for state and local government fiscal partnerships to encourage cooperation between jurisdictions in meeting the goals of the Growth Management Act (GMA) and how the state and local government fiscal structure can better meet the responsibilities of providing services to citizens and meeting the goals of GMA.
3. **Medicaid Forecasting** - Funding is provided for a project team comprised of legislative and executive branch fiscal staff to review the Department of Social and Health Services' (DSHS) Medical Assistance Administration (MAA) budget development practices. The review team will utilize a contractor to assist in making recommendations to improve the fiscal information necessary for budgeting, forecasting, and monitoring the MAA budget. The recommendation must be submitted for executive branch and legislative fiscal committee approval by July 2004.
4. **Task Force on Non-Econ Damages** - Funding is provided for travel expenses and a contract for technical expertise for a Task Force on Non-Economic Damages. This Task Force will determine the feasibility of creating an advisory schedule of non-economic damages to increase the predictability of settlements and for awards for non-economic damages in actions for injuries resulting from health care.
5. **Regulatory Improvement Project** - Funding is provided to implement 2SSB 6217 (Regulatory Improvement Center), which establishes the Washington Regulatory Improvement Project. This is a collaborative effort of private industry, state universities, and government to streamline environmental permit processes. Existing funding provided in the biennial budget for integrating permit processes will also be used for this project. See Lapse item.
6. **K-12 Health Care Benefit Study** - Funding is provided for OFM to contract for an evaluation of the costs and benefits of additional efforts aimed at encouraging K-12 employee collective bargaining units to elect coverage under Public Employees Benefits Board administered health care plans. OFM will report regarding the results of this study to the Governor and the fiscal committees of the Legislature by December 1, 2004.
7. **Lapse - 2SSB 6217** - Because 2SSB 6217 (Regulatory Improvement Center) failed to pass, \$50,000 from General Fund-State for FY 2005 lapses. (See the Regulatory Improvement Project item.)
8. **Transfer Collective Bargaining** - In accordance with Chapter 3, Laws of 2004 (ESHB 2933), responsibility for collective bargaining with individual providers of home care services is transferred to the Governor's Office on Labor Relations. In addition to the funding provided in Chapter 278, Laws of 2004 (EHB 1777), a corresponding amount of federal Medicaid funds will be expended by DSHS.

Office of Administrative Hearings

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	0	24,669	24,669
Total Maintenance Changes	0	1,687	1,687
Policy Changes			
1. DSHS-APS Fair Hearings	0	677	677
Total Policy Changes	0	677	677
<hr/>			
2003-05 Revised Appropriations	0	27,033	27,033
Fiscal Year 2004 Total	0	13,267	13,267
Fiscal Year 2005 Total	0	13,766	13,766

Comments:

1. **DSHS-APS Fair Hearings** - In January 2003, the King County Superior Court ordered the Department of Social and Health Services (DSHS) to provide an administrative fair hearing to an individual home care worker terminated from employment as a result of a substantiated Adult Protective Services (APS) finding. As of October 1, 2003, DSHS began providing due process hearings for individuals with substantiated APS findings of abuse, abandonment, neglect, and/or financial exploitation of a vulnerable adult. It is estimated that 180 APS investigations per year will require such administrative fair hearings. (Administrative Hearings Revolving Account-State)

Department of Revenue

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	164,560	11,119	175,679
Policy Changes			
1. Senior Citizen Property (SB 5034)	120	0	120
2. Timber Taxation (ESHB 2693)	0	136	136
Total Policy Changes	120	136	256
<hr/>			
2003-05 Revised Appropriations	164,680	11,255	175,935
Fiscal Year 2004 Total	82,644	5,560	88,204
Fiscal Year 2005 Total	82,036	5,695	87,731

Comments:

1. **Senior Citizen Property (SB 5034)** - Funding is provided for Chapter 270, Laws of 2004 (SB 5034), for county reimbursement and filing notices of deferral.

2. **Timber Taxation (ESHB 2693)** - Timber Tax Distribution Account funding is provided to implement Chapter 177, Laws of 2004 (ESHB 2693). (Timber Tax Distribution Account-State)

Board of Tax Appeals

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	2,129	0	2,129
Policy Changes			
1. Restoration of Budget Cut	90	0	90
Total Policy Changes	90	0	90
<hr/>			
2003-05 Revised Appropriations	2,219	0	2,219
Fiscal Year 2004 Total	1,186	0	1,186
Fiscal Year 2005 Total	1,033	0	1,033

Comments:

1. **Restoration of Budget Cut** - The amount of \$90,000 and 1.1 FTEs are provided to restore the Board of Tax Appeals staff to 11 employees.

Department of General Administration

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Original Appropriations	468	128,777	129,245
Total Maintenance Changes	0	1,876	1,876
Policy Changes			
1. Legislative Building Security	<u>0</u>	<u>770</u>	<u>770</u>
Total Policy Changes	0	770	770
<hr/>			
2003-05 Revised Appropriations	468	131,423	131,891
Fiscal Year 2004 Total	235	65,518	65,753
Fiscal Year 2005 Total	233	65,905	66,138

Comments:

1. **Legislative Building Security** - One-time funding is provided for security staff for the Legislative Building, per recommendations of the Legislative Building Security Committee. The Legislative Building will be reopened by the 2005 session, and new security measures are expected to include security screening of persons and packages entering the building. To the extent possible, the Department of General Administration (GA) is encouraged to utilize contracted staff where appropriate and cost effective. It is assumed that GA will not increase revolving fund charges in the 2003-05 biennium and will use the existing fund balance to hire the additional staff. (General Administration Services Account-State)

Department of Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	0	48,572	48,572
Policy Changes			
1. LEOFF 2 Disability Benefits	0	188	188
2. LEOFF 2 Duty Death Benefits	0	7	7
3. State Patrol Death Benefits	0	5	5
4. Public Safety Employees	0	403	403
5. \$1,000 Minimum Benefit in Plans 1	0	128	128
Total Policy Changes	0	731	731
<hr/>			
2003-05 Revised Appropriations	0	49,303	49,303
Fiscal Year 2004 Total	0	26,265	26,265
Fiscal Year 2005 Total	0	23,038	23,038

Comments:

1. **LEOFF 2 Disability Benefits** - Funding is provided for administrative costs associated with paying disability benefits to members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF Plan 2) pursuant to Chapter 4, Laws of 2004 (HB 2418). (Department of Retirement Systems Expense Fund-State)

2. **LEOFF 2 Duty Death Benefits** - Funding is provided for administrative costs associated with paying line-duty death benefits to members of the LEOFF Plan 2 pursuant to Chapter 5, Laws of 2004 (HB 2419). (Department of Retirement Systems Expense Fund-State)

3. **State Patrol Death Benefits** - Funding is provided for administrative costs associated with paying line-duty death benefits to members of the Washington State Patrol Retirement System pursuant to Chapter 170, Laws of 2004 (HB 2534). (Department of Retirement Systems Expense Fund-State)

4. **Public Safety Employees** - Funding is provided for administrative costs associated with creating the Public Safety Employees' Retirement System for specified members of the Public Employees' Retirement System Plans 2 and 3, pursuant to Chapter 242, Laws of 2004 (HB 2537). (Department of Retirement Systems Expense Fund-State)

5. **\$1,000 Minimum Benefit in Plans 1** - Funding is provided for administrative costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538). (Department of Retirement Systems Expense Fund-State)

Department of Information Services

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	2,000	205,447	207,447
Policy Changes			
1. Small Agency Information Technology	0	450	450
2. Digital Learning	650	0	650
Total Policy Changes	650	450	1,100
<hr/>			
2003-05 Revised Appropriations	2,650	205,897	208,547
Fiscal Year 2004 Total	1,000	102,748	103,748
Fiscal Year 2005 Total	1,650	103,149	104,799

Comments:

1. **Small Agency Information Technology** - Funding is provided for Phase II of the Small Agency Initiative to continue addressing information technology and facility requirements of small agencies. (Data Processing Revolving Account-Non-Appropriated)

2. **Digital Learning** - The Digital Learning Commons is a nonprofit corporation that provides a web-based portal where students, parents, and teachers have access to resources, learning tools, and on-line classes. In its first year of operation, the Digital Learning Commons is providing services to 5,000 students and 500 teachers in 17 schools. Funding is provided to expand the pilot project in the 2004-05 school year to serve additional students and teachers. The expansion also will provide additional resources for parents and increase parent participation in the second year of the project.

Office of the Insurance Commissioner

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Original Appropriations	0	32,938	32,938
Policy Changes			
1. Compliance/Enforcement Program	0	139	139
2. Economic Analysis	0	94	94
3. HP 3000 Computer Replacement	0	469	469
4. Liability Insurance Markets	0	200	200
Total Policy Changes	0	902	902
2003-05 Revised Appropriations	0	33,840	33,840
Fiscal Year 2004 Total	0	16,515	16,515
Fiscal Year 2005 Total	0	17,325	17,325

Comments:

1. **Compliance/Enforcement Program** - Funding is provided for the Office of the Insurance Commissioner's (OIC's) Legal Affairs Division to address its enforcement caseload, which has increased significantly over the past 18 months. (Insurance Commissioner's Regulatory Account-State)
2. **Economic Analysis** - Funding is provided to conduct economic impact analyses as a result of rule changes and an increased number of rules due for review. (Insurance Commissioner's Regulatory Account-State)
3. **HP 3000 Computer Replacement** - Funding is provided to replace the OIC's Hewlett Packard 3000 mainframe computer, which will no longer be supported by the manufacturer after December 2006. (Insurance Commissioner's Regulatory Account-State)
4. **Liability Insurance Markets** - Funding is provided to assess conditions in the liability insurance markets in Washington. OIC will develop and provide information to stakeholders to assist them in obtaining liability insurance coverage. (Insurance Commissioner's Regulatory Account-State)

Washington State Liquor Control Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	2,909	156,699	159,608
Total Maintenance Changes	0	283	283
Policy Changes			
1. Additional Security Cameras	0	793	793
2. Beer/Wine Manufacturers (SSB 6655)	0	385	385
Total Policy Changes	0	1,178	1,178
<hr/>			
2003-05 Revised Appropriations	2,909	158,160	161,069
Fiscal Year 2004 Total	1,454	78,710	80,164
Fiscal Year 2005 Total	1,455	79,450	80,905

Comments:

1. **Additional Security Cameras** - Expenditure authority is provided for the purchase and installation of digital security camera systems in liquor stores in order to increase customer and employee safety, deter armed robberies, reduce shoplifting, and provide evidence when crimes occur. (Liquor Revolving Fund-State)

2. **Beer/Wine Manufacturers (SSB 6655)** - Appropriation authority is provided for Chapter 160, Laws of 2004 (SSB 6655). (Liquor Revolving Fund-State)

Utilities and Transportation Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	0	29,481	29,481
Total Maintenance Changes	0	101	101
Policy Changes			
1. National Energy Policy Development	0	60	60
2. Additional Workload-QPAP	0	625	625
Total Policy Changes	0	685	685
<hr/>			
2003-05 Revised Appropriations	0	30,267	30,267
Fiscal Year 2004 Total	0	15,199	15,199
Fiscal Year 2005 Total	0	15,068	15,068

Comments:

1. **National Energy Policy Development** - Funding is provided to further the state's interest in national energy policy development in Congress. The Commission has been involved with public officials from Washington, the Pacific Northwest, and elsewhere in the nation to oppose initiatives to restructure the electricity industry in ways damaging to Washington's electricity consumers. One-time appropriation authority is provided for these efforts and to monitor and research a variety of federal legislative and regulatory issues related to electricity regulation. (Public Service Revolving Account-State)

2. **Additional Workload-QPAP** - Funding is provided for the additional workload created by the Federal Communications Commission's (FCC's) requirements for performance standards and elimination of market entry barriers for residential and business customers. Monetary penalties paid by Qwest for noncompliance with FCC requirements as part of the Qwest Performance Assurance Plan (QPAP) are available to the Commission to meet these obligations. (Public Service Revolving Account-State)

Military Department

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	16,709	168,753	185,462
Total Maintenance Changes	45	25,645	25,690
Policy Changes			
1. October 2003 Floods	0	6,659	6,659
2. Search and Rescue Reimbursements	90	0	90
3. Emergency Management Perform Grant	200	2,513	2,713
4. Homeland Security	0	60,434	60,434
5. National Guard Firefighter Training	0	197	197
6. Natl Guard Enviro Pgm Increase	0	676	676
7. Winter 2004 Storm Damage	0	4,198	4,198
Total Policy Changes	290	74,677	74,967
2003-05 Revised Appropriations	17,044	269,075	286,119
Fiscal Year 2004 Total	8,578	126,626	135,204
Fiscal Year 2005 Total	8,466	142,449	150,915

Comments:

1. **October 2003 Floods** - Funding is provided for response and recovery efforts by state agencies and the Federal Emergency Management Agency (FEMA) for the October 2003 floods. The Washington State Military Department will provide the entire required federal match for state projects and half of the required federal match for local projects. The total cost through FY 2009 is projected to be \$18.0 million, including \$12.5 million in federal funding, \$4.0 million in state funding, and \$1.5 million in local funding. (Disaster Response Account-State, Disaster Response Account-Federal)
2. **Search and Rescue Reimbursements** - One-time funding is provided to reimburse three extraordinary claims for emergency workers. Under Chapter 28.52 RCW, the Washington State Military Department provides protection and cost reimbursement for volunteers supporting emergency management activities, including search and rescue. Routine claims, generally ranging from \$25 to \$1,500, include such items as fuel reimbursement, damaged or lost personal property, and medical expenses. In November 2003, the Department received three extraordinary claims for emergency management volunteers, including surgery, hospitalization, and funeral expenses. These types of claims are very infrequent and sufficient funding is not available in the agency's current appropriation.
3. **Emergency Management Perform Grant** - Additional federal grant funding is provided for disaster and emergency preparedness. Of the total, \$1.2 million will be passed through to local jurisdictions. The remaining federal funds and the required state match of \$200,000 will be used for state emergency management training, exercises, planning, and program support to local jurisdictions. (General Fund-State, General Fund-Federal)
4. **Homeland Security** - The federal FY 2004 budget includes \$60.4 million in grants to the Washington State Military Department, with at least 80 percent required to be passed through to local governments. Funding includes: \$33.4 million for equipment, exercises, training, and planning; \$16.4 million for the Urban Area Security Initiative for the city of Seattle; \$9.9 million in Terrorism Prevention and Deterrence funds; and \$694,000 for the Citizen Corps and Community Emergency Response Team programs. (General Fund-Federal)
5. **National Guard Firefighter Training** - One-time funding is provided for Wildland Firefighter Level II training for 250 Washington National Guard members. Many of the Guard members who were already trained have been deployed to active military duty. Providing additional trained members will ensure timely deployment to firefighting, and providing the training in advance costs less than training members at the outset of a fire emergency. (Disaster Response Account-State)
6. **Natl Guard Enviro Pgm Increase** - Funding is provided to reflect an increase in the federal award for projects in the National Guard environmental program. (General Fund-Federal)
7. **Winter 2004 Storm Damage** - Funding was provided in anticipation of a federal disaster declaration for the winter 2004 storm in Clark and Skamania Counties. As of April 2004, FEMA has denied the Governor's request for a disaster declaration. If FEMA grants funding, up to \$3.5 million in federal funding could be available to reimburse local jurisdictions for damages, with an expected \$700,000 in state matching funds and \$576,000 in local matching funds. If the appeal is denied, the federal funding will not be available and the state funding will remain in the Disaster Response State Account fund balance. (Disaster Response Account-State, Disaster Response Account-Federal)

Public Employment Relations Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	4,758	2,542	7,300
Policy Changes			
1. Charter Schools	41	0	41
Total Policy Changes	41	0	41
<hr/>			
2003-05 Revised Appropriations	4,799	2,542	7,341
Fiscal Year 2004 Total	2,362	1,274	3,636
Fiscal Year 2005 Total	2,437	1,268	3,705

Comments:

1. **Charter Schools** - Funding is provided for the implementation of Chapter 22, Laws of 2004 (E2SHB 2295), which authorizes the establishment of a limited number of charter schools. It is anticipated that the Public Employees' Relations Commission will have additional certification, mediation, and hearing workload as a result of new bargaining units associated with new charter schools and as a result of variances from existing collective bargaining agreements in existing schools that convert to charter schools.

Public Printer

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Original Appropriations	0	0	0
Total Maintenance Changes	0	66,000	66,000
2003-05 Revised Appropriations	0	66,000	66,000
Fiscal Year 2004 Total	0	33,000	33,000
Fiscal Year 2005 Total	0	33,000	33,000

Comments:

At the beginning of the 2003-05 biennium, the non-appropriated Printing Plant Revolving Account was changed from non-allotted to allotted status. This supplemental budget item reflects a technical change to place existing dollars and FTEs in the budget database. No new staff or funding are added, and the account remains non-appropriated. (Printing Plant Revolving Account-Non-Appropriated)

LEOFF 2 Retirement Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Original Appropriations	0	0	0
Total Maintenance Changes	0	889	889
<hr/>			
2003-05 Revised Appropriations	0	889	889
Fiscal Year 2004 Total	0	383	383
Fiscal Year 2005 Total	0	506	506

Comments:

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System Plan 2 Board was established by Initiative 790 in 2002. The Board was effective at the beginning of the 2003-05 biennium. This item represents costs for the initial activities of the new Board. (Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Expense Account-Non-Appropriated)