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Legislative

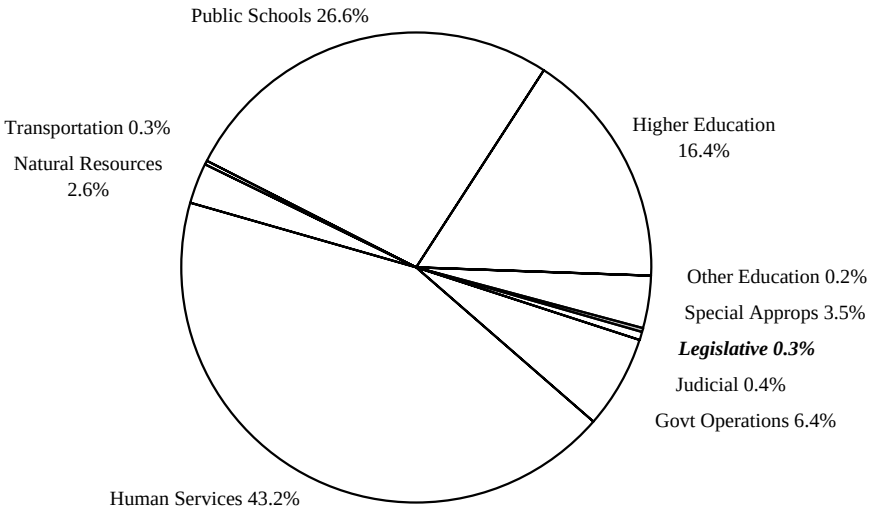
Appropriations for legislative agencies did not authorize any ongoing program enhancements.

2005-07 Washington State Operating Budget

Total Budgeted Funds

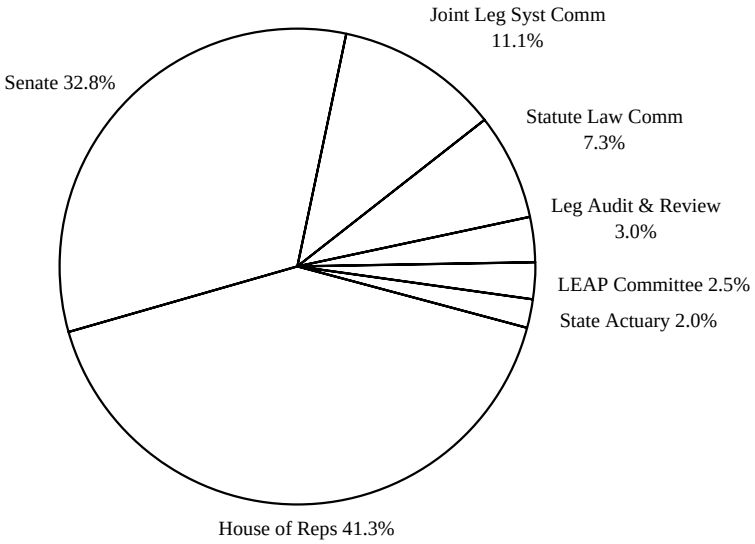
(Dollars in Thousands)

Legislative	***148,103***
Judicial	205,183
Governmental Operations	3,188,651
Human Services	21,370,163
Natural Resources	1,296,763
Transportation	145,790
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

House of Representatives	61,161
Senate	48,621
Jt Leg Systems Comm	16,380
Statute Law Committee	10,786
Jt Leg Audit & Rev Comm	4,484
LEAP Committee	3,658
State Actuary	3,013
Legislative	***148,103***



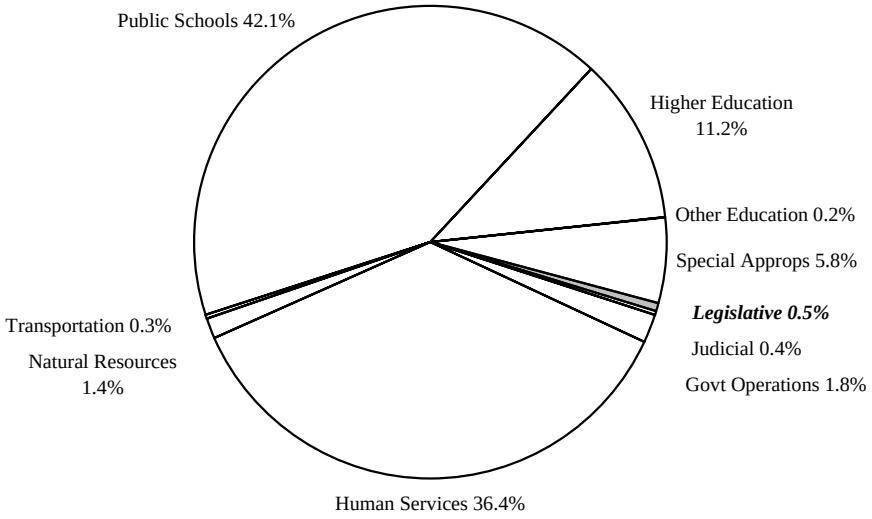
Legislative

2005-07 Washington State Operating Budget

General Fund-State

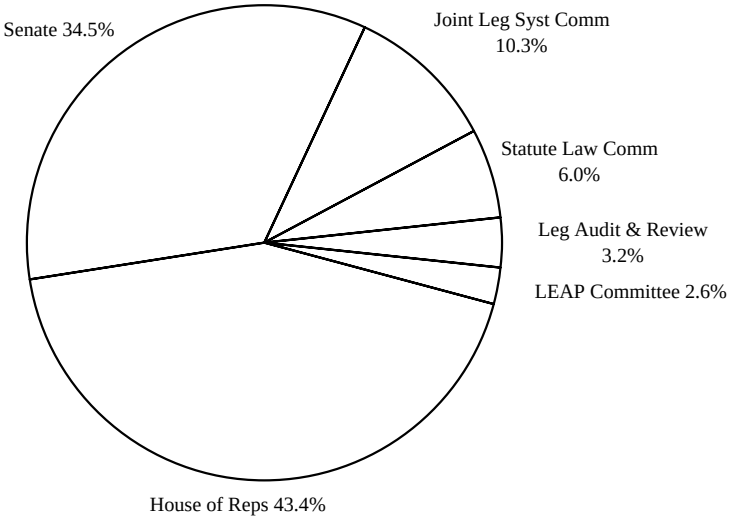
(Dollars in Thousands)

Legislative	***140,970***
Judicial	95,869
Governmental Operations	460,076
Human Services	9,458,768
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

House of Representatives	61,161
Senate	48,621
Jt Leg Systems Comm	14,536
Statute Law Committee	8,510
Jt Leg Audit & Rev Comm	4,484
LEAP Committee	3,658
Legislative	***140,970***



Legislative

House of Representatives

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**56,417**	**45**	**56,462**
2005-07 Maintenance Level	**60,241**	**0**	**60,241**
Policy Changes			
1. COLA-Non-Represented	1,544	0	1,544
2. Non-Represented Health Benefit Chg	475	0	475
3. General Inflation	-131	0	-131
4. Pension Rate for Gain Sharing	-230	0	-230
5. Fiscal Stability Study	150	0	150
6. Suspend Unfunded Liability Contribs	-763	0	-763
7. Children/Family Services Task Force	25	0	25
8. Governor Veto	-150	0	-150
Total 2005-07 Biennium	**61,161**	**0**	**61,161**
Fiscal Year 2006 Total	30,261	0	30,261
Fiscal Year 2007 Total	30,900	0	30,900

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Fiscal Stability Study** - One-time funding is provided to conduct a study of state fiscal stability that will develop recommendations to create a sustainable system of state and local finance. The Governor vetoed this item (see below).

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

7. **Children/Family Services Task Force** - One-time funding is provided for Chapter 474, Laws of 2005 (ESSB 5872), establishing a Joint Task Force on Children and Family Services.

8. **Governor Veto** - The Governor vetoed Section 101(1) of Chapter 518, Laws of 2005, Partial Veto, which established a committee on fiscal stability to make recommendations on the state's expenditure and revenue policies.

Senate

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**45,249**	**45**	**45,294**
2005-07 Maintenance Level	**48,015**	**5**	**48,020**
Policy Changes			
1. COLA-Non-Represented	1,056	0	1,056
2. Non-Represented Health Benefit Chg	332	0	332
3. General Inflation	-69	-5	-74
4. Pension Rate for Gain Sharing	-172	0	-172
5. Suspend Unfunded Liability Contribs	-566	0	-566
6. Children/Family Services Task Force	25	0	25
Total 2005-07 Biennium	**48,621**	**0**	**48,621**
Fiscal Year 2006 Total	23,253	0	23,253
Fiscal Year 2007 Total	25,368	0	25,368

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

6. **Children/Family Services Task Force** - One-time funding is provided for Chapter 474, Laws of 2005 (ESSB 5872), establishing a Joint Task Force on Children and Family Services.

Joint Legislative Audit & Review Committee

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**3,594**	**0**	**3,594**
2005-07 Maintenance Level	**3,745**	**0**	**3,745**
Policy Changes			
1. COLA-Non-Represented	82	0	82
2. Non-Represented Health Benefit Chg	24	0	24
3. General Inflation	-7	0	-7
4. Student Transportation Study	125	0	125
5. Government Performance (ESHB 1064)	86	0	86
6. Pension Rate for Gain Sharing	-14	0	-14
7. Job Development Fund (ESHB 1903)	188	0	188
8. Suspend Unfunded Liability Contribs	-45	0	-45
9. Technology Budgeting Process	100	0	100
10. Assess Facilities for Treatment Use	100	0	100
11. Basic Health Plan Study	100	0	100
Total 2005-07 Biennium	**4,484**	**0**	**4,484**
Fiscal Year 2006 Total	2,531	0	2,531
Fiscal Year 2007 Total	1,953	0	1,953

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Student Transportation Study** - Consistent with the recommendations of the House Subcommittee on Education Finance Structures, The Joint Legislative Audit and Review Committee (JLARC) will review the current state pupil transportation funding formula and evaluate the extent to which the formula captures the costs of providing pupil transportation for basic education programs. Based on this review, the study will develop alternative formulas for allocating state funding to school districts for the transportation of students for basic education programs.

5. **Government Performance (ESHB 1064)** - Funding is provided for the implementation of Chapter 385, Laws of 2005, Partial Veto (ESHB 1064 - Government Performance).

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

7. **Job Development Fund (ESHB 1903)** - Funding is provided for the implementation of Chapter 425, Laws of 2005 (ESHB 1903 - Job Development Fund).

8. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

9. **Technology Budgeting Process** - One-time funding is provided for an evaluation of the budget process used for information technology projects. A report is due in January of 2006.

10. **Assess Facilities for Treatment Use** - Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763 - Treatment of Mental Disorders), directs JLARC to conduct a study of regional jail facilities. This item provides one-time funding for the contracted consultant costs of this study.

11. **Basic Health Plan Study** - One-time funding is provided for a study of the state's Basic Health Plan.

Legislative Evaluation & Accountability Program

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**3,405**	**0**	**3,405**
2005-07 Maintenance Level	**3,621**	**0**	**3,621**
Policy Changes			
1. COLA-Non-Represented	93	0	93
2. Non-Represented Health Benefit Chg	20	0	20
3. General Inflation	-9	0	-9
4. Pension Rate for Gain Sharing	-16	0	-16
5. Suspend Unfunded Liability Contribs	-51	0	-51
Total 2005-07 Biennium	**3,658**	**0**	**3,658**
Fiscal Year 2006 Total	1,737	0	1,737
Fiscal Year 2007 Total	1,921	0	1,921

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Office of the State Actuary

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**2,616**	**2,616**
2005-07 Maintenance Level	**0**	**2,785**	**2,785**
Policy Changes			
1. COLA-Non-Represented	0	66	66
2. Non-Represented Health Benefit Chg	0	17	17
3. General Inflation	0	-9	-9
4. Actuarial Valuation System	0	200	200
5. Pension Rate for Gain Sharing	0	-10	-10
6. Suspend Unfunded Liability Contribs	0	-36	-36
Total 2005-07 Biennium	**0**	**3,013**	**3,013**
Fiscal Year 2006 Total	0	1,534	1,534
Fiscal Year 2007 Total	0	1,479	1,479

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Retirement Systems Expense-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Retirement Systems Expense-State)

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 mission. (Department of Retirement Systems Expense Account-State)

4. **Actuarial Valuation System** - Funding is provided to replace actuarial valuation software. (Department of Retirement Systems Expense Account-State)

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Retirement Systems Expense-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Retirement Systems Expense-State)

Joint Legislative Systems Committee

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**13,507**	**1,813**	**15,320**
2005-07 Maintenance Level	**14,347**	**1,810**	**16,157**
Policy Changes			
1. COLA-Non-Represented	212	29	241
2. Non-Represented Health Benefit Chg	59	8	67
3. General Inflation	-75	-5	-80
4. Competitive Salary Adjustments	138	21	159
5. Pension Rate for Gain Sharing	-34	-4	-38
6. Suspend Unfunded Liability Contribs	-111	-15	-126
Total 2005-07 Biennium	**14,536**	**1,844**	**16,380**
Fiscal Year 2006 Total	7,288	907	8,195
Fiscal Year 2007 Total	7,248	937	8,185

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and Legislative Systems Revolving Account-Non-Appropriated)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and Legislative Systems Revolving 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 mission.

4. **Competitive Salary Adjustments** - Funding is provided to continue a three-year phased approach, started in FY 2005, to augment budgeted 2.5 percent merit increases with salary increases that will better align current salaries of permanent staff with market conditions. (General Fund-State, Legislative Systems Revolving Account-Non-Appropriated)

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State and Legislative Systems Revolving Account-Non-Appropriated)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State and Legislative Systems Revolving Account-Non-Appropriated)

Statute Law Committee

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**7,806**	**2,247**	**10,053**
2005-07 Maintenance Level	**8,418**	**2,297**	**10,715**
Policy Changes			
1. COLA-Non-Represented	188	0	188
2. Non-Represented Health Benefit Chg	65	0	65
3. General Inflation	-38	-21	-59
4. Pension Rate for Gain Sharing	-28	0	-28
5. Suspend Unfunded Liability Contribs	-95	0	-95
Total 2005-07 Biennium	**8,510**	**2,276**	**10,786**
Fiscal Year 2006 Total	4,112	751	4,863
Fiscal Year 2007 Total	4,398	1,525	5,923

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Judicial

Expansion of Parents' Representation Program in Dependency and Termination Cases
The budget adds $1.8 million to expand the current parents' representation program beyond Benton-Franklin and Pierce counties. The Program provides for representation of indigent parents who are in danger of losing permanent custody of their children and connects parents with services they need to keep or regain custody. Results in the existing counties have shown improved successful reunifications and reduced foster care time pending trial. The new funding also helps relieve the burden on the counties, as counties currently pay 100 percent of defense costs.

Maintain and Improve Judicial Information System
The budget provides $3.9 million in near general funds to replace outdated and obsolete computer equipment for local courts used to operate the judicial information system (JIS). Also, $9.7 million in dedicated JIS funds paid by special assessments on traffic fines are used to continue to expand the JIS system.

Separate Legislation – Justice Funding Appropriated by Chapter 457, Laws of 2005 (E2SSB 5454)
Separate from the budget, $12.7 million in funding is appropriated by E2SSB 5454 for a variety of items to assist local governments, to improve the quality of trial courts, to increase access to civil justice, and to improve indigent defense services. For the 2005-07 biennium, increased court fees are expected to raise over $19 million in funds for counties and cities and $12.7 million in state funds for deposit into the new Equal Justice Subaccount of the Public Safety and Education Account. The legislation appropriates the $12.7 million in Equal Justice Subaccount funds as follows:

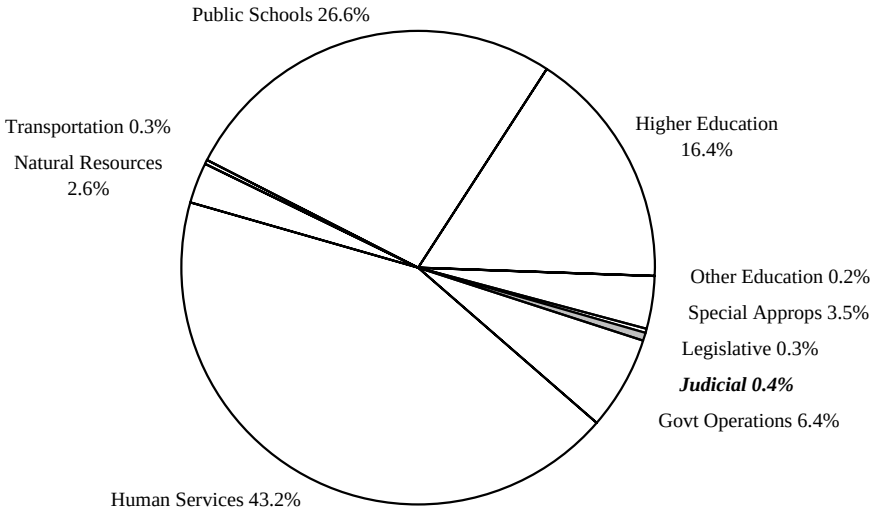
- $2.4 million to the Office of the Administrator for the Courts for distribution to local governments for salaries for district and certain elected municipal court judges. In subsequent biennia, this amount is estimated to increase to $6.3 million, or 50 percent of the projected revenue from the fee increases. Local governments must match the full amount in local trial court improvement accounts, to be appropriated by the local legislative authority.
- $5 million to the Office of Public Defense (OPD) to assist with a partial statewide expansion of the parents' representation program for dependencies and terminations. This funding is in addition to $1.8 million in new funds added separately as noted above.
- $1.3 million to OPD to provide training and technical assistance to counties to improve trial-level criminal indigent defense.
- $1 million to OPD to perform a pilot project to improve criminal indigent defense in one or more counties.
- $3 million to the Office of Civil Legal Aid to expand the level of contracted civil legal services provided to indigent persons.

2005-07 Washington State Operating Budget

Total Budgeted Funds

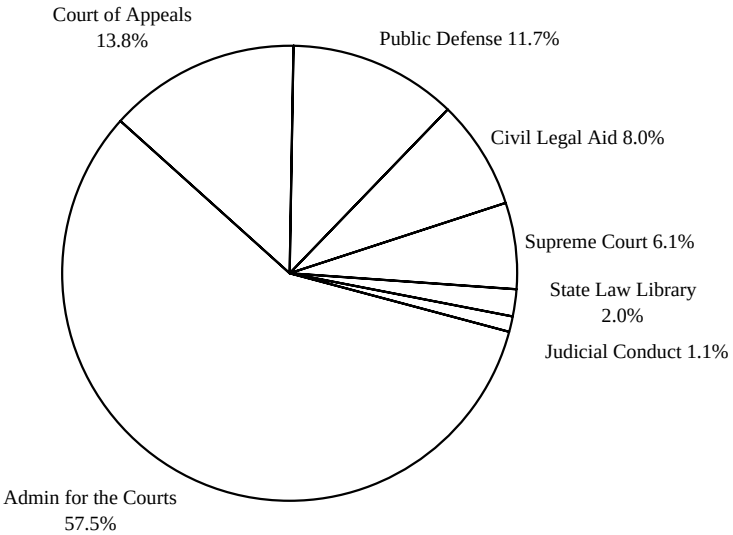
(Dollars in Thousands)

Legislative	148,103
Judicial	***205,183***
Governmental Operations	3,188,651
Human Services	21,370,163
Natural Resources	1,296,763
Transportation	145,790
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

Admin for the Courts	117,885
Court of Appeals	28,224
Office of Public Defense	24,043
Civil Legal Aid	16,407
Supreme Court	12,431
State Law Library	4,031
Judicial Conduct Comm	2,162
Judicial	***205,183***



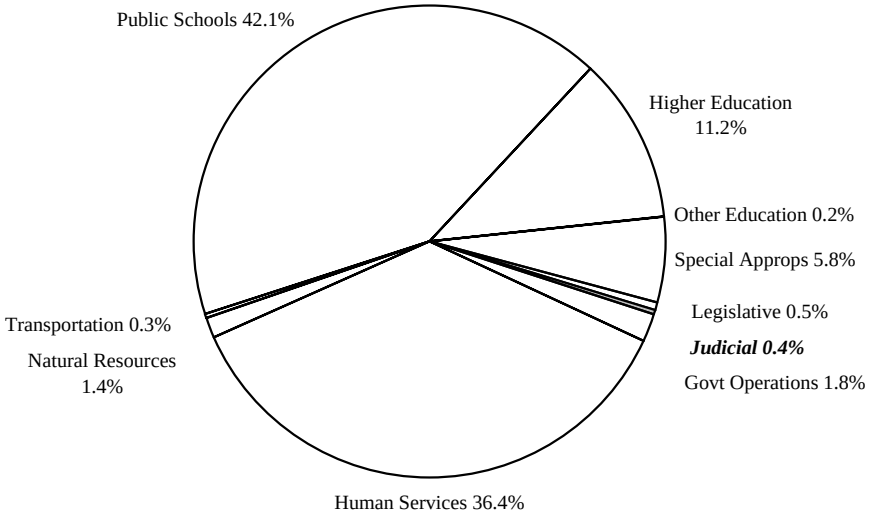
Judicial

2005-07 Washington State Operating Budget

General Fund-State

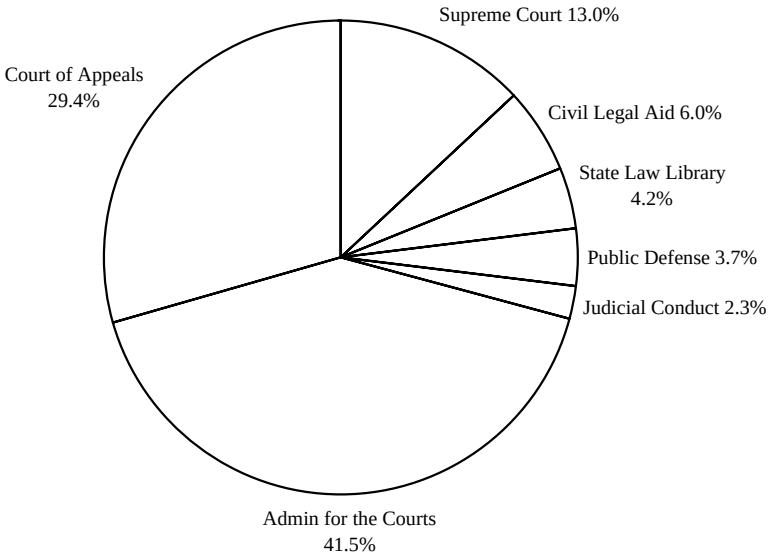
(Dollars in Thousands)

Legislative	140,970
Judicial	***95,869***
Governmental Operations	460,076
Human Services	9,458,768
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

Admin for the Courts	39,738
Court of Appeals	28,224
Supreme Court	12,431
Civil Legal Aid	5,715
State Law Library	4,031
Office of Public Defense	3,568
Judicial Conduct Comm	2,162
Judicial	***95,869***



Judicial

Supreme Court

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**11,195**	**0**	**11,195**
2005-07 Maintenance Level	**12,028**	**0**	**12,028**
Policy Changes			
1. COLA-Non-Represented	346	0	346
2. Non-Represented Health Benefit Chg	94	0	94
3. General Inflation	-5	0	-5
4. Access to Justice	200	0	200
5. Pension Rate for Gain Sharing	-56	0	-56
6. Suspend Unfunded Liability Contribs	-176	0	-176
Total 2005-07 Biennium	**12,431**	**0**	**12,431**
Fiscal Year 2006 Total	6,085	0	6,085
Fiscal Year 2007 Total	6,346	0	6,346

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Access to Justice** - Funding is provided for one and a half staff for the Access to Justice Board (AJB). The AJB was created by court rule in 2000 and has operated since using volunteers; state funding is needed to continue services. Recently, the AJB has taken on a greater coordinating role, doing statewide planning to improve civil indigent legal services.

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

State Law Library

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**4,099**	**0**	**4,099**
2005 Supplemental *	39	0	39
Total 2003-05 Biennium	**4,138**	**0**	**4,138**
2005-07 Maintenance Level	**4,000**	**0**	**4,000**
Policy Changes			
1. COLA-Non-Represented	46	0	46
2. Non-Represented Health Benefit Chg	21	0	21
3. General Inflation	-3	0	-3
4. Pension Rate for Gain Sharing	-8	0	-8
5. Suspend Unfunded Liability Contribs	-25	0	-25
Total 2005-07 Biennium	**4,031**	**0**	**4,031**
Fiscal Year 2006 Total	2,011	0	2,011
Fiscal Year 2007 Total	2,020	0	2,020

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Court of Appeals

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**25,454**	**0**	**25,454**
2005 Supplemental *	55	0	55
Total 2003-05 Biennium	**25,509**	**0**	**25,509**
2005-07 Maintenance Level	**27,405**	**0**	**27,405**
Policy Changes			
1. COLA-Non-Represented	740	0	740
2. Non-Represented Health Benefit Chg	205	0	205
3. General Inflation	-84	0	-84
4. Salary Reclassification	120	0	120
5. Additional Staff	293	0	293
6. Division III Security	28	0	28
7. Division III Local Hearings	16	0	16
8. Pension Rate for Gain Sharing	-120	0	-120
9. Suspend Unfunded Liability Contribs	-379	0	-379
Total 2005-07 Biennium	**28,224**	**0**	**28,224**
Fiscal Year 2006 Total	13,866	0	13,866
Fiscal Year 2007 Total	14,358	0	14,358

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Salary Reclassification** - Funding is provided for salary increases for job classifications identified as being compensated at a rate lower than the market rate identified in the Court of Appeals Salary Survey. Also, funding is provided in the Office of the Administrator for the Courts budget to contract with the Department of Personnel (DOP) for a more comprehensive salary survey of all judicial agencies, so that judicial salary reclassifications can be reconsidered in future budget requests. The DOP has provided similar functions for other non-executive agencies in the past, such as the House of Representatives.

5. **Additional Staff** - Funding is provided for three additional staff to enable the Court of Appeals (COA) to keep its current staff to workload ratio, preventing additional delays in turnaround. Unlike the Supreme Court, the COA does not have the discretion to turn down cases and mitigate its workload, which has continued to grow.

6. **Division III Security** - Funding is provided to ensure staffing of metal detectors and x-ray equipment at Division III, on days the court is in session. Security staffing will improve public safety during appellate proceedings and make the level of security at Division III consistent with the other divisions.

7. **Division III Local Hearings** - Funding is provided to allow the COA Division III to resume hearing oral arguments in cities other than Spokane several times per year, in locations such as Yakima and the Tri-Cities. This service was cut back in response to across-the-board cuts during the 2003-05 biennium. Division III is the largest of the three geographic divisions, and includes most of eastern Washington. By traveling to these locations a few times per year, COA can save higher combined travel costs for local prosecutors, attorneys general, and appellate defense attorneys.

8. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

9. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Commission on Judicial Conduct

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,828**	**0**	**1,828**
2005-07 Maintenance Level	**2,104**	**2**	**2,106**
Policy Changes			
1. COLA-Non-Represented	46	0	46
2. Non-Represented Health Benefit Chg	10	0	10
3. General Inflation	-8	-2	-10
4. Computer Replacement	38	0	38
5. Pension Rate for Gain Sharing	-6	0	-6
6. Suspend Unfunded Liability Contribs	-22	0	-22
Total 2005-07 Biennium	**2,162**	**0**	**2,162**
Fiscal Year 2006 Total	1,055	0	1,055
Fiscal Year 2007 Total	1,107	0	1,107

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Computer Replacement** - One-time funding is provided to replace and upgrade the Commission's computers, servers, firewall, and related software, which are over their life expectancy.

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Office of the Administrator for the Courts

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**35,410**	**75,337**	**110,747**
2005 Supplemental *	-38	54	16
Total 2003-05 Biennium	**35,372**	**75,391**	**110,763**
2005-07 Maintenance Level	**38,766**	**61,275**	**100,041**
Policy Changes			
1. COLA-Non-Represented	921	906	1,827
2. Non-Represented Health Benefit Chg	256	251	507
3. General Inflation	-60	-235	-295
4. Office Consolidation	0	390	390
5. JIS Migration Phase III Development	0	9,700	9,700
6. Equipment Replacement	0	3,890	3,890
7. Court Interpreter Enhancements	0	143	143
8. CASA/GAL Program Support	300	0	300
9. Pension Rate for Gain Sharing	-150	-148	-298
10. Suspend Unfunded Liability Contribs	-469	-500	-969
11. JIS Costs to Implement Legislation	0	75	75
12. Superior Ct Judge-Skagit (HB 1112)	164	0	164
13. Contract for Salary Survey	10	0	10
14. Justice Funding - E2SSB 5454	0	2,400	2,400
Total 2005-07 Biennium	**39,738**	**78,147**	**117,885**
Fiscal Year 2006 Total	19,657	39,086	58,743
Fiscal Year 2007 Total	20,081	39,061	59,142

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, Public Safety & Education-State, Judicial Information System-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Public Safety & Education-State, Judicial Information System-State)

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 mission. (General Fund-State, Judicial Information Systems Account-State, Public Safety & Education Account-State)

4. **Office Consolidation** - Funding is provided for a half of the Office of the Administrator for the Courts's (OAC's) costs to collocate and consolidate their offices in renovated facilities that will support their long-term space and technology needs. (Public Safety & Education Account-State)

5. **JIS Migration Phase III Development** - Funding from a dedicated account is provided for continuation of the Judicial Information System (JIS) migration, including replacement of the legacy mainframe court case management systems. Additional funding requested by the agency from the Public Safety and Education Account is not provided at this time. (Judicial Information Systems Account-State)

6. **Equipment Replacement** - One-time funding is provided for OAC to purchase replacement computer equipment for local courts which use the Judicial Information System. Using a five-year cycle for replacement, most counties need replacement of personal computers and printers. By funding this item, county clerks will not have to pursue local funding or risk hardware failures. (Public Safety & Education Account-State)

7. **Court Interpreter Enhancements** - Funding is provided for grants to local courts for additional court interpreter training. The trainings are necessary in order to produce a greater number of qualified court language interpreters, particularly in less-commonly known languages. (Public Safety & Education Account-State)

8. **CASA/GAL Program Support** - Funding is provided to expand training and support for the Dependency Court Appointed Special Advocate (CASA)/Guardian ad Litem (GAL) programs serving abused and neglected children throughout the state. Funds will be distributed to local CASA programs in accordance with a formula established by the state's juvenile court administrators.

9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB

Office of the Administrator for the Courts

1044). (General Fund-State, Public Safety & Education Account-State, Judicial Information System-State)

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, Public Safety & Education Account-State, Judicial Information System-State)

11. **JIS Costs to Implement Legislation** - One-time funding is provided for JIS programming costs required to implement Chapter 288, Laws of 2005 (SHB 1854 - Driving Privilege) and Chapter 457, Laws of 2005 (E2SSB 5454 - Court Operations). (Public Safety & Education Account-State)

12. **Superior Ct Judge-Skagit (HB 1112)** - Funding is provided to support an additional superior court position in Skagit County, as required by Chapter 95, Laws of 2005 (HB 1112 - Superior Court Positions). The level of funding provided is the state's match for half the salary for one judge and full benefits. The county pays the other half of the judge's salary.

13. **Contract for Salary Survey** - One-time funding is provided to contract with the Department of Personnel (DOP) for a comprehensive salary survey of all judicial agencies, so that judicial salary reclassifications can be reconsidered in future budget requests. DOP has provided similar functions for other non-executive agencies in the past, such as the House of Representatives.

14. **Justice Funding - E2SSB 5454** - Funding is appropriated by Chapter 457, Laws of 2005 (E2SSB 5454 - Court Operations) for a variety of items to assist local government with court operations, to improve the quality of trial courts, to increase access to civil justice, and to improve indigent defense services. For the 2005-07 biennium, increased court fees under E2SSB 5454 are expected to raise $12.7 million for deposit into the newly established Equal Justice Subaccount of the Public Safety and Education Account. The legislation appropriates $12.7 million in Equal Justice Subaccount funds, of which $2.4 million is provided to OAC for distribution to local governments for salaries for district and certain elected municipal court judges. (Equal Justice Subaccount-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Office of Public Defense

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,550**	**12,783**	**14,333**
2005-07 Maintenance Level	**1,792**	**13,072**	**14,864**
Policy Changes			
1. COLA-Non-Represented	0	30	30
2. Non-Represented Health Benefit Chg	0	9	9
3. General Inflation	-24	-237	-261
4. Equalization of Attorney Pay	0	158	158
5. Attorney Vendor Rate Increase	0	124	124
6. Dependency and Termination Program	1,800	0	1,800
7. Rate Change for Court Reporter	0	39	39
8. Pension Rate for Gain Sharing	0	-4	-4
9. Suspend Unfunded Liability Contribs	0	-16	-16
10. Justice Funding - E2SSB 5454	0	7,300	7,300
Total 2005-07 Biennium	**3,568**	**20,475**	**24,043**
Fiscal Year 2006 Total	1,490	10,429	11,919
Fiscal Year 2007 Total	2,078	10,046	12,124

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Public Safety & Education Account-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Public Safety & Education Account-State)

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 mission. (General Fund-State, Public Safety & Education Account-State)

4. **Equalization of Attorney Pay** - Funding is provided to equalize pay rates for all attorneys performing indigent appellate services. (Public Safety & Education Account-State)

5. **Attorney Vendor Rate Increase** - Funding is budgeted for an inflationary adjustment to attorneys who provide appellate defense for indigent defendants, in an amount similar to that provided in other vendor rate increases. (Public Safety & Education Account-State)

6. **Dependency and Termination Program** - Funding is provided to expand indigent parent representation in dependency and termination cases to additional counties. Effective representation in counties that currently have the program (Pierce and Benton-Franklin) has reduced the amount of time cases await trial and has increased successful family reunifications. The new funding to expand the program to additional counties will relieve the counties of the financial burden of defending the cases. Supplemental funding to expand the program even further is appropriated separately by Chapter 457, Laws of 2005 (E2SSB 5454 - Court Operations).

7. **Rate Change for Court Reporter** - Funding is budgeted for an inflationary adjustment to attorneys who provide appellate defense for indigent defendants, in an amount similar to that provided in other vendor rate increases. (Public Safety & Education Account-State)

8. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Public Safety & Education Account-State)

9. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Public Safety & Education Account-State)

10. **Justice Funding - E2SSB 5454** - Funding is appropriated by E2SSB 5454 for a variety of items to assist local government with court operations, to improve the quality of trial courts, to increase access to civil justice, and to improve indigent defense services. For the 2005-07 biennium, increased court fees under E2SSB 5454 are expected to raise $12.7 million, for deposit into the newly established Equal Justice Subaccount of the Public Safety and Education Account. The legislation

Office of Public Defense

appropriates $12.7 million in Equal Justice Subaccount funds, of which $7.3 million is provided to the Office of Public Defense as follows:

1) $5 million to to assist with a partial statewide expansion of the parents' representation program, which assists parents in dependency and termination proceedings. (This funding is in addition to $1.8 million in new funds added separately above.)

2) $1.3 million to provide training and technical assistance to counties to improve trial level criminal indigent defense.

3) $1 million to perform a pilot project to improve criminal indigent defense in one or more counties.

(Equal Justice Subaccount-State)

Office of Civil Legal Aid

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Maintenance Level	**0**	**0**	**0**
Policy Changes			
1. Transfer Civil Legal Svc (SHB 1747)	5,715	7,692	13,407
2. Justice Funding - E2SSB 5454	0	3,000	3,000
Total 2005-07 Biennium	**5,715**	**10,692**	**16,407**
Fiscal Year 2006 Total	2,883	5,321	8,204
Fiscal Year 2007 Total	2,832	5,371	8,203

Comments:

1. **Transfer Civil Legal Svc (SHB 1747)** - Funding for civil legal aid is transferred from the Department of Community, Trade, and Economic Development (DCTED) to the Office of Civil Legal Aid (OCLA), a new judicial agency created by Chapter 105, Laws of 2005 (SHB 1747 - Indigent Persons/Legal Aid). The OCLA will contract for civil legal services for indigent persons. Total funding is no different than the level provided in DCTED, and the new agency is expected to function more strategically as part of the judicial branch. (General Fund-State, Public Safety & Education Account-State; Violence Reduction and Drug Enforcement-State)

2. **Justice Funding - E2SSB 5454** - Funding is appropriated by Chapter 457, Laws of 2005 (E2SSB 5454 - Court Operations), for a variety of items to assist local government with court operation, to improve the quality of trial courts, to increase access to civil justice, and to improve indigent defense services. For the 2005-07 biennium, increased court fees under E2SSB 5454 are expected to raise $12.7 million, for deposit into the newly established Equal Justice Subaccount of the Public Safety & Education Account. The legislation appropriates $12.7 million in Equal Justice Subaccount funds, of which $3 million is provided to OCLA to expand the level of contracted civil legal services provided to indigent persons. (Equal Justice Subaccount-State)

Governmental Operations

Secretary of State

A total of $400,000 of state funds is provided to the Secretary of State for election reform, which will allow an increase in the frequency of review of county election procedures. In addition, $27 million in federal funds made available to the state under the federal Help America Vote Act (HAVA) will improve state election administration and voter outreach and education.

Office of the Attorney General

Consumer Protection Enhancement

The budget provides $1.6 million in additional funding to expand the delivery of consumer protection services in the Attorney General's Office. These funds will be used for consumer education and outreach, complaint resolution, and efforts to reduce identity theft and internet fraud.

Department of Community, Trade, and Economic Development

Housing Assistance

The budget provides $10.4 million from the Homeless Housing Account to implement Chapter 484, Laws of 2005, Partial Veto (E2SHB 2163). Utilizing the $10 surcharge to document filing, the Department and counties will prepare 10-year plans to reduce homelessness by 50 percent.

The budget also provides $1.3 million to allow the Department to administer a statewide homeless management information system (HMIS). The HMIS will satisfy the federal HUD McKinney-Vento requirement that recipients of federal funds must create and maintain.

Additionally, $1.3 million is added to the Washington Housing Trust Account by increasing from 4 percent to 5 percent the administrative cap available for use by the Department for its operation of the Housing Assistance program and the Affordable Housing program, in accordance with Chapter 219, Laws of 2005 (EHB 1074).

Early Childhood Education and Assistance (ECEAP)

ECEAP is a preschool program designed to help low-income and at-risk children and their families. The budget provides $6.2 million to provide for 282 additional placements and for inflationary vendor rate increases of 4.0 percent on July 1, 2005, and 4.0 percent on July 1, 2006.

Community Assistance

The budget provides $1.2 million from the Violence Reduction and Drug Enforcement Account to increase the number of grants to community organizations that develop and implement comprehensive strategies to prevent and reduce alcohol, tobacco, and other drug abuse and violence. The Department will also provide statewide training on community organizing and offer follow-up technical assistance to increase a community's capacity to reduce crime through community activities such as block-by-block organizing. The budget also provides $1 million to Snohomish County for a law enforcement treatment methamphetamine pilot program and to Pierce County for the extension of treatment alternatives and for targeting the identification and prosecution of perpetrators of methamphetamine-related crimes.

The Small Communities Initiative is a collaboration between the Washington State Departments of Health, Ecology, and Community, Trade, and Economic Development that provides intensive technical assistance to very small, rural communities struggling with economic viability and compliance with health and environmental regulations due to failing water or wastewater systems. The budget provides $240,000 from the Public Works

Assistance Account in enhancement funding to add one additional staff person to work with and assist such communities.

Additional assistance to communities provided in the budget includes: $1 million in enhancement funding to complement federal funding to assist community action agencies; $1.5 million in one-time funding for food banks to obtain and distribute nutritious food and to purchase equipment to transport and store perishable products; and $1 million to fund the Individual Development Account to implement Chapter 402, Laws of 2005 (SHB 1408).

Mobile Home Ombudsman

Pursuant to Chapter 429, Laws of 2005 (ESHB1640), the budget provides $500,000 from the newly-created Mobile Home Investigations Account to implement a process for resolving disputes between mobile home owners and tenants.

Other Enhancements

The budget provides funding to various entities: America's Freedom Salute ($50,000); Cascade Dialogue ($150,000); Safe Neighborhoods ($50,000); NW Food Processors Association ($50,000); Long-Term Care Ombudsman ($108,000); Center for Advanced Manufacturing ($215,000); domestic violence ($340,000); HistoryLink ($150,000); Women's Hearth ($50,000); Small Business Incubator ($470,000); Farm Innovation Incubator ($300,000); Center for Water & Environment ($575,000); and Pierce County Youth Assessment Center ($150,000).

Byrne Grant Reductions

The budget recognizes that the federal fiscal year 2005 enacted budget combined and reduced two existing grants used to prevent violence and substance abuse, the Byrne Grant and the Local Law Enforcement Block Grant (LLEBG), into a new grant known as the Justice Assistance Grant. While the LLEBG portion is unaffected, the level of funding for Byrne Grant programs is cut by over 50 percent, resulting in $8.6 million in savings. Remaining federal funding is distributed according to the recommendations of the Department of Community, Trade, and Economic Development and the Governor. In addition, the budget uses state funds to replace funding for domestic violence legal advocacy.

Office of Financial Management

A total of $600,000 is appropriated for the Government Management and Accountability Program. The Office of the Governor and the Office of Financial Management (OFM) will provide guidance to agencies, oversight of the process, and will review performance of all agencies.

The budget also provides $150,000 for Base Realignment and Closure Assistance. OFM will provide grants to counties where a military base is at risk of being identified for closure as a result of the federal base realignment and closure process. Eligible counties may include Island, Kitsap, Pierce, Snohomish, and Spokane.

Washington State Military Department

The budget provides $127.6 million in federal funding for Homeland Security funding based on recommendations from the Domestic Security Executive Group, the Committee on Homeland Security, and the federal government. Federal rules require that a minimum of 80 percent of these awards be passed through to local jurisdictions. The remaining 20 percent will be spent by state agencies on activities that support the Washington State Homeland Security Strategic Plan.

A total of $900,000 from the Disaster Response Account will be provided as one-time funding to the Cowlitz County 911 Communications Center for the purpose of purchasing interoperable radio communication technology for emergency communications in the Mt. St. Helens area.

Department of Archaeology and Historic Preservation

The budget appropriates $13,000 to implement Chapter 333, Laws of 2005 (2SSB 5056), which establishes the Office of Archaeology and Historic Preservation as a separate department of state government.

Other

A total of $150,000 is appropriated for start-up funding to implement the Life Sciences Discovery Fund Authority, which will provide grants for life sciences research, using a portion of the state's tobacco settlements funds.

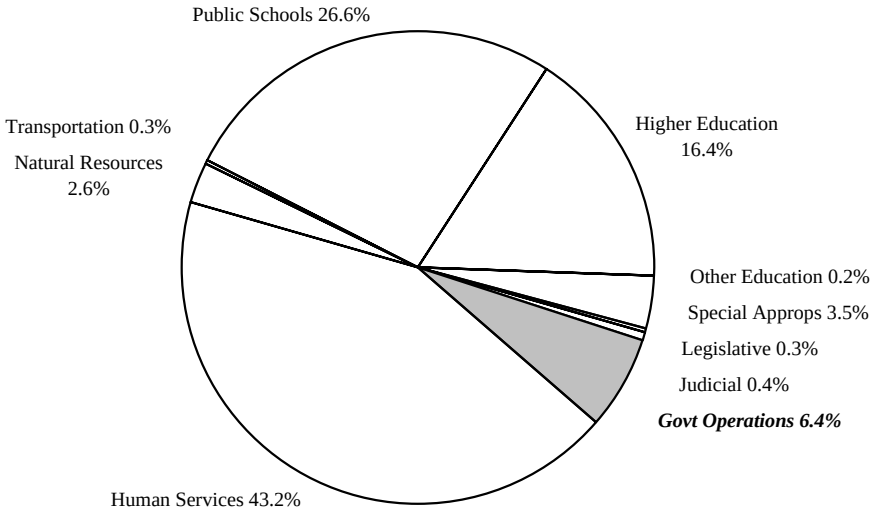
Additionally, the budget assumes increased efficiency and accountability by reducing middle management positions and implementing strategic purchasing initiatives based on lessons learned from the private sector, for a total savings of $42.3 million.

2005-07 Washington State Operating Budget

Total Budgeted Funds

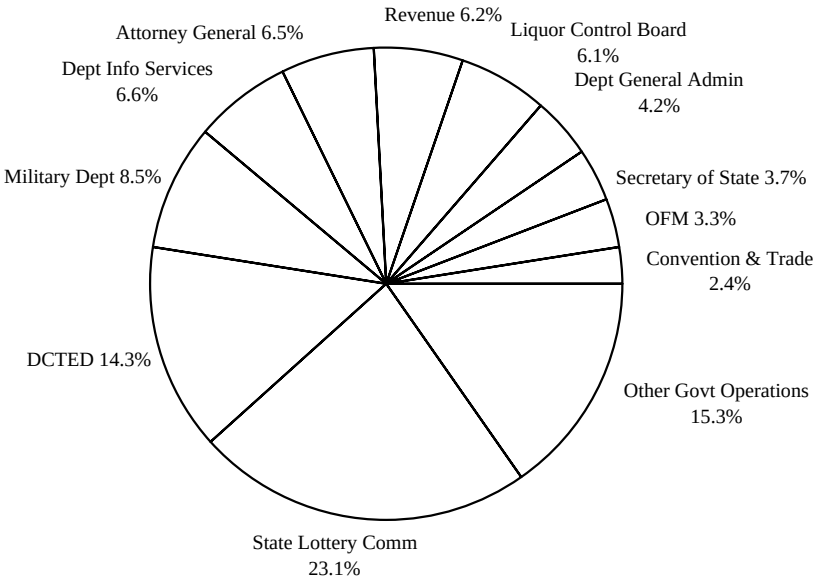
(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	***3,188,651***
Human Services	21,370,163
Natural Resources	1,296,763
Transportation	145,790
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

Lottery Commission	735,244
Comm/Trade/Econ Dev	455,910
Military Department	270,001
Dept Information Services	210,065
Attorney General	205,976
Dept of Revenue	197,487
Liquor Control Board	193,548
Dept General Administration	132,990
Secretary of State	117,285
Office of Financial Mgmt	105,616
Convention & Trade Center	76,982
Other Govt Operations	487,547
Governmental Operations	***3,188,651***



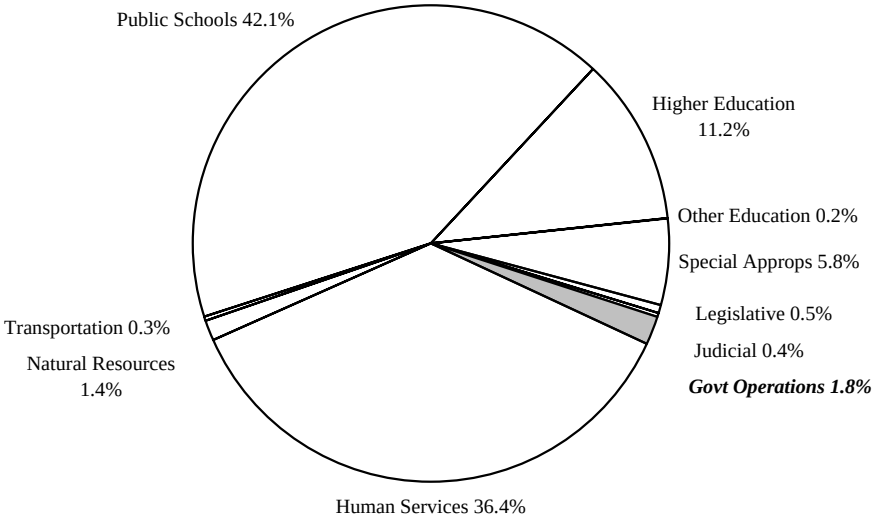
Governmental Operations

2005-07 Washington State Operating Budget

General Fund-State

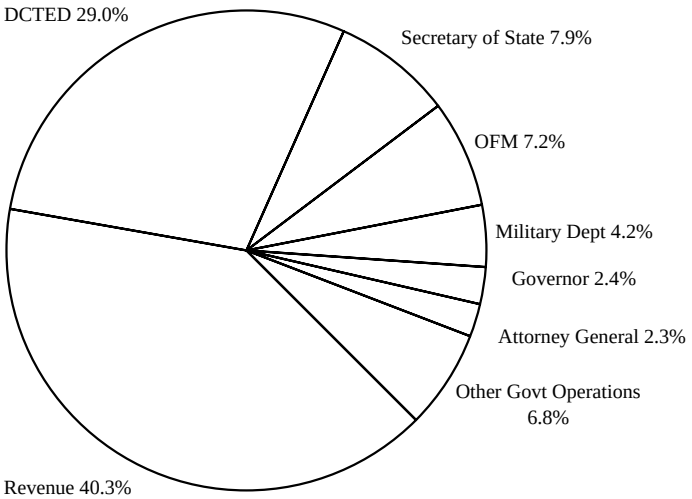
(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	***460,076***
Human Services	9,458,768
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

Dept of Revenue	185,448
Comm/Trade/Econ Dev	133,319
Secretary of State	36,425
Office of Financial Mgmt	33,043
Military Department	19,446
Office of the Governor	10,879
Attorney General	10,379
Other Govt Operations	31,137
Governmental Operations	***460,076***



Governmental Operations

Office of the Governor

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**7,784**	**4,994**	**12,778**
2005 Supplemental *	172	0	172
Total 2003-05 Biennium	**7,956**	**4,994**	**12,950**
2005-07 Maintenance Level	**9,571**	**5,197**	**14,768**
Policy Changes			
1. Ombudsman System Specialist	68	0	68
2. Public Involvement and Education	0	100	100
3. Hood Canal Corrective Action	400	200	600
4. Middle Management Reduction	0	-32	-32
5. COLA-Non-Represented	212	105	317
6. Non-Represented Health Benefit Chg	62	37	99
7. PSWQ Expenditures	0	26	26
8. General Inflation	-33	-13	-46
9. Early Learning Council (E2SHB 1152)	350	0	350
10. Hood Canal Program (ESHB 2097)	200	0	200
11. Pension Rate for Gain Sharing	-34	-16	-50
12. Suspend Unfunded Liability Contribs	-117	-56	-173
13. Oil Spill Advisory Council	0	508	508
14. Salmon Recovery Office	0	0	0
15. Ocean Policy Review Commission	200	0	200
Total 2005-07 Biennium	**10,879**	**6,056**	**16,935**
Fiscal Year 2006 Total	5,600	3,169	8,769
Fiscal Year 2007 Total	5,279	2,887	8,166

Comments:

1. **Ombudsman System Specialist** - The Office of the Family and Children's Ombudsman is provided funding for a half-time position that will provide technical assistance, data entry, and information management regarding complaint investigations as well as systemic investigations initiated by the ombudsman.

2. **Public Involvement and Education** - The Puget Sound Water Quality Action Team's public involvement and education funding is increased. (Water Quality Account-State)

3. **Hood Canal Corrective Action** - The Puget Sound Water Quality (PSWQ) Action Team will take corrective action for Hood Canal, including removing salmon carcasses out of the area and implementing alternative septics technology. (General Fund-State, General Fund-Federal)

4. **Middle Management Reduction** - Middle management positions are reduced.

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, Water Quality Account-State)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Water Quality Account-State)

7. **PSWQ Expenditures** - Staffing of the Ballast Water Work Group is transferred from the Department of Fish and Wildlife to the PSWQ Action Team. The work group is directed to prepare a report on all issues related to the implementation of the state ballast water program for the Legislature by December 15, 2006. (Water Quality Account-State)

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 mission.

9. **Early Learning Council (E2SHB 1152)** - Funds are provided for the operation of the Early Learning Council, created by Chapter 490, Laws of 2005 (E2SHB 1152).

10. **Hood Canal Program (ESHB 2097)** - Funding is provided to implement Chapter 479, Laws of 2005 (ESHB 2097, establishing a management program for Hood Canal rehabilitation). The bill designates PSWQ Action Team as the state lead agency for the Hood Canal rehabilitation program and the Hood Canal Coordinating Council as the local management board for the program.

11. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB

Office of the Governor

1044). (General Fund-State, General Fund-Federal, Water Quality Account-State)

12. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Water Quality Account-State)

13. **Oil Spill Advisory Council** - Funding is provided for implementation of Chapter 304, Laws of 2005 (ESSB 5432), creating the Oil Spill Advisory Council. (Oil Spill Prevention Account)

14. **Salmon Recovery Office** - A portion of the funding for the Office of Salmon Recovery is shifted from the second year of the biennium to the first year to equalize the funding between the fiscal years.

15. **Ocean Policy Review Commission** - One-time funding is provided to review and recommend policies to more effectively manage and protect the state's coastal and ocean resources.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Office of the Lieutenant Governor

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,098**	**0**	**1,098**
2005-07 Maintenance Level	**1,202**	**0**	**1,202**
Policy Changes			
1. Legislative and Community Liaison	300	0	300
2. COLA-Non-Represented	27	3	30
3. Non-Represented Health Benefit Chg	10	0	10
4. General Inflation	-2	0	-2
5. Pension Rate for Gain Sharing	-4	0	-4
6. Suspend Unfunded Liability Contribs	-15	-2	-17
Total 2005-07 Biennium	**1,518**	**1**	**1,519**
Fiscal Year 2006 Total	752	0	752
Fiscal Year 2007 Total	766	1	767

Comments:

1. **Legislative and Community Liaison** - Additional funding is provided for a Legislative and Community Liaison position, as well as administrative support.

2. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Private/Local)

3. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

4. **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.

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Private/Local)

Public Disclosure Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**3,561**	**0**	**3,561**
2005-07 Maintenance Level	**3,912**	**0**	**3,912**
Policy Changes			
1. COLA-Non-Represented	90	0	90
2. Non-Represented Health Benefit Chg	33	0	33
3. Salary Survey-Non-Rep Staff	36	0	36
4. General Inflation	-9	0	-9
5. Pension Rate for Gain Sharing	-14	0	-14
6. Suspend Unfunded Liability Contribs	-50	0	-50
Total 2005-07 Biennium	**3,998**	**0**	**3,998**
Fiscal Year 2006 Total	1,989	0	1,989
Fiscal Year 2007 Total	2,009	0	2,009

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

3. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State)

4. **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.

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Office of the Secretary of State

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**41,428**	**66,423**	**107,851**
2005 Supplemental *	1,854	46	1,900
Total 2003-05 Biennium	**43,282**	**66,469**	**109,751**
2005-07 Maintenance Level	**35,704**	**49,959**	**85,663**
Policy Changes			
1. Middle Management Reduction	-244	-235	-479
2. WFSE COLA/Salary Survey	0	147	147
3. Super Coalition Health Benefits	0	129	129
4. Classification Revisions	22	1	23
5. COLA-Non-Represented	583	206	789
6. Non-Represented Health Benefit Chg	238	343	581
7. Salary Survey-Non-Rep Staff	343	36	379
8. General Inflation	-340	-101	-441
9. Digital Archive Technology	0	1,343	1,343
10. Grants to Local Government Agencies	0	300	300
11. Security Microfilm Project - Local	0	740	740
12. Realignment of Funding Splits	0	0	0
13. Help America Vote Act-HAVA Funding	0	27,000	27,000
14. Records Management Training	0	89	89
15. Archives Processing & Operations	0	1,012	1,012
16. Pass Through Adjustment for TVW	161	0	161
17. Pension Rate for Gain Sharing	-94	-52	-146
18. State Library Grant	0	125	125
19. Suspend Unfunded Liability Contribs	-317	-182	-499
20. County Election Reviews	369	0	369
Total 2005-07 Biennium	**36,425**	**80,860**	**117,285**
Fiscal Year 2006 Total	19,102	64,326	83,428
Fiscal Year 2007 Total	17,323	16,534	33,857

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Archives and Records Management Account-State, Local Government Archives Account-State, Imaging Account-Non-Appropriated)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Archives and Records Management Account-State, Local Government Archives Account-State, Imaging Account-Non-Appropriated)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Local Government Archives Account-State)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, various other funds)

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 mission.

Office of the Secretary of State

9. **Digital Archive Technology** - The Digital Archives was designed with scalable enterprise architecture, capable of being expanded based upon the number of local governments and state agencies connected to its infrastructure. In the 2005-07 biennium, additional hardware, software, maintenance agreements, and content management purchased services will be procured so that more local government and state agency digital documents may be stored by the Digital Archives. (Archives and Records Management Account-State, Local Government Archives Account-State)

10. **Grants to Local Government Agencies** - The State Archivist, in partnership with the Archives Oversight Committee, administers the Local Government Grant program that provides $200,000 in funding for local government records management programs and projects. In the 2005-07 biennium, this funding will be increased to $500,000. The added $300,000 in funding will allow an additional 25 local grant projects, for a total of 47 projects. Enhancing the grants program will allow additional local agencies to implement effective records management programs, records inventory and retention scheduling projects, essential records protection plans, disaster preparedness plans, records technology upgrade plans, and to replace or recover damaged records, making public records readily available. (Local Government Archives Account-State)

11. **Security Microfilm Project - Local** - During the 2005-07 biennium, the next phase of the local government security microfilm project will occur. This phase includes inspection, data entry of inspection results, reparation of silver duplicate microfilm, and ongoing funding for copying and brown-toning of incoming film. (Local Government Archives Account-State)

12. **Realignment of Funding Splits** - The funding sources for the five regional archive branches and security microfilm are realigned to more accurately reflect the proportion of local and state activities in these programs. (Archives and Records Management Account-State, Local Government Archives Account-State)

13. **Help America Vote Act-HAVA Funding** - The Secretary of State has received $47 million in federal Help America Vote Act (HAVA) funds to spend in the 2005-07 biennium ($20 million carried forward from the 2003-05 biennium and $27 million in new federal funds). The $27 million in new Title II HAVA federal funds are added to assist the state and counties in complying with HAVA requirements. The state has already received $13 million in Title I funds to replace punch card voting machines and the development of a statewide voter registration database. The spending plan includes the following activities: developing a local government grant program, completing the development of a statewide voter registration database, implementing and maintaining this new database, and certifying electronic voting equipment. (Elections Account-Federal)

14. **Records Management Training** - The State Archivist provides assistance and training to state and local government agencies on a variety of records management topics. These include basic records management, disaster preparedness and recovery, essential records protection, conservation and preservation, microfilming and imaging standards, electronic records management, and state archives' services. A local government records management trainer will be hired to identify and prioritize needed training; develop new curricula, training plans, and web-based training modules; conduct training; and monitor progress toward meeting local government and Archives/Records Management Division goals. (Local Government Archives Account-State)

15. **Archives Processing & Operations** - Beginning in the 2005-07 biennium and continuing for the next several biennia, the State Archives and the five regional archives will undertake a project to repackage and reorganize a significant portion of their current archival collections to ensure the collections' long-term preservation. The collections will also be reorganized for enhanced use by citizens and researchers. Six staff will be added - one at the State Archives and one at each of the five regional archives to conduct the reorganization and description of 13,500 cubic feet of collections in order to make them available for researchers. Temporary project staff will process collections that require repackaging. (Archives and Records Management Account-State, Local Government Archives Account-State)

16. **Pass Through Adjustment for TVW** - The funding level for Public Affairs Broadcasting is adjusted to reflect changes in the implicit price deflator.

17. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, various other funds)

18. **State Library Grant** - The Bill and Melinda Gates Foundation Grant is provided to support public access computing sustainability efforts in public libraries. (General Fund-Local)

19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

20. **County Election Reviews** - Funding is provided for the Secretary of State to increase the frequency of county election reviews, as provided in Chapter 240, Laws of 2005 (HB 1749).

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Governor's Office of Indian Affairs

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**467**	**0**	**467**
2005 Supplemental *	11	0	11
Total 2003-05 Biennium	**478**	**0**	**478**
2005-07 Maintenance Level	**485**	**0**	**485**
Policy Changes			
1. Office Relocation	54	0	54
2. COLA-Non-Represented	10	0	10
3. Non-Represented Health Benefit Chg	4	0	4
4. General Inflation	-2	0	-2
5. Pension Rate for Gain Sharing	-2	0	-2
6. Suspend Unfunded Liability Contribs	-5	0	-5
7. Workload Adjustment	22	0	22
Total 2005-07 Biennium	**566**	**0**	**566**
Fiscal Year 2006 Total	277	0	277
Fiscal Year 2007 Total	289	0	289

Comments:

1. **Office Relocation** - Funding is provided for the Governor's Office of Indian Affairs (GOIA) to relocate to the General Administration (GA) Building. The relocation includes access to GA support services, including the motor pool, conference room facilities, and information technology support.

2. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

3. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

4. **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.

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

7. **Workload Adjustment** - GOIA is experiencing increased demand from the public to serve as a liaison between tribal communities and agencies within state government. Funding is provided to increase the deputy director position to full-time and provide additional travel funding for GOIA to meet these needs.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Washington State Commission on Asian-Pacific-American Affairs

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**388**	**0**	**388**
2005-07 Maintenance Level	**454**	**0**	**454**
Policy Changes			
1. COLA-Non-Represented	8	0	8
2. Non-Represented Health Benefit Chg	3	0	3
3. General Inflation	-2	0	-2
4. Pension Rate for Gain Sharing	-2	0	-2
5. Suspend Unfunded Liability Contribs	-5	0	-5
6. Workload Adjustment	17	0	17
Total 2005-07 Biennium	**473**	**0**	**473**
Fiscal Year 2006 Total	235	0	235
Fiscal Year 2007 Total	238	0	238

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

6. **Workload Adjustment** - The Commission on Asian-Pacific-American Affairs is experiencing increased demand from the public to serve as a liaison between Asian-Pacific-Americans in Washington State and agencies within state government. Funding is provided to increase the executive assistant position to full-time and provide additional funding for the Commission to meet these needs.

Office of the State Treasurer

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**13,463**	**13,463**
2005-07 Maintenance Level	**0**	**13,865**	**13,865**
Policy Changes			
1. Middle Management Reduction	0	-112	-112
2. Classification Revisions	0	3	3
3. COLA-Non-Represented	0	333	333
4. Non-Represented Health Benefit Chg	0	96	96
5. Salary Survey-Non-Rep Staff	0	208	208
6. General Inflation	0	-31	-31
7. Pension Rate for Gain Sharing	0	-56	-56
8. Suspend Unfunded Liability Contribs	0	-182	-182
Total 2005-07 Biennium	**0**	**14,124**	**14,124**
Fiscal Year 2006 Total	0	7,043	7,043
Fiscal Year 2007 Total	0	7,081	7,081

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (State Treasurer's Service Account-State)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (State Treasurer's Service Account-State)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (State Treasurer's Service Account-State)

5. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (State Treasurer's Service Account-State)

6. **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.

7. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (State Treasurer's Service Account-State)

8. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (State Treasurer's Service Account-State)

Office of the State Auditor

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,503**	**43,730**	**45,233**
2005-07 Maintenance Level	**1,478**	**45,731**	**47,209**
Policy Changes			
1. Middle Management Reduction	-12	-323	-335
2. COLA-Non-Represented	38	1,223	1,261
3. Non-Represented Health Benefit Chg	10	111	121
4. Salary Survey-Non-Rep Staff	0	118	118
5. General Inflation	-2	-84	-86
6. Government Performance (ESHB 1064)	2,825	2	2,827
7. Pension Rate for Gain Sharing	-6	-198	-204
8. Suspend Unfunded Liability Contribs	-22	-663	-685
9. Special Education Study	16	0	16
Total 2005-07 Biennium	**4,325**	**45,917**	**50,242**
Fiscal Year 2006 Total	1,884	22,842	24,726
Fiscal Year 2007 Total	2,441	23,075	25,516

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

3. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Auditing Services Revolving Account-State)

4. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

5. **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.

6. **Government Performance (ESHB 1064)** - Funding is provided for the implementation of Chapter 385, Laws of 2005, Partial Veto (ESHB 1064).

7. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

8. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

9. **Special Education Study** - In conjunction with the Joint Legislative Audit and Review Committee (JLARC), the State Auditor's Office will review special education excess cost accounting methodology and expenditure reporting requirements. The review will include an examination of whether school districts are appropriately implementing the excess cost accounting methodology; consistently charging special education expenses to the special education and basic education programs; appropriately determining the percentage of expenditures that should be charged to the special education and basic education programs; and appropriately and consistently reporting special education expenditures. The results of this review will be included in JLARC's report issued in January 2006.

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

Citizens' Commission on Salaries for Elected Officials

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**304**	**0**	**304**
2005-07 Maintenance Level	**335**	**0**	**335**
Policy Changes			
1. COLA-Non-Represented	5	0	5
2. Non-Represented Health Benefit Chg	3	0	3
Total 2005-07 Biennium	**343**	**0**	**343**
Fiscal Year 2006 Total	137	0	137
Fiscal Year 2007 Total	206	0	206

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

Office of the Attorney General

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**8,511**	**175,633**	**184,144**
2005 Supplemental *	352	4,122	4,474
Total 2003-05 Biennium	**8,863**	**179,755**	**188,618**
2005-07 Maintenance Level	**8,629**	**186,292**	**194,921**
Policy Changes			
1. Palermo Well Field	0	100	100
2. Fulfill Forest & Fish Commitments	0	204	204
3. Livestock Nutrient Program	0	100	100
4. Modernize Water Resource Management	0	180	180
5. Implementation of Initiative 297	0	1,008	1,008
6. Middle Management Reduction	-39	-485	-524
7. Office Relocation in Seattle	126	716	842
8. Estate Recoveries	0	600	600
9. COLA-Non-Represented	186	4,779	4,965
10. Non-Represented Health Benefit Chg	68	1,481	1,549
11. Salary Survey-Non-Rep Staff	2	500	502
12. General Inflation	-28	-647	-675
13. DSHS Litigation Costs	0	1,950	1,950
14. Property and Estate Taxes	0	391	391
15. Public Counsel Legal Services	0	80	80
16. Office Consolidation in Tumwater	0	1,418	1,418
17. Executive Ethics Board	0	203	203
18. Pension Rate for Gain Sharing	-30	-768	-798
19. Suspend Unfunded Liability Contribs	-101	-2,605	-2,706
20. Consumer Protection Expansion	1,566	0	1,566
21. OSPI Special Ed Lawsuit	0	100	100
Total 2005-07 Biennium	**10,379**	**195,597**	**205,976**
Fiscal Year 2006 Total	5,223	97,907	103,130
Fiscal Year 2007 Total	5,156	97,690	102,846

Comments:

1. **Palermo Well Field** - Funding is provided for legal and technical services in preparation of legal actions by the Environmental Protection Agency involving the Department of Transportation's share of costs to mitigate and clean up solvents that leached into the city of Tumwater's water supply at the Palermo well field. (Legal Services Revolving Account-State)

2. **Fulfill Forest & Fish Commitments** - In 1999, the Legislature adopted the Forests and Fish Report, a science-based plan for protecting water quality and fish habitat in non-federal forestland in Washington State. Since that time, the Department of Natural Resources (DNR) has been developing a habitat conservation plan (HCP) in order to obtain federal assurances under the Endangered Species Act (ESA) that the state's regulatory approach to forest practices meets all ESA and Clean Water Act requirements. Without such assurances, individual landowners would need to work with federal agencies on a case-by-case basis to ensure compliance. In addition to other DNR activities, legal resources will be dedicated to overseeing implementation of the HCP and defending it against anticipated legal challenges. (Legal Services Revolving Account-State)

3. **Livestock Nutrient Program** - Legislation enacted in 2003 transferred the state's livestock nutrient management program from the Department of Ecology (DOE) to the Department of Agriculture. Attorney General (AG) costs have been higher than anticipated at the time of the transfer. Funding is provided to cover these additional legal costs. (Legal Services Revolving Account-State)

4. **Modernize Water Resource Management** - Effective water resources management requires compliance with laws and efficient use of water to stretch existing water supplies. DOE lacks sufficient capacity in these areas to effectively implement emerging local watershed planning recommendations and requests. Four water masters will work toward compliance in high priority watersheds as requested by planning units, and two metering staff will work toward compliance with a recent court decision that requires the agency to enforce existing water metering laws. (Legal Services Revolving Account-State)

5. **Implementation of Initiative 297** - The Cleanup Priority Act (Initiative 297) was enacted by the voters in November 2004. This act impacts waste disposal and cleanup efforts at the Hanford Nuclear Reservation. It requires DOE to order cessation of radioactive waste disposal in unlined trenches;

Office of the Attorney General

implement additional permitting requirements; establish enhanced public participation; and adopt additional cleanup standards for radioactive waste. Legal counsel is necessary to perform these actions and prepare for potential litigation. (Legal Services Revolving Account-State)

6. **Middle Management Reduction** - Middle management positions are reduced.

7. **Office Relocation in Seattle** - One-time relocation costs are funded for the April 2006 relocation of the Seattle office of the AG's Office. These one-time costs will be offset by lease savings of $3.9 million in the 2007-09 biennium and additional savings in subsequent biennia.

8. **Estate Recoveries** - The Department of Social and Health Services (DSHS) will increase efforts to recover the cost of publicly funded care from the estates of deceased Medicaid recipients. Specific changes anticipated include earlier initiation of probate proceedings, improved notification of a client's death, and the statutory authority to place liens on the property of clients whose condition is such that discharge is not likely. Additional legal services are provided to support these efforts. (Legal Services Revolving Account-State)

9. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

10. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

11. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, Public Safety & Education Account-State, Legal Services Revolving Account-State)

12. **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.

13. **DSHS Litigation Costs** - DSHS is experiencing increased costs of litigation support for complex, protracted program litigation, including expert witnesses, document management services, and special assistant attorneys general contracts. (Legal Services Revolving Account-State)

14. **Property and Estate Taxes** - Two utility companies have filed lawsuits challenging the state's property tax valuation procedures. Also, the decoupling of the state's estate tax from the federal estate tax is resulting in numerous disputes regarding state estate tax liability and valuations. These major legal challenges to the Department of Revenue's collections require the provision of additional legal services to protect state revenues. (Legal Services Revolving Account-State)

15. **Public Counsel Legal Services** - Involvement by the Public Counsel in regulated utility matters before the Washington State Utilities and Transportation Commission will be enhanced by an additional capability for analysis and the testimony of expert witnesses. (Legal Services Revolving Account-State)

16. **Office Consolidation in Tumwater** - Offices in four different locations in Olympia and Lacey will consolidate into one location in Tumwater. Two of the old buildings currently used would require major repairs, and lease costs in the new building are estimated to be less than in the old buildings. The offices will move in two phases, in December 2005 and December 2006. Tenant improvements and moving expenses are one-time costs. (Legal Services Revolving Account-State)

17. **Executive Ethics Board** - Additional staff are added to the Executive Ethics Board to eliminate the current backlog and to respond to the increasing numbers of complaints and investigations. (Legal Services Revolving Account-State)

18. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, various other funds)

19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

20. **Consumer Protection Expansion** - Additional funding is provided to the Consumer Protection Division for consumer education and outreach, complaint resolution and mediation, and litigation. Funding is included for the implementation of Chapter 500, Laws of 2005 (ESHB 1012 - Computer Spyware).

21. **OSPI Special Ed Lawsuit** - Eleven school districts have filed a lawsuit in Thurston County Superior Court claiming that the state has underfunded special education based on an unconstitutional funding system. This lawsuit will require additional services from the AG's Office, the costs of which will be billed to the Office of the Superintendent of Public Instruction. (Legal Services Revolving Account-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Caseload Forecast Council

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,340**	**0**	**1,340**
2005-07 Maintenance Level	**1,398**	**0**	**1,398**
Policy Changes			
1. COLA-Non-Represented	38	0	38
2. Non-Represented Health Benefit Chg	10	0	10
3. General Inflation	-2	0	-2
4. Information Technology Upgrade	17	0	17
5. Pension Rate for Gain Sharing	-6	0	-6
6. Suspend Unfunded Liability Contribs	-22	0	-22
Total 2005-07 Biennium	**1,433**	**0**	**1,433**
Fiscal Year 2006 Total	719	0	719
Fiscal Year 2007 Total	714	0	714

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Information Technology Upgrade** - Funding is provided for the council to purchase six replacement computers in order to provide the council with current technology and ensure warranty coverage.

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Department of Community, Trade, & Economic Development

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**128,371**	**307,241**	**435,612**
2005 Supplemental *	194	675	869
Total 2003-05 Biennium	**128,565**	**307,916**	**436,481**
2005-07 Maintenance Level	**127,964**	**307,639**	**435,603**
Policy Changes			
1. 7E7 Project Coordination Office	-396	0	-396
2. 2010 Olympics	0	300	300
3. Byrne Grant Reduction	0	-8,614	-8,614
4. Middle Management Reduction	-399	-206	-605
5. Housing Program Administration	0	900	900
6. Cost Allocation Fund Adjustment	0	-58	-58
7. WFSE COLA/Salary Survey	234	307	541
8. Super Coalition Health Benefits	152	199	351
9. Classification Revisions	3	4	7
10. COLA-Non-Represented	564	351	915
11. Non-Represented Health Benefit Chg	189	128	317
12. Salary Survey-Non-Rep Staff	133	132	265
13. General Inflation	-127	-148	-275
14. Transfers	0	14,642	14,642
15. America's Freedom Salute	50	0	50
16. Cascade Dialogue	150	0	150
17. Methamphetamine Initiative	1,000	0	1,000
18. Pension Rate for Gain Sharing	-128	-102	-230
19. Homeless Housing Program-E2SHB 2163	0	10,350	10,350
20. Mobile Home Ombudsman (ESHB 1640)	0	469	469
21. Safe Neighborhoods	50	0	50
22. Suspend Unfunded Liability Contribs	-434	-348	-782
23. Individual Developmt Acct-SHB 1408	0	1,021	1,021
24. Lead Based Paint	20	0	20
25. Housing Assist Admin Cap Increase	0	1,288	1,288
26. Homeless Data Management	0	1,270	1,270
27. Emergency Food Assistance Program	1,450	0	1,450
28. Community Mobilization	0	1,154	1,154
29. Small Communities Initiative	0	235	235
30. Infrastructure Data System	0	400	400
31. NW Food Processors Assoc	50	0	50
32. Long Term Care Ombudsman	108	0	108
33. Increase ECEAP Placements	2,994	0	2,994
34. Targeted Vendor Rate Increase	3,198	0	3,198
35. Create Archaeology Dept (2SSB 5056)	-1,099	-1,460	-2,559
36. Center for Advanced Manufacturing	215	0	215
37. Archaeology Transf Costs-2SSB 5056	13	0	13
38. Community Services Block Grant	1,000	0	1,000
39. Job Development Fund Pgm-ESHB 1903	0	430	430
40. Domestic Violence	340	0	340
41. HistoryLink	150	0	150
42. Women's Hearth	50	0	50
43. Transfer Civil Legal Svc (SHB 1747)	-5,715	-7,692	-13,407
44. Small Business Incubator	470	0	470
45. NW Farm Innovation Incubator	300	0	300
46. Center for Water & Environment	575	0	575
47. Pierce County Youth Assessment Ctr	150	0	150
48. Small Business Assistance-SSB 5902	45	0	45
Total 2005-07 Biennium	**133,319**	**322,591**	**455,910**
Fiscal Year 2006 Total	66,146	161,026	227,172
Fiscal Year 2007 Total	67,173	161,565	228,738

Department of Community, Trade, & Economic Development

Comments:

1. **7E7 Project Coordination Office** - The 7E7 Project Office provides coordination services between state agencies, local jurisdictions, and private industries to promote economic development opportunities related to the Boeing 7E7 Dream Liner. By June 30, 2005, coordination issues will be resolved and this office will close.

2. **2010 Olympics** - One-time funding is provided to the Department to support the Governor's 2010 Olympics Task Force. The Task Force will develop and implement a strategic plan capturing the economic opportunities for Washington's communities and businesses. (Tourism Development and Promotion Account-State)

3. **Byrne Grant Reduction** - Congress has combined two federal grants focused on the prevention of violence and substance abuse, the Local Law Enforcement Block Grant and the Byrne Grant. Byrne Grant funding is estimated to be reduced by approximately 40 percent. Remaining funds (approximately $5.9 million per year) will be used for the highest priority programs that achieve the best results. (General Fund-Federal)

4. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

5. **Housing Program Administration** - Funding is provided to cover housing program current administrative costs. Past appropriations applied to bond proceeds that are not allowed for administration. (Washington Housing Trust Account-State)

6. **Cost Allocation Fund Adjustment** - One-time funding is provided for the Department's new cost allocation model, to be implemented on July 1, 2005. (General Fund-Federal, General Fund-Private/Local, various other funds)

7. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

8. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

9. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Washington Housing Trust Account-State)

10. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

11. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

12. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

13. **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. (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

14. **Transfers** - The federal Victims of Crimes Act grant award is transferred from the Department of Social and Health Services to the Department of Community, Trade, and Economic Development. The purpose of the transfer is to provide a more integrated and effective approach to developing services to crime victims through local governments and community-based programs. (General Fund-Federal)

15. **America's Freedom Salute** - One-time funding is provided to support safety and security related costs of the America's Freedom Salute event to be held in the Vancouver, Washington area.

16. **Cascade Dialogue** - One-time funding is provided to the Cascade Land Conservancy in FY 2006 to develop and implement a plan for regional conservation within King, Kittitas, Pierce, and Snohomish counties.

17. **Methamphetamine Initiative** - Funding is provided to Snohomish County for a law enforcement and treatment methamphetamine pilot program. Funds are also provided to Pierce County for the extension of treatment alternatives and targeting the identification, arrest, and prosecution of perpetrators of methamphetamine-related crimes.

18. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB

1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

19. **Homeless Housing Program-E2SHB 2163** - Funding is provided for the Department of Community, Trade, and Economic Development to conduct a homeless census or count pursuant to Chapter 484, Laws of 2005, Partial Veto (E2SHB 2163). (Homeless Housing Account-Non-Appropriated)

20. **Mobile Home Ombudsman (ESHB 1640)** - Appropriation authority is provided to expand the existing ombudsman service to resolve landlord tenant disputes, pursuant to Chapter 429, Laws of 2005 (ESHB 1640). (Mobile Home Investigations Account-Non-Appropriated)

21. **Safe Neighborhoods** - One-time funding is provided for one pilot project to promote the study and implementation of safe neighborhoods through community planning.

22. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

23. **Individual Developmt Acct-SHB 1408** - Funds are transferred from the state general fund to the newly created Individual Development Account. Chapter 402, Laws of 2005 (SHB 1408), creates the Individual Development Account Program to assist low-income individuals and foster youth. (Individual Development Account-Non-Appropriated).

24. **Lead Based Paint** - One-time funding is provided for the Department to compile a report on housing stock in Washington State to identify areas of potentially high risk for child lead exposure. This report will include an analysis of existing data regarding the ages of housing stock in specific regions. This analysis will also include data regarding actual lead poisoning cases, which will be provided by the Washington State Department of Health's Childhood Lead Poisoning Surveillance Program.

25. **Housing Assist Admin Cap Increase** - Chapter 219, Laws of 2005 (EHB 1074), increases the administrative cap available for use by the Department for its operation of the Housing Assistance Program and the Affordable Housing Program from 4 percent to 5 percent of the annual funds available for both programs. (Washington Housing Trust Account-State)

26. **Homeless Data Management** - Funding is provided for the Department to administer a statewide Homeless Management Information System (HMIS) to track homeless individuals. HMIS will satisfy the federal HUD McKinney-Vento requirement that recipients of federal funds must create and maintain a HMIS system. (General Fund-Private/Local)

27. **Emergency Food Assistance Program** - One-time funding is provided for food banks to purchase equipment to transport and store perishable products. Funds may also be used to purchase and distribute additional nutritious food and collaborate with other agencies and experts on nutrition and obesity for services provided by food banks and tribal voucher programs.

28. **Community Mobilization** - The Community Mobilization program provides grants to community organizations that implement prevention programs reducing substance abuse and violence. Additional dollars will increase the number of programs. Funds are to be allocated to programs that have demonstrated the capability to implement prevention strategies based on the quality of program evaluations and attaining performance measures. The Department also will provide four statewide trainings on community organizing and offer follow-up technical assistance to increase a community's capacity to reduce crime through community activities such as block-by-block organizing and enforcement of code ordinances, with the goal of making the community uninviting to drug trafficking, drug manufacturing, and drug use. (Violence Reduction and Drug Enforcement Account-State)

29. **Small Communities Initiative** - The Small Communities Initiative is a collaboration between the Washington State Departments of Health, Ecology, and Community, Trade, and Economic Development that provides intensive technical assistance to very small, rural communities struggling with economic viability and compliance with health and environmental regulations due to failing water or wastewater systems. Over 50 rural communities have chronic water regulation compliance issues. Funding is provided for one additional staff person to work with communities in need of this assistance. (Public Works Assistance Account-State)

30. **Infrastructure Data System** - The Public Works Program maintains data management systems to support infrastructure projects throughout the state. Funding is provided to update the contracts management system, implement the local government infrastructure data system in partnership with the Transportation Improvement Board, and develop an archaeological predictive model that uses geographic information systems data to predict the probability of finding archaeologically significant features in areas being considered for infrastructure projects. (Public Works Assistance Account-State)

31. **NW Food Processors Assoc** - One-time funding is provided to the Northwest Food Processors Association for work associated with the Food Processing Cluster Development Project.

32. **Long Term Care Ombudsman** - Enhancement funding is provided to the Long Term Care Ombudsman Program to improve the safety and quality of care received by long-term care facility residents.

Department of Community, Trade, & Economic Development

33. **Increase ECEAP Placements** - Enhancement funding is provided to serve an additional 282 children in the Early Childhood Education and Assistance Program (ECEAP).

34. **Targeted Vendor Rate Increase** - Funding is provided to ECEAP providers for inflationary vendor rate increases of 4 percent on July 1, 2005, and 4 percent on July 1, 2006.

35. **Create Archaeology Dept (2SSB 5056)** - Effective July 1, 2005, the Office of Archaeology and Historic Preservation (OAHP) is established as a separate agency of state government pursuant to Chapter 333, Laws of 2005 (2SSB 5056). (General Fund-State, General Fund-Federal, General Fund-Local)

36. **Center for Advanced Manufacturing** - One-time matching funds for a federal Economic Development Administration grant awarded to the city of Kent to conduct a feasibility study and economic analysis for the establishment of a Center for Advanced Manufacturing.

37. **Archaeology Transf Costs-2SSB 5056** - One-time funding is provided to the Department for costs associated with the transfer of the Department of Archaeology and Historic Preservation, pursuant to Chapter 333, Laws of 2005 (2SSB 5056).

38. **Community Services Block Grant** - Enhancement funding is provided to compliment federal funding to assist community action agencies.

39. **Job Development Fund Pgm-ESHB 1903** - Chapter 425, Laws of 2005 (ESHB 1903), creates the Job Development Fund Program under the jurisdiction of the Community Economic Revitalization Board (CERB) to provide loans and grants for public infrastructure projects. Funding is provided for CERB to cover the cost of administering this new program. (Public Works Assistance Account-State)

40. **Domestic Violence** - Funding is provided to continue domestic violence legal advocacy services in recognition of reduced federal grant funding.

41. **HistoryLink** - One-time funding is provided for HistoryLink to expand its free, non-commercial online encyclopedia service on state and local history.

42. **Women's Hearth** - One-time funding is provided to Women's Hearth, a nonprofit program serving Spokane area homeless and low-income women.

43. **Transfer Civil Legal Svc (SHB 1747)** - A reduction of funding reflects the implementation of Chapter 105, Laws of 2005 (SHB 1747). The funding for civil legal aid is transferred to the newly created Office of Civil Legal Aid. (General Fund-State, Public Safety and Education Account, Violence Reduction and Drug Enforcement Account-State)

44. **Small Business Incubator** - A small business incubator program established to give new and existing service and light manufacturing businesses the training and tools to become successful. Funding is provided to the Department to implement the Small Business Incubator Program.

45. **NW Farm Innovation Incubator** - One-time funding is provided for the Northwest Agriculture Incubator project to support small farms.

46. **Center for Water & Environment** - One-time funding is provided to Walla Walla Community College to establish the Water and Environmental Studies Center (Center). The Center will provide workforce education and training, encourage innovative approaches and practices that address environmental and cultural issues, and to facilitate the Walla Walla Watershed Alliance's role in promoting communication leading to cooperative conservation efforts that effectively address urban and rural water and environmental issues.

47. **Pierce County Youth Assessment Ctr** - A final appropriation is provided to the Youth Assessment Center in Pierce County for activities dedicated to reducing the rate of incarceration of juvenile offenders.

48. **Small Business Assistance-SSB 5902** - Chapter 357, Laws of 2005 (SSB 5902), appropriates one-time funding to the Department of Community, Trade, and Economic Development to establish a small business innovation research assistance program at the Washington Technology Center.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Economic & Revenue Forecast Council

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,037**	**0**	**1,037**
2005-07 Maintenance Level	**1,077**	**0**	**1,077**
Policy Changes			
1. COLA-Non-Represented	28	0	28
2. Non-Represented Health Benefit Chg	7	0	7
3. General Inflation	-2	0	-2
4. Pension Rate for Gain Sharing	-4	0	-4
5. Suspend Unfunded Liability Contribs	-16	0	-16
Total 2005-07 Biennium	**1,090**	**0**	**1,090**
Fiscal Year 2006 Total	573	0	573
Fiscal Year 2007 Total	517	0	517

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Office of Financial Management

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**25,492**	**67,697**	**93,189**
2005 Supplemental *	95	0	95
Total 2003-05 Biennium	**25,587**	**67,697**	**93,284**
2005-07 Maintenance Level	**28,779**	**68,319**	**97,098**
Policy Changes			
1. Hi Ed Facilities Preservation Study	166	0	166
2. ORM Risk Management	0	140	140
3. ORM Content Management System	0	1,200	1,200
4. Statewide Financial System	0	2,045	2,045
5. Home Care Worker Contract	66	0	66
6. Middle Management Reduction	-76	-177	-253
7. Education Finance Study	1,747	0	1,747
8. Infrastructure Review	0	200	200
9. GMAP	558	0	558
10. Residential Svcs - Develop Disabled	182	0	182
11. Classification Revisions	0	4	4
12. COLA-Non-Represented	872	534	1,406
13. Non-Represented Health Benefit Chg	237	152	389
14. Salary Survey-Non-Rep Staff	294	419	713
15. General Inflation	-84	-39	-123
16. Pension Rate for Gain Sharing	-146	-86	-232
17. Permit Assistance	200	0	200
18. Suspend Unfunded Liability Contribs	-474	-288	-762
19. Medical Assistance Forecast	322	0	322
20. State Budget Process (ESHB 1242)	400	0	400
21. Tire Waste & Removal - SHB 2085	0	150	150
Total 2005-07 Biennium	**33,043**	**72,573**	**105,616**
Fiscal Year 2006 Total	16,993	36,616	53,609
Fiscal Year 2007 Total	16,050	35,957	52,007

Comments:

1. **Hi Ed Facilities Preservation Study** - The 2004 Supplemental Capital budget provided funding for a capital budget analyst in the Office of Financial Management (OFM) (Section 207, Chapter 277, Laws of 2004, Partial Veto). Funding is provided to continue this position.

2. **ORM Risk Management** - The Office of Risk Management (ORM) will hire one paraprofessional to support the loss prevention review team program. This will increase completed reviews to 12 each year and provide more detailed benchmarking and loss prevention analysis to agencies, based on agency-reported incident data. (Risk Management Administration Account-Non-Appropriated)

3. **ORM Content Management System** - ORM will implement a system to improve the efficiency of claims-related processes so that less time is spent capturing, creating, aggregating, locating, and disseminating needed information. (Risk Management Administration Account-Non-Appropriated)

4. **Statewide Financial System** - The Statewide Financial Systems office plans to design and release enhancements in the following systems: Budget and Allotment Support System, FastTrack Report System, Travel Voucher System, and the Disbursement Reporting System. These enhancements are necessary to ensure alignment with other systems, like the new Human Resource Management System, to enable capacity for new methods such as the Priorities of Government view of the budget and to provide tools that customers want, such as the capacity in the travel system for travel advances. (Data Processing Revolving Account-Non-Appropriated)

5. **Home Care Worker Contract** - Pursuant to RCW 74.39A.270, a statewide unit of individual providers of home care services may bargain collectively over wages and benefits with the Governor or Governor's designee acting as the public employer of individual providers solely for the purpose of collective bargaining. Under RCW 74.39A.300, a request for funds necessary to implement the compensation and fringe benefits provisions of a collective bargaining agreement must be submitted to the director of OFM by October 1 prior to the legislative session at which the request is to be considered. The Governor must include the costs to meet the agreement terms and the cost of implementation of the agreement in the Governor's budget. This year, an impasse in negotiations led to an interest arbitration proceeding. Funding is needed based on the interest arbitration award as approved by the Legislature. This includes funding for OFM, the Home Care Quality

Office of Financial Management

Authority, and the Department of Social and Health Services (DSHS). OFM funds will be matched through an interagency agreement with DSHS.

6. **Middle Management Reduction** - Middle management positions are reduced.

7. **Education Finance Study** - Funding is provided for Chapter 496, Laws of 2005 (E2SSB 5441), which provides for comprehensive studies on early learning, K-12 finance, and higher education. The legislation establishes a steering committee that will direct and coordinate the studies and develop recommendations. The steering committee is required to provide interim reports to the appropriate policy and fiscal committees of the Legislature by November 15, 2005, and June 16, 2006. The final report and recommendations of the steering committee shall be submitted by November 15, 2006.

8. **Infrastructure Review** - Provides one-time funding to review statewide programs that support infrastructure in local jurisdictions and seek potential collaboration, efficiencies, and long-term funding solutions to meet the goals of job creation, public health, environmental protection, and community development. The study shall also inventory all state revolving loan funds for local jurisdictions, other than the Housing Trust Fund. The inventory shall describe each program's administering agency, objectives, annual loan amounts, outstanding loans, repayments, and interest rates. (Public Works Assistance Account-State)

9. **GMAP** - The Governor will implement the Government Management and Accountability Program (GMAP) under Chapter 384, Laws of 2005 (2SHB 1970). The Office of the Governor and OFM will provide guidance to agencies and oversight of the process and will review performance of all agencies.

10. **Residential Svcs - Develop Disabled** - Provides funding to study residential services for developmentally disabled persons. A commission of 13 members will oversee the study. The commission will provide a report of its study to the Legislature by January 2006. OFM will enter into an interagency agreement with DSHS to access matching federal funds for the study.

11. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Data Processing Revolving Account-Non-Appropriated)

12. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

13. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

14. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, Data Processing Revolving Account-Non-Appropriated, Risk Management Administration Account-Non-Appropriated)

15. **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.

16. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, various other funds)

17. **Permit Assistance** - Provides one-time funding for the Office of Regulatory Assistance for an enhanced planning and permit pilot program involving two local planning and permit offices.

18. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

19. **Medical Assistance Forecast** - Funding is provided to increase the quality, accuracy, and timeliness of Medical Assistance budget forecasting and monitoring. The forecast, which involves approximately $3.8 billion of state and federal expenditures per year, will be produced by DSHS Medical Assistance Administration with assistance and guidance from a technical workgroup chaired by OFM with participation from legislative fiscal committee and DSHS staff. Federal matching funds for this expenditure are provided in the DSHS Medical Assistance Administration budget.

20. **State Budget Process (ESHB 1242)** - Funding is provided for implementation of Chapter 386, Laws of 2005 (ESHB 1242).

21. **Tire Waste & Removal - SHB 2085** - Appropriations are made from the Waste Tire Removal Account to the Department of Revenue and OFM for the purposes specified in Chapter 354, Laws of 2005 (SHB 2085).

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Office of Administrative Hearings

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**27,033**	**27,033**
2005-07 Maintenance Level	**0**	**28,567**	**28,567**
Policy Changes			
1. Middle Management Reduction	0	-34	-34
2. COLA-Non-Represented	0	700	700
3. Non-Represented Health Benefit Chg	0	233	233
4. Salary Survey-Non-Rep Staff	0	55	55
5. General Inflation	0	-110	-110
6. Maintain ALJ/IAJ Salary Alignment	0	350	350
7. Convert To Digital Recording	0	103	103
8. Replace Computers	0	154	154
9. Pension Rate for Gain Sharing	0	-110	-110
10. Suspend Unfunded Liability Contribs	0	-368	-368
Total 2005-07 Biennium	**0**	**29,540**	**29,540**
Fiscal Year 2006 Total	0	14,705	14,705
Fiscal Year 2007 Total	0	14,835	14,835

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (Administrative Hearings Revolving Account-State)

2. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Administrative Hearings Revolving Account-State)

3. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Administrative Hearings Revolving Account-State)

4. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Administrative Hearings Revolving Account-State)

5. **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. (Administrative Hearings Revolving Account-State)

6. **Maintain ALJ/IAJ Salary Alignment** - Administrative Law Judges' (ALJ) salaries are increased by 2.5 percent to maintain alignment with those of Industrial Appeals Judges (IAJ). (Administrative Hearings Revolving Account-State)

7. **Convert To Digital Recording** - Hearings recordings are converted from cassette tape to digital recording. (Administrative Hearings Revolving Account-State)

8. **Replace Computers** - Funding is provided to replace 65 computers used for the Department of Employment Security caseload. The new computers will enable the Office of Administrative Hearings to participate in the Department of Information Services' managed Enterprise Active Directory and to utilize single sign-on and self-service capabilities of the new Human Resource Management System. (Administrative Hearings Revolving Account-State)

9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Administrative Hearings Revolving Account-State)

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Administrative Hearings Revolving Account-State)

Department of Personnel

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**42,575**	**42,575**
2005 Supplemental *	0	2,607	2,607
Total 2003-05 Biennium	**0**	**45,182**	**45,182**
2005-07 Maintenance Level	**0**	**51,855**	**51,855**
Policy Changes			
1. Middle Management Reduction	0	-386	-386
2. Classification Revisions	0	7	7
3. COLA-Non-Represented	0	883	883
4. Non-Represented Health Benefit Chg	0	277	277
5. Salary Survey-Non-Rep Staff	0	549	549
6. General Inflation	0	-313	-313
7. Simplified Classification System	0	197	197
8. Personnel System Reform Act of 2002	0	1,894	1,894
9. Pension Rate for Gain Sharing	0	-144	-144
10. Suspend Unfunded Liability Contribs	0	-487	-487
Total 2005-07 Biennium	**0**	**54,332**	**54,332**
Fiscal Year 2006 Total	0	30,649	30,649
Fiscal Year 2007 Total	0	23,683	23,683

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced. (Department of Personnel Services Account-State, Data Processing Revolving Account-Non-Appropriated)

2. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Department of Personnel Services Account-State, Data Processing Revolving Account-Non-Appropriated)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Department of Personnel Services Account-State, Data Processing Revolving Account-Non-Appropriated, Higher Ed Personnel Services-State)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Department of Personnel Services Account-State, Data Processing Revolving Account-Non-Appropriated, Higher Ed Personnel Services-State)

5. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Department of Personnel Services Account-State, Data Processing Revolving-Non-Appropriated)

6. **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.

7. **Simplified Classification System** - Funding is provided to implement a simplified employee classification pursuant to the Personnel System Reform Act of 2002. (Department of Personnel Services Account-State)

8. **Personnel System Reform Act of 2002** - Funding is provided for additional resources to implement elements of the civil service reform plan initiated by the Personnel System Reform Act of 2002. The funding supports additional staff to develop new programs and forms for the new Human Resources Information System, train outside agency personnel for civil service reform changes, and provide administrative support. Professional expertise will also be developed to evaluate the performance of reform efforts, and a Leadership Development Program Manager will create and implement a program in support of the Priorities of Government initiative. (Department of Personnel Services Account-State)

9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Dept of Personnel Services-State, Data Processing Revolving-Non-Appropriated, Higher Ed Personnel Services-State)

Department of Personnel

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Dept of Personnel Services-State, Data Processing Revolving-Non-Appropriated, Higher Ed Personnel Services-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

State Lottery Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**705,818**	**705,818**
2005-07 Maintenance Level	**0**	**736,531**	**736,531**
Policy Changes			
1. Middle Management Reduction	0	-23	-23
2. WFSE COLA/Salary Survey	0	111	111
3. WPEA COLA/Salary Survey	0	163	163
4. Super Coalition Health Benefits	0	239	239
5. Classification Revisions	0	1	1
6. COLA-Non-Represented	0	280	280
7. Non-Represented Health Benefit Chg	0	85	85
8. Salary Survey-Non-Rep Staff	0	148	148
9. General Inflation	0	-1,924	-1,924
10. Pension Rate for Gain Sharing	0	-84	-84
11. Suspend Unfunded Liability Contribs	0	-283	-283
Total 2005-07 Biennium	**0**	**735,244**	**735,244**
Fiscal Year 2006 Total	0	368,545	368,545
Fiscal Year 2007 Total	0	366,699	366,699

Comments:

It is the intention of the Legislature that the Washington State Lottery shall not use their appropriation to investigate, evaluate, develop, implement, or otherwise support any game that allows or requires a player to become eligible for a prize or to otherwise play any portion of the game by using either (1) the internet; or (2) any interactive device or terminal involving electronic, digital, or video representations of pull-tabs, bingo, poker or other cards, dice, roulette, keno, or other games of chance.

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Lottery Administration Account-State)

3. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Lottery Administration Account-State)

4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Lottery Administration Account-State)

5. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Lottery Administration Account-State)

6. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Lottery Administration Account-State)

7. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Lottery Administration Account-State)

8. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Lottery Administration Account-State)

9. **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.

10. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07

State Lottery Commission

biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Lottery Administration Account-State)

11. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Lottery Administration Account-State)

Washington State Commission on Hispanic Affairs

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**408**	**0**	**408**
2005-07 Maintenance Level	**451**	**0**	**451**
Policy Changes			
1. COLA-Non-Represented	8	0	8
2. Non-Represented Health Benefit Chg	3	0	3
3. General Inflation	-2	0	-2
4. Pension Rate for Gain Sharing	-2	0	-2
5. Suspend Unfunded Liability Contribs	-5	0	-5
6. Workload Adjustment	32	0	32
Total 2005-07 Biennium	**485**	**0**	**485**
Fiscal Year 2006 Total	238	0	238
Fiscal Year 2007 Total	247	0	247

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission. (General Fund-State)

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

6. **Workload Adjustment** - The Commission on Hispanic Affairs is experiencing increased demand from the public to serve as a liaison between the Hispanic community in Washington State and agencies within state government. Funding is provided to increase the executive assistant position to full-time and provides funding for the Commission to meet these needs.

Washington State Commission on African-American Affairs

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**397**	**0**	**397**
2005-07 Maintenance Level	**454**	**0**	**454**
Policy Changes			
1. COLA-Non-Represented	8	0	8
2. Non-Represented Health Benefit Chg	3	0	3
3. General Inflation	-2	0	-2
4. Pension Rate for Gain Sharing	-2	0	-2
5. Suspend Unfunded Liability Contribs	-5	0	-5
6. Workload Adjustment	21	0	21
Total 2005-07 Biennium	**477**	**0**	**477**
Fiscal Year 2006 Total	237	0	237
Fiscal Year 2007 Total	240	0	240

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

6. **Workload Adjustment** - The Commission on African-American Affairs is experiencing increased demand from the public to serve as a liaison between African-Americans in Washington State and agencies within state government. Funding is provided to increase the executive assistant position to full time and provides additional funding for the Commission to meet these needs.

Personnel Appeals Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**1,725**	**1,725**
2005-07 Maintenance Level	**0**	**1,019**	**1,019**
Policy Changes			
1. COLA-Non-Represented	0	46	46
2. Non-Represented Health Benefit Chg	0	16	16
3. General Inflation	0	-5	-5
4. Pension Rate for Gain Sharing	0	-8	-8
5. Suspend Unfunded Liability Contribs	0	-25	-25
Total 2005-07 Biennium	**0**	**1,043**	**1,043**
Fiscal Year 2006 Total	0	906	906
Fiscal Year 2007 Total	0	137	137

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Department of Personnel Services Account-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Department of Personnel Services Account-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Department of Personnel Services Account-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Department of Personnel Services Account-State)

Department of Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**49,303**	**49,303**
2005-07 Maintenance Level	**0**	**48,348**	**48,348**
Policy Changes			
1. Middle Management Reduction	0	-324	-324
2. WPEA COLA/Salary Survey	0	760	760
3. Super Coalition Health Benefits	0	581	581
4. COLA-Non-Represented	0	345	345
5. Non-Represented Health Benefit Chg	0	101	101
6. Salary Survey-Non-Rep Staff	0	205	205
7. General Inflation	0	-188	-188
8. LEOFF 2 Service Credit Purchase	0	10	10
9. LEOFF 2 Post Retirement Employment	0	55	55
10. LEOFF 1 Ex-Spouse Benefits	0	26	26
11. Military Service Credit	0	46	46
12. TRS Service Credit Purchase	0	13	13
13. LEOFF 1 Reduced Survivor Benefit	0	79	79
14. Emergency Medical Technicians	0	56	56
15. Pension Rate for Gain Sharing	0	-168	-168
16. Suspend Unfunded Liability Contribs	0	-565	-565
17. Disability Service Credit Purchase	0	16	16
Total 2005-07 Biennium	**0**	**49,396**	**49,396**
Fiscal Year 2006 Total	0	24,781	24,781
Fiscal Year 2007 Total	0	24,615	24,615

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (Department of Retirement Systems Expense Account-State, Dependent Care Administrative Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

2. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

4. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

6. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

7. **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.

Department of Retirement Systems

8. **LEOFF 2 Service Credit Purchase** - Funding is provided for administrative costs related to allowing members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2) to purchase up to five years of additional service credit at the time of retirement, pursuant to Chapter 21, Laws of 2005 (HB 1269). (Department of Retirement Systems Expense Account-State)

9. **LEOFF 2 Post Retirement Employment** - Funding is provided for administrative costs related to allowing retired members of LEOFF 2 who are employed in a position eligible for membership in another state retirement system to choose either to continue collecting LEOFF 2 retirement benefits or to enroll in the new retirement system, pursuant to Chapter 372, Laws of 2005, Partial Veto (HB 1270). (Department of Retirement Systems Expense Account-State)

10. **LEOFF 1 Ex-Spouse Benefits** - Funding is provided for administrative costs related to continuing the court-awarded portion of a benefit paid to the former spouse of a member of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1) following the member's death, pursuant to Chapter 62, Laws of 2005 (HB 1319). (Department of Retirement Systems Expense Account-State)

11. **Military Service Credit** - Funding is provided for administrative costs related to permitting members or survivors of a members of LEOFF 2, the Public Employees' Retirement System (PERS) Plan 2/3, the Public Safety Employees' Retirement System Plan 2, the School Employees' Retirement System (SERS) Plan 2/3, or the TRS Plan 2/3 to purchase military service credit following honorable discharge if a member is disabled from further employment or killed in the line of duty, pursuant to Chapter 64, Laws of 2005 (HB 1325). (Department of Retirement Systems Expense Account-State)

12. **TRS Service Credit Purchase** - Funding is provided for administrative costs related to members of the TRS Plans 2 and 3 to purchase up to five years of service credit at the time of early retirement, pursuant to Chapter 65, Laws of 2005 (HB 1327). (Department of Retirement Systems Expense Account-State)

13. **LEOFF 1 Reduced Survivor Benefit** - Funding is provided for administrative costs related to extending the availability of an optional, actuarially-reduced survivor benefit for members of LEOFF 1 that have benefits subject to a property division order from a prior divorce, pursuant to Chapter 67, Laws of 2005 (HB 1329). (Department of Retirement Systems Expense Account-State)

14. **Emergency Medical Technicians** - Funding is provided for administrative costs related to including emergency medical technicians (EMTs) currently covered by PERS in LEOFF 2, pursuant to Chapter 459, Laws of 2005 (SHB 1936). Members transferred to LEOFF 2 have the opportunity to pay additional contributions and transfer past service earned in PERS as an EMT to LEOFF 2. Employers of EMTs transferring service will make payments to the LEOFF 2 retirement system to ensure that contribution rates do not increase as a result of the past service credit transfer. (Department of Retirement Systems Expense Account-State)

15. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

16. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to PERS, TRS, and SERS are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

17. **Disability Service Credit Purchase** - Funding is provided for administrative costs associated with allowing members of PERS to purchase up to two years of service credit for time spent separated from employment due to injuries incurred in the line of duty, pursuant to Chapter 363, Laws of 2005 (SB 5522). (Department of Retirement Systems Expense Account-State)

State Investment Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**100**	**13,262**	**13,362**
2005-07 Maintenance Level	**0**	**14,236**	**14,236**
Policy Changes			
1. Recruitment and Retention	0	340	340
2. Middle Management Reduction	0	-67	-67
3. COLA-Non-Represented	0	322	322
4. Non-Represented Health Benefit Chg	0	73	73
5. Salary Survey-Non-Rep Staff	0	78	78
6. General Inflation	0	-35	-35
7. Invest. Perform. & Accountability	0	2,586	2,586
8. Investment Personnel Svc Contracts	0	-1,283	-1,283
9. Pension Rate for Gain Sharing	0	-52	-52
10. Suspend Unfunded Liability Contribs	0	-178	-178
Total 2005-07 Biennium	**0**	**16,020**	**16,020**
Fiscal Year 2006 Total	0	8,224	8,224
Fiscal Year 2007 Total	0	7,796	7,796

Comments:

1. **Recruitment and Retention** - Funding is provided to address issues of recruitment and retention of investment officers. (State Investment Board Expense Account-State)

2. **Middle Management Reduction** - Middle management positions are reduced. (State Investment Board Expense Account-State)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (State Investment Board Expense Account-State)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (State Investment Board Expense Account-State)

5. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (State Investment Board Expense Account-State)

6. **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.

7. **Invest. Perform. & Accountability** - Funding is provided for additional portfolio manager positions in order to increase the capacity for investment manager selection and oversight, policy analysis, portfolio construction, research, and participation in corporate governance. (State Investment Board Expense Account-State)

8. **Investment Personnel Svc Contracts** - Funding for a contract to provide the Board's investment accounting system is transferred from appropriated agency expenditures to non-appropriated expenditures. (State Investment Board Expense Account-State)

9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (State Investment Board Expense Account-State)

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (State Investment Board Expense Account-State)

Department of Revenue

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**164,680**	**11,255**	**175,935**
2005 Supplemental *	570	0	570
Total 2003-05 Biennium	**165,250**	**11,255**	**176,505**
2005-07 Maintenance Level	**175,938**	**12,324**	**188,262**
Policy Changes			
1. Middle Management Reduction	-1,480	-50	-1,530
2. WPEA COLA/Salary Survey	3,214	208	3,422
3. Super Coalition Health Benefits	2,309	152	2,461
4. Classification Revisions	36	0	36
5. COLA-Non-Represented	1,103	47	1,150
6. Non-Represented Health Benefit Chg	338	13	351
7. Salary Survey-Non-Rep Staff	285	18	303
8. General Inflation	-642	-29	-671
9. Revenue Enhancement	2,630	0	2,630
10. Pension Rate for Gain Sharing	-634	-36	-670
11. Suspend Unfunded Liability Contribs	-2,140	-128	-2,268
12. REET Enforcement	206	0	206
13. Renewable Energy	9	0	9
14. Unclaimed Property	0	-520	-520
15. Vehicle Enforcement	100	0	100
16. Veterans' Widows Tax Asst-SHB 1509	276	0	276
17. Tire Waste & Removal - SHB 2085	0	40	40
18. Real Estate Excise Fees - 2SHB 1240	3,900	0	3,900
Total 2005-07 Biennium	**185,448**	**12,039**	**197,487**
Fiscal Year 2006 Total	94,058	5,936	99,994
Fiscal Year 2007 Total	91,390	6,103	97,493

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, Timber Tax Distribution Account-State, Unclaimed Personal Property Account-Non-Appropriated)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Timber Tax Distribution Account-State, Unclaimed Personal Property Account-Non-Appropriated)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, Timber Tax Distribution Account-State, Unclaimed Personal Property Account-Non-Appropriated)

Department of Revenue

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 mission.

9. **Revenue Enhancement** - Funding is provided for additional audit emphasis including, but not limited to, the areas of real estate excise tax, out-of-state auditing, and internal desk audits. These strategies are projected to generate $15.2 million in state general fund revenue and $2.6 million for local governments in the 2005-07 biennium.

10. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, Timber Tax Distribution Account-State, Unclaimed Personal Property Account-Non-Appropriated)

11. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

12. **REET Enforcement** - Funding is provided for detection of transfers of controlling interest in a corporation or other entity in order to increase compliance of real estate excise tax (REET) laws pursuant to Chapter 326, Laws of 2005 (HB 1315).

13. **Renewable Energy** - Funding is provided for the implementation of Chapter 300, Laws of 2005 (SSB 5101). This legislation creates a public utility tax credit for light and power businesses that provide incentive payments to individuals, businesses, and local governments who provide renewable energy.

14. **Unclaimed Property** - Funding is reduced as a result of Chapter 367, Laws of 2005 (SB 5948), which makes changes to the Unclaimed Property Program's administration. The changes include eliminating requirements regarding advertising and record retention and allows the sale of dividend re-investment plans and mutual funds similar to the current sale of other securities. (Unclaimed Personal Property Account-Non-Appropriated)

15. **Vehicle Enforcement** - Funding is provided for the Department to implement the provisions Chapter 323, Laws of 2005 (EHB 1241). The Department will work with the Washington State Patrol and the Department of Licensing to increase enforcement for state residents whose vehicles and driver's licenses are illegally registered in another state. This strategy is expected to generate $2.1 million in state general fund revenue.

16. **Veterans' Widows Tax Asst-SHB 1509** - Chapter 253, Laws of 2005 (SHB 1509), establishes a grant program to provide property tax assistance to widows of veterans.

17. **Tire Waste & Removal - SHB 2085** - Appropriations are made from the Waste Tire Removal Account to the Department of Revenue and the Office of Financial Management for the purposes specified in Chapter 354, Laws of 2005 (SHB 2085 - Cleanup of Waste Tires).

18. **Real Estate Excise Fees - 2SHB 1240** - Under Chapter 480, Laws of 2005 (2SHB 140), funding is provided for the development and implementation of an electronic processing and reporting system for real estate excise tax administration.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Board of Tax Appeals

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**2,219**	**0**	**2,219**
2005-07 Maintenance Level	**2,299**	**0**	**2,299**
Policy Changes			
1. COLA-Non-Represented	55	0	55
2. Non-Represented Health Benefit Chg	16	0	16
3. General Inflation	-7	0	-7
4. Tax Referee and Law Clerk	248	0	248
5. Pension Rate for Gain Sharing	-8	0	-8
6. Suspend Unfunded Liability Contribs	-30	0	-30
Total 2005-07 Biennium	**2,573**	**0**	**2,573**
Fiscal Year 2006 Total	1,362	0	1,362
Fiscal Year 2007 Total	1,211	0	1,211

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Tax Referee and Law Clerk** - Funding is provided to hire an additional tax referee and an additional 0.5 FTE law clerk. The additional staff is added due to the Board's increased workload.

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Municipal Research Council

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**4,621**	**4,621**
2005-07 Maintenance Level	**0**	**4,621**	**4,621**
Policy Changes			
1. Contractor Increase	0	300	300
Total 2005-07 Biennium	**0**	**4,921**	**4,921**
Fiscal Year 2006 Total	0	2,455	2,455
Fiscal Year 2007 Total	0	2,466	2,466

Comments:

1. **Contractor Increase** - The Municipal Research Council will increase its contract with the Municipal Research and Services Center to cover the following items: a 4 percent salary increase for employees in the first year of the biennium; an increase in the existing lease agreement; and an increase in the costs of travel, goods, and services. (County Research Services Account-State, City and Town Research Services-State)

Office of Minority & Women's Business Enterprises

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**1,990**	**1,990**
2005 Supplemental *	0	344	344
Total 2003-05 Biennium	**0**	**2,334**	**2,334**
2005-07 Maintenance Level	**0**	**2,411**	**2,411**
Policy Changes			
1. Interagency Agreements	0	525	525
2. WFSE COLA/Salary Survey	0	59	59
3. Super Coalition Health Benefits	0	26	26
4. COLA-Non-Represented	0	30	30
5. Non-Represented Health Benefit Chg	0	11	11
6. General Inflation	0	-12	-12
7. Small Business and Grant Support	0	180	180
8. Pension Rate for Gain Sharing	0	-10	-10
9. Suspend Unfunded Liability Contribs	0	-34	-34
Total 2005-07 Biennium	**0**	**3,186**	**3,186**
Fiscal Year 2006 Total	0	1,577	1,577
Fiscal Year 2007 Total	0	1,609	1,609

Comments:

1. **Interagency Agreements** - Technical adjustments are made to an interagency agreement with Washington State Department of Transportation to match expenditures with available revenue. (Minority and Women's Business Enterprises Account-State)

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Minority and Women's Business Enterprises Account-State)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Minority and Women's Business Enterprises Account-State)

4. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Minority and Women's Business Enterprises Account-State)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Minority and Women's Business Enterprises Account-State)

6. **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. (Minority and Women's Business Enterprises Accountt-State)

7. **Small Business and Grant Support** - The Office of Minority and Women's Business Enterprises applies for and administers private sector grants as one of its revenue sources. Funding is provided for 1.0 FTE to manage these grants and coordinate additional support services to small businesses in Washington State. Grants will be used to fund this position. (Minority and Women's Business Enterprises Account-State)

8. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Minority and Women's Business Enterprises Account-State)

9. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Minority and Women's Business Enterprises Account-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of General Administration

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**468**	**131,423**	**131,891**
2005 Supplemental *	0	454	454
Total 2003-05 Biennium	**468**	**131,877**	**132,345**
2005-07 Maintenance Level	**497**	**127,536**	**128,033**
Policy Changes			
1. Transfer Capital Costs	0	2,214	2,214
2. Middle Management Reduction	-24	-946	-970
3. WFSE COLA/Salary Survey	0	1,070	1,070
4. Super Coalition Health Benefits	0	738	738
5. Classification Revisions	0	195	195
6. COLA-Non-Represented	10	1,153	1,163
7. Non-Represented Health Benefit Chg	3	442	445
8. Salary Survey-Non-Rep Staff	0	994	994
9. General Inflation	0	-931	-931
10. Non-Appropriated Fund Adjustment	0	106	106
11. Alternative Public Works-ESHB 1830	75	0	75
12. State Enterprise Procurement System	0	251	251
13. Engineer and Architect Services	0	2,747	2,747
14. Motor Pool to Non-Appropriated	0	0	0
15. Custodial Standards in Office Areas	0	0	0
16. Improve Parking Enforcement	0	56	56
17. Implement a Business Support System	0	100	100
18. Pension Rate for Gain Sharing	-2	-292	-294
19. Legislative Building Security	0	-2,009	-2,009
20. Suspend Unfunded Liability Contribs	-5	-988	-993
Total 2005-07 Biennium	**554**	**132,436**	**132,990**
Fiscal Year 2006 Total	321	66,367	66,688
Fiscal Year 2007 Total	233	66,069	66,302

Comments:

1. **Transfer Capital Costs** - Funding for the ongoing costs for general support of the capital program is transferred from the capital budget to the operating budget. (General Administration Services Account-State)

2. **Middle Management Reduction** - Middle management positions are reduced.

3. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Administration Services Account-State, General Administration Services Account-Non-Appropriated)

4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Administration Services Account-State, General Administration Services Account-Non-Appropriated)

5. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Administration Services Account-State, General Administration Services Account-Non-Appropriated)

6. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

7. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

8. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (State Veh Park Account-Non-Appropriated,

Department of General Administration

General Administration Services Account-State, General Administration Services Account-Non-Appropriated)

9. **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. (General Administration Services Account-State, General Fund-Federal)

10. **Non-Appropriated Fund Adjustment** - Funding is provided for increased debt service costs for 2005-07. (General Administration Services Account-Non-Appropriated)

11. **Alternative Public Works-ESHB 1830** - Funding is provided for the implementation of Chapter 377, Laws of 2005 (ESHB 1830). This bill establishes the Capital Projects Advisory Review Board to examine capital projects construction processes, including alternative public works procurement process.

12. **State Enterprise Procurement System** - In the 2003-05 biennium, the Procurement Contract Administration Office implemented the new Washington Electronic Business Solutions enterprise procurement support system that provides vendors and state agencies with a new procurement on-line portal for vendor registration, bid notification, bid quotes, and contract usage reporting. In the 2005-07 biennium, a new system module will be added that will allow the vendor community and state agencies to conduct the following procurement activities on-line: pre-bids, bid evaluation, contract award, and contract management. This new statewide procurement system will allow the state to more effectively aggregate purchases of goods and services, resulting in state agency savings from cheaper goods and services. (General Administration Services Account-Non-Appropriated)

13. **Engineer and Architect Services** - The Engineering and Architectural Services Division's reimbursable project management activities are transferred from the capital budget to the Department of General Administration's (GA) internal service fund in the operating budget. (General Administration Services Account-Non-Appropriated)

14. **Motor Pool to Non-Appropriated** - GA's motor pool was established to provide a central fleet of vehicles for use by other state agencies, through a fee-for-service cost recovery funding model. Expenses related to staff and vehicle purchase were appropriated, and expenses related to vehicle maintenance and fuel were non-appropriated. As provided for in Chapter 214, Laws of 2005 (HB 1008), all expenses will now be charged to the non-appropriated account. (General Administration Services Account-State, General Administration Services Account-Non-Appropriated)

15. **Custodial Standards in Office Areas** - During the 2005-07 biennium, GA will conduct a pilot to test a new office building cleaning approach that prescribes cleaning for health first, then appearance. A standard, high level of cleaning will be performed on the one million square feet of state-owned office space, instead of reimbursable service contracts where state agencies decide the cleanliness level of office space. Agencies will be billed for this service through a revolving fund. (General Administration Services Account-State, General Administration Services Account-Non-Appropriated)

16. **Improve Parking Enforcement** - GA will contract with the Washington State Patrol (WSP) for a trooper to conduct full-time parking enforcement on the capitol campus. Increased enforcement is required to reduce unauthorized parking in capitol campus parking spaces. In previous biennia, WSP troopers' time on the campus was split between providing a security presence, responding to reports of criminal activity, and enforcing laws and regulations. (State Vehicle Parking Account-Non-Appropriated)

17. **Implement a Business Support System** - The Division of Facility and Planning Management will implement a short-term consolidated data repository for a facilities operations management system to enable the division to more effectively manage facilities, building space, campus grounds, Capitol Lake, roads, paved walkways, capitol campus infrastructure, and parking spaces that are maintained by GA . In addition, a long-term strategy will be developed to integrate facilities' infrastructure data contained in the multiple agency systems. (State Parking Account-Non-Appropriated, General Administration Services Account-State, General Adminisitration Services Account-Non-Appropriated)

18. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, various other funds)

19. **Legislative Building Security** - Security operations in the Legislative Building that began in January 2005, including perimeter security, entrance screening, and camera monitoring are eliminated. (General Administration Services Account-State)

20. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Information Services

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**2,650**	**205,897**	**208,547**
2005 Supplemental *	121	0	121
Total 2003-05 Biennium	**2,771**	**205,897**	**208,668**
2005-07 Maintenance Level	**39**	**207,591**	**207,630**
Policy Changes			
1. Business Continuity	0	500	500
2. Middle Management Reduction	0	-714	-714
3. WFSE COLA/Salary Survey	0	1,427	1,427
4. Super Coalition Health Benefits	0	858	858
5. Classification Revisions	0	33	33
6. COLA-Non-Represented	0	597	597
7. Non-Represented Health Benefit Chg	0	147	147
8. Salary Survey-Non-Rep Staff	0	268	268
9. General Inflation	-39	-1,975	-2,014
10. Justice Information Network	0	684	684
11. Pension Rate for Gain Sharing	0	-300	-300
12. Suspend Unfunded Liability Contribs	0	-1,016	-1,016
13. Small Agency Client Services	0	974	974
14. Enterprise Business Support	0	610	610
15. Enhanced Radio Communications	0	381	381
Total 2005-07 Biennium	**0**	**210,065**	**210,065**
Fiscal Year 2006 Total	0	104,639	104,639
Fiscal Year 2007 Total	0	105,426	105,426

Comments:

1. **Business Continuity** - Funding is provided for the development of a statewide business continuity governance structure, an enterprise business continuity framework, and a statewide business continuity plan and budget. The business continuity plan will identify the state's vital systems and services that must remain operational in a disaster and the planned level of availability required for each service. (Data Processing Revolving Account-Non-Appropriated)

2. **Middle Management Reduction** - Middle management positions are reduced. (Data Processing Revolving Account-State, Data Processing Revolving Account-Non-Appropriated, Education Technology Revolving Account-Non-Appropriated)

3. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Data Processing Revolving Account-State, Data Processing Revolving Account-Non-Appropriated)

4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Data Processing Revolving Account-State, Data Processing Revolving Account-Non-Appropriated)

5. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Data Processing Revolving Account-Non-Appropriated)

6. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Data Processing Revolving Account-State, Data Processing Revolving Account-Non-Appropriated, and Education Technology Revolving Account-Non-Appropriated)

7. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Data Processing Revolving Account-State, Data Processing Revolving Account-Non-Appropriated, Education Technology Revolving Account-Non-Appropriated)

8. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002

Department of Information Services

Salary Survey. (Data Processing Revolving Account-Non-Appropriated)

9. **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. (Data Processing Revolving Account-State, Data Processing Revolving Account-Non-Appropriated, Education Technology Revolving Account-Non-Appropriated)

10. **Justice Information Network** - Funding is provided for an executive director and support staff for the Justice Information Network office. Previously, the office has operated through support from partner agencies, including the Department of Licensing, the Washington State Patrol, the Department of Corrections, and judicial agencies. Separate funding for the office will allow greater independence, ensuring better oversight of the Justice Information Network. The office has also pursued grant funding. (Public Safety & Education Account-State)

11. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Data Processing Revolving Account-State, Data Processing Revolving Account-Non-Appropriated, Education Technology Revolving Account-Non-Appropriated)

12. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Data Processing Revolving Account-State, Data Processing Revolving Account-Non-Appropriated, Education Technology Revolving Account-Non-Appropriated)

13. **Small Agency Client Services** - Funding is provided for small agency information technology (IT) technical/security and facility assessments, critical IT infrastructure equipment acquisition, and resource-sharing of IT infrastructure through collocation with larger agencies or migration to Department of Information Services (DIS) centralized e-mail and server hosting services. (Data Processing Revolving Account-Non-Appropriated)

14. **Enterprise Business Support** - Funding is provided to support workload increases resulting from development of the Department of Personnel's Human Resource Management system and the Department of Labor and Industries' Online Reporting and Customer Access system. (Data Processing Revolving Account-Non-Appropriated)

15. **Enhanced Radio Communications** - Funding is provided to create a State Interoperability Executive Committee (SIEC) project office within DIS. The SIEC office will serve as a link between public safety and public service communications systems and will manage state-designated and state-owned radio frequencies across the state. SIEC office staff will also assist state agencies with migration to the Federal Communications Commission's mandated narrow band technology. (Data Processing Revolving Account-Non-Appropriated)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Office of the Insurance Commissioner

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**33,840**	**33,840**
2005-07 Maintenance Level	**0**	**35,193**	**35,193**
Policy Changes			
1. Middle Management Reduction	0	-312	-312
2. WFSE COLA/Salary Survey	0	530	530
3. Super Coalition Health Benefits	0	323	323
4. Classification Revisions	0	60	60
5. COLA-Non-Represented	0	404	404
6. Non-Represented Health Benefit Chg	0	108	108
7. Salary Survey-Non-Rep Staff	0	14	14
8. General Inflation	0	-89	-89
9. Financial Analysis Improvement	0	194	194
10. Accreditation Standard	0	281	281
11. Pension Rate for Gain Sharing	0	-138	-138
12. HP 3000 Computer Replacement	0	3,514	3,514
13. Suspend Unfunded Liability Contribs	0	-472	-472
14. Illegal Insurer Investigations	0	162	162
15. IT Asset Replacement	0	594	594
16. Market Analysis Development Project	0	108	108
17. SHIBA HelpLine	0	452	452
Total 2005-07 Biennium	**0**	**40,926**	**40,926**
Fiscal Year 2006 Total	0	21,208	21,208
Fiscal Year 2007 Total	0	19,718	19,718

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal, Insurance Commissioners' Regulatory Account-State)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal, Insurance Commissioners Regulatory Account-State)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Insurance Commissioners Regulatory Account-State)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Insurance Commissioners Regulatory Account-State)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Insurance Commissioners Regulatory Account-State)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Insurance Commissioners Regulatory Account-State)

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 mission.

9. **Financial Analysis Improvement** - Funding is provided to hire an additional insurance examiner that will enable the Office of the Insurance Commissioner (OIC) to identify financially troubled insurers earlier, allowing the agency to take corrective action sooner, thus reducing the risk to consumers. OIC performs a basic analysis of domestic insurers' financial statements, which identifies companies with the potential of

Office of the Insurance Commissioner

becoming financially distressed. Through early detection and intervention, the agency can assist companies before they face serious financial problems or insolvency. Currently, OIC is only able to perform an analysis of the most troubled companies. (Insurance Commissioner's Regulatory Account-State)

10. **Accreditation Standard** - Funding and staff are provided for the insurance commissioner to meet national accreditation standards.

11. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-Federal and Insurance Commissioners Regulatory Account-State)

12. **HP 3000 Computer Replacement** - OIC's Hewlett Packard (HP) 3000 mainframe computer will no longer be supported by the manufacturer as of December 2006. All mission critical agency insurance data reside on this system. Funding is provided to replace the mainframe and to redesign all mission critical applications. Funding for the requirements definition phase of this project was approved in the 2004 Supplemental Budget. (Insurance Commissioner's Regulatory Account-State)

13. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-Federal, Insurance Commissioners Regulatory Account-State)

14. **Illegal Insurer Investigations** - Washington consumers are being victimized by criminal enterprises selling fraudulent insurance products. This funding will enable OIC to evaluate and investigate all referrals of suspected criminal activity involving insurance transactions. Funding for one investigator position is needed to supplement the work of the current investigator. (Insurance Commissioner's Regulatory Account-State)

15. **IT Asset Replacement** - OIC's current personal computer and network infrastructure has reached the end of its life cycle. Funding is provided for an information technology (IT) asset replacement cycle for all IT equipment and standard desktop software. (Insurance Commissioner's Regulatory Account-State)

16. **Market Analysis Development Project** - Funding is provided for a one-year project position to determine the feasibility, design, structure, and organizational impact of establishing a market analysis program as a tool for regulating insurance products sold in the state of Washington. This development project is being driven at the national level to better focus limited resources on consumer protection. (Insurance Commissioner's Regulatory Account-State)

17. **SHIBA HelpLine** - OIC's Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine is a statewide network of trained volunteers who provide one-on-one counseling and community education to consumers on health care and health insurance. SHIBA volunteers are supported by a county sponsor, usually a single community organization working with consumers in that county. The increasingly diverse population of Washington, including many non-English speaking residents, has strained sponsor capability, particularly in King, Pierce, and Snohomish counties. Funding is provided for sponsor reimbursements and a health insurance advisor to improve service to the diverse populations of this three-county area. (Insurance Commissioner's Regulatory Account-State)

State Board of Accountancy

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**1,985**	**1,985**
2005-07 Maintenance Level	**0**	**1,946**	**1,946**
Policy Changes			
1. COLA-Non-Represented	0	35	35
2. Non-Represented Health Benefit Chg	0	13	13
3. General Inflation	0	-9	-9
4. Pension Rate for Gain Sharing	0	-6	-6
5. Suspend Unfunded Liability Contribs	0	-17	-17
Total 2005-07 Biennium	**0**	**1,962**	**1,962**
Fiscal Year 2006 Total	0	978	978
Fiscal Year 2007 Total	0	984	984

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (CPA Account-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (CPA Account-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (CPA Account-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (CPA Account-State)

Forensic Investigations Council

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**274**	**274**
2005-07 Maintenance Level	**0**	**282**	**282**
Total 2005-07 Biennium	**0**	**282**	**282**
Fiscal Year 2006 Total	0	266	266
Fiscal Year 2007 Total	0	16	16

Comments:

There were no policy level changes.

Washington Horse Racing Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**4,609**	**4,609**
2005-07 Maintenance Level	**0**	**8,516**	**8,516**
Policy Changes			
1. WFSE COLA/Salary Survey	0	84	84
2. Super Coalition Health Benefits	0	47	47
3. COLA-Non-Represented	0	52	52
4. Non-Represented Health Benefit Chg	0	9	9
5. General Inflation	0	-20	-20
6. Pension Rate for Gain Sharing	0	-18	-18
7. Suspend Unfunded Liability Contribs	0	-61	-61
Total 2005-07 Biennium	**0**	**8,609**	**8,609**
Fiscal Year 2006 Total	0	4,276	4,276
Fiscal Year 2007 Total	0	4,333	4,333

Comments:

1. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Horse Racing Commision Account-State)

2. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Horse Racing Commision Account-State)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Horse Racing Commision Account-State)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Horse Racing Commision Account-State)

5. **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.

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Horse Racing Commision Account-State)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Horse Racing Commision Account-State)

Washington State Liquor Control Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**2,909**	**158,160**	**161,069**
2005 Supplemental *	0	4,832	4,832
Total 2003-05 Biennium	**2,909**	**162,992**	**165,901**
2005-07 Maintenance Level	**3,049**	**168,083**	**171,132**
Policy Changes			
1. Change Expense to Non-Appropriated	0	58	58
2. Middle Management Reduction	-15	-532	-547
3. WPEA COLA/Salary Survey	61	1,163	1,224
4. UFCW COLA/Salary Survey	0	1,138	1,138
5. Super Coalition Health Benefits	47	2,135	2,182
6. Classification Revisions	0	94	94
7. COLA-Non-Represented	10	604	614
8. Non-Represented Health Benefit Chg	3	218	221
9. Salary Survey-Non-Rep Staff	0	241	241
10. General Inflation	-7	-1,116	-1,123
11. Staff Training	0	402	402
12. Criminal Justice Training	32	126	158
13. Enhance Stores Network Connection	0	2,228	2,228
14. Alcohol Education Initiative	0	186	186
15. Optional Redemption of COPs	0	4,315	4,315
16. Improve Core Technology Operations	0	2,261	2,261
17. Financing Warehouse Expansion	0	2,800	2,800
18. Increase Shipping Capacity	0	3,233	3,233
19. More Store FTEs for Revenue Growth	0	2,746	2,746
20. Pension Rate for Gain Sharing	-10	-392	-402
21. Suspend Unfunded Liability Contribs	-34	-1,323	-1,357
22. Liquor Retail Business Plan	0	1,435	1,435
23. Tobacco Products Enforc. (SB 6097)	309	0	309
Total 2005-07 Biennium	**3,445**	**190,103**	**193,548**
Fiscal Year 2006 Total	1,739	93,313	95,052
Fiscal Year 2007 Total	1,706	96,790	98,496

Comments:

1. **Change Expense to Non-Appropriated** - Bags to carry purchased liquor are changed from an appropriated to a non-appropriated/budgeted expense. This change allows the Liquor Control Board to continue to provide bags to customers without having to seek additional appropriation authority when liquor sales increase. (Liquor Revolving Account-Non-Appropriated)

2. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

3. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Liquor Revolving Account-State)

4. **UFCW COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the United Food and Commercial Workers (UFCW). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Liquor Revolving Account-State)

5. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Liquor Revolving Account-State)

6. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Liquor Revolving Account-State)

Washington State Liquor Control Board

7. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, Liquor Revolving Account-State)

8. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Liquor Revolving Account-State)

9. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Liquor Revolving Account-State)

10. **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.

11. **Staff Training** - Funding is provided for an FTE and for staff training courses. (Liquor Revolving Account-State)

12. **Criminal Justice Training** - All newly hired liquor enforcement officers (LEOs) are required to receive 720 hours of basic law enforcement academy (BLEA) training. Currently, there are 40 LEOs employed prior to this period that have not received this training. Beginning in the 2005-07 biennium, five of these LEOs will attend the BLEA per year. This funding allows for all LEOs to meet the minimum law enforcement training standards established by the Washington State Criminal Justice Training Commission. (Liquor Revolving Account-State)

13. **Enhance Stores Network Connection** - Funding is provided for a high-speed wide area network to be installed in all of the 161 state liquor stores, which will reduce credit card transaction times, allow for access to on-line lottery games, and the ability to conduct product searches. (Liquor Revolving Account-State)

14. **Alcohol Education Initiative** - Funding is provided for an alcohol education staff coordinator to leverage resources for direct alcohol abuse prevention services such as a media campaign or educational materials targeted toward middle school and high school students, with input from the Department of Social and Health Service's Division of Alcohol and Substance Abuse and the Governor's Council on Substance Abuse. (Liquor Revolving Account-State)

15. **Optional Redemption of COPs** - Funding is provided for the Liquor Control Board to make an accelerated final payment on the certificate of participation (COP) that was used to finance the new Seattle Liquor Distribution Center. Making this accelerated final payment saves the state $390,000 in interest expenses. Once the debt is eliminated, the agency will retain the 20 cent per liter surcharge to finance the expansion of the Seattle Distribution Center. (Liquor Control Board Construction and Maintenance Account-State)

16. **Improve Core Technology Operations** - Funding is provided for information technology investments in the following areas: replacement of essential computer equipment; improvement of security measures; and improvement of the technical support for core infrastructure. The improvement of security measures involves hiring an information technology security coordinator to bring the Liquor Control Board into full compliance with all Information Services Board security standards. The improvement of technical support for the core infrastructure includes adding three additional staff to address network and management concerns. (Liquor Revolving Account-State)

17. **Financing Warehouse Expansion** - Funding is provided to expand the Seattle Liquor Distribution Center to meet annual growth in liter sales of 4.8 percent. The additional space will support expanded receiving docks, floor and rack storage, and staging areas. Construction is expected to be completed by December 2007, and the project cost is estimated at $17.5 million. The Board will fund the expansion through a certificate of participation and continuation of the 20 cent per liter surcharge that funded the existing Distribution Center. (Liquor Control Board Construction and Maintenance Account-State)

18. **Increase Shipping Capacity** - Funding is provided to improve the material handling equipment at the Seattle Liquor Distribution Center. Additions include: an upgrade to the latest version of the warehouse management system (WMS) software, modifications to the WMS software to allow for more efficient product retrieval, purchase of a carousel maintenance agreement, and additional product retrieval equipment and material handling system back-up parts. The upgrades to the material handling equipment and WMS, to be made in FY 2005 and early FY 2006, will generate an additional $14.86 million in revenue. (Liquor Revolving Account-State)

19. **More Store FTEs for Revenue Growth** - Funding is provided for new staff in stores with the greatest potential for revenue growth. The Liquor Control Board, with the assistance of two new retail business analysts and an independent consultant, will analyze the impact of additional staff on customer satisfaction and revenue growth and make recommendations concerning the need for additional state liquor store staff, store relocations, new state and contract liquor stores, and other retail organizational structure changes. (Liquor Revolving Account-State)

20. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, Liquor Revolving Account-State)

21. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology).

Washington State Liquor Control Board

For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, Liquor Revolving Account-State)

22. **Liquor Retail Business Plan** - Funding is provided to implement Chapter 231, Laws of 2005 (SHB 1379), which requires the Liquor Control Board to implement a liquor retail business plan. The business plan includes opening at least 20 stores on Sunday and allows for in-store merchandising and point of sale advertising. (Liquor Revolving Account-State)

23. **Tobacco Products Enforc. (SB 6097)** - Funding is provided for two enforcement officers to enforce the new licensing and compliance requirements set out in Chapter 180, Laws of 2005 (SB 6097), on merchandisers of tobacco products.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Utilities and Transportation Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**30,267**	**30,267**
2005-07 Maintenance Level	**0**	**32,136**	**32,136**
Policy Changes			
1. National Energy Policy Devt	0	120	120
2. Middle Management Reduction	0	-253	-253
3. WFSE COLA/Salary Survey	0	476	476
4. Super Coalition Health Benefits	0	286	286
5. COLA-Non-Represented	0	289	289
6. Non-Represented Health Benefit Chg	0	62	62
7. General Inflation	0	-68	-68
8. Information Services Support	0	145	145
9. Statewide Systems Increase	0	46	46
10. Public Counsel Legal Services	0	70	70
11. Pension Rate for Gain Sharing	0	-106	-106
12. Suspend Unfunded Liability Contribs	0	-355	-355
Total 2005-07 Biennium	**0**	**32,848**	**32,848**
Fiscal Year 2006 Total	0	16,410	16,410
Fiscal Year 2007 Total	0	16,438	16,438

Comments:

1. **National Energy Policy Devt** - Funding is provided to further the state's interest in national energy policy development currently being considered in Congress and by the Federal Energy Regulatory Commission. (Public Service Revolving Account-State)

2. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

3. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Public Service Revolving Account-State, Pipeline Safety-State, Pipeline Safety-Federal)

4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Public Service Revolving Account-State, Pipeline Safety-State, Pipeline Safety-Federal)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Public Service Revolving Account-State, Pipeline Safety-State, Pipeline Safety-Federal)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Public Service Revolving Account-State, Pipeline Safety-State, Pipeline Safety-Federal)

7. **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.

8. **Information Services Support** - Funding is provided to the Information Services section for one additional staff position to address backlog and multiple developmental projects. (Public Service Revolving Account-State)

9. **Statewide Systems Increase** - Funding is provided to improve the agency cost allocation and revenue systems that were developed in the 1960s. This enhancement will allow the Commission to utilize the state's Agency Financial Reporting System and implement the new state time-keeping system in FY 2005. (Public Service Revolving Account-State)

10. **Public Counsel Legal Services** - Funding is provided to improve the ability of the Public Counsel to address consumer issues through expert witness testimony and analysis. Recent changes in telecommunications, electric, and natural gas industries require the use of expert witnesses beyond the capacity of the current budget. (Public Service Revolving Account-State)

11. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07

Utilities and Transportation Commission

biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Public Service Revolving Account-State, Pipeline Safety-State, Pipeline Safety-Federal)

12. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Public Service Revolving Account-State, Pipeline Safety-State, Pipeline Safety-Federal)

NOTE: Amounts shown here reflect only the omnibus appropriations act. The remainder of the Utilities and Transportation Commission's budget is shown in the Transportation Budget Section of this document.

Board for Volunteer Firefighters

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**733**	**733**
2005-07 Maintenance Level	**0**	**765**	**765**
Policy Changes			
1. COLA-Non-Represented	0	12	12
2. Non-Represented Health Benefit Chg	0	4	4
3. Salary Survey-Non-Rep Staff	0	8	8
4. General Inflation	0	-2	-2
5. Contract for IT Support Services	0	18	18
6. Hire an Office Assistant	0	45	45
7. Civil Service Reform Training	0	1	1
8. Pension Rate for Gain Sharing	0	-2	-2
9. Suspend Unfunded Liability Contribs	0	-6	-6
Total 2005-07 Biennium	**0**	**843**	**843**
Fiscal Year 2006 Total	0	415	415
Fiscal Year 2007 Total	0	428	428

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Volunteer Firefighters' & Reserve Officers' Administrative Account-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Volunteer Firefighters' & Reserve Officers' Administrative Account-State)

3. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Volunteer Firefighters' & Reserve Officers' Administrative Account-State)

4. **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. (Volunteer Firefighters' & Reserve Officers' Administrative Account-State)

5. **Contract for IT Support Services** - Funding is provided for information technology support provided by the Department of Information Services. Volunteer Firefighters' & Reserve Officers' Administrative Account-Non-Appropriated)

6. **Hire an Office Assistant** - Funding is provided to meet additional staffing requirements, including separating duties and meeting increased workload demands. (Volunteer Firefighters' & Reserve Officers' Administrative Account-Non-Appropriated)

7. **Civil Service Reform Training** - Funding is provided for costs associated with civil service reform training required to comply with the Personnel System Reform Act of 2002. (Volunteer Firefighters' & Reserve Officers' Administrative Account-Non-Appropriated)

8. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Volunteer Firefighters' & Reserve Officers' Administrative Account-State)

9. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Volunteer Firefighters' & Reserve Officers' Administrative Account-State)

Military Department

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**17,044**	**269,075**	**286,119**
2005 Supplemental *	28	-34,429	-34,401
Total 2003-05 Biennium	**17,072**	**234,646**	**251,718**
2005-07 Maintenance Level	**17,868**	**247,090**	**264,958**
Policy Changes			
1. E-911 Database Upgrade	0	2,900	2,900
2. Middle Management Reduction	-122	-135	-257
3. WFSE COLA/Salary Survey	107	284	391
4. WPEA COLA/Salary Survey	118	291	409
5. Super Coalition Health Benefits	135	329	464
6. Classification Revisions	45	71	116
7. COLA-Non-Represented	228	180	408
8. Non-Represented Health Benefit Chg	69	58	127
9. Salary Survey-Non-Rep Staff	102	119	221
10. General Inflation	-81	-211	-292
11. Alert & Warning Ctr Staffing	386	0	386
12. Pension Rate for Gain Sharing	-64	-98	-162
13. Suspend Unfunded Liability Contribs	-212	-323	-535
14. Mt. St. Helens Emerg Communications	867	0	867
Total 2005-07 Biennium	**19,446**	**250,555**	**270,001**
Fiscal Year 2006 Total	10,084	145,853	155,937
Fiscal Year 2007 Total	9,362	104,702	114,064

Comments:

1. **E-911 Database Upgrade** - Funding is appropriated to upgrade the enhanced 911 (E-911) database to meet the National Emergency Number Association's Extensible Markup Language standards. This upgrade will permit data sharing between multiple systems, including wireline, wireless, and voice-over-Internet Protocol technology. These applications have been endorsed by the Federal Communications Commission. (Enhanced 911 Account-State)

2. **Middle Management Reduction** - Middle management positions are reduced.

3. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

4. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

5. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

6. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

7. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

8. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

9. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, Enhanced 911 Account-State)

Military Department

10. **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.

11. **Alert & Warning Ctr Staffing** - Funding is appropriated to add three FTEs for the Emergency Operations Alert and Warning Center to provide the center with two employees per shift. This will reduce overtime costs and eliminate periods where only one employee covers the shift.

12. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, various other funds)

13. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

14. **Mt. St. Helens Emerg Communications** - One-time funding is appropriated for to the Cowlitz County 911 Communications Center for the purposes of purchasing or reimbursing the cost of purchasing interoperable radio communication technology to improve disaster response in the Mt. St. Helens area.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Employment Relations Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**4,799**	**2,542**	**7,341**
2005 Supplemental *	-41	0	-41
Total 2003-05 Biennium	**4,758**	**2,542**	**7,300**
2005-07 Maintenance Level	**5,186**	**2,723**	**7,909**
Policy Changes			
1. COLA-Non-Represented	142	76	218
2. Non-Represented Health Benefit Chg	40	22	62
3. Salary Survey-Non-Rep Staff	350	185	535
4. General Inflation	-16	-7	-23
5. Pension Rate for Gain Sharing	-24	-12	-36
6. Suspend Unfunded Liability Contribs	-78	-42	-120
Total 2005-07 Biennium	**5,600**	**2,945**	**8,545**
Fiscal Year 2006 Total	2,776	1,435	4,211
Fiscal Year 2007 Total	2,824	1,510	4,334

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, Department of Personnel Services Account-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Department of Personnel Services Account-State)

3. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, Department of Personnel Services Account-State)

4. **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. (Department of Personnel Services Account-State)

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, Department of Personnel Services Account-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, Department of Personnel Services Account-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Growth Management Hearings Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**3,003**	**0**	**3,003**
2005 Supplemental *	55	0	55
Total 2003-05 Biennium	**3,058**	**0**	**3,058**
2005-07 Maintenance Level	**3,065**	**0**	**3,065**
Policy Changes			
1. COLA-Non-Represented	74	0	74
2. Non-Represented Health Benefit Chg	17	0	17
3. General Inflation	-7	0	-7
4. Pension Rate for Gain Sharing	-12	0	-12
5. Suspend Unfunded Liability Contribs	-41	0	-41
6. Caseload Increases	62	0	62
Total 2005-07 Biennium	**3,158**	**0**	**3,158**
Fiscal Year 2006 Total	1,571	0	1,571
Fiscal Year 2007 Total	1,587	0	1,587

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

6. **Caseload Increases** - One-time funding is provided to meet the anticipated increase in cases filed for review due to counties and cities updating their natural resource lands designations, critical areas ordinances, comprehensive plans and development regulations.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Washington State Gambling Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**27,284**	**27,284**
2005-07 Maintenance Level	**0**	**29,010**	**29,010**
Policy Changes			
1. COLA-Non-Represented	0	656	656
2. Non-Represented Health Benefit Chg	0	225	225
3. Salary Survey-Non-Rep Staff	0	115	115
4. General Inflation	0	-91	-91
5. Gambling Information Management Sys	0	500	500
6. Pension Rate for Gain Sharing	0	-106	-106
7. Suspend Unfunded Liability Contribs	0	-355	-355
Total 2005-07 Biennium	**0**	**29,954**	**29,954**
Fiscal Year 2006 Total	0	14,209	14,209
Fiscal Year 2007 Total	0	15,745	15,745

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Gambling Revolving Account-Non-Appropriated)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Gambling Revolving Account-Non-Appropriated)

3. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Gambling Revolving Account-Non-Appropriated)

4. **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.

5. **Gambling Information Management Sys** - Funding is included for the Gambling Commission to replace its current licensing system with a gambling information management system that integrates its stand-alone databases into one comprehensive database with a web-based interface. (Gambling Revolving Account-Non-Appropriated)

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Gambling Revolving Account-Non-Appropriated)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Gambling Revolving Account-Non-Appropriated)

Department of Archaeology & Historic Preservation

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Maintenance Level	**0**	**0**	**0**
Policy Changes			
1. Establishment of Agency	1,099	1,460	2,559
Total 2005-07 Biennium	**1,099**	**1,460**	**2,559**
Fiscal Year 2006 Total	550	730	1,280
Fiscal Year 2007 Total	549	730	1,279

Comments:

1. **Establishment of Agency** - The Department of Archaeology and Historic Preservation (DAHP) is established as a separate agency of state government. The creation of this new agency will allow for institutional efficiencies, creating a greater funding base to distribute to local governments for preservation-related activities. (General Fund-State, General Fund-Federal, General Fund-Local)

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

State Convention and Trade Center

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**71,752**	**71,752**
2005-07 Maintenance Level	**0**	**76,649**	**76,649**
Policy Changes			
1. COLA-Non-Represented	0	487	487
2. General Inflation	0	-154	-154
Total 2005-07 Biennium	**0**	**76,982**	**76,982**
Fiscal Year 2006 Total	0	37,809	37,809
Fiscal Year 2007 Total	0	39,173	39,173

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (State Convention & Trade Center Account-State)

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 mission.

Department of Financial Institutions

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**28,442**	**28,442**
2005-07 Maintenance Level	**0**	**30,974**	**30,974**
Policy Changes			
1. Middle Management Reduction	0	-167	-167
2. Classification Revisions	0	4	4
3. COLA-Non-Represented	0	700	700
4. Non-Represented Health Benefit Chg	0	214	214
5. Salary Survey-Non-Rep Staff	0	304	304
6. General Inflation	0	-84	-84
7. Pension Rate for Gain Sharing	0	-116	-116
8. Suspend Unfunded Liability Contribs	0	-382	-382
9. Financial & Acct. Fraud, Securities	0	677	677
10. Exam Enhancement, Banks	0	417	417
11. Exam Enhancement, Credit Unions	0	217	217
12. Exam Enhancement, Consumer Services	0	1,861	1,861
13. Information Technology Package	0	1,661	1,661
14. Communication, Outreach & Education	0	235	235
15. Licensing, Consumer Services	0	259	259
16. Enforcement, Consumer Services	0	703	703
17. Refund Anticipation Loans-SSB 5692	0	13	13
Total 2005-07 Biennium	**0**	**37,490**	**37,490**
Fiscal Year 2006 Total	0	18,303	18,303
Fiscal Year 2007 Total	0	19,187	19,187

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Financial Services Regulation Account-Non-Appropriated)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Financial Services Regulation Account-Non-Appropriated)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Financial Services Regulation Account-Non-Appropriated)

5. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Financial Services Regulation Account-Non-Appropriated)

6. **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.

7. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Financial Services Regulation Account-Non-Appropriated)

8. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Financial Services Regulation Account-Non-Appropriated)

9. **Financial & Acct. Fraud, Securities** - Funding is included for the Department to hire a financial legal examiner and two financial examiners, at midrange on their respective salary steps, to investigate companies using fraudulent corporate and financial accounting techniques in connection with an offering of securities or in communications with investors or financial

Department of Financial Institutions

markets. (Financial Services Regulation Account-Non-Appropriated)

10. **Exam Enhancement, Banks** - Funding is included for the Division of Banks to hire three financial examiner assistants, at midrange on the salary step, to examine state chartered financial institutions for safety and soundness purposes and supervise and examine state chartered institutions identified by federal regulators as having less than satisfactory Community Reinvestment Act or consumer compliance ratings, or having other identified issues. (Financial Services Regulation Account-Non-Appropriated)

11. **Exam Enhancement, Credit Unions** - Funding is included for an additional financial examiner, at midrange on the salary step, in the Credit Union Division to meet increased workload demands in the area of credit union compliance with federally-mandated consumer protection laws, including anti-terrorism laws. (Financial Services Regulation Account-Non-Appropriated)

12. **Exam Enhancement, Consumer Services** - Funding is included for the Division of Consumer Services to enter into personal service contracts in the 2005-07 biennium. These personal service contracts will provide examinations of the following: consumer loan companies, mortgage brokers, check cashiers and sellers (payday lenders), and money transmitters and currency exchangers. The contracts will also include external audits of predatory practices and emerging issues such as stored value electronic payment systems and Internet-based financial transactions. (Financial Services Regulation Account-Non-Appropriated)

13. **Information Technology Package** - Funding is included for the Department of Financial Institutions (DFI) to develop an integrated regulatory database system. DFI will expand imaging to new areas of the agency, support document retention, and workflow management. Examination and enforcement activities will be enhanced by developing or purchasing tools that will scan, read, and store information from bank statements, manage investigative cases, collect and manipulate financial information, and expand the capacity to perform computer forensics on confiscated computers. (Financial Services Regulation Account-Non-Appropriated)

14. **Communication, Outreach & Education** - Funding is included for DFI to hire a communications director, at midrange on the salary step, to improve the Department's consumer outreach, education, and communications functions. (Financial Services Regulation Account-Non-Appropriated)

15. **Licensing, Consumer Services** - Funding is included for the Division of Consumer Services to hire a customer service representative and a financial examiner, at midrange on their respective salary steps, to reduce license application review turn-around times and improve the quality of license application reviews. (Financial Services Regulation Account-Non-Appropriated)

16. **Enforcement, Consumer Services** - Funding is included for the Division of Consumer Services to hire a financial examiner and 2.5 financial legal examiners, at midrange on their respective salary steps, to enforce state financial regulation and consumer protection laws regarding sub-prime lending by consumer loan companies, mortgage brokers, and payday lenders, and money laundering and criminal activity by money transmitters and currency exchangers. (Financial Services Regulation Account-Non-Appropriated)

17. **Refund Anticipation Loans-SSB 5692** - Funding is included for the Department to implement Chapter 471, Laws of 2005 (SSB 5692 - Refund Anticipation Loans). (Financial Services Regulation Account-Non-Appropriated)

Public Printer

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**66,000**	**66,000**
2005-07 Maintenance Level	**0**	**66,485**	**66,485**
Policy Changes			
1. Press-Printing and Copying	0	165	165
2. On Demand Printing	0	128	128
3. Tech Efficiencies/Savings & Redist	0	-1,327	-1,327
4. COLA-Non-Represented	0	416	416
5. Non-Represented Health Benefit Chg	0	189	189
6. Pension Rate for Gain Sharing	0	-66	-66
7. Suspend Unfunded Liability Contribs	0	-223	-223
Total 2005-07 Biennium	**0**	**65,767**	**65,767**
Fiscal Year 2006 Total	0	32,938	32,938
Fiscal Year 2007 Total	0	32,829	32,829

Comments:

1. **Press-Printing and Copying** - The budget includes funding for additional costs and 1.8 FTEs associated with operating the printing press to meet increased customer demand for printing and copying. (Printing Plant Revolving Account-Non-Appropriated)

2. **On Demand Printing** - Funding is provided for additional costs and 3 FTEs associated with increased customer orders for printing services. (Printing Plant Revolving Account-Non-Appropriated)

3. **Tech Efficiencies/Savings & Redist** - Saving are realized from a net reduction in costs due to the Department's redistribution of current staff to higher demand activities of bindery and shipping, printing and copying, and the Department's use of more sophisticated equipment. (Printing Plant Revolving Account-Non-Appropriated)

4. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Printing Plant Revolving-Non-Appropriated)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Printing Plant Revolving Account-Non-Appropriated)

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Printing Plant Revolving Account-Non-Appropriated)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Printing Plant Revolving Account-Non-Appropriated)

LEOFF 2 Retirement Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**889**	**889**
2005-07 Maintenance Level	**0**	**1,895**	**1,895**
Policy Changes			
1. COLA-Non-Represented	0	32	32
2. Non-Represented Health Benefit Chg	0	9	9
3. General Inflation	0	-5	-5
4. Pension Rate for Gain Sharing	0	-6	-6
5. Suspend Unfunded Liability Contribs	0	-17	-17
Total 2005-07 Biennium	**0**	**1,908**	**1,908**
Fiscal Year 2006 Total	0	949	949
Fiscal Year 2007 Total	0	959	959

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Law Enforcement Officers' and Fire Fighters' [LEOFF] Retirement System Plan 2 Expense Account-Non-Appropriated)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (LEOFF Retirement System Plan 2 Expense 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 mission. (LEOFF Retirement System Plan 2 Expense Account-Non-Appropriated)

4. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (LEOFF Retirement System Plan 2 Expense Account-Non-Appropriated)

5. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (LEOFF Retirement System Plan 2 Expense Account-Non-Appropriated)

Human Services

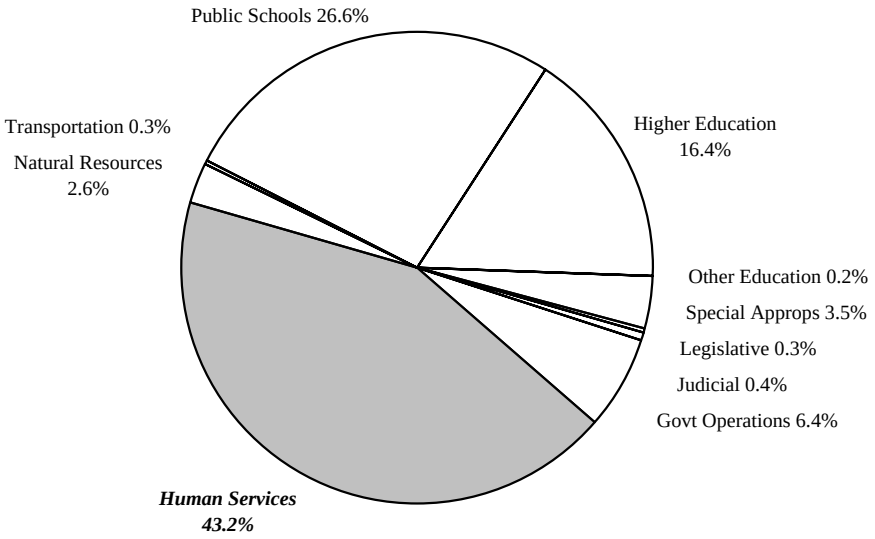
The Human Services section is separated into two sections: the Department of Social and Health Services (DSHS) and Other Human Services. The DSHS budget is displayed by program division in order to better describe the costs of particular services provided by the Department. The Other Human Services section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

2005-07 Washington State Operating Budget

Total Budgeted Funds

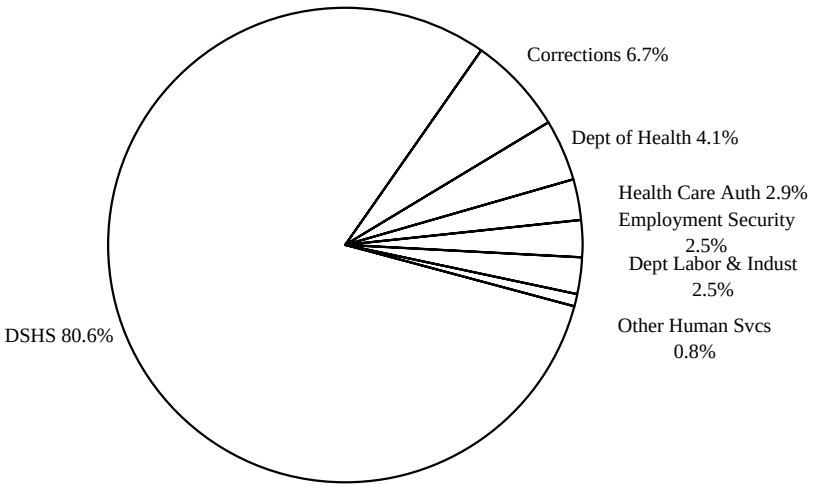
(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	3,188,651
Human Services	***21,370,163***
Natural Resources	1,296,763
Transportation	145,790
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

DSHS	17,217,073
Dept of Corrections	1,422,637
Dept of Health	878,304
Health Care Authority	622,448
Employment Security	530,416
Dept of Labor & Indust	525,846
Other Human Svcs	173,439
Human Services	***21,370,163***



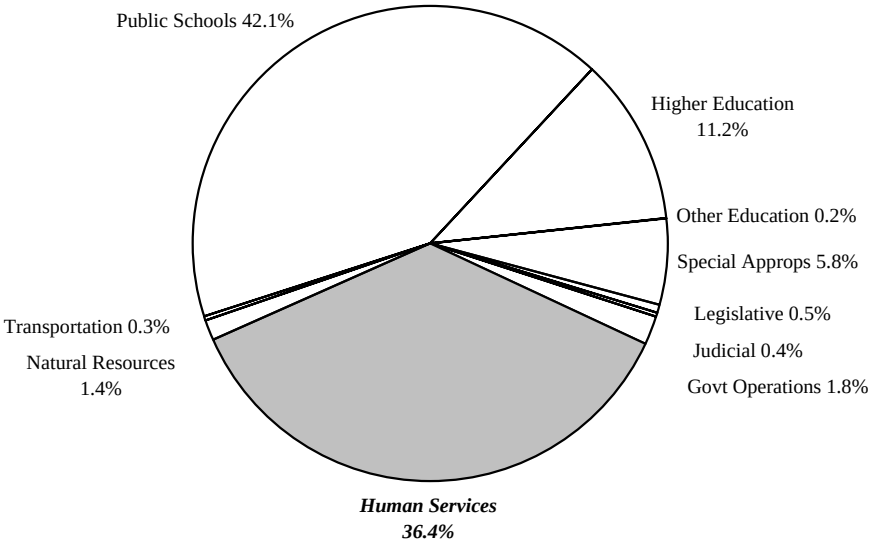
Human Services

2005-07 Washington State Operating Budget

General Fund-State

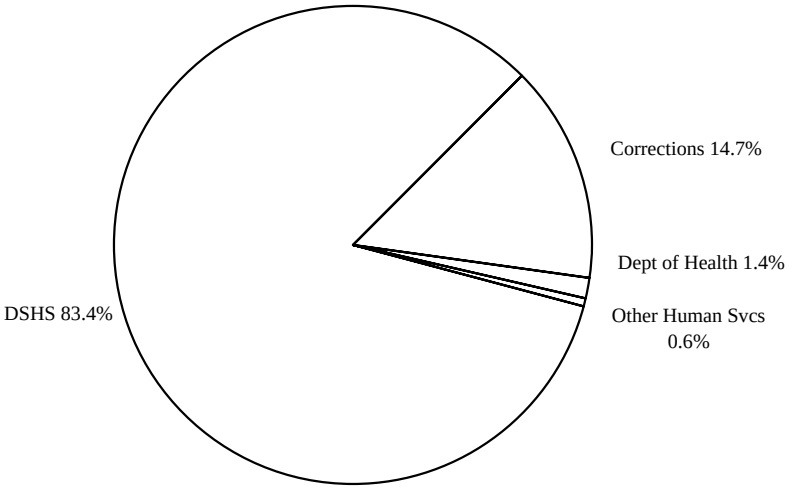
(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
Human Services	***9,458,768***
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

DSHS	7,883,928
Dept of Corrections	1,390,181
Dept of Health	128,441
Other Human Svcs	56,218
Human Services	***9,458,768***



Human Services

Department of Social & Health Services

Children and Family Services

General Fund-State funding for the Children's Administration was increased by 14.3 percent from the 2003-05 biennium. The budget provides $14.6 million in state and federal funding to reform the child protective services and child welfare system. An additional 124 full-time equivalent (FTE) staff will be added so that child protective services workers can conduct investigations quicker, visit children in out-of-home care at least every 30 days, and oversee an increased number of families who will participate in voluntary services agreements with the Department.

Secure crisis residential centers, which offer services to at-risk adolescents by providing them a safe and secure placement, will continue at the 2003-05 biennium spending level. The budget provides funding through the Public Safety and Education Account of approximately $4.7 million per year. However, regional crisis residential centers were reduced by $1.7 million.

Chapter 512, Laws of 2005, Partial Veto (ESSB 5922), modifies the threshold for screening and investigating child abuse cases to include circumstances which cause harm to or present a substantial threat of harm to the child's health, welfare, or safety. The sum of $5 million in state and federal funding is provided for additional social workers, enhanced services, and increased foster care placements in fiscal year 2007.

Chemical dependency specialist services shall be made available at each local child welfare office. These specialists will assist at-risk families in getting the help they need to keep children safe in their own homes. A total of $2.3 million of state and federal funds was provided.

The budget provides $1.3 million in funding to establish education coordinators to help youth in foster care who are ages 9 to 16 years old in the K-12 and higher education systems.

Children's Advocacy Centers will receive $355,000 in the 2005-07 biennium to support the multi-disciplinary based program that uses "best practices" in child abuse investigations. Each advocacy center receiving state funding must, at a minimum, match the state contribution.

The growth of the average cost paid per case for foster care and adoption support placements is limited to the 1 percent per year vendor rate increase. This action is expected to result in a $5.0 million savings to the state.

Juvenile Rehabilitation

The budget provides $1.4 million in state funds to maintain funding for a program for juvenile offenders with co-occurring substance abuse and mental health disorders in King, Snohomish, Pierce, and Kitsap Counties. Federal Juvenile Accountability Incentive Block Grant funding that was used by the agency for this and other juvenile programs was reduced by Congress in the federal fiscal year 2005 budget. The program, involving the family and a therapeutic team, begins treatment in the juvenile rehabilitation institution and continues for up to six months after release. The pilot program was evaluated by the Washington State Institute for Public Policy (WSIPP) and was shown to have a 13 percent lower rate of recidivism, and to provide $3.15 in benefits to taxpayers and victims per each dollar of cost.

The budget transfers $997,000 in state funding from the Governor's Juvenile Justice Advisory Committee to the Juvenile Rehabilitation Administration for the establishment of a Reinvesting in Youth pilot program. The program will award grants to counties for implementing research-based early intervention services that target juvenile justice-involved youth and reduce crime. The WSIPP has identified several programs that, if properly implemented, are likely to reduce taxpayer and other costs in the future. During the 2005-07 biennium, a pilot

program consisting of three counties or groups of counties will test methods for reinvesting state savings that result from local investments in evidence-based services for juvenile justice-involved youth.

Mental Health

Under new federal rules and policies, the state's community mental health system is no longer able to use savings achieved through Medicaid managed care for people and services that would not otherwise be eligible for Medicaid. The budget provides state revenues to replace all but $2.2 million of the lost federal funding, for a total of $80 million. Of the "backfill" funding provided, $10 million is earmarked for services to persons during and after incarceration and $3 million is earmarked for innovative service approaches. The $67 million balance is to be used to the extent possible to maintain previous levels of non-Medicaid crisis and commitment, inpatient treatment, residential, and outpatient services.

A total of $9.5 million is provided for eight additional psychiatrists and psychologists to conduct outpatient evaluations of competency to stand trial and to open an additional legal offender ("forensic") ward at Western State Hospital. The state psychiatric hospitals are legally responsible for evaluating competency to stand trial, for providing treatment to restore competency for defendants judged incompetent for trial, and for providing supervision and ongoing treatment for defendants found not guilty by reason of insanity. Steady increases in the demand for these services have substantially exceeded the hospital's capacity to complete required evaluations within acceptable timeframes.

The number of community hospital beds available for short-term, emergency treatment of persons committed under the Involuntary Treatment Act (ITA) decreased 12 percent between 2000 and 2004. To prevent further erosion of treatment capacity, the budget provides $6.4 million to increase, by an average of about 40 percent, the rate paid for treatment of medically-indigent patients in hospitals that accept ITA patients.

The budget provides a 25 percent increase, $1.4 million General Fund-State and $1.4 million General Fund-Federal, in payment rates for the Children's Long-Term Inpatient Program (CLIP) residential treatment facilities. The CLIP facilities provide inpatient treatment for children with severe psychiatric impairments.

Home Care Workers (Developmental Disabilities and Long-Term Care)

A total of $65 million is provided to increase compensation for home care workers who provide direct care for persons receiving publicly-funded home care services. This includes:

- $53 million to implement an interest arbitration settlement between the Governor and the exclusive bargaining representative of individual home care providers. The settlement increases the wages of individual providers from $8.93 per hour to $9.20 per hour in fiscal year 2006 and to an average $9.45 per hour in fiscal year 2007; provides state contributions for health care coverage, vision, and dental benefits that will average $506 per eligible worker per month; and provides paid vacation leave for every 50 hours worked in fiscal year 2007.
- $10 million to increase compensation provided to direct care workers employed by home care agencies by an amount equivalent to the hourly wage increase awarded to individual providers. An additional $2 million is provided to certain home care agencies in recognition of higher labor market cost pressures experienced by agencies subject to collective bargaining obligations.

Developmental Disabilities

The total operating budget for the 2005-07 biennium represents a 10.4 percent increase in total state funding for services for persons with developmental disabilities, or an additional $137 million.

The budget provides an additional $8.6 million in new resources to add 74 new residential placements. Of these placements, 35 are provided for community protection placements, and 39 are provided for other community placements. Priority for the new placements include children aging out of other state services, clients without residential services who are in crisis and at risk of needing an institutional placement, and current waiver clients.

The budget provides $4.1 million in state and federal funding for employment and day transition services for approximately 600 clients with developmental disabilities. Priority consideration for this ongoing funding will be for young adults with developmental disabilities living with their families who need employment opportunities and assistance after high school graduation.

The amount of $2 million per year is provided to increase uniformity in the rates paid to supported living agency providers for administrative costs.

Funding in the amount of $2.5 million is provided for a pilot program to provide flexible family support dollars to an estimated 1,400 families who are providing care and support for family members with developmental disabilities. The funds are targeted to families who have a documented need for services, are not currently receiving services from the Division of Developmental Disabilities, and have gross household income at or below 400 percent of poverty ($64,360 per year for a family of three).

The sum of $2.4 million of state and federal funds are included in the budget to develop an integrated case management information system, which will provide case resource managers with a single source of information about client needs and resources.

The budget reduces $3.3 million in state and federal funding for efficiencies that are expected to be achieved in Fircrest School and other residential habilitation centers.

The state is expected to save $750,000 in state funds by recovering federal funding for eligible individuals who are currently supported only with state funds.

Long-Term Care Services

A total of $2.5 billion is appropriated for the Department of Social and Health Services (DSHS) to provide long-term care services to an average of 48,500 elderly and disabled adults per month. This represents a 2.6 percent increase in the number of persons receiving such services, and a 7.4 percent increase in expenditures from the 2003-05 biennium.

A total of $21.9 million is provided to increase non-capital nursing home rates by 1.3 percent on July 1, 2005, and by an additional 1.3 percent on July 1, 2006. Nursing home payments are also adjusted to reflect Chapter 514, Laws of 2005 (ESHB 2314), which provides for the phased elimination of the nursing home quality maintenance fee over the course of the next three biennia. During the 2005-07 biennium, the tax will be reduced from $6.50 per patient day to $5.25 per patient day.

The budget appropriates $2.5 million to increase the personal needs allowance from $41.62 per month to $51.62 per month, for an average of 10,200 publicly funded clients residing in nursing homes.

These expenditure increases are partially offset by a number of spending reductions, including:

- Reducing state funding for Area Agencies on Aging by $2.8 million;
- Achieving $6.9 million in reduced nursing home expenditures through the expansion of chemical dependency treatment services in the DSHS Alcohol and Substance Abuse program; and
- Saving $9.2 million by increasing DSHS efforts to recover the cost of publicly-funded care from the estates of deceased Medicaid recipients.

Economic Services Administration

Family child care homes and child care centers will receive an additional $15 million for rate increases to subsidized child care paid by the State for low-income and at-risk families. This funding will facilitate child care access and quality. This funding is in addition to approximately $11 million for child care vendor rate increases in the 2005-07 biennium.

The budget provides $15 million in state funding to continue activities for the Temporary Assistance to Needy Families (TANF) program. This program provides cash grants to families with children and pregnant women. This funding will help the state meet its requirement to maintain a specific level of funding and maintain current program expenditures.

The budget provides $1.5 million for programs that serve individuals with limited English proficiency. This amount is in addition to existing state and federal funds for this purpose and is intended to support reducing General Assistance-Unemployable (GA-U) caseloads. An additional $1 million in state funds is also provided to expand naturalization services for aging immigrants who receive services from the GA-U program.

Chapter 374, Laws of 2005 (ESHB 1314), which establishes the Domestic Violence Prevention Account, will generate revenue that will be used for preventive, non-shelter, community-based domestic violence services.

The budget provides $500,000 in state funds to expand the TeamChild program. TeamChild helps troubled youth secure the community-based services they need by providing civil legal advocacy and offers juvenile courts practical and less costly alternatives to incarceration.

The budget anticipates $18 million in savings in the GA-U program through strategies to improve the outcomes for GA-U clients. These strategies include: (1) investing in naturalization to reduce the number of aged clients who no longer qualify for supplemental security income; (2) facilitating an increased number of clients to obtain Social Security and veterans' benefits; (3) providing medical services through managed care demonstration projects; and (4) providing improved mental health and vocational rehabilitation and employment support to reduce the amount of time assistance is needed.

Alcohol and Substance Abuse

A total of $2.1 million in General Fund-State and other state funds is provided for vendor rate increases to be prioritized for residential treatment providers and other providers as funds are available. Another $5 million in General Fund-State is specifically provided for supplemental vendor rate increases to residential treatment providers.

The budget appropriates $1.8 million to the Division of Alcohol and Substance Abuse (DASA) to continue providing the Safe Babies/Safe Moms program, which was previously funded in Economic Services. This program is for Medicaid-eligible pregnant and parenting women identified as "at serious risk for, or currently using" alcohol or substances.

The budget provides funding for a significant expansion of substance abuse treatment, as well as funding pilot projects, evaluations, and assessment costs related to Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763). Offsetting this increase in funding is assumed "cost avoidance" in medical assistance and long-term care of $16.5 million in General Fund-State and $14.7 million in General Fund-Federal during the 2005-07 biennium. These cost offsets are informed in part by the results of a 2002 cost offset study by the DSHS Research and Data Analysis Division. Assuming the cost offsets, the net increase to the budget is $18 million in state general funds. Funding added to the budget includes the items below:

- $21.1 million in state funds and $11.9 million in federal funds to increase the amount of substance abuse treatment by 100 percent (over the fiscal year 2004 level) by the second year of the 2005-07 biennium for aged, blind, disabled, and other Medicaid-eligible adults, including clients of the GA-U program. This funding level also covers a 50 percent increase in treatment for other Medicaid-eligible adults (TANF-related).
- $5 million in state funds and $1.7 million in federal funds to provide substance abuse treatment to an additional 1,000 youth per year who are under 200 percent of the federal poverty level.
- $1.1 million in state funds and $1.2 million in federal funds for contracted substance abuse services for the child welfare system.
- $7 million in state funds to implement pilot projects in four sites, including two cross-system crisis responder pilots that utilize an integrated involuntary treatment act approach and two intensive chemical

dependency case management pilots. This amount also includes about $310,000 for WSIPP to evaluate the results of the pilots, conduct one other study in the bill, and report to the Legislature on cost-effectiveness and outcomes.

- $655,000 in state funds and $466,000 in federal funds to develop an integrated mental health/substance abuse screening and assessment tool to be used by the Mental Health Division and DASA in DSHS. The budget also provides funding for training and quality assurance.
- $100,000 in state funds for the Joint Legislative Audit and Review Committee to conduct a study of potential facilities that could be converted to regional jails to provide services to persons who need mental health treatment.

Medical Assistance Administration

A total of $7.7 billion in state and federal funds is provided for an average of 930,000 low-income children and adults per month to receive medical and dental care through Medicaid and other DSHS medical assistance programs during the 2005-07 biennium. Total expenditures on such services are budgeted to increase by $402 million (5.5 percent) from the final 2003-05 biennium level, and the state share of those expenditures is projected to increase by $561 million (17.8 percent). However, because of three significant changes in the state-federal fiscal relationship in the 2005-07 biennium, a simple biennium-to-biennium comparison of appropriation levels does not fully reflect the actual change in state and federal financial support for low-income medical assistance between the two biennia:

- Under a new federal policy, the state will no longer be able to use inter-governmental transfers to collect federal Medicaid funds to cover part of the cost of care to medically indigent and other low-income populations. Discontinuing the financial transactions associated with these transfers lowers the total 2005-07 biennium appropriation by $335 million. Because the budget includes a new hospital reimbursement mechanism, the actual level of total public financial support for the services previously funded through the inter-governmental transfers is unchanged, and the state share of that assistance actually increases by about $30 million.
- Under the same new federal policy, the "Pro-Share" program that has generated federal financial assistance for the state Health Services Account and for rural hospitals is discontinued in the 2005-07 biennium. This lowers the 2005-07 biennium total appropriation by $113 million from the 2003-05 biennium level and reduces revenues to the Health Services Account and to rural hospitals by $51 million and by $4 million, respectively.
- Beginning in 2006, the federal government will pay directly through the new Medicare Part D program for prescription drugs on behalf of people who are eligible for both Medicare and Medicaid. Previously, such drug costs were covered through the state/federal Medicaid program. This change lowers 2005-07 biennium total appropriation by $233 million. State-fund appropriations are essentially unchanged, as the state is required to pay the federal government the projected amount the state would otherwise have incurred under Medicaid.

After controlling for the above changes, actual 2005-07 biennium growth from the final 2003-05 biennium level is approximately $1.1 billion (15 percent) in total funds and approximately $665 million (22 percent) in state funds.

Approximately 90 percent of the expenditure increase is due to the continuation of existing program policies, rather than to new service enhancements. Prior to the eligibility changes discussed below, the number of persons covered through Medicaid and other DSHS medical assistance programs was projected to grow 3.6 percent per year, and medical costs per person were projected to grow about 3.4 percent per year. The higher costs per person are due to a combination of increased service utilization and higher-cost medical procedures.

The remaining 10 percent of the expenditure growth represents the net effect of several major program enhancements offset by a number of anticipated efficiencies in program operations. Major enhancements include:

- allowing children, once determined eligible, to qualify for a full year of medical assistance coverage, regardless of subsequent changes in family income, and without needing to verify their continued eligibility every six months.

- restoring state-funded medical assistance coverage for children who are ineligible for Medicaid because of their immigration status.
- continuing premium-free medical coverage for children, rather than requiring families with incomes between 150-200 percent of poverty to pay $10 per child per month.
- providing payment rate increases that average 1.3 percent per year for hospitals and physicians and 1.0 percent per year for other medical providers.

Major efficiencies include an anticipated reduction in the use of medical services due to increased treatment for clients who have alcohol and substance abuse problems; increased case management for clients with a pattern of excessive, unnecessary service use; improved collection of drug manufacturer rebates and provider over-payments; and reductions in the cost of medical equipment and supplies.

Other

The budget eliminates redundancy and overlap in administrative positions in DSHS by reducing state and local funding by $6.8 million for non-case carrying staff.

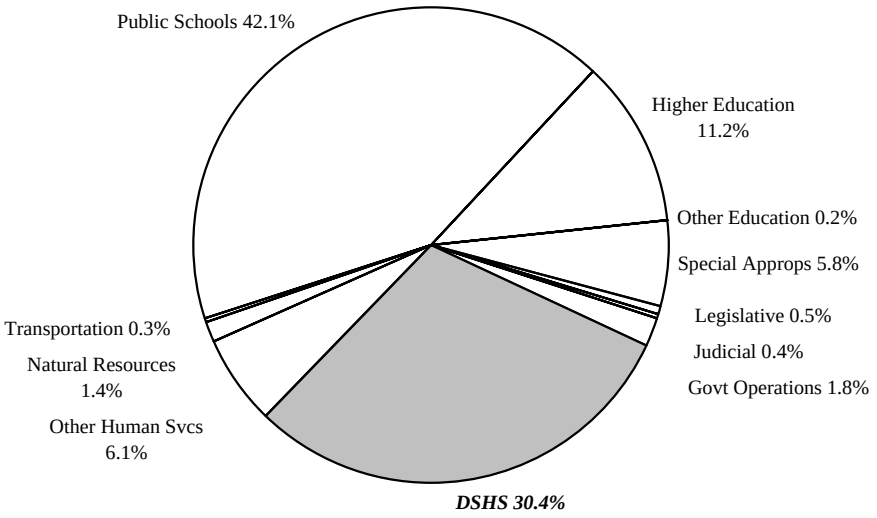
Funds that were targeted for the continued downsizing of Fircrest, a residential rehabilitation center, are eliminated.

2005-07 Washington State Operating Budget

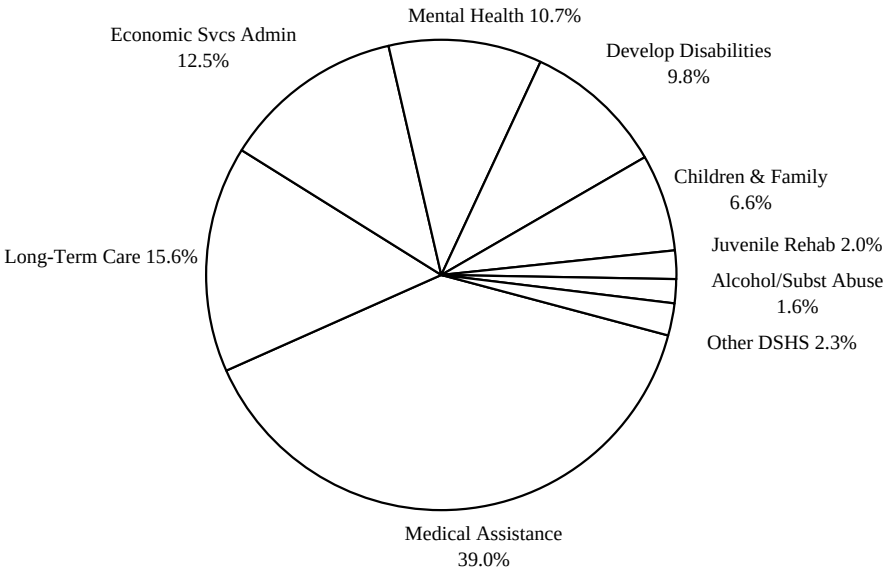
General Fund-State

(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
DSHS	***7,883,928***
Other Human Services	1,574,840
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Medical Assistance	3,077,313
Long-Term Care	1,228,339
Economic Services Admin	984,247
Mental Health	844,678
Developmental Disabilities	770,056
Children & Family Svcs	517,355
Juvenile Rehabilitation	159,568
Alcohol/Subst Abuse	124,191
Other DSHS	178,181
DSHS	***7,883,928***



DSHS

2005-07 Washington State Operating Budget

General Fund-State

(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
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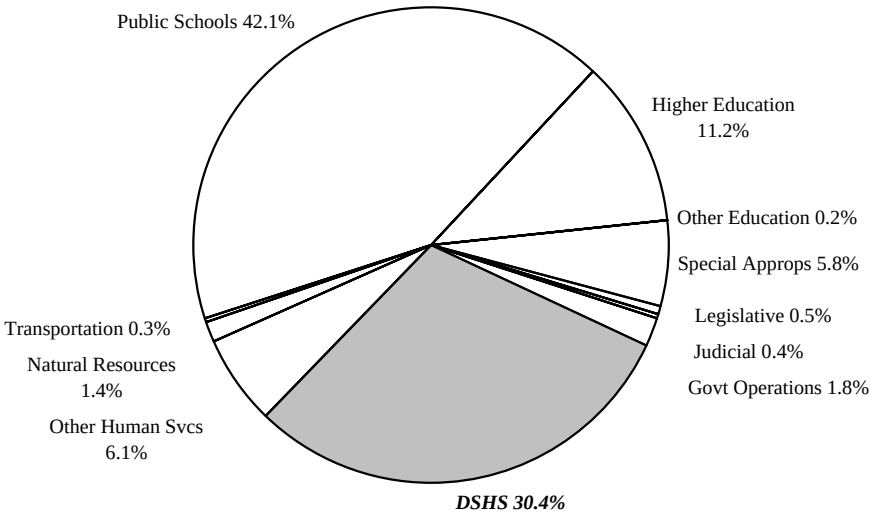

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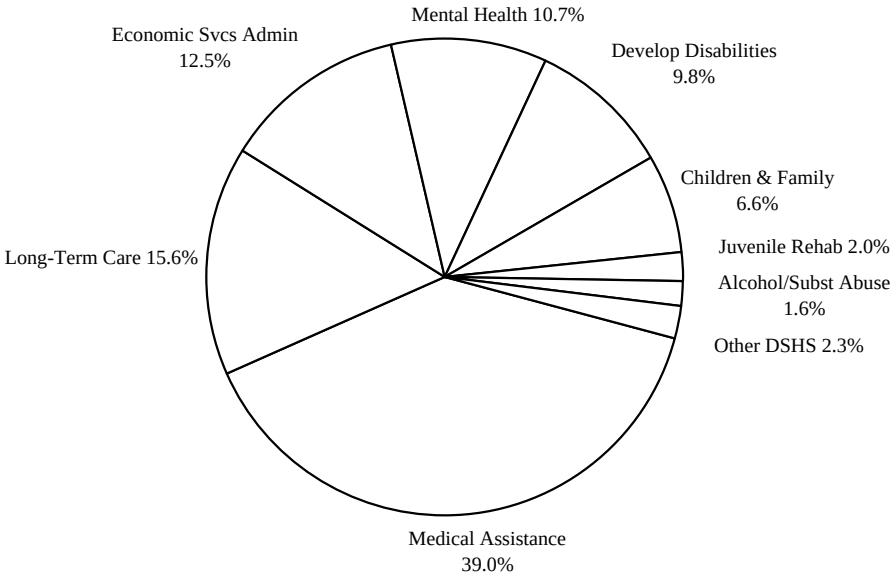

DSHS

Department of Social and Health Services
Children & Family Services

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**449,360**	**446,391**	**895,751**
2005 Supplemental *	855	1,830	2,685
Total 2003-05 Biennium	**450,215**	**448,221**	**898,436**
2005-07 Maintenance Level	**485,463**	**449,486**	**934,949**
Policy Changes			
1. Home Care Worker Wages	419	408	827
2. Lease, Med. Inflation and Equip Red	-632	-290	-922
3. Targeted Vendor Rate Increase	5,613	2,860	8,473
4. Middle Management Reduction	-697	-340	-1,037
5. WFSE COLA/Salary Survey	5,802	2,573	8,375
6. 1199 COLA/Sal Surv/Addt'l Step	1	1	2
7. Super Coalition Health Benefits	4,384	1,951	6,335
8. Classification Revisions	6	3	9
9. COLA-Non-Represented	929	436	1,365
10. Non-Represented Health Benefit Chg	323	150	473
11. Salary Survey-Non-Rep Staff	117	71	188
12. General Inflation	-460	-596	-1,056
13. VOCA Transfer to CTED	0	-14,642	-14,642
14. Enhanced Child Welfare Services	3,500	1,500	5,000
15. Adoption Grant Enhancement	0	357	357
16. Children's Advocacy Centers	355	0	355
17. Chemical Dependency Specialists	1,144	1,144	2,288
18. CPS/Child Welfare Services Reform	10,189	4,370	14,559
19. Education Coordinators	900	400	1,300
20. Pension Rate for Gain Sharing	-994	-446	-1,440
21. Suspend Unfunded Liability Contribs	-3,345	-1,496	-4,841
22. PSEA Shortfall	9,344	-9,344	0
23. Regional Crisis Residential Centers	0	-1,712	-1,712
24. Foster and Adoption Cost Management	-5,006	-2,779	-7,785
Total 2005-07 Biennium	**517,355**	**434,065**	**951,420**
Fiscal Year 2006 Total	251,005	214,442	465,447
Fiscal Year 2007 Total	266,350	219,623	485,973

Comments:

1. **Home Care Worker Wages** - In accordance with RCW 74.39A.300, the Governor must submit, as a part of the proposed biennial operating budget submitted to the Legislature, a request for funds necessary to implement compensation and fringe benefits provisions of collective bargaining agreements negotiated between the Governor and the exclusive bargaining representative of individual providers of home care services. This year, the negotiation process went into interest arbitration. Funding is provided for the purposes of implementing the interest arbitration award. The arbitration settlement award increases the wages of individual providers from $8.93 per hour to $9.20 per hour in FY 2006 and to an average of $9.45 per hour in FY 2007. It also provides state contributions for health care coverage, vision, and dental benefits that will average $506 per eligible worker per month in the 2005-07 biennium and paid vacation leave for every 50 hours worked in FY 2007. The funding for the arbitration award includes the Office of Financial Management, Home Care Quality Authority, and the Department of Social and Health Services' (DSHS) Children and Family Services, Developmental Disabilities, Aging and Adult Services, and Administration and Supporting Services programs. (General Fund-State, General Fund-Federal)

2. **Lease, Med. Inflation and Equip Red** - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

3. **Targeted Vendor Rate Increase** - Funding is provided for vendor rate increases of 1 percent on July 1, 2005, and 1 percent on July 1, 2006. (General Fund-State, General Fund-Federal, Public Safety and Education Account (PSEA)-State, Violence Reduction and Drug Enforcement Account-State)

Department of Social and Health Services
Children & Family Services

4. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

5. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

6. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

7. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

8. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

9. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, PSEA-State)

10. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, PSEA-State)

11. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)

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

13. **VOCA Transfer to CTED** - The Governor reassigned administration of the Victims of Crime Act (VOCA) grant from DSHS to the Department of Community, Trade and Economic Development (CTED) on April 1, 2004. This package transfers expenditure authority from DSHS to CTED in accordance with this reassignment. (General Fund-Federal)

14. **Enhanced Child Welfare Services** - Funding is provided to implement provisions of Chapter 512, Laws of 2005, Partial Veto (ESSB 5922 - Child Neglect). (General Fund-State, General Fund-Federal)

15. **Adoption Grant Enhancement** - Funding was awarded to the Children's Administration for meeting adoption goals. This one-time adoption incentive award must be expended for allowable costs for the federal Adoption Incentive Payments Program. (General Fund-Federal)

16. **Children's Advocacy Centers** - Children's Advocacy Centers facilitate a multi-disciplinary approach toward the investigation and prosecution of child abuse allegations. Funding in the amount of $177,000 in FY 2006 and $178,000 in FY 2007 may be used for children's advocacy centers. This funding may also be used for the state association of children's advocacy centers. A 50 percent match is required of children's advocacy centers receiving funding.

17. **Chemical Dependency Specialists** - Funding is provided to implement the requirement of Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763), that chemical dependency specialist services be offered in each Children's Administration (CA) field office. The CA will contract for services. Funding is expected to cover the costs for approximately 22 FTEs. (General Fund-State, General Fund-Federal)

18. **CPS/Child Welfare Services Reform** - Funding is provided for an additional 123.9 FTEs, including 84.3 social workers, 10.5 supervisors, 15.8 office staff, and 13.3 headquarters and quality assurance and training staff to implement child protective services (CPS) and child welfare services (CWS) reforms. CPS workers will investigate emergent cases within 24 hours and non-emergent cases within 72 hours for accepted referrals. CWS workers will have face-to-face contact with children, parents, and/or caregivers every 30 days. This funding supports the goals of the Federal Program Improvement Plan and the Braam Lawsuit settlement and assists in addressing the findings of recent fatality reviews. (General Fund-State, General Fund-Federal)

19. **Education Coordinators** - Funding is provided for contracted education coordinators to assist foster children in succeeding in the K12 and higher education systems. (General Fund-State, General Fund-Federal)

Department of Social and Health Services
Children & Family Services

20. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, PSEA-State)

21. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, PSEA-State)

22. **PSEA Shortfall** - Expenditures from PSEA are reduced to reflect amounts available. These expenditures are instead made from the state general fund. (General Fund-State, PSEA-State)

23. **Regional Crisis Residential Centers** - Funding is reduced by $856,000 per year for regional crisis residential centers. (PSEA-State)

24. **Foster and Adoption Cost Management** - The budget provides vendor rate increases for foster care and adoption support of 1.0 percent in FY 2006 and 1.0 percent in FY 2007. This step removes a portion of the additional increase in the cost per foster care and adoption support placement that was included in the mandatory caseload adjustment for estimated growth in the costs of services. CA will take the necessary steps to ensure that the average cost per case remains within this funding level. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.par

Department of Social & Health Services
Children & Family Services

WORKLOAD HISTORY
By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	Estimated 2005	Estimated 2006	Estimated 2007
Foster Care [1]										
Avg # Children Served Monthly	8,297	8,219	8,127	8,181	8,193	8,177	7,985	7,994	8,059	8,071
% Change from prior year		-0.9%	-1.1%	0.7%	0.2%	-0.2%	-2.3%	0.1%	0.8%	0.1%
Child Care [2]										
Avg # Children Served Monthly	4,435	4,563	4,909	5,253	4,608	4,388	4,021	4,035	4,069	4,075
% Change from prior year		2.9%	7.6%	7.0%	-12.3%	-4.8%	-8.4%	0.4%	0.8%	0.1%
Child Protective Services (CPS)										
Avg CPS Referrals Monthly	6,477	6,214	6,351	6,375	6,461	6,288	6,558	6,304	6,431	6,431
% Change from prior year		-4.1%	2.2%	0.4%	1.4%	-2.7%	4.3%	-3.9%	2.0%	0.0%
Adoption Support										
Avg Monthly # Eligible	4,683	5,455	6,318	7,247	8,049	8,704	9,632	10,450	11,242	12,034
% Change from prior year		16.5%	15.8%	14.7%	11.1%	8.1%	10.7%	8.5%	7.6%	7.0%
Caseload Ratio										
Avg Cases Per Worker [3]	33:1	29:1	29:1	29:1	24:1	24:1	24:1	24:1	24:1	24:1

(1) *Includes Family Foster Care, Group Foster Care, and Receiving Care.*

(2) *Includes the following child care services: CPS/Child Welfare Services (CWS), Therapeutic/Medicaid Treatment, Foster Parent Employment, and Adoption Support Child Care. Prior to FY 2002, the monthly average also included teen parent and seasonal child care.*

(3) *Combined average number of open cases per worker for CPS, CWS, and Family Reconciliation Services.*

Data Sources :

FY 1998 through FY 2004 actuals for Foster Care and Adoption Support provided by the Caseload Forecast Council.

FY 1998 through FY 2004 actuals for Child Care and Child Protective Services provided by the Department of Social and Health Services Budget Division.

FY 2005 through FY 2007 estimates for Child Care and Child Protective Services extrapolated from recent trends (2004, 2005)

FY 2005 through FY 2007 estimates for Foster Care and Adoption Support provided by the Caseload Forecast Council.

Department of Social and Health Services
Juvenile Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**145,059**	**52,357**	**197,416**
2005 Supplemental *	556	-100	456
Total 2003-05 Biennium	**145,615**	**52,257**	**197,872**
2005-07 Maintenance Level	**155,116**	**50,567**	**205,683**
Policy Changes			
1. Lease, Med. Inflation and Equip Red	-1,675	0	-1,675
2. Targeted Vendor Rate Increase	628	417	1,045
3. Middle Management Reduction	-470	-70	-540
4. WFSE COLA/Salary Survey	3,685	31	3,716
5. 1199 COLA/Sal Surv/Addt'l Step	190	0	190
6. Super Coalition Health Benefits	3,125	35	3,160
7. Classification Revisions	34	0	34
8. COLA-Non-Represented	641	122	763
9. Non-Represented Health Benefit Chg	211	41	252
10. Salary Survey-Non-Rep Staff	92	65	157
11. General Inflation	-318	0	-318
12. Pension Rate for Gain Sharing	-634	-24	-658
13. Suspend Unfunded Liability Contribs	-2,144	-82	-2,226
14. Maintain Co-Occurring Disorders Pgm	1,428	0	1,428
15. Disposition Alt Utilization	-594	0	-594
16. Bed Savings-Juv. Disp. Alternatives	-744	0	-744
17. Payments to Counties-Juv. Disp. Alt	744	0	744
18. Reinvesting in Youth Program	997	0	997
19. Lapse - Juv. Disp. Alt	-744	0	-744
Total 2005-07 Biennium	**159,568**	**51,102**	**210,670**
Fiscal Year 2006 Total	78,304	25,462	103,766
Fiscal Year 2007 Total	81,264	25,640	106,904

Comments:

1. **Lease, Med. Inflation and Equip Red** - Funding for lease increases, medical inflation, and equipment replacement costs is eliminated.

2. **Targeted Vendor Rate Increase** - Funding is provided for inflationary vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. (General Fund-State, General Fund-Federal, Violence Reduction and Drug Enforcement Account-State)

3. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, Juvenile Accountability Incentive Account-Federal)

4. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

5. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

6. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

7. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

Department of Social and Health Services
Juvenile Rehabilitation

8. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)

9. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)

10. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)

11. **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.

12. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)

13. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)

14. **Maintain Co-Occurring Disorders Pgm** - State funding is provided to replace a loss of federal funding used to run the Family Integrated Transitions (FIT) Program for juvenile offenders with co-occurring substance abuse and mental health disorders in King, Snohomish, Pierce, and Kitsap counties. The FIT Program begins treatment in the institutions and continues for up to six months after release, involving the family and a therapeutic team. The pilot program was evaluated by the Washington State Institute for Public Policy (WSIPP) and was shown to have a 13 percent reduction in the rate of recidivism, and $3.15 in benefits to taxpayers and victims per each dollar of cost.

15. **Disposition Alt Utilization** - Fewer-than-expected juvenile offenders have been adjudicated under the Suspended Disposition Alternative (SDA) and Mental Health Disposition Alternative (MHDA) established pursuant Chapter 378, Laws of 2003, Partial Veto (ESSB 5903). During the first eight months of FY 2005, total Juvenile Rehabilitation Administration (JRA) expenditures on the disposition alternatives have been 60 percent below budgeted levels. Funding to counties for the implementation of the two disposition alternatives is reduced to more closely reflect actual expenditures on these programs.

16. **Bed Savings-Juv. Disp. Alternatives** - In accordance with Chapter 508, Laws of 2005 (SHB 2073), and ESSB 5719 (Community Commitment -- vetoed by the Governor), savings are assumed by: (1) expanding the eligibility requirements for MHDA so that juvenile offenders may now be eligible for the disposition alternative regardless of commitment sentence length; and (2) permanently extending the community commitment disposition alternative (CCDA) and permitting all counties to utilize the alternative. (Note: ESSB 5719 was vetoed in its entirety.)

17. **Payments to Counties-Juv. Disp. Alt** - Funding is provided to local juvenile courts to implement Chapter 508, Laws of 2005 (SHB 2073), and ESSB 5719 (Community Commitment -- vetoed by the Governor), which will enable counties to deliver research-based intervention programs to juvenile offenders who would have normally been sentenced to secure placement in JRA facilities. Payments to counties are estimated based upon projected reductions in the JRA residential population for the biennium. Actual reimbursements to the counties will depend upon utilization of the disposition alternatives. (Note: ESSB 5719 was vetoed in its entirety.)

18. **Reinvesting in Youth Program** - Juvenile Violence Prevention grant funding is transferred from the Governor's Juvenile Justice Advisory Committee to JRA for the establishment of a reinvesting in youth pilot program that awards grants to counties for implementing research-based early intervention services that target juvenile justice involved youth and reduce crime. WSIPP has identified several programs that, if properly implemented, are likely to reduce taxpayer and other costs in the future. During the 2005-07 biennium, a pilot program consisting of three counties or groups of counties will test methods for reinvesting state savings that result from local investments in evidence-based services for juvenile justice involved youth.

19. **Lapse - Juv. Disp. Alt** - The funding, outlined in the "Payments to Counties-Juv. Disp. Alt" item above, to pay counties for local juvenile disposition alternatives under ESSB 5719 and Chapter 508, Laws of 2005 (SHB 2073) lapses. The funding was provisoed such that it would lapse unless *both* bills were enacted; however ESSB 5719 was vetoed by the Governor in its entirety.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Social & Health Services
Juvenile Rehabilitation

WORKLOAD HISTORY
By Fiscal Year

								Estimated		
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Community Residential [1]										
Avg Daily Population/Month	305	239	209	194	173	172	144	123	130	131
% Change from prior year	-15.7%	-21.6%	-12.6%	-7.2%	-10.8%	-0.5%	-16.6%	-14.4%	5.7%	0.8%
Institutions [2]										
Avg Daily Population/Month	1,048	996	984	987	937	797	781	792	750	744
% Change from prior year	1.9%	-5.0%	-1.2%	0.3%	-5.1%	-14.9%	-2.1%	1.4%	-5.3%	-0.9%
Parole [2] [3]										
Avg Daily Population/Month	1,002	768	1,023	1,062	1,006	847	802	729	726	722
% Change from prior year	5.6%	-23.4%	33.3%	3.8%	-5.3%	-15.8%	-5.3%	-9.1%	-0.5%	-0.5%

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

(2) *FY 2006 through FY 2007 budget assumptions for institutions and parole assume savings from the enactment of Chapter 508, Laws of 2005 (HB 2073), and from SB 5719, which was vetoed in its entirety.*

(3) *Parole eligibility standards were significantly modified in FY 1998, FY 2000, and FY 2003.*

Data Sources :

FY 1998 through FY 2004 from the Department of Social and Health Services Juvenile Rehabilitation Administration.

FY 2005 through FY 2007 data from legislative fiscal staff.

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(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**658,386**	**591,527**	**1,249,913**
2005 Supplemental *	430	-6,162	-5,732
Total 2003-05 Biennium	**658,816**	**585,365**	**1,244,181**
2005-07 Maintenance Level	**732,728**	**593,880**	**1,326,608**
Policy Changes			
1. Lease, Med. Inflation and Equip Red	-2,449	-979	-3,428
2. Lease, Med. Inflation & Equip. Red.	-20	0	-20
3. Targeted Vendor Rate Increase	6,554	5,514	12,068
4. Vendor Rate Increase	388	0	388
5. Middle Management Reduction	-1,120	-368	-1,488
6. Children's Medical Premiums	358	358	716
7. Eligibility Reviews	2,001	2,001	4,002
8. WFSE COLA/Salary Survey	8,712	994	9,706
9. 1199 COLA/Sal Surv/Addt'l Step	2,428	320	2,748
10. Super Coalition Health Benefits	7,817	925	8,742
11. Classification Revisions	289	41	330
12. COLA-Non-Represented	1,071	253	1,324
13. Non-Represented Health Benefit Chg	298	72	370
14. Salary Survey-Non-Rep Staff	634	118	752
15. General Inflation	-970	-300	-1,270
16. CLIP Rate Adjustment	1,350	1,348	2,698
17. Community Psych Hospital Rate Adj	6,497	128	6,625
18. Transition Treatment for Children	1,075	741	1,816
19. Non-Medicaid Services-Community	75,400	-77,600	-2,200
20. State Hospital Forensic Services	7,400	1,324	8,724
21. Pharmacy Staffing	377	116	493
22. Evaluation and Treatment	539	0	539
23. Integrated Crisis Response Pilots	43	37	80
24. Personal Needs Allowance Increase	38	12	50
25. Regional Support Network RFP	150	40	190
26. Pension Rate for Gain Sharing	-1,574	-208	-1,782
27. Suspend Unfunded Liability Contribs	-5,332	-704	-6,036
28. Supplemental Nursing Care	700	0	700
29. Integrated Assessment	356	305	661
30. Transfer Mitigation Funding	0	0	0
31. Efficiencies in Ancillary Costs	-550	0	-550
32. Adjust Mitigation Funding-SCTF	-510	0	-510
Total 2005-07 Biennium	**844,678**	**528,368**	**1,373,046**
Fiscal Year 2006 Total	413,764	259,810	673,574
Fiscal Year 2007 Total	430,914	268,558	699,472

Comments:

1. **Lease, Med. Inflation and Equip Red** - Equipment purchases in the state hospitals are reduced by 45 percent from the 2003-05 level. Increased expenditures on drugs are to be limited to 5 percent for the biennium. (General Fund-State, General Fund-Federal, General Fund-Local)

2. **Lease, Med. Inflation & Equip. Red.** - Funding for lease increases, medical inflation, and equipment replacement costs is eliminated.

3. **Targeted Vendor Rate Increase** - In order to meet federal Medicaid requirements, the Mental Health Division will adopt a new set of federally-approved, actuarially-sound rate ranges for Medicaid managed care payments for community mental health services, effective July 1, 2005. Because those rate ranges are not yet available, it is not known whether the rates currently anticipated to be in effect during the 2005-07 biennium will fall within the rate bounds and, therefore, whether funds provided for Medicaid community mental health services will be sufficient to ensure compliance in each of the four managed care rate categories and across all regional support networks (RSNs). In the event that amounts provided are insufficient to comply with the new rate ranges, this vendor rate increase shall be selectively applied to those rate areas which are out of

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compliance. Any remaining amounts will be applied uniformly across rate categories and RSNs. (General Fund-State, General Fund-Federal)

4. **Vendor Rate Increase** - Funding is provided for inflationary vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006.

5. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

6. **Children's Medical Premiums** - Funding is provided to continue to provide premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately $1,900 to $2,600 per month for a family of three. Families within that income range would pay monthly premiums of $10 per child, up to a maximum of $30 per family, beginning in July 2005. (General Fund-State, General Fund-Federal)

7. **Eligibility Reviews** - Additional funding is provided for the Department to: (1) restore annual eligibility verification for children's and family medical coverage; and (2) once eligible, allow clients to maintain coverage for a full year regardless of income changes during the eligibility period that make the child ineligible for coverage. The changes are expected to result in approximately 25,000 more children remaining on the medical assistance caseload per month by the end of FY 2007. (General Fund-State, General Fund-Federal)

8. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Medicaid)

9. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

10. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Medicaid)

11. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

12. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal)

13. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Medicaid)

14. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, General Fund-Medicaid)

15. **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. (General Fund-State, General Fund-Federal)

16. **CLIP Rate Adjustment** - Payment rates for the Children's Long-Term Inpatient Program (CLIP) residential treatment facilities are increased by 25 percent. The CLIP facilities provide inpatient treatment for children with severe psychiatric impairments. (General Fund-State, General Fund-Federal)

17. **Community Psych Hospital Rate Adj** - The number of community hospital beds available for short-term, emergency treatment of persons committed under the Involuntary Treatment Act (ITA) decreased 12 percent between 2000 and 2004. The budget provides funding to increase the non-Medicaid payment rate to $400 per day for treatment of medically indigent patients in hospitals that accept ITA patients. This is an approximately 40 percent increase in the non-Medicaid payment rate for such hospitals. No increase is provided for hospitals that do not accept ITA patients, or whose base non-Medicaid payment rate exceeds $400 per day. In addition, the Medicaid payment rate is to be increased to a minimum of $550 per day for free-standing psychiatric hospitals that accept ITA patients. (General Fund-State, General Fund-Federal)

18. **Transition Treatment for Children** - Funding is provided to implement an evidence-based model under which children with intensive therapeutic needs will be served in foster homes that receive special funding, training, and support. The model will serve 18 children per month, with foster homes clustered in three geographic areas that presently have few or no other children's long-term treatment options. Every attempt is to be made to keep children in or close to their home community, as

support and reintegration into their natural or adoptive family is a central goal of model implementation. Availability of this model is expected to provide opportunities for diversions and transitions from more expensive and intensive placements, such as community hospitals and children's long-term inpatient facilities. (General Fund State, General Fund-Federal)

19. **Non-Medicaid Services-Community** - Under new federal rules and policies, the state's community mental health system is no longer able to use savings achieved though Medicaid managed care for people who, and services that, are not otherwise eligible for Medicaid. The budget provides state revenues to replace all but $2.2 million of the lost federal funding. Of this amount, $10 million is to be used for services to persons during and after incarceration and $3 million is to be used for innovative projects. The balance of the replacement funds are to be distributed back to the areas in which the non-Medicaid costs were incurred in FY 2003, in the following priority order: crisis and commitment services, inpatient care, and residential care, with any residual distributed proportional to population. (General Fund-State, General Fund-Federal)

20. **State Hospital Forensic Services** - Funding is provided for additional psychiatrists and psychologists to conduct outpatient evaluations of competency to stand trial and to open an additional legal offender ("forensic") ward at Western State Hospital. The state psychiatric hospitals are legally responsible for evaluating competency to stand trial, for providing treatment to restore competency for defendants judged incompetent for trial, and for providing supervision and ongoing treatment for defendants found not guilty by reason of insanity. Steady increases in the demand for these services have exceeded the hospitals' capacity to complete required evaluations within acceptable timeframes. The additional state hospital ward is needed to comply with federal court rulings that competency restoration must begin within a week of judicial order. The additional outpatient evaluators will reduce the time defendants are in jail awaiting evaluation and treatment and will reduce the need for inpatient evaluations at the state hospitals, allowing that resource to be used for the more severely impaired citizens in need of treatment. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

21. **Pharmacy Staffing** - Funding is provided so that pharmacy services can be available at Eastern and Western State Hospitals during evening and weekend hours. This will prevent delays in filling medication orders and maintain compliance with hospital accreditation standards. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

22. **Evaluation and Treatment** - Funding is provided for one-time start-up costs of two evaluation and treatment facilities, which will provide community-based alternatives for persons experiencing a psychiatric emergency that would otherwise require inpatient treatment in a community or state hospital bed. The start-up funding will cover staff recruitment, training, and organizational costs prior to initiation of direct client services. Funding for ongoing program operations will come from existing funds that would otherwise be expended upon short-term treatment in state or community hospitals.

23. **Integrated Crisis Response Pilots** - Funding is provided for the mental health system's implementation of the integrated crisis response provisions of Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763 - Substance Abuse and Mental Disorders). The mental health program will train county-designated chemical dependency specialists in mental health involuntary treatment act protocols so that they may function as crisis responders in the two integrated crisis response pilot sites established in the bill. (General Fund-State, General Fund-Federal)

24. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance from $41.62 per month to $51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate $10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)

25. **Regional Support Network RFP** - Funds are provided for the Mental Health Division to implement the competitive bid process (i.e., request for proposal [RFP]) for the selection of RSNs required by Chapter 503, Laws of 2005, Partial Veto (E2SHB 1290). (General Fund-State, General Fund-Federal)

26. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal)

27. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

28. **Supplemental Nursing Care** - Funding is provided for a demonstration project under which the Department will partner with a mental health RSN and with a facility specializing in mental health treatment for persons with chronic medical care needs, to provide integrated care for people who need both skilled nursing and mental health care. (General Fund-State, General Fund-Federal)

29. **Integrated Assessment** - Funding is provided for implementation within the community mental health system of the integrated assessment provisions of Chapter 504, Laws of

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Mental Health

2005, Partial Veto (E2SSB 5763). Specific activities will include development of a single, integrated tool and protocol that will be used by all state-funded mental health and substance abuse treatment providers to screen and assess for co-occurring mental and substance abuse disorders and training for community mental health system staff on use of that tool and protocol. (General Fund-State, General Fund-Federal)

30. **Transfer Mitigation Funding** - Funding to compensate the City of Lakewood for the additional police work associated with the presence of Western State Hospital (WSH) is transferred from the Special Commitment Center (SCC) to the WSH budget.

31. **Efficiencies in Ancillary Costs** - Funding is reduced to reflect amounts for utility increases and some minor repairs related to SCC facility costs on McNeil Island. Funding is also eliminated for three new FTEs that provide non-medical, non-clinical services, such as resident store management and custodial services. The agency added these FTEs in FY 2005 prior to receiving sufficient legislative appropriation. The agency will need to cover these positions and facility expenses by finding efficiencies that do not affect services for residents.

32. **Adjust Mitigation Funding-SCTF** - Funding is adjusted for Pierce County and some Pierce County cities. Funding for law enforcement training has been provided since FY 2001 as mitigation for the siting of a Secure Community Transition Facility (SCTF) on McNeil Island. This funding was not intended to be ongoing mitigation, and training has already been provided for several years. In the last two years, the Department has not been able to expend all of the funds due to an insufficient number of contracts with local governments. (Separate from this reduction, $45,000 per year in funding for the city of Lakewood for police services to WSH is maintained.)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Governor's Vetoes:

The Governor vetoed Sections 204 (1)(a) and (p) of Chapter 518, Laws of 2005, Partial Veto (ESSB 6090). Subsection (a) required DSHS to continue in FY 2006 and to complete in FY 2007 the six-year phase-in under which each RSN was to be allocated the same rate per Medicaid eligible person. Subsection (p) clarified that sufficient funds were appropriated in this section of the budget to implement the integrated assessment provisions of Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763).

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WORKLOAD HISTORY
By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	Estimated 2005	Estimated 2006	Estimated 2007
State Hospitals [1]										
Avg Daily Census/Month	1,275	1,317	1,343	1,343	1,328	1,231	1,192	1,218	1,247	1,247
% Change from prior year	2.6%	3.3%	1.9%	0.0%	-1.2%	-7.3%	-3.1%	2.2%	2.4%	0.0%
Community Outpatient Services -- Average Persons Served per Month										
	41,328	**43,882**	**45,174**	**48,487**	**51,206**	**52,047**	**54,509**	**52,900**	**56,000**	**57,500**
% Change from prior year	3.7%	6.2%	2.9%	7.3%	5.6%	1.6%	4.7%	-3.0%	5.9%	2.7%
Adults	30,024	31,840	32,902	35,420	36,938	37,347	38,882	38,000	40,400	41,300
% Change from prior year	4.1%	6.0%	3.3%	7.7%	4.3%	1.1%	4.1%	-2.3%	6.3%	2.2%
Children	11,304	12,042	12,272	13,067	14,268	14,700	15,627	14,900	15,600	16,200
% Change from prior year	2.7%	6.5%	1.9%	6.5%	9.2%	3.0%	6.3%	-4.7%	4.7%	3.8%
People on Medicaid	N/A	32,303	30,832	34,048	37,750	39,522	43,213	42,600	43,900	45,300
% Change from prior year			-4.6%	10.4%	10.9%	4.7%	9.3%	-1.4%	3.1%	3.2%
People not on Medicaid	N/A	11,579	14,342	14,439	13,456	12,524	11,296	10,200	12,200	12,200
% Change from prior year			23.9%	0.7%	-6.8%	-6.9%	-9.8%	-9.7%	19.6%	0.0%
Special Commitment Center - Main Facility										
Avg Monthly Population	57	79	105	130	151	167	189	211	239	265
% Change from prior year	32.6%	38.6%	32.9%	24.0%	15.9%	10.9%	13.1%	11.6%	13.1%	11.0%
Special Commitment Center - Less Restrictive Alternatives [2]										
Avg Monthly Population	2	3	5	5	7	9	10	12	16	21
% Change from prior year	0.0%	50.0%	66.7%	3.3%	29.0%	31.3%	15.2%	14.9%	37.4%	31.9%

[1] *Includes: Eastern State Hospital, Western State Hospital (WSH), WSH Program for Adaptive Living Skills (PALS), and Child Study and Treatment Center.*

[2] *Includes persons in less restrictive alternative placements on McNeil Island and other locations.*

Data Sources :

FY 1998 through FY 2004 actuals from the Department of Social and Health Services Division of Research and Data Analysis reports.

FY 2005 through FY 2007 estimates from legislative fiscal committees.

Department of Social and Health Services
Developmental Disabilities

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**677,327**	**640,866**	**1,318,193**
2005 Supplemental *	-1,577	-2,687	-4,264
Total 2003-05 Biennium	**675,750**	**638,179**	**1,313,929**
2005-07 Maintenance Level	**733,890**	**662,100**	**1,395,990**
Policy Changes			
1. Home Care Worker Wages	10,055	9,792	19,847
2. Home Care Agency Rate Increase	635	600	1,235
3. Home Care Agency Supplemental Comp	130	130	260
4. Lease, Med. Inflation and Equip Red	-1,556	-1,455	-3,011
5. Targeted Vendor Rate Increase	6,166	5,039	11,205
6. Middle Management Reduction	-552	-329	-881
7. WFSE COLA/Salary Survey	5,097	4,498	9,595
8. 1199 COLA/Sal Surv/Addt'l Step	422	382	804
9. Super Coalition Health Benefits	4,970	4,405	9,375
10. Classification Revisions	117	103	220
11. COLA-Non-Represented	755	639	1,394
12. Non-Represented Health Benefit Chg	222	188	410
13. Salary Survey-Non-Rep Staff	323	292	615
14. General Inflation	-564	-673	-1,237
15. Case Management Support	1,187	1,187	2,374
16. Community Protection	2,138	2,138	4,276
17. Basic/Basic Plus Waiver Growth	-750	1,000	250
18. Personal Needs Allowance Increase	120	120	240
19. Flexible Family Funding	2,500	0	2,500
20. Pension Rate for Gain Sharing	-870	-762	-1,632
21. Suspend Unfunded Liability Contribs	-2,939	-2,576	-5,515
22. Licensed Professional Services	100	0	100
23. RHC Efficiencies	-1,680	-1,680	-3,360
24. Administrative Rate Standardization	2,000	2,000	4,000
25. Expand Community Services	2,142	2,142	4,284
26. Expand Employment and Day Services	2,889	1,219	4,108
27. State Supplemental Payment Transfer	3,109	0	3,109
Total 2005-07 Biennium	**770,056**	**690,499**	**1,460,555**
Fiscal Year 2006 Total	377,557	338,519	716,076
Fiscal Year 2007 Total	392,499	351,980	744,479

Comments:

1. **Home Care Worker Wages** - In accordance with RCW 74.39A.300, the Governor must submit, as a part of the proposed biennial operating budget submitted to the Legislature, a request for funds necessary to implement compensation and fringe benefit provisions of collective bargaining agreements negotiated between the Governor and the exclusive bargaining representative of individual providers of home care services. This year, the negotiation process went into interest arbitration. Funding is provided for the purposes of implementing the interest arbitration award. The arbitration settlement award: increases the wages of individual providers from $8.93 per hour to $9.20 per hour in FY 2006 and to an average of $9.45 per hour in FY 2007; provides state contributions for health care coverage, vision, and dental benefits that will average $506 per eligible worker per month in the 2005-07 biennium; and provides paid vacation leave for every 50 hours worked in FY 2007. The funding for the arbitration award includes the Office of Financial Management, Home Care Quality Authority, and the Department of Social and Health Services' (DSHS) Children and Family Services, Developmental Disabilities, Aging and Adult Services, and Administration and Supporting Services Programs. (General Fund State, General Fund Federal)

2. **Home Care Agency Rate Increase** - Funding is provided to increase payments to agency providers of home care services so direct care workers employed by home care agencies will receive the same rate increase provided to individual home care workers. (General Fund-State, General Fund-Federal)

3. **Home Care Agency Supplemental Comp** - Funding is provided to DSHS for additional supplemental compensation increases for direct care workers employed by home care

agencies. In order to be eligible for such increases, home care agencies will submit proof of a legally binding, written commitment to increase the compensation of agency home care workers, proof of the existence of a method of enforcement of the commitment that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees. (General Fund-State, General Fund-Federal)

4. **Lease, Med. Inflation and Equip Red** - Funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement is eliminated. (General Fund-State, General Fund-Federal)

5. **Targeted Vendor Rate Increase** - Funding is provided for inflationary vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. This increase applies to residential care, family support, professional services, employment and day programs, voluntary foster care placement, and other community programs. Based on the results of the Department's rate standardization study, agency supportive living providers that receive administrative payments above the median payment will not receive an inflationary increase on administrative payments and instead those funds will be directed to providers whose administrative payments fall below the median. (General Fund-State, General Fund-Federal)

6. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

7. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Medicaid)

8. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

9. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Medicaid)

10. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

11. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal)

12. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Medicaid)

13. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, General Fund-Medicaid)

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

15. **Case Management Support** - Funding is provided for the Department to develop an integrated case management information system, which will provide case resource managers with a single source of information about client needs and resources. The system will integrate the functions of assessment, care planning, case monitoring, incident reporting, and quality assurance, and will link to systems in other departments. Additional case resource managers are also funded to ensure that the Department can assess all clients in a timely and consistent manner. (General Fund-State, General Fund-Federal)

16. **Community Protection** - Funding is provided for expanded community services for 35 clients who are: (1) being diverted or discharged from state psychiatric hospitals; (2) participants in the Dangerous Mentally Ill Offender Program; (3) participants in the Community Protection Program; or (4) mental health crisis diversion outplacements. In order to increase the number of clients served and ensure the cost-effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds, provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)

Department of Social and Health Services
Developmental Disabilities

17. **Basic/Basic Plus Waiver Growth** - Additional waiver slots are prioritized for clients who are currently receiving state-only funded services and who could benefit from the service package offered on the Basic or Basic Plus waiver. The services that these clients are currently receiving through state-only funds are at a level that exceeds the normal purpose or average cost of that particular service and would be more cost effective to provide through a home- and community-based waiver program. To the extent that the Department saves state funds in excess of those budgeted, additional clients may be served provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)

18. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance from $41.62 per month to $51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers (RHCs), and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate $10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)

19. **Flexible Family Funding** - Funding is provided for a pilot program that provides flexible family support funds to families who are providing care and support for family members with developmental disabilities. The funds are targeted to families who have a documented need for services, are not currently receiving services from the Division of Developmental Disabilities, and have gross household income at or below 400 percent of poverty ($64,360 per year for a family of three). Priority will be given to individuals in crisis or at immediate risk of needing institutional services; individuals who transition from high school without employment or day program opportunities; individuals cared for by a single parent; and individuals with multiple disabilities. Awards will be made as one-time awards or on a renewable basis and can be used to purchase support services such as respite care, training and counseling, assistive technologies, and transition services, as well as assistance with extraordinary household expenses. It is anticipated that approximately 1,400 families will receive assistance as a result of this funding.

20. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal)

21. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

22. **Licensed Professional Services** - Funding is provided for the Department to continue to offer licensed professional services, including dental services, medical and nursing services, psychology and behavioral services, and rehabilitative services, at the state RHCs to clients who are served in community settings.

23. **RHC Efficiencies** - During the last two biennia, occupancy in RHCs has decreased, while staffing levels have remained relatively constant. It is anticipated that savings can be achieved by reducing staff and other expenditures at the institutions to be more reflective of the current census and minimum national standards and/or federal requirements. (General Fund-State, General Fund-Federal)

24. **Administrative Rate Standardization** - Funding is provided to increase administrative rates paid to supported living agency providers who are currently receiving payments less than the standardized rate recently developed by the Department. (General Fund-State, General Fund-Federal)

25. **Expand Community Services** - Funding is provided for community residential and support services for a minimum of 39 clients, which is 1 percent growth. Priority consideration for these placements shall be as follows: (1) children who are aging out of other state services; (2) clients without residential services who are in crisis or immediate risk of needing an institutional placement, including aging parents who are no longer able to care for their children; (3) current waiver clients who have been assessed as having an immediate need for residential services or increase support services; and (4) residents of RHCs who are able to be adequately cared for in community settings and who choose to live in those settings. In order to increase the number of clients served and ensure the cost effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. Money not spent on new clients may be used to cover service costs of existing waiver clients, including the costs of employment and day services. In addition, if excess funds are available, additional clients may be served as long as the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)

26. **Expand Employment and Day Services** - Funding is provided for employment and day services to approximately 600 clients with developmental disabilities. Priority consideration for this new ongoing funding will be young adults with developmental disabilities living with their families who need employment opportunities and assistance after high school graduation. Services will be provided for both home- and community-based waiver program clients and non-waiver clients. Federal funds may be used to enhance this funding for clients already receiving services from a home- and community-based waiver program. (General Fund-State, General Fund-Federal)

Department of Social and Health Services
Developmental Disabilities

27. **State Supplemental Payment Transfer -** The Division of Developmental Disabilities (DDD) has identified additional allowable expenditures that can qualify for State Supplemental Payments. Funds are transferred from the Economic Services Administration to DDD.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Social & Health Services
Developmental Disabilities

WORKLOAD HISTORY
By Fiscal Year

								Estimated		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Institutions										
Avg Monthly Population [1]	1,228	1,189	1,139	1,116	1,093	1,044	1,035	1,004	994	994
% change from prior year		-3.2%	-4.2%	-2.0%	-2.0%	-4.5%	-0.8%	-3.0%	-1.0%	0.0%
Community Residential Programs [2]										
Avg Month End Contracted Beds	3,742	3,747	3,920	3,957	4,010	4,005	4,469	4,935	4,955	5,012
% change from prior year		0.1%	4.6%	0.9%	1.3%	-0.1%	11.6%	10.4%	0.4%	1.2%
Employment & Day Programs										
Avg Monthly Number Served	8,455	8,567	9,193	9,636	10,186	10,751	9,700	8,544	8,740	9,217
% change from prior year		1.3%	7.3%	4.8%	5.7%	5.5%	-9.8%	-11.9%	2.3%	5.4%
Family Support [3]										
Number of Clients Served	3,985	4,658	5,247	4,449	4,986	5,249	5,758	5,616	6,136	6,526
% change from prior year		16.9%	12.6%	-15.2%	12.1%	5.3%	9.7%	-2.5%	9.3%	6.3%
Personal Care [4]										
Number of Clients Served	4,199	4,730	5,015	5,630	6,212	6,758	8,934	9,166	9,452	9,764
% change from prior year		11.2%	5.7%	10.9%	9.4%	8.1%	24.4%	2.5%	3.0%	3.2%

[1] *Funded capacity at the Residential Habilitation Centers from FY 2000 through FY 2003 was 1,231 clients.*

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

[3] *Family Support includes Children's Personal Care. Data was recast for FY 2001 on to include only non-waiver children receiving Medicaid Personal Care. Waiver personal care for children is included in Adult Personal Care as of FY 2001.*

[4] *Adult Personal Care includes Medicaid Personal Care and Chore Services. Prior to FY 1990, Developmental Disabilities' clients enrolled in these programs were counted in the Long-Term Care program totals. As of 2004, waiver personal care for both children and adults are included since personal care on the waiver was not separately identified for these groups.*

Data Sources :

FY 1998 through FY 2005 from the Department of Social and Health Services workload database.

FY 2006 and FY 2007 are budget estimates from legislative fiscal staff.

Department of Social and Health Services
Long-Term Care

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,116,445**	**1,224,953**	**2,341,398**
2005 Supplemental *	0	-14,125	-14,125
Total 2003-05 Biennium	**1,116,445**	**1,210,828**	**2,327,273**
2005-07 Maintenance Level	**1,199,805**	**1,261,963**	**2,461,768**
Policy Changes			
1. Home Care Worker Wages	16,719	16,287	33,006
2. Home Care Worker Tax Withholding	152	142	294
3. Nursing Home Rate Changes	10,986	10,906	21,892
4. Nursing Home Tax Phase-Out	-4,657	-4,624	-9,281
5. Home Care Agency Rate Increase	4,300	4,305	8,605
6. Home Care Agency Supplemental Comp	870	870	1,740
7. Lease, Med. Inflation and Equip Red	-111	-106	-217
8. Targeted Vendor Rate Increase	5,227	4,702	9,929
9. Long Term Care Financing Task Force	199	198	397
10. Middle Management Reduction	-866	-463	-1,329
11. Estate Recovery	-4,600	-4,600	-9,200
12. WFSE COLA/Salary Survey	1,762	1,400	3,162
13. 1199 COLA/Sal Surv/Addt'l Step	834	837	1,671
14. Super Coalition Health Benefits	1,566	1,302	2,868
15. Classification Revisions	3	3	6
16. COLA-Non-Represented	697	423	1,120
17. Non-Represented Health Benefit Chg	221	132	353
18. Salary Survey-Non-Rep Staff	20	18	38
19. General Inflation	-180	-218	-398
20. Respite Compensation Increase	0	352	352
21. Specialized Dementia Care Program	101	101	202
22. Chemical Dependency Trtmt Expansion	-3,437	-3,437	-6,874
23. Personal Needs Allowance Increase	1,232	1,224	2,456
24. Reduce AAA Funding	-1,413	-1,413	-2,826
25. Kinship Navigator Program	200	0	200
26. Pension Rate for Gain Sharing	-450	-350	-800
27. Suspend Unfunded Liability Contribs	-1,523	-1,188	-2,711
28. Farmers Market Nutrition	682	0	682
Total 2005-07 Biennium	**1,228,339**	**1,288,766**	**2,517,105**
Fiscal Year 2006 Total	604,891	632,850	1,237,741
Fiscal Year 2007 Total	623,448	655,916	1,279,364

Comments:

1. **Home Care Worker Wages** - Funding is provided to implement the compensation-related components of an interest arbitration award to the approximately 22,000 individuals who contract with the state to provide home care services to children and adults with disabilities. The interest arbitration resulted when negotiations between the Governor's Office and the union representing the home care workers reached impasse. The award increases the wages of individual providers from $8.93 per hour to $9.20 per hour in FY 2006 and to an average of $9.45 per hour in FY 2007; provides state contributions for medical benefits averaging $475 per eligible worker per month and for dental and vision benefits averaging $31 per eligible worker per month; and provides one hour of paid vacation leave for every 50 hours worked in FY 2007. In addition to the funds appropriated here, $28.3 million is appropriated for implementation of the 2005-07 settlement award in the Children and Family Services, Developmental Disabilities, and Administration and Supporting Services Programs. (General Fund State, General Fund Federal)

2. **Home Care Worker Tax Withholding** - Under the collective bargaining agreement between the state and the Service Employees International Union, the Department of Social and Health Services (DSHS) will be responsible for withholding federal income taxes from payments to individuals who contract with the state to provide home care services. Staffing is provided for the Aging and Disability Services Administration to coordinate accurate and timely submission of federal tax withholding forms by the 22,000 individuals affected by this change. (General Fund-State, General Fund-Federal)

Department of Social and Health Services
Long-Term Care

3. **Nursing Home Rate Changes** - All but the capital components of the nursing home payment rate will be increased by 1.3 percent in July 2005 and by an additional 1.3 percent in July 2006. The capital components of the rate are adjusted annually to reflect actual allowable costs. (General Fund-State, General Fund-Federal)

4. **Nursing Home Tax Phase-Out** - Chapter 514, Laws of 2005 (ESHB 2314), provides for a phased elimination of the nursing home quality maintenance fee that was levied in 2003. Effective July 1, 2005, the tax will be reduced to $5.25 per patient day. The tax will be reduced to $3.00 per patient day in the 2007-09 biennium, to $1.50 per patient day in the 2009-11 biennium, and will no longer be imposed after July 1, 2011. These reductions result in a corresponding reduction in the portion of the nursing home payment rate that covers the cost of the fee on behalf of state-funded patients. (General Fund-State, General Fund-Federal)

5. **Home Care Agency Rate Increase** - Funding is provided to increase compensation for direct care workers employed by home care agencies by an amount equivalent to the hourly wage increase awarded to individual providers. (General Fund-State, General Fund-Federal)

6. **Home Care Agency Supplemental Comp** - Funding is provided to DSHS for additional supplemental compensation increases for direct care workers employed by home care agencies. In order to be eligible for such increases, home care agencies will submit proof of a legally binding, written commitment to increase the compensation of agency home care workers, proof of the existence of a method of enforcement of the commitment that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees. (General Fund-State, General Fund-Federal)

7. **Lease, Med. Inflation and Equip Red** - This item removes funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

8. **Targeted Vendor Rate Increase** - Funding is provided for long-term care service providers to receive inflationary vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. These increases apply to: adult family homes, assisted living facilities, and other community residential facilities; to adult day health and private duty nursing providers; and to the home care agency administrative rate. Nursing facilities and Area Agencies on Aging (AAA) are excluded from these increases. (General Fund-State, General Fund-Federal)

9. **Long Term Care Financing Task Force** - In accordance with Chapter 276, Laws of 2005 (2SHB 1220), funding is provided to DSHS to contract for professional services to support the work of the Joint Legislative and Executive Task Force on Long-Term Care Financing and Chronic Care Management. (General Fund-State, General Fund-Federal)

10. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

11. **Estate Recovery** - DSHS will increase efforts to recover the cost of publicly-funded care from the estates of deceased Medicaid recipients. Specific changes include earlier initiation of probate proceedings; procedures to detect transfers and other transactions involving property to which the client holds title; an extended period during which liens imposed for recovery of long-term care expenditures may be enforced; and placement of liens on the property of clients who, due to their ailments, are unlikely to return home from a hospital or nursing facility. The last three changes are authorized by Chapter 292, Laws of 2005 (SHB 2304). (General Fund-State, General Fund-Federal)

12. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

13. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

14. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

15. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

16. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

17. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-

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represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

18. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)

19. **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. (General Fund-State, General Fund-Federal)

20. **Respite Compensation Increase** - Additional federal Family Caregiver Support funding is expected to be available to fund a rate increase to respite care services programs equivalent to the 2004 and 2005 rate increases for agency providers of home care services. (General Fund-Federal)

21. **Specialized Dementia Care Program** - Funding is provided to expand the number of boarding homes that receive exceptional care rates for persons with Alzheimer's disease and related dementias who might otherwise require nursing home care. The Department may expand the number of licensed boarding home facilities that specialize in caring for such conditions by up to 85 beds in FY 2006 and up to 150 beds in FY 2007. These additional dementia boarding home placements are expected to delay resident placements into nursing facilities. (General Fund-State, General Fund-Federal)

22. **Chemical Dependency Trtmt Expansion** - The number of aged and disabled medical assistance recipients receiving alcohol and drug treatment will double by FY 2007. Based upon research by DSHS, this is expected to result in reduced medical assistance and long-term care expenditures sufficient to offset almost 80 percent of the short-term state cost of the adult treatment expansion. (General Fund-State, General Fund-Federal)

23. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance from $41.62 per month to $51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate $10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)

24. **Reduce AAA Funding** - State funding for AAAs is reduced by approximately 3.75 percent, beginning July 1, 2005. The state contracts with the AAAs to provide case management and nurse oversight for persons who receive in-home care services. (General Fund-State, General Fund-Federal)

25. **Kinship Navigator Program** - Funding is provided for AAAs, or entities with which AAAs contract, to provide kinship navigator services to grandparents and other kinship caregivers of children. Kinship navigator services shall include, but not be limited to, assisting kinship caregivers with understanding and navigating the system of services for children in out-of-home care while reducing barriers faced by kinship caregivers when accessing services. In providing kinship navigator services, AAAs will give priority to helping kinship caregivers maintain their caregiving role by helping them access existing services and supports, thus keeping children from entering foster care.

26. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local)

27. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

28. **Farmers Market Nutrition** - During the 2003-05 biennium, funds available from a one-time lawsuit settlement enabled significantly more seniors to participate in the Senior Farmer's Market Nutrition Program. State funds are provided to replace the one-time settlement funds, so that the 2004 program participation level can be maintained.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Social & Health Services
Long-Term Care

WORKLOAD HISTORY
By Fiscal Year

								Estimated		
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Nursing Homes										
Avg # Served per Day	14,645	14,081	13,783	13,529	13,154	12,945	12,454	12,146	11,744	11,316
% Change from prior year		-3.9%	-2.1%	-1.8%	-2.8%	-1.6%	-3.8%	-2.5%	-3.3%	-3.6%
Community Care *										
Avg # Served per Month	25,675	27,567	29,319	30,919	32,213	33,727	34,635	35,359	36,431	37,527
% Change from prior year		7.4%	6.4%	5.5%	4.2%	4.7%	2.7%	2.1%	3.0%	3.0%
Combined Total										
Avg Persons Served	40,320	41,648	43,101	44,448	45,367	46,672	47,089	47,505	48,175	48,843
% Change from prior year		3.3%	3.5%	3.1%	2.1%	2.9%	0.9%	0.9%	1.4%	1.4%

* *Includes Chore Services, Community Options Program Entry Services, Adult Residential, and Medicaid Personal Care.*

Data Sources :

Community Care for FY 1998 from Department of Social and Health Services Aging and Disability Services Administration.

All other data from the Caseload Forecast Council and legislative fiscal staff.

Department of Social and Health Services
Economic Services Administration

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**883,688**	**1,242,637**	**2,126,325**
2005 Supplemental *	19,488	6,742	26,230
Total 2003-05 Biennium	**903,176**	**1,249,379**	**2,152,555**
2005-07 Maintenance Level	**954,618**	**1,281,041**	**2,235,659**
Policy Changes			
1. Lease, Med. Inflation and Equip Red	-1,203	-645	-1,848
2. Targeted Vendor Rate Increase	25,766	470	26,236
3. Improve GA-U Client Outcomes	-18,010	0	-18,010
4. Middle Management Reduction	-1,014	-545	-1,559
5. Children's Medical Premiums	-1,902	-1,494	-3,396
6. Eligibility Reviews	-2,127	-1,948	-4,075
7. Children's Health Program	3,473	0	3,473
8. WFSE COLA/Salary Survey	9,329	5,595	14,924
9. Super Coalition Health Benefits	7,361	4,306	11,667
10. Classification Revisions	1	0	1
11. COLA-Non-Represented	1,648	842	2,490
12. Non-Represented Health Benefit Chg	541	276	817
13. Salary Survey-Non-Rep Staff	553	233	786
14. General Inflation	-2,008	-6,092	-8,100
15. Replace TANF MOE Funds	15,000	0	15,000
16. Predictive Dialer Project	-105	-27	-132
17. Pension Rate for Gain Sharing	-1,612	-934	-2,546
18. Naturalization Services	1,000	0	1,000
19. Suspend Unfunded Liability Contribs	-5,453	-3,165	-8,618
20. LEP Services Enhancement	1,500	0	1,500
21. State Supplemental Payment Transfer	-3,109	0	-3,109
Total 2005-07 Biennium	**984,247**	**1,277,913**	**2,262,160**
Fiscal Year 2006 Total	483,166	634,830	1,117,996
Fiscal Year 2007 Total	501,081	643,083	1,144,164

Comments:

1. **Lease, Med. Inflation and Equip Red** - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

2. **Targeted Vendor Rate Increase** - Funding is provided for vendor rate increases of 1 percent on July 1, 2005, and 1 percent on July 1, 2006. An additional $4.5 million is added in FY 2006 and $9.5 million in FY 2007 specifically for child care provider rates, including $500,000 per year for the Spokane metropolitan statistical area and $500,000 per year for tiered-reimbursement pilot projects. (General Fund-State, General Fund-Federal)

3. **Improve GA-U Client Outcomes** - Within funds provided to the Economic Services Administration for the General Assistance-Unemployable (GA-U) program, the Department will improve employment outcomes for GA-U clients with short-term disabilities. Savings will result from a reduced length of stay on GA-U for those clients receiving targeted services. Strategies which may be used include increased: (1) naturalization efforts; (2) coordination with other systems (social security and veteran's); (3) managed care GA-U medical services; (4) mental health, vocational rehabilitation, and employment support; and (5) new short-term medication-only transitional assistance for individuals who are able to obtain employment but need consistent access to medication to remain employable.

4. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

5. **Children's Medical Premiums** - Funding is provided to continue to supply premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately $1,900 to $2,600 per month for a family of three. Families within that income range would pay monthly premiums of $10 per child, up to a maximum of $30 per family, beginning in July 2005. (General Fund-State, General Fund-Federal)

Department of Social and Health Services
Economic Services Administration

6. **Eligibility Reviews** - Additional funding is provided for the Department to: (1) restore annual eligibility verification for children's and family medical coverage; and (2) once eligible, allow clients to maintain coverage for a full year regardless of income changes during the eligibility period that make the child ineligible for coverage. The changes are expected to result in approximately 25,000 children remaining on the medical assistance caseload by the end of FY 2007. (General Fund-State, General Fund-Federal)

7. **Children's Health Program** - Funding is provided for health care coverage for undocumented children whose families have incomes below 100 percent of the federal poverty level. The "state-only" program that provided medical and dental coverage was eliminated in October 2002 and enrollment was offered through the Basic Health Program. It is anticipated that 8,750 children will be provided health care coverage through this program by the end of the biennium. The Department will manage enrollment to keep program expenditures at or below the appropriated level.

8. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

9. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

10. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

11. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal)

12. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

13. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)

14. **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. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

15. **Replace TANF MOE Funds** - The amount of $7.5 million from the state general fund is provided in FY 2006 and FY 2007 to meet federally-required Temporary Assistance for Needy Families (TANF) maintenance of effort (MOE) requirements.

16. **Predictive Dialer Project** - Funding is provided to the Division of Child Support to purchase a predictive dialer system, which will interface with the telephone and the Support Enforcement Management System mainframe. Savings reflects the estimated growth in collections that would result from the automated system. (General Fund-State, General Fund-Federal)

17. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal)

18. **Naturalization Services** - Funds are provided to increase naturalization services, with priority for services given to clients of the General Assistance-Unemployable and General Assistance-Aged programs who are candidates for naturalization.

19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

20. **LEP Services Enhancement** - Funding of $1.5 million is provided for programs that serve individuals with limited English proficiency (LEP). This amount will supplement existing state and federal funds in the Economic Services Administration's base budget dedicated to LEP services.

21. **State Supplemental Payment Transfer** - The Division of Developmental Disabilities has identified additional allowable expenditures for State Supplemental Payment (SSP) funds. These funds are transferred to that program.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Social & Health Services
Economic Services Administration

WORKLOAD HISTORY
By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	Estimated 2005	Estimated 2006	Estimated 2007
General Assistance *										
Avg Monthly Caseload	17,657	16,921	16,416	17,857	19,934	19,582	22,029	25,377	26,434	26,430
% Change from prior year		-4.2%	-3.0%	8.8%	11.6%	-1.8%	12.5%	15.2%	4.2%	0.0%
TANF Cases *										
Avg Monthly Caseload	84,685	67,475	58,796	54,758	55,068	54,641	55,606	57,226	58,132	58,542
% Change from prior year		-20.3%	-12.9%	-6.9%	0.6%	-0.8%	1.8%	2.9%	1.6%	0.7%
Child Care										
Avg # Children Served/Month	41,677	51,168	58,511	67,425	71,908	70,734	62,216	62,506	63,919	64,439
% change from prior year		22.8%	14.4%	15.2%	6.6%	-1.6%	-12.0%	0.5%	2.3%	0.8%

* *FY 1998 through FY 2000 caseload includes General Assistance-Unemployable (GA-U), General Assistance-Unemployable with expedited medical (GA-X), and General Assistance for children living with legal guardians (GA-H). Starting in FY 2001, GA-H cases are covered by Temporary Assistance to Needy Families (TANF) funding and are included in the TANF cases estimate rather than the General Assistance cases estimate.*

Data Sources :

FY 1998 through FY 2002 General Assistance actuals provided by the Caseload Forecast Council.

FY 1998 through FY 2003 TANF Cases and Child Care actuals provided by the Department of Social and Health Services Budget Division and the Office of Financial Management (OFM).

FY 2005 through FY 2007 General Assistance estimates from Caseload Forecast Council March 2005 forecast.

FY 2005 through FY 2007 TANF case estimates from OFM March 2005 TANF forecast.

FY 2005 through FY 2007 children served in child care from OFM Working Connections Child Care March 2005 forecast.

Department of Social and Health Services
Alcohol & Substance Abuse

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**81,180**	**154,887**	**236,067**
2005 Supplemental *	0	4,254	4,254
Total 2003-05 Biennium	**81,180**	**159,141**	**240,321**
2005-07 Maintenance Level	**83,142**	**161,214**	**244,356**
Policy Changes			
1. Problem Gambling	0	1,500	1,500
2. Lease, Med. Inflation and Equip Red	-20	-4	-24
3. Targeted Vendor Rate Increase	1,399	2,034	3,433
4. Middle Management Reduction	-366	-103	-469
5. WFSE COLA/Salary Survey	116	25	141
6. Super Coalition Health Benefits	90	20	110
7. COLA-Non-Represented	236	73	309
8. Non-Represented Health Benefit Chg	72	22	94
9. Salary Survey-Non-Rep Staff	16	10	26
10. General Inflation	-112	-150	-262
11. Chemical Dependency Trtmt Expansion	21,075	11,877	32,952
12. Expand Alcohol/Drug Trtmt for Youth	5,045	1,681	6,726
13. Rate Increase for Residential	5,000	0	5,000
14. Integrated Crisis Response Pilots	6,194	0	6,194
15. Intensive Case Management Pilots	488	0	488
16. Pension Rate for Gain Sharing	-56	-16	-72
17. Suspend Unfunded Liability Contribs	-187	-53	-240
18. Safe Mother/Babies Sustainable Fund	1,760	1,440	3,200
19. Integrated Assessment	299	161	460
Total 2005-07 Biennium	**124,191**	**179,731**	**303,922**
Fiscal Year 2006 Total	57,235	87,939	145,174
Fiscal Year 2007 Total	66,956	91,792	158,748

Comments:

1. **Problem Gambling** - Appropriation authority is provided to resume and expand the Department's program to prevent and treat problem and pathological gambling. Chapter 369, Laws of 2005 (ESHB 1031), creates the Problem Gambling Account and funds treatment services with revenues from taxes on private-sector gambling revenue and a set-aside of state lottery proceeds. (Problem Gambling Account-State)

2. **Lease, Med. Inflation and Equip Red** - The Department is expected to achieve efficiencies sufficient to offset actual and anticipated increases in leases, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

3. **Targeted Vendor Rate Increase** - Funding is provided for vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. Vendor rates are to be prioritized in the Division of Alcohol and Substance Abuse to residential treatment providers. To the extent that these increases, combined with the additional residential rate increases (see item below) are sufficient to maintain adequate residential capacity, the Division may prioritize remaining funds for rate increases for other kinds of providers. (General Fund-State, General Fund-Federal, Public Safety and Education Account-State, Violence Reduction and Drug Enforcement Account-State)

4. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

5. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

6. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

Department of Social and Health Services
Alcohol & Substance Abuse

7. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

8. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

9. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, Public Safety & Education Account-State)

10. **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. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

11. **Chemical Dependency Trtmt Expansion** - Alcohol and drug treatment service levels are significantly expanded for adults with chemical dependency problems. The treatment expansion will be phased in over the biennium so that by FY 2007 the level of treatment for adult Supplemental Security Income (SSI)-related aged, blind, and disabled and General Assistance-Unemployable (GA-U) clients is expected to double from FY 2003 levels. Current service levels are expected to increased by 50 percent for individuals receiving Temporary Assistance to Needy Families (TANF). In total, an estimated 11,800 more treatment slots are estimated to be available by FY 2007, a 76 percent increase over the FY 2003 level of 15,500.

    Based on the results of a 2002 cost offset study by the Department of Social and Health Services (DSHS) Research and Data Analysis Division, and with additional input from the Joint Legislative Audit and Review Committee, the budget assumes that the treatment expansion for SSI and GA-U clients will result in cost offsets in medical assistance and long-term care of $16.5 million in General Fund-State and $14.7 million in General Fund-Federal during the 2005-07 biennium due to reduced utilization of nursing homes and medical services.

    The funding level shown also includes $745,000 to expand the parent-child assistance program (PCAP) to southwestern Washington. PCAP provides referral and case management services to pregnant and parenting women who are chemically dependent or who are at risk of substance abuse. (General Fund-State, General Fund-Federal)

12. **Expand Alcohol/Drug Trtmt for Youth** - In addition to the expansion in treatment services to adults shown above, funding is provided to serve an estimated additional 1,000 youth per year who are under 200 percent of the federal poverty level. (General Fund-State, General Fund-Federal)

13. **Rate Increase for Residential** - Funding is provided for supplemental vendor rate increases to residential chemical dependency treatment providers. An August 2004 Residential Rate Study suggests that current reimbursement rates fall short of the cost of providing residential services. A rate adjustment will ensure that DSHS can continue to attract and retain qualified providers for these services and avoid potential closure of residential programs. (General Fund-State)

14. **Integrated Crisis Response Pilots** - Funding is provided pursuant to Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763), to implement two cross-systems crisis responder pilots that utilize an integrated involuntary treatment act approach to persons with co-occurring mental health and chemical dependency disorders. Separate funding is provided in The Evergreen State College (TESC) budget for the Washington State Institute for Public Policy (WSIPP) to evaluate the outcome of the pilots and report back to the Legislature in 2008.

15. **Intensive Case Management Pilots** - Funding is provided pursuant to Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763), to implement two intensive chemical dependency case management pilots. Intensive case management is focused on high utilizers of state- and locally-funded medical and crisis services and/or those frequently involved in the criminal justice system. Separate funding is provided in the TESC budget for WSIPP to evaluate the outcome of the pilots and report back to the Legislature in 2008.

16. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local)

17. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, Public Safety & Education Account-State)

18. **Safe Mother/Babies Sustainable Fund** - Funding is added to the Division of Alcohol and Substance Abuse budget to continue providing the Safe Babies/Safe Moms program. Safe Babies/Safe Moms is for Medicaid-eligible pregnant and parenting women identified as "at serious risk for, or currently using" alcohol or substances. A woman may be enrolled during

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pregnancy or anytime before her youngest child turns three years old. (General Fund-State, General Fund-Federal)

19. **Integrated Assessment** - Funding is provided to develop an integrated mental health/substance abuse screening and assessment tool, pursuant to Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763). Funding also covers training and quality assurance. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Social & Health Services
Alcohol & Substance Abuse

WORKLOAD HISTORY
By Fiscal Year

								Estimated		
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
ADATSA - Assessment										
Avg Monthly Assessments	1,194	1,162	1,167	1,112	1,176	1,126	1,213	1,200	1,120	1,120
% Change from prior year	-0.4%	-2.7%	0.4%	-4.7%	5.8%	-4.3%	7.7%	-1.1%	-6.7%	0.0%
ADATSA - Outpatient Treatment										
Avg Monthly Admissions	322	340	351	357	386	381	388	406	375	375
% Change from prior year	4.5%	5.6%	3.2%	1.7%	8.1%	-1.3%	1.7%	4.7%	-7.6%	0.0%
ADATSA - Residential										
Avg Monthly Admissions	673	633	574	596	575	569	573	624	565	565
% Change from prior year	6.7%	-5.9%	-9.3%	3.8%	-3.5%	-1.0%	0.7%	9.0%	-9.5%	0.0%

Data Sources

FY 1998 through FY 2003 actuals provided by the Department of Social and Health Services (DSHS) Budget Division.

FY 2004 actuals from DSHS reports.

FY 2005 data includes actuals from DSHS reports through April 2005 and estimates for the remaining months provided by the DSHS Division of Alcohol and Substance Abuse (DASA).

FY 2006 and FY 2007 estimates provided by DASA.

Department of Social and Health Services
Medical Assistance Payments

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**2,367,653**	**4,893,402**	**7,261,055**
2005 Supplemental *	97,728	6,913	104,641
Total 2003-05 Biennium	**2,465,381**	**4,900,315**	**7,365,696**
2005-07 Maintenance Level	**3,040,644**	**4,992,053**	**8,032,697**
Policy Changes			
1. Targeted Vendor Rate Increase	28,146	32,966	61,112
2. Middle Management Reduction	-745	-1,225	-1,970
3. Estate Recovery	-1,150	-1,150	-2,300
4. Children's Medical Premiums	0	22,702	22,702
5. Eligibility Reviews	0	66,241	66,241
6. Children's Health Program	9,405	888	10,293
7. Hospital Payment Study	225	225	450
8. Expand Drug Cost Management	-3,739	-3,168	-6,907
9. Patients Requiring Review	-5,334	-5,334	-10,668
10. MAA Forecast	0	323	323
11. WFSE COLA/Salary Survey	620	1,964	2,584
12. 1199 COLA/Sal Surv/Addt'l Step	1	3	4
13. Super Coalition Health Benefits	537	1,652	2,189
14. COLA-Non-Represented	521	1,027	1,548
15. Non-Represented Health Benefit Chg	164	328	492
16. Salary Survey-Non-Rep Staff	22	22	44
17. General Inflation	-612	-3,452	-4,064
18. Non-Medicaid Services-Community	4,600	-4,600	0
19. Chemical Dependency Trtmt Expansion	-13,027	-11,213	-24,240
20. Pension Rate for Gain Sharing	-174	-452	-626
21. IGT Design	31,137	-366,281	-335,144
22. Medical Nutrition Scope of Coverage	-2,584	-2,583	-5,167
23. School Ad-Match	-123	-18,121	-18,244
24. MAA Relocation	594	594	1,188
25. Suspend Unfunded Liability Contribs	-591	-1,532	-2,123
26. Medical Equipment Cost Management	-4,179	-4,175	-8,354
27. Increased Rebates and Recoveries	-7,145	-7,145	-14,290
28. Newborn Screening Clinic	100	0	100
Total 2005-07 Biennium	**3,077,313**	**4,690,557**	**7,767,870**
Fiscal Year 2006 Total	1,481,212	2,296,649	3,777,861
Fiscal Year 2007 Total	1,596,101	2,393,908	3,990,009

Comments:

1. **Targeted Vendor Rate Increase** - Funding is provided for a 1.0 percent inflationary cost-of-living increase in July of each year for organizations and individuals that contract with the state to provide medical assistance services. Hospitals will receive a larger increase, totaling 1.3 percent each year. Hospital inpatient rate increases are to be distributed on a non-standard basis, so that hospitals whose current rates are farthest below the statewide average will receive more than the average increase, while those with rates higher than the average receive less. In addition to the standard vendor rate increase of 1.0 percent, family practice physicians practicing in rural areas, as defined by RCW 43.160.020, will receive a $194 increase to the labor and delivery case rate in FY 2006 which will then increase to $410 in FY 2007. Managed care payment rates are increased sufficiently for carriers to pass on at least the same level of increase to their network providers. (General Fund-State, Health Services Account-State, General Fund-Federal)

2. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

3. **Estate Recovery** - The Department of Social and Health Services (DSHS) will increase efforts to recover the cost of publicly-funded care from the estates of deceased Medicaid recipients. Specific changes anticipated include: earlier initiation of probate proceedings; improved notification of a

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client's death; and the statutory authority to place liens on the property of clients whose condition is such that discharge is not likely. (General Fund-State, General Fund-Federal)

4. **Children's Medical Premiums** - Funding is provided to continue to provide premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately $1,900 to $2,600 per month for a family of three. The 2004 supplemental budget anticipated that families within that income range would pay monthly premiums of $10 per child, up to a maximum of $30 per family, beginning in July 2005. (Health Services Account-State, General Fund-Federal)

5. **Eligibility Reviews** - Children's continued eligibility for Medicaid will be reviewed every 12 months, rather than every 6; and, once eligible, children will remain eligible until the next review, rather than losing eligibility if family income or circumstances change. These changes are expected to result in an average of approximately 25,000 additional children per month remaining on state medical assistance caseloads in FY 2007. (General Fund-Federal; Health Services Account-State)

6. **Children's Health Program** - Funding is provided for health care coverage for undocumented children whose families have incomes below 100 percent of the federal poverty level. The "state-only" program that provided medical and dental coverage was eliminated in October 2002 and enrollment was offered through the Basic Health Program. It is anticipated that 8,750 children will be provided health care coverage through this program by the end of the biennium. The Department is directed to manage enrollment to keep program expenditures at or below the appropriated level. (General Fund-State, General Fund-Federal)

7. **Hospital Payment Study** - Funding is provided for an independent evaluation of the state's current system for setting Medicaid inpatient payment rates, and its strengths and weaknesses in comparison to systems used by other state, federal, and private payers. The Department is directed to report the results of the study to the Governor and Legislature by November 2006, together with recommendations for a new or updated system that will promote equity among hospitals; access to quality care for patients; and cost control and efficiency for taxpayers. (General Fund-State, General Fund-Federal)

8. **Expand Drug Cost Management** - The evidence-based prescription drug program established pursuant to Chapter 29, Laws of 2003, 1st sp.s. (SB 6088), will be expanded to include a total of approximately 50 therapeutic drug classes. The preferred drug will be the least costly, equally effective drug or drugs in each class, as determined by the Health Care Authority administrator based upon clinical evidence reviews by the pharmacy and therapeutics committee. The therapeutic interchange and dispense-as-written provisions of SB 6088 will apply to all of these additional drug classes. (General Fund-State, General Fund-Federal, Health Services Account-State)

9. **Patients Requiring Review** - Savings are achieved by controlling over-utilization and inappropriate use of medical services through the Patients Requiring Review Program (PRR), which assigns clients to a single primary care physician and identifies specific pharmacies and other medical providers from whom they may obtain services. Clients who have been on the PRR Program have shown a 48 percent decrease in emergency room use, a 41 percent decrease in office visits, and a 29 percent decrease in the number of prescriptions purchased. The Department anticipates that by approximately tripling the number of staff assigned to the program, it can reduce unnecessary utilization by an additional 1,500 clients per month, avoiding $5,000 of expenditures per client per year. (General Fund-State, General Fund-Federal)

10. **MAA Forecast** - Federal funds are provided to match increased state funds that are appropriated to the Office of Financial Management (OFM) to increase the quality, accuracy, and timeliness of Medical Assistance budget forecasting and monitoring. The forecast, which involves approximately $3.8 billion of state and federal expenditures per year, will be produced by the DSHS Medical Assistance Administration, with assistance and guidance from a technical work group. The work group will be chaired by OFM, with participation from legislative fiscal committee and DSHS staff. (General Fund-Federal)

11. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Health Services Trust-State)

12. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

13. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Health Services Trust-State)

14. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, Health Services Trust-State)

Department of Social and Health Services
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15. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Health Services Trust-State)

16. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)

17. **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.

18. **Non-Medicaid Services-Community** - An estimated 475 adults with serious and persistent mental illness do not qualify for federal financial participation in the cost of their medical care because they live in facilities with more than 16 residents that specialize in mental health treatment. State funds are provided to assure these adults continue to have access to essential medical care. (General Fund-State, General Fund-Federal)

19. **Chemical Dependency Trtmt Expansion** - Funding is provided in the DSHS Division of Alcohol and Substance Abuse budget to: (1) double chemical dependency treatment services over the FY 2004 level by the second year of the 2005-07 biennium for SSI-related aged, blind, and disabled adults; and (2) increase treatment services for other Medicaid-eligible adults by 50 percent during the same timeframe. Based upon research by DSHS, this is expected to result in reduced medical assistance and long-term care expenditures sufficient to offset almost 80 percent of the short-term state cost of the adult treatment expansion. (General Fund-State, General Fund-Federal)

20. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Health Services Trust-State)

21. **IGT Design** - Under new federal policies, the state will no longer be able to use inter-governmental transfers (IGT) to collect federal Medicaid funds to cover part of the cost of care to medically indigent and other low-income populations. The administration has proposed a new methodology, subject to approval by the federal government, under which 17 larger public hospitals will use their own revenues, supplemented by approximately $41 million per year of state grants, to cover the cost of care to Medicaid and charity care patients. As proposed by the Department, the 17 hospitals will be "held harmless" from the effect of the change, retaining the same amount of public funds as if the previous payment system had continued. The net cost to the state from the change is approximately $30 million. (General Fund-State, General Fund-Federal, General Fund-Local, Health Services Account-State)

22. **Medical Nutrition Scope of Coverage** - The Medical Assistance Administration anticipates that expenditures on nutritional supplements can be reduced by approximately 17 percent by adopting clear and uniform standards regarding when, and for how long, such supplements are medically necessary; promoting use of the least costly, equally effective formulation; and prohibiting vendors from shipping and billing for annual supplies when supplements are likely to be required for only a few weeks or months. (General Fund-State, General Fund-Federal)

23. **School Ad-Match** - Federal spending for the Medicaid administrative activities conducted by school districts has declined as a result of new federal guidelines. This item adjusts the state and federal appropriations to reflect this program change. (General Fund-State, General Fund-Federal)

24. **MAA Relocation** - Funding is provided for the increased cost of leasing space in a single, collocated, more modern facility beginning January 2006. The Medical Assistance Administration (MAA) is currently located in six separate buildings that are 18-25 years old and that do not have appropriate wiring and data connections to reliably and securely accommodate the new Medicaid Management Information System without significant remodeling and improvements. The agency is directed to cover one-time moving costs and tenant improvements from funds accumulated in the Department's savings incentives account, and through efficiencies in agency operations. (General Fund-State, General Fund-Federal)

25. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Health Services Trust-State)

26. **Medical Equipment Cost Management** - Savings are achieved by reducing the growth in expenditures on incontinence supplies, wheelchairs, special bedroom and bathroom equipment, and other medical supplies by 2 percent in FY 2006, and by an additional 7.8 percent in FY 2007. This is to be accomplished through strategies such as selective contracting, reducing rates to better reflect market prices, and more stringent reviews of the medical necessity of proposed purchases. This reduction is in addition to a 5 percent reduction that is being achieved in FY 2005 through a reduction in payment rates for incontinence supplies, and a 3 percent reduction associated with changes in medical nutrition coverage. (General Fund-State, Health Services Account-State, General Fund-Federal)

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27. **Increased Rebates and Recoveries** - Eight additional staff are provided for the Office of Financial Recovery to pursue collection of disputed drug manufacturer rebates and medical provider over-payments. Additionally, the number of third-party liability and provider audits will be increased through the addition of two staff. The Department will track actual savings achieved in this step and report quarterly to the medical assistance forecast technical workgroup on its progress in attaining the targeted savings. (General Fund-State, General Fund-Federal)

28. **Newborn Screening Clinic** - Funding is provided to support specialty clinical care for children who are identified with one of the five disorders added to the newborn screening panel in 2003. Increased clinic care will result in an estimated $3.10 increase in the fee charged for the newborn specialty clinic care. This item represents the share of that cost borne by the state's Medical Assistance Program which pays for 43 percent of all births in the state. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Governor's Vetoes:

The Governor vetoed Section 209(21) of Chapter 518, Laws of 2005, Partial Veto (ESSB 6090). The provision authorized DSHS to institute a time-limited prescription drug benefit for persons leaving the General Assistance-Unemployable Program.

Department of Social & Health Services
Medical Assistance Payments

WORKLOAD HISTORY
By Fiscal Year

								Estimated		
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Categorically Needy	**704,900**	**691,838**	**718,286**	**766,349**	**788,931**	**825,437**	**825,167**	**811,641**	**860,485**	**904,870**
AFDC/TANF	286,965	254,023	249,938	268,785	272,388	276,656	284,445	294,490	301,343	308,437
Elderly	45,047	47,336	50,408	51,757	53,091	54,096	54,818	55,929	57,069	58,209
Disabled	95,010	96,640	100,187	106,870	114,587	118,309	123,158	126,079	129,964	133,849
Non-AFDC Children	239,487	254,069	276,272	293,904	319,793	344,547	328,561	297,780	327,414	351,715
Non-AFDC Pregnant Women	21,430	21,851	21,702	22,353	23,937	25,832	26,356	27,537	28,556	29,615
Undocumented Children	13,050	13,297	15,328	18,100	0	0	0	0	4,692	9,978
Medicare Beneficiaries	3,911	4,622	4,451	4,580	5,036	5,734	7,360	9,166	10,594	12,022
Breast & Cervical Cancer					69	121	209	209	209	209
Medicaid Buy-In					30	142	260	451	644	836
Medically Needy	**11,059**	**11,596**	**12,566**	**13,465**	**14,528**	**16,061**	**16,929**	**17,892**	**18,909**	**19,933**
Elderly	4,625	4,822	5,158	5,642	6,005	6,437	6,527	6,672	6,851	7,034
Disabled	6,356	6,650	7,299	7,752	8,523	9,624	10,402	11,221	12,058	12,899
All Others	78	124	109	71	0	0	0	0	0	0
Children's Health Insurance Program		2	355	3,378	6,049	7,347	9,527	13,545	15,442	16,513
General Assistance/ADATSA										
# Persons/Month	13,179	12,911	11,716	11,987	11,671	10,429	12,076	14,947	16,267	17,485
State Medically Indigent										
# Persons/Month	2,284	2,271	2,457	2,690	3,331	3,997	0	0	0	0
Refugees										
# Persons/Month	1,353	1,319	1,004	1,135	933	677	830	873	873	873
Total Eligibles per Month	**732,775**	**719,937**	**746,384**	**799,004**	**825,443**	**863,948**	**864,530**	**858,898**	**911,975**	**959,674**
% Change from prior year		-1.8%	3.7%	7.0%	3.3%	4.7%	0.1%	-0.7%	6.2%	5.2%

Data Sources:

Caseload Forecast Council and legislative fiscal committees.

Department of Social and Health Services
Vocational Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**20,363**	**87,135**	**107,498**
2005-07 Maintenance Level	**21,812**	**89,763**	**111,575**
Policy Changes			
1. Lease, Med. Inflation and Equip Red	-208	0	-208
2. Middle Management Reduction	-42	-159	-201
3. WFSE COLA/Salary Survey	230	771	1,001
4. Super Coalition Health Benefits	207	667	874
5. COLA-Non-Represented	71	239	310
6. Non-Represented Health Benefit Chg	22	77	99
7. Salary Survey-Non-Rep Staff	2	6	8
8. General Inflation	-38	-175	-213
9. Pension Rate for Gain Sharing	-44	-152	-196
10. Suspend Unfunded Liability Contribs	-151	-509	-660
11. Adjust Grant Levels	691	-1,389	-698
Total 2005-07 Biennium	**22,552**	**89,139**	**111,691**
Fiscal Year 2006 Total	11,202	43,641	54,843
Fiscal Year 2007 Total	11,350	45,498	56,848

Comments:

1. **Lease, Med. Inflation and Equip Red** - Funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement is eliminated. (General Fund-State, General Fund-Federal)

2. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

3. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, Telecommunication Devices Account-State)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Telecommunication Devices Account-State)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)

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 mission.

9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Telecommunication Devices Account-State)

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is

Department of Social and Health Services
Vocational Rehabilitation

provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Telecommunication Devices Account-State)

11. **Adjust Grant Levels** - Sufficient state funding is provided to meet federal requirements for the 2005-07 biennium. Federal appropriation authority is adjusted to reflect expected actual expenditures. (General Fund-State, General Fund-Federal)

Department of Social and Health Services
Administration & Supporting Services

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**67,002**	**59,986**	**126,988**
2005 Supplemental *	35	19	54
Total 2003-05 Biennium	**67,037**	**60,005**	**127,042**
2005-07 Maintenance Level	**64,761**	**63,276**	**128,037**
Policy Changes			
1. Home Care Workers Administration	3,834	3,833	7,667
2. Reduce Regional Staff Support	-5,614	-6,831	-12,445
3. Reduce Family Policy Council	0	-2,384	-2,384
4. Lease, Med. Inflation and Equip Red	-84	-39	-123
5. Middle Management Reduction	-1,781	-605	-2,386
6. Estate Recovery	651	652	1,303
7. Children's Medical Premiums	-1,054	-1,054	-2,108
8. WFSE COLA/Salary Survey	1,006	171	1,177
9. Super Coalition Health Benefits	750	153	903
10. COLA-Non-Represented	1,781	542	2,323
11. Non-Represented Health Benefit Chg	574	167	741
12. Salary Survey-Non-Rep Staff	386	87	473
13. General Inflation	-25	-313	-338
14. DV Prevention (ESHB 1314)	0	1,345	1,345
15. Employer Health Coverage Survey	75	30	105
16. Fircrest Transition Team	-1,236	-1,236	-2,472
17. Government Performance (ESHB 1064)	109	49	158
18. Pension Rate for Gain Sharing	-428	-114	-542
19. Suspend Unfunded Liability Contribs	-1,446	-378	-1,824
20. Increased Rebates and Recoveries	753	389	1,142
21. Indirect Overhead for Cap Fac	328	162	490
22. Reinvesting in Youth Program	-997	0	-997
23. TeamChild	500	0	500
24. Postpartum Depression - SB 5898	25	0	25
Total 2005-07 Biennium	**62,868**	**57,902**	**120,770**
Fiscal Year 2006 Total	32,958	30,435	63,393
Fiscal Year 2007 Total	29,910	27,467	57,377

Comments:

1. **Home Care Workers Administration** - Funding is provided to implement the compensation components of the 2005-07 collective bargaining agreement between the state and the approximately 22,000 individuals who contract to provide home care services to children and adults with disabilities. Funding is provided to pay for an arbitration award of $1.6 million for delays in implementing dues collection and to implement the costs of making programming changes to the Social Services Payment System to implement the Home Care Workers agreement. In addition, 20 customer services FTEs will be phased in to handle payroll inputs and questions of the 25,000 home care workers covered under the arbitration agreement. An additional $54 million is appropriated in the Children's Administration, Developmental Disabilities Division, and the Long-Term Care Administration of the Department of Social and Health Services (DSHS). (General Fund State, General Fund Federal)

2. **Reduce Regional Staff Support** - Support staff resources for regional offices are reduced commensurate to the FTE reduction taken in DSHS Administrative and Supportive Services Program, including the Children's Administration, Developmental Disabilities, Long Term Care, and Economic Services Administration contain the bulk of regional and field staff support. (General Fund State, General Fund Federal)

3. **Reduce Family Policy Council** - The Family Policy Council is reduced by approximately $1.2 million per year. Savings will be achieved through the reduction of both staff and grants to local communities. (Violence Reduction and Drug Enforcement Account- State)

4. **Lease, Med. Inflation and Equip Red** - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

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Administration & Supporting Services

5. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

6. **Estate Recovery** - This item expands the capacity of the Office of Financial Recoveries to collect revenue from the estates of medicaid eligible clients. It includes resources to initiate probate proceedings, for improved notification of a client's death, and the ability to place Tax Equity and Fiscal Responsibility (TEFRA) liens on the property of clients whose condition is such that discharge is not possible. (General Fund-State, General Fund-Federal)

7. **Children's Medical Premiums** - DSHS provides premium-free medical and dental coverage for children with family income between 150 and 200 percent of the federal poverty level, which is approximately $1,900 to $2,600 per month for a family of three. This reduction reflects the decrease in caseload and the number of workers who will no longer be needed to collect premiums from these families. (Health Services Account-State, General Fund-Federal)

8. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

9. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

10. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

11. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Violence Reduction and Drug Enforcement Account-State)

12. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)

13. **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.

14. **DV Prevention (ESHB 1314)** - Funding is provided for the implementation of Chapter 374, Laws of 2005 (ESHB 1314 - Domestic Violence [DV] Prevention). (Domestic Violence Prevention Account-State)

15. **Employer Health Coverage Survey** - Funds are provided to implement Engrossed Substitute House Bill 1486 (Health Care Services), which requires the Department to report annually on the employment status of medical assistance enrollees and who their employers are. While ESHB 1486 was vetoed by the Governor, funding for the report is still included in the budget. (General Fund-State, General Fund-Federal)

16. **Fircrest Transition Team** - This item reduces staff and other resources that were funded in the 2003-05 biennium and which were used for the downsizing of Fircrest, a residential habilitation center (RHC). Funding is provided to the Office of Financial Management for a study of options for a preferred continuum of transition for state RHCs. (General Fund-State, General Fund-Federal)

17. **Government Performance (ESHB 1064)** - Funding is provided for the implementation of Chapter 358, Laws of 2005, Partial Veto (ESHB 1064 - Government Performance). (General Fund-State, General Fund-Federal)

18. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, various other funds)

19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

20. **Increased Rebates and Recoveries** - Eight additional staff are provided for the Office of Financial Recovery to pursue collection of disputed drug manufacturer rebates and medical provider over-payments. Additionally, the number of third-party liability and provider audits will be increased through the addition of two staff. The Department will track actual savings achieved in this step and report quarterly to the medical assistance forecast technical workgroup on its progress in

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Administration & Supporting Services

attaining the targeted savings. (General Fund-State, General Fund-Federal)

21. **Indirect Overhead for Cap Fac** - Funding is transferred from the capital budget to the operating budget for the overhead costs of DSHS's indirect capital management. (General Fund-State, General Fund-Federal)

22. **Reinvesting in Youth Program** - Funding in the amount of $997,000 from the Juvenile Violence Prevention Grant Program is transferred to the Juvenile Rehabilitation Administration for the establishment of a Reinvesting in Youth Pilot Program. (General Fund-State)

23. **TeamChild** - Funding is provided for TeamChild through the Governor's juvenile justice advisory committee, which provides civil legal advocacy to troubled youth.

24. **Postpartum Depression - SB 5898** - Chapter 347, Laws of 2005 (SB 5898), appropriates one-time funding to the Governor's Council for the Prevention of Child Abuse & Neglect for a public information and outreach program regarding significance, signs, and treatment of postpartum depression.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Social and Health Services
Payments to Other Agencies

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**86,947**	**43,321**	**130,268**
2005 Supplemental *	1,682	660	2,342
Total 2003-05 Biennium	**88,629**	**43,981**	**132,610**
2005-07 Maintenance Level	**91,080**	**44,306**	**135,386**
Policy Changes			
1. Estate Recovery	300	300	600
2. General Inflation	-63	-9	-72
3. Office of the Attorney General	1,444	506	1,950
Total 2005-07 Biennium	**92,761**	**45,103**	**137,864**
Fiscal Year 2006 Total	46,381	22,551	68,932
Fiscal Year 2007 Total	46,380	22,552	68,932

Comments:

1. **Estate Recovery** - The capacity of the Department of Social and Health Services (DSHS) to recover long-term care and medical assistance costs from the estates of deceased clients who received such services is expanded. Resources are provided to the Office of Financial Recovery to initiate probate proceedings and for improved notification of a client's death. Additional savings are achieved in accordance with Chapter 292, Laws of 2005 (SHB 2304 - Medical Assistance Debts), which authorizes DSHS to file a request for notice of transfer or encumbrance on the real property of a medical assistance recipient; expands the statute of limitations on enforcement of liens to recover medical assistance payments from 6 years to 20 years; and directs DSHS to place liens on the property of clients who receive medical assistance or long-term care services prior to their death, if their condition is such that they are unlikely to be discharged from a medical institution or return home. (General Fund-State, 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 mission. (General Fund-State, General Fund-Federal)

3. **Office of the Attorney General** - Funding is provided for increased costs of litigation support in the Attorney General's Office for complex, protracted program litigation for the Department of Social and Health Services. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Other Human Services

Health Care Authority

A total of $489 million is provided for operation of the Basic Health Plan, administration of state employee and retiree insurance benefits, and health care planning. This is a $47.5 million (10.8 percent) increase from the 2003-05 biennium level. Major changes include:

- $44 million (12 percent) increase so that the Basic Health Plan can maintain subsidized enrollment for 100,000 people per month despite the rising cost of medical premiums.
- $7 million to acquire and implement a new computer system to track eligibility and payments for public employee insurance benefits.
- $3 million for cost-of-living increases and the increased cost of medical benefits for agency employees.
- $5 million reduction in state grants to low-income community health clinics.

Criminal Justice Training Commission

The budget funds $205,000 for new servers to maintain Washington Association of Sheriffs and Police Chiefs' public information website on registered sex offenders and to purchase a National Incident-Based Reporting System program and data converter. The converter allows law enforcement agencies with incompatible records to transfer information to each other on crime scene data and suspect characteristics and to assist with solving crime across jurisdictions.

The budget reduces funding by $250,000 to reflect a 20 percent decrease in the level of enrollment in correctional academies between fiscal year 2002 and fiscal year 2005.

Department of Labor and Industries

A total of $5.2 million from the Electrical License, Accident, and Medicaid Accounts are provided to investigate and prosecute worker fraud and abuse within the underground electrical and construction industries. Funding is also provided to detect medical provider fraud by increasing the number of medical bill audits conducted by the Department. Additionally, the budget provides a total of $4.9 million for increased crime victims compensation medical expenses.

Centers of Occupational Health and Education – $0.4 Million Accident and Medical Account-State

Currently, the Department of Labor and Industries contracts with the University of Washington Centers of Occupational Health and Education (COHE). The centers administer programs to improve outcomes for employees injured on the job. They train medical providers with best practices in occupational injury treatment and assist employers in developing return-to-work options for injured employees. The budget provides funding for the Spokane COHE to expand services to include Yakima County, to recruit additional labor and business participants, and to train an additional 160 physicians.

Department of Health

A total of $878 million is provided for public health activities in the 2005-07 biennium, a $93 million (11.8 percent) increase over the previous biennium. The major components of this increase include:

- $26.4 million of increased federal funding for a broad array of activities, including: bioterrorism preparedness and response; the Women, Infants, and Children (WIC) Nutrition program; and the Steps to a Healthier U.S. health promotion effort.
- $6.8 million for increased staffing and a new management information system to improve the timeliness and accuracy of the health professional credentialing and disciplinary process.

- $6.3 million of additional manufacturer rebates that will be used to increase the purchase of infant formula through the WIC program.
- $1.3 million to assist the 14 local health jurisdictions with marine shorelines in developing and implementing management plans and data systems to ensure that septic systems are properly inventoried, monitored, and maintained.

Department of Corrections

A total of $1.4 billion is appropriated for the Department of Corrections (DOC) to incarcerate an average of 17,800 inmates per month and to supervise an average of 23,600 offenders per month in the community. This represents a 10.9 percent ($139.4 million) increase in corrections spending from the 2003-05 biennium.

In addition to providing funding for forecast and workload changes, the budget provides $11.3 million in state funding for half of the third phase of the project to replace the Offender-Based Tracking System with the new Offender Management Network Information (OMNI) system, which is expected to reduce staff data entry efforts, improve reporting capabilities, and redirect staff time towards offender supervision. The total cost of the OMNI project has been estimated at $58 million.

The budget provides $800,000 in state funding to cover supervision of additional offenders as required by Chapter 400, Laws of 2005 (ESHB 1402), which brings the state into compliance with the Interstate Compact on Adult Offender Supervision (ICAOS). By participating in the ICAOS, offenders who move to another state would still be subject to community supervision. In exchange, Washington receives notification of out-of-state offenders who need supervision when they move to Washington. The state is then required to supervise these offenders under the terms of the compact. The funding level in the budget assumes about 200 out-of-state misdemeanant offenders will need to be supervised by the end of the 2005-07 biennium.

The budget provides $400,000 in funding to purchase equipment necessary to expand Class II Correctional Industries and to help maintain overall offender employment levels. Due to the 2004 state Supreme Court decision in *Waterjet v. Yarbrough*, DOC can no longer use private employers in its facilities, and 250 related offender jobs were eliminated. Improvements at the Monroe Correctional Complex will result in the consolidation of laundry services and increase production at the facility print shop. Other equipment purchases will expand and maintain industries at the Pine Lodge Corrections Center, Stafford Creek Corrections Center, and the Washington State Penitentiary.

The budget assumes a one-time savings of $7.4 million in state funds by delaying the opening of new prison beds currently under construction at the Washington State Penitentiary in Walla Walla. Offenders would occupy the units beginning in August of 2007, rather than in April of 2007, and would remain either in current Penitentiary housing or in out-of-state rental beds. The savings are realized as a result of delaying the significant start-up costs of opening the 892 new units.

The budget also assumes savings due to changes in community supervision. Chapter 362, Laws of 2005 (SSB 5256), eliminates supervision for 2,500 misdemeanants sentenced in superior court annually, saving $3 million in state funds. Supervision requirements are maintained for misdemeanant offenders who are assessed as high risk (those with violent or sex offense histories) or those with domestic violence, residential burglary, or methamphetamine manufacture/dealing convictions. Additionally, Chapter 435, Laws of 2005, Partial Veto (HB 1136), creates a one-year pilot project using electronic monitoring in lieu of jail or prison sanction time when a low-risk offender violates the terms of their community supervision. The budget assumes that 100 low-risk offenders per day will be on electronic monitoring rather than incarcerated, saving $2.2 million in state funds.

Washington State Health Care Authority

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**542,520**	**542,520**
Total 2003-05 Biennium	**0**	**542,520**	**542,520**
2005-07 Maintenance Level	**0**	**616,728**	**616,728**
Policy Changes			
1. Flexible Spending Accounts	0	346	346
2. Public Employees Program Support	0	500	500
3. Middle Management Reduction	0	-412	-412
4. Community Clinic Savings	0	-5,000	-5,000
5. Prescription Purchasing Consortium	0	391	391
6. Expand Drug Cost Management	0	700	700
7. WFSE COLA/Salary Survey	0	711	711
8. Super Coalition Health Benefits	0	563	563
9. Classification Revisions	0	4	4
10. COLA-Non-Represented	0	426	426
11. Non-Represented Health Benefit Chg	0	127	127
12. Salary Survey-Non-Rep Staff	0	145	145
13. General Inflation	0	-170	-170
14. Ins Eligibility/Acctg Syst Upgrade	0	7,130	7,130
15. Medicare Modernization Act Impacts	0	479	479
16. Enhance UMP Clinical & Provider Mgm	0	285	285
17. Certificate of Need Program	0	250	250
18. Dental Residency Program	0	395	395
19. Pension Rate for Gain Sharing	0	-166	-166
20. Suspend Unfunded Liability Contribs	0	-565	-565
21. Discontinue "Pharmacy Connections"	0	-750	-750
22. Electronic Medical Records	0	331	331
Total 2005-07 Biennium	**0**	**622,448**	**622,448**
Fiscal Year 2006 Total	0	301,230	301,230
Fiscal Year 2007 Total	0	321,218	321,218

Comments:

1. **Flexible Spending Accounts** - Funding is provided to expand the state's flexible spending account (FSA) program from a limited pilot project in higher education to general government employees, as called for in the 2005-07 collective bargaining agreements. FSAs are plans that allow employees to defer pre-tax income, and subsequently spend those tax-free dollars on qualified health expenditures. The administrative cost of the program will be paid by state agencies according to the degree of participation of their employees. It is assumed for the 2005-07 biennium that agencies' savings on Federal Insurance Contributions Act (FICA) payments will cover the costs charged to them, as the agencies' tax liability will be lower for employees who are deferring pre-tax income. The Health Care Authority will administer the program and bill agencies directly for their participation. (Health Care Authority Administration Account-State)

2. **Public Employees Program Support** - Funding is provided to make information system changes needed in FY 2006 in order to accommodate the proposed two-tiered funding rate for represented and non-represented state employees in FY 2007. (Health Care Authority Administration Account-State)

3. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (Health Services Account-State, Health Care Authority Administrative Account-State, General Fund-Federal)

4. **Community Clinic Savings** - The level of grant funding for community clinic support statewide is reduced by $5.0 million. (Health Services Account-State)

5. **Prescription Purchasing Consortium** - As provided in Chapter 129, Laws of 2005 (SSB 5471), the Health Care Authority will organize a drug purchasing consortium that will include state agencies and any private organization or uninsured state resident that chooses to join. Building upon state government's current evidence-based preferred drug list, the consortium will utilize the combined purchasing power of consortium members to leverage discounted prices from drug manufacturers. State funds are provided to cover the initial costs of designing and organizing the consortium. Ongoing operating costs are to be covered by enrollment fees charged to

Washington State Health Care Authority

consortium participants, currently estimated at about $30 per enrollee per year. (Health Services Account-State, Drug Purchasing Consortium Account-Non-Appropriated)

6. **Expand Drug Cost Management** - Funding is provided to increase to approximately 50 the number of therapeutic drug classes included in the state preferred drug list established under RCW 70.14.050. This expansion of the number of drugs subject to evidence-based purchasing is expected to result in $7 million of reduced drug expenditures for the Medical Assistance Program in the Department of Social and Health Services. (Health Services Account-State, General Fund-Federal)

7. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal, State Health Care Administration Account-State, and Health Services Trust-State)

8. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal, State Health Care Administration Account-State, and Health Services Trust-State)

9. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (State Health Care Administration Account-State and Health Services Trust-State)

10. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-Federal, State Health Care Administration Account-State, and Health Services Trust-State)

11. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal, State Health Care Administration Account-State, and Health Services Trust-State)

12. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-Federal, State Health Care Administration Account-State, and Health Services Trust-State)

13. **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. (General Fund-Federal, Health Care Authority Administrative Account-State, Uniform Medical Plan Account-Non-Appropriated, Health Services Account-State)

14. **Ins Eligibility/Acctg Syst Upgrade** - Funding is provided to begin acquisition and implementation of a replacement benefit administration and insurance accounting system to support current and future business requirements. (Health Care Authority Administrative Account-State)

15. **Medicare Modernization Act Impacts** - Funding is provided to cover the administrative costs of coordinating the supplemental health benefits available to retired state and school employees with the new Medicare Part D prescription drug benefit. Beginning in January 2006, Medicare will offer incentives for employers, such as the state, to continue to offer retiree prescription drug benefits. Administrative efforts are needed to ensure that the state's retiree drug benefits are at least actuarially equivalent to those available through Medicare, and that the state receives the Medicare subsidy for which it is eligible. (Health Care Authority Administrative Account-State)

16. **Enhance UMP Clinical & Provider Mgm** - Funds are provided for the Health Care Authority to improve clinical and provider management activities within the Uniform Medical Plan (UMP) in the following ways: 1) establish an integrated database to coordinate, track, and document complaints and coverage issues such as appeals, prior authorizations, and other clinical decisions; 2) expand collaborative pilot projects to reward health care providers who deliver cost-effective care; and 3) enhance provider reimbursement systems to control costs and ensure appropriate payment levels for additional types of medical services. (Health Care Authority Administrative Account-State)

17. **Certificate of Need Program** - In accordance with Chapter 283, Laws of 2005 (E2SHB 1688), funding is provided for a task force to study and make recommendations to the Governor and the Legislature on improving the scope and operation of the Certificate of Need Program, under which the Department of Health regulates construction and programmatic changes in many different types of health care facilities. (Health Services Account-State)

18. **Dental Residency Program** - Funding is provided for Chapter 454, Laws of 2005 (SHB 1689). The bill permits exemption from dental licensure for post-doctoral dental students during a supervised residency in a community health clinic that serves predominantly low income patients or is located in an area of the state with a dental care health professional shortage. Funds will support start-up of one clinical site in FY 2006, and stipends for students serving a one-year residency at the site in FY 2007. (Health Services Account-State)

Washington State Health Care Authority

19. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-Federal, State Health Care Administration Account-State, and Health Services Trust-State)

20. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-Federal, State Health Care Administration Account-State, and Health Services Trust-State)

21. **Discontinue "Pharmacy Connections"** - Drug manufacturers, in coordination with a number of local patient assistance groups, have undertaken "Rx Help for Washington" to assist low-income people learn about and apply for manufacturer drug discount programs for which they may be eligible. Consequently, state funding for the Pharmacy Connections Program, which provides similar information and assistance, can be discontinued. (Health Services Account-State)

22. **Electronic Medical Records** - Funds are appropriated for a study of electronic medical record systems and other health information technologies, as called for in Chapter 261, Laws of 2005, Partial Veto (SSB 5064). (General Fund-Federal, Health Services Account-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Governor's Vetoes:

The Governor vetoed Section 213(11) of Chapter 518, Laws of 2005, Partial Veto (ESSB 6090), which directed the Public Employees' Benefits Board to report by December 2005 on options for including health savings accounts in the Basic Health Plan and in state employee health benefit plans.

Washington State Health Care Authority

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	Estimated 2006	Estimated 2007
Basic Health Plan										
Subsidized & HCW [1]	**127,582**	**129,873**	**130,995**	**132,667**	**123,730**	**128,937**	**103,452**	**99,807**	**100,748**	**100,462**
% Change from prior year		1.8%	0.9%	1.3%	-6.7%	4.2%	-19.8%	-3.5%	0.9%	-0.3%
Regular Enrollees [1]	126,472	128,610	129,530	131,111	122,250	127,603	102,271	98,774	100,000	100,000
% Change from prior year		1.7%	0.7%	1.2%	-6.8%	4.4%	-19.9%	-3.4%	1.2%	0.0%
Subsidized HCW [2]	1,110	1,263	1,464	1,556	1,481	1,335	1,180	1,033	748	462
% Change from prior year		13.8%	15.9%	6.3%	-4.8%	-9.9%	-11.6%	-12.5%	-27.6%	-38.2%

[1] *State subsidy for "regular" enrollees is provided through the Health Care Authority budget.*

[2] *State and federal subsidy for home care worker (HCW) enrollees is provided in the Department of Social and Health Services Long-Term Care and Developmental Disabilities budgets. The number of HCWs receiving state-subsidized coverage is expected to increase substantially during 2005-07. However, because of the availability of other coverage options, the number electing to obtain that coverage through the Basic Health Plan is projected to continue to decline.*

Data Sources :

FY 1998 through FY 2005 from the Health Care Authority.

FY 2006 and FY 2007 estimates from legislative fiscal staff.

Human Rights Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**4,775**	**1,609**	**6,384**
2005-07 Maintenance Level	**5,127**	**1,687**	**6,814**
Policy Changes			
1. WFSE COLA/Salary Survey	65	46	111
2. Super Coalition Health Benefits	64	38	102
3. COLA-Non-Represented	35	14	49
4. Non-Represented Health Benefit Chg	10	4	14
5. General Inflation	-14	-5	-19
6. Pension Rate for Gain Sharing	-18	-10	-28
7. Suspend Unfunded Liability Contribs	-62	-33	-95
8. Staff Training	23	0	23
Total 2005-07 Biennium	**5,230**	**1,741**	**6,971**
Fiscal Year 2006 Total	2,596	854	3,450
Fiscal Year 2007 Total	2,634	887	3,521

Comments:

1. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Federal)

2. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Federal)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and General Fund-Federal)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Federal)

5. **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.

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State and General Fund-Federal)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Federal)

8. **Staff Training** - Funding is provided for staff training to prepare the Commission for potential cases related to civil service reform.

Board of Industrial Insurance Appeals

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**30,149**	**30,149**
2005-07 Maintenance Level	**0**	**32,129**	**32,129**
Policy Changes			
1. Middle Management Reduction	0	-78	-78
2. WFSE COLA/Salary Survey	0	812	812
3. Super Coalition Health Benefits	0	394	394
4. COLA-Non-Represented	0	138	138
5. Non-Represented Health Benefit Chg	0	34	34
6. General Inflation	0	-130	-130
7. Pension Rate for Gain Sharing	0	-112	-112
8. Suspend Unfunded Liability Contribs	0	-370	-370
Total 2005-07 Biennium	**0**	**32,817**	**32,817**
Fiscal Year 2006 Total	0	16,176	16,176
Fiscal Year 2007 Total	0	16,641	16,641

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Accident Account-State and Medical Aid Account-State)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Accident Account-State and Medical Aid Account-State)

4. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Accident Account-State and Medical Aid Account-State)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Accident Account-State and Medical Aid Account-State)

6. **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.

7. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Accident Account-State and Medical Aid Account-State)

8. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Accident Account-State and Medical Aid Account-State)

Washington State Criminal Justice Training Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**18,761**	**18,761**
2005-07 Maintenance Level	**0**	**19,103**	**19,103**
Policy Changes			
1. Vendor Rate Increase	0	36	36
2. WFSE COLA/Salary Survey	0	76	76
3. Super Coalition Health Benefits	0	46	46
4. Classification Revisions	0	4	4
5. COLA-Non-Represented	0	103	103
6. Non-Represented Health Benefit Chg	0	25	25
7. General Inflation	0	-156	-156
8. Course Reimbursement	0	300	300
9. Firearms Certificate Program	0	88	88
10. Small Police Agencies Task Force	0	100	100
11. Pension Rate for Gain Sharing	0	-22	-22
12. Suspend Unfunded Liability Contribs	0	-77	-77
13. Incident-Based Reporting Software	0	205	205
14. Adjust Corrections Class Size	0	-250	-250
15. Sex Offender Website Equipment	0	30	30
Total 2005-07 Biennium	**0**	**19,611**	**19,611**
Fiscal Year 2006 Total	0	9,958	9,958
Fiscal Year 2007 Total	0	9,653	9,653

Comments:

1. **Vendor Rate Increase** - Funding is provided for an inflationary vendor rate increase for the Washington Association of Sheriffs and Police Chiefs (WASPC) and the food services vendor at the Criminal Justice Training Center. The increased funding level is sufficient for an increase of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006, consistent with increases provided to most state vendors. (Public Safety and Education Account-State)

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (Public Safety and Education Account-State)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Public Safety and Education Account-State)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Public Safety and Education Account-State)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Public Safety and Education Account-State)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Public Safety and Education Account-State)

7. **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)

8. **Course Reimbursement** - Funding is provided for training courses to law enforcement personnel. Expenditures will be fully offset by course reimbursements recorded as revenue. (Public Safety and Education Account-State)

9. **Firearms Certificate Program** - Funding is provided for staff and materials for a firearms certification program for security guards, which will be offset by an equivalent increase in fee revenues. Currently, the fees charged by the Criminal Justice Training Commission do not recover the costs incurred by the agency in administering the firearms certificate program, as is required by RCW 43.101.260. For the 2005-07 biennium, the Commission is authorized to raise its fees in excess of the Initiative 601 limit to recover actual expenditures. (Public Safety and Education Account-State)

Washington State Criminal Justice Training Commission

10. **Small Police Agencies Task Force** - Funding is provided for support of the Coalition of Small Police Agencies Major Crimes Task Force. The Task Force will pool its resources and establish an efficient and cooperative approach in addressing major violent crimes. (Public Safety and Education Account-State)

11. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Public Safety and Education Account-State)

12. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Public Safety & Education-State)

13. **Incident-Based Reporting Software** - One-time funding is provided for WASPC to purchase a program to allow better crime data sharing between law enforcement agencies. WASPC intends to purchase an off-the-shelf National Incident Based Reporting System (NIBRS) program and data converter to support its current system. The converter allows agencies with incompatible records management to transfer information. NIBRS includes complex and specific crime information allowing the identification of common crimes, similar suspects, and victim information across jurisdictions to prevent and solve crimes. (Public Safety and Education Account-State)

14. **Adjust Corrections Class Size** - Funding is reduced consistent with underexpenditure patterns in the corrections academies, which have had fewer enrollees than in prior biennia. The agency may absorb this reduction by having slightly larger class sizes, fewer academies each year, or using other efficiency measures. (Public Safety and Education Account-State)

15. **Sex Offender Website Equipment** - One-time funding is provided for the WASPC to purchase two new servers and associated licenses to maintain the Sex Offender Information Center (SOIC) on its website. The SOIC was authorized and funded by the Legislature in 2003 and provides web-based information to the public on registered sex offenders living in their area. (Public Safety and Education Account-State)

Department of Labor and Industries

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**12,008**	**461,634**	**473,642**
2005 Supplemental *	3,627	3,627	7,254
Total 2003-05 Biennium	**15,635**	**465,261**	**480,896**
2005-07 Maintenance Level	**13,192**	**468,017**	**481,209**
Policy Changes			
1. Middle Management Reduction	-39	-1,770	-1,809
2. WFSE COLA/Salary Survey	294	14,585	14,879
3. Coalition COLA/Salary Survey	603	2,466	3,069
4. Super Coalition Health Benefits	211	6,906	7,117
5. Classification Revisions	0	30	30
6. COLA-Non-Represented	19	971	990
7. Non-Represented Health Benefit Chg	4	250	254
8. Salary Survey-Non-Rep Staff	0	4	4
9. Mandatory Caseload Adjustments	0	4,867	4,867
10. General Inflation	-31	-1,301	-1,332
11. Other Fund Adjustments	1,105	-1,105	0
12. Indust Insur Injury Rpt (SHB 1918)	0	550	550
13. Indust Ins Annual Audits (SHB 1856)	0	316	316
14. Pension Rate for Gain Sharing	-46	-1,468	-1,514
15. Older Mobile Homes (SHB 1393)	43	0	43
16. Suspend Unfunded Liability Contribs	-153	-4,953	-5,106
17. Medical Bill Paying - Self Insurers	0	142	142
18. Online Reporting & Customer Access	0	12,804	12,804
19. Self Insur Electronic Reporting	0	1,399	1,399
20. Critical Safety and Health Data	0	1,727	1,727
21. Protect Wrkrs from Chemical Hazards	0	0	0
22. COHE: Center of Occupational Health	0	805	805
23. Pesticide Handling and App Training	0	200	200
24. Medical Provider Fraud and Abuse	0	2,531	2,531
25. Fraud Detection and Targeted Action	0	2,671	2,671
Total 2005-07 Biennium	**15,202**	**510,644**	**525,846**
Fiscal Year 2006 Total	7,554	253,199	260,753
Fiscal Year 2007 Total	7,648	257,445	265,093

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

3. **Coalition COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Coalition of employee unions with fewer than 500 members. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Public Safety and Education Account-State, various other funds)

5. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Accident Account-State, Medical Aid Account-State)

6. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

7. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-

Department of Labor and Industries

represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

8. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Accident Account-State, Medical Aid Account-State)

9. **Mandatory Caseload Adjustments** - Funding is appropriated for increased Crime Victims Compensation medical expenses. Sexual assault forensic exams are funded at worker's compensation rates; in-patient hospitalization at general assistance-unemployable; and all other medical at Department of Social and Health Services/Medicaid rates. (Public Safety and Education Account-State, Public Safety and Education Account-Federal)

10. **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.

11. **Other Fund Adjustments** - The agency's phase II cost allocation model and revised distribution of indirect costs is recognized. Allocation to the Public Works Administration Account is delayed until 2007. (General Fund-State, various other funds)

12. **Indust Insur Injury Rpt (SHB 1918)** - Funding is provided to implement a Joint Legislative Audit and Review Committee recommendation regarding industrial insurance injuries pursuant to Chapter 108, Laws of 2005 (SHB 1918). (Accident Account-State, Medical Aid Account-State)

13. **Indust Ins Annual Audits (SHB 1856)** - Funding is provided to implement Chapter 387, Laws of 2005 (SHB 1856 - Annual Audits of the State Industrial Insurance Fund). (Accident Account-State, Medical Aid Account-State)

14. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, Public Safety and Education Account-State, various other funds)

15. **Older Mobile Homes (SHB 1393)** - Funding is provided for the implementation of Chapter 399, Laws of 2005 (SHB 1393).

16. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, Public Safety and Education Account-State, various other funds)

17. **Medical Bill Paying - Self Insurers** - Funding is provided to add a position to audit the medical bill paying systems of self-insurers. (Medical Aid Account-State, Accident Account-State)

18. **Online Reporting & Customer Access** - Funding is appropriated for the Department to complete phase II of the online reporting and customer access project, to increase online services and information on workers' compensation claims for customers, and use document imaging to replace paper-based systems. (Accident Account-State, Medical Aid Account-State)

19. **Self Insur Electronic Reporting** - Funding is appropriated for the Department and the Washington Self-Insurers Association to implement Chapter 145, Laws of 2005 (SHB 1310), which authorizes the Department to develop a computer system to collect data from self-insured employers and create performance reports. The Department will be reimbursed by self-insured employers for this project. (Accident Fund-State, Medical Aid Account-State)

20. **Critical Safety and Health Data** - Funding is appropriated for Department to improve Washington Information Network, the workplace safety data system used by Washington Industrial Safety and Health Act (WISHA) consultants. The improvement includes consolidating several computer systems, providing additional protection from system failure, and reducing ongoing system maintenance costs. (Accident Account-State, Medical Aid Account-State)

21. **Protect Wrkrs from Chemical Hazards** - The Worker and Community Right-To-Know (RTK) fund balance will be depleted within the first quarter of the 2005-07 biennium. The budget maintains current service and appropriation levels for six FTEs currently funded out of the RTK account by through an appropriation from the Accident and Medical Aid Accounts. These FTEs work on activities related to recognizing, evaluating, and controlling hazardous chemicals in the workplace. (Worker and Community Right-to-Know Account-State, Accident Account-State, Medical Aid Account-State)

22. **COHE: Center of Occupational Health** - Funding is appropriated for the Department to contract with the University of Washington's Centers of Occupational Health and Education (COHEs). COHEs provide medical treatment for employees injured on the job and offer employers training for developing return to work options for injured employees. Funding is provided to expand the Spokane COHE to include Yakima County. The Spokane COHE will recruit and train approximately 160 physicians in Yakima County for occupational medicine and work with labor and business. (Accident Account-State, Medical Aid Account-State)

23. **Pesticide Handling and App Training** - Funding is provided to reimburse the Department of Agriculture for the agriculture worker pesticide handling and application training program. (Accident Account-State)

Department of Labor and Industries

24. **Medical Provider Fraud and Abuse** - Funding is appropriated for investigating medical provider fraud by increasing the number of medical bill audits and physician peer reviews. Five additional audit staff will audit medical provider bills, prepare the peer reviews, and contract with outside firms for peer review and medical provider bill audits. Four additional physician peer reviews will be performed annually. (Medical Aid Account-State)

25. **Fraud Detection and Targeted Action** - Funding is appropriated for 11 FTES. Six FTEs are funded at mid-salary step to investigate the underground electrical and construction industry. Five FTEs will investigate worker fraud and abuse. Attorney General services will be contracted for anticipated increases in legal assistance. (Electrical License Account-State, Accident Account-State, Medical Aid Account-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Indeterminate Sentence Review Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,960**	**0**	**1,960**
2005-07 Maintenance Level	**2,128**	**0**	**2,128**
Policy Changes			
1. COLA-Non-Represented	37	0	37
2. Non-Represented Health Benefit Chg	14	0	14
3. Salary Survey-Non-Rep Staff	42	0	42
4. General Inflation	-7	0	-7
5. Pension Rate for Gain Sharing	-6	0	-6
6. Suspend Unfunded Liability Contribs	-20	0	-20
Total 2005-07 Biennium	**2,188**	**0**	**2,188**
Fiscal Year 2006 Total	1,092	0	1,092
Fiscal Year 2007 Total	1,096	0	1,096

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

3. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State)

4. **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.

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Department of Veterans' Affairs

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**21,651**	**57,175**	**78,826**
2005 Supplemental *	116	209	325
Total 2003-05 Biennium	**21,767**	**57,384**	**79,151**
2005-07 Maintenance Level	**22,951**	**60,851**	**83,802**
Policy Changes			
1. Targeted Vendor Rate	15	0	15
2. Medical Inflation Reduction	-338	0	-338
3. Middle Management Reduction	-214	-109	-323
4. Eastern Washington Cemetery Study	25	0	25
5. Outreach for Returning Veterans	25	0	25
6. Post Traumatic Stress Syndrome	170	0	170
7. WFSE COLA/Salary Survey	1,410	0	1,410
8. Coalition COLA/Salary Survey	166	146	312
9. Super Coalition Health Benefits	1,438	0	1,438
10. Classification Revisions	80	0	80
11. COLA-Non-Represented	278	133	411
12. Non-Represented Health Benefit Chg	126	13	139
13. Salary Survey-Non-Rep Staff	208	70	278
14. General Inflation	-237	0	-237
15. Pension Rate for Gain Sharing	-74	-218	-292
16. Suspend Unfunded Liability Contribs	-254	-743	-997
17. Veterans Conservation Corps	140	0	140
Total 2005-07 Biennium	**25,915**	**60,143**	**86,058**
Fiscal Year 2006 Total	12,988	29,598	42,586
Fiscal Year 2007 Total	12,927	30,545	43,472

Comments:

1. **Targeted Vendor Rate** - Organizations that contract with the state to provide veterans post-traumatic stress disorder counseling will receive inflationary cost-of-living increases of 1.0 percent in July of each year.

2. **Medical Inflation Reduction** - Agencies are required to find sufficient efficiencies in their operations to cover projected inflation in the cost of drugs and other medical services and supplies.

3. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

4. **Eastern Washington Cemetery Study** - In conjunction with veterans' associations and local government officials, the Department of Veterans' Affairs will conduct a feasibility study of a veterans' cemetery in eastern Washington. The study shall include location, acquisition costs, projection of continued operations costs, and revenue sources for acquisition and operations. A final report of the findings shall be submitted no later than December 15, 2005.

5. **Outreach for Returning Veterans** - Funding is provided for the development of a public service announcement outreach campaign directed at returning veterans from Operation Iraqi Freedom and Operation Enduring Freedom.

6. **Post Traumatic Stress Syndrome** - The post-traumatic stress counseling program is expanded to address the needs of veterans returning from Iraq and Afghanistan.

7. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

8. **Coalition COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Coalition of employee unions with fewer than 500 members. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Private/Local)

9. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is

Department of Veterans' Affairs

provided in the general comments for "State Employee Compensation." (General Fund-State)

10. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

11. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

12. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

13. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

14. **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.

15. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local)

16. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

17. **Veterans Conservation Corps** - Funding is provided for the Department of Veterans' Affairs to assist with organization and development of the Veterans' Conservation Corps established by Chapter 257, Laws of 2005 (SSB 5539).

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Home Care Quality Authority

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**2,201**	**0**	**2,201**
2005-07 Maintenance Level	**1,767**	**0**	**1,767**
Policy Changes			
1. COLA-Non-Represented	19	0	19
2. Non-Represented Health Benefit Chg	6	0	6
3. General Inflation	-3	0	-3
4. Referral Registry Pilot (Phase 1)	180	1,034	1,214
5. Pension Rate for Gain Sharing	-4	0	-4
6. Suspend Unfunded Liability Contribs	-11	0	-11
7. New Agreement - HCQA Costs	58	0	58
Total 2005-07 Biennium	**2,012**	**1,034**	**3,046**
Fiscal Year 2006 Total	919	641	1,560
Fiscal Year 2007 Total	1,093	393	1,486

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Referral Registry Pilot (Phase 1)** - Initiative 775, which established the Home Care Quality Authority (HCQA) and directed the state to collectively bargain with individual providers of home care service, also directed the Authority to establish a registry of qualified home care workers and a system for linking workers with people in need of their services. A total of $700,000 was expended during the 2003-05 biennium to design and develop a computer information system for the registry. The Authority has proposed to phase in actual operations by contracting with local organizations in 14 service delivery areas statewide. The organizations will be responsible for recruiting potential home care providers, enrolling them in the database, processing consumer requests for workers, and sending the consumers a list of providers who match the consumer's needs and preferences. The Authority has obtained a federal grant to pay for the local referral registry function in four service delivery areas during the first 18 months of the 2005-07 biennium (Ferry, Mason, Pend Oreille, Snohomish, Spokane, Stevens, and Thurston Counties). State funds are provided to continue operations in those four areas during the last six months of the biennium. (General Fund-State, General Fund-Federal)

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

7. **New Agreement - HCQA Costs** - Funding is provided for additional expenses associated with the proposed 2005-07 biennium collective bargaining agreement between the state and individual providers of publicly-funded home care services. The Authority will incur additional costs for safety program translation and mailings; for re-programming the referral registry to prioritize referrals for workers with seniority; and for paying individual providers for hours spent participating in the joint labor/management training committee established by the agreement.

Department of Health

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**118,199**	**660,904**	**779,103**
2005 Supplemental *	0	6,129	6,129
Total 2003-05 Biennium	**118,199**	**667,033**	**785,232**
2005-07 Maintenance Level	**125,612**	**738,780**	**864,392**
Policy Changes			
1. Middle Management Reduction	-682	-1,354	-2,036
2. Marine Water Quality	700	600	1,300
3. WFSE COLA/Salary Survey	1,205	4,612	5,817
4. 1199 COLA/Sal Surv/Addt'l Step	40	219	259
5. Super Coalition Health Benefits	570	2,222	2,792
6. Classification Revisions	3	0	3
7. COLA-Non-Represented	494	1,086	1,580
8. Non-Represented Health Benefit Chg	131	306	437
9. Salary Survey-Non-Rep Staff	243	1,061	1,304
10. General Inflation	-206	-1,018	-1,224
11. Farmers Market Nutrition Program	250	0	250
12. Eastern WA Family Outreach Pilot	300	0	300
13. Precursor Drugs	0	268	268
14. Dental Residency Standards	0	80	80
15. Pension Rate for Gain Sharing	-204	-660	-864
16. Hospital Survey Capability-18 Month	0	256	256
17. Suspend Unfunded Liability Contribs	-692	-2,233	-2,925
18. Integrated Licensing and Reg System	0	3,332	3,332
19. Infertility Prevention Project	200	0	200
20. Newborn Screening Clinic	0	462	462
21. Public Disclosure Request Increases	0	523	523
22. Patient Safety Practices	134	641	775
23. Children's Health Collaborative	25	0	25
24. Autism Task Force	38	0	38
25. Nursing Resource Center	0	452	452
26. TB Testing - MTD	265	0	265
27. WIC Caseload & Local Agency Support	0	368	368
28. Other Bills with State Fund Impact	149	0	149
29. Other Health Professions Bills	0	333	333
30. Mercury-Free Vaccines	0	168	168
31. Lapse - E2SHB 1291	-134	-641	-775
Total 2005-07 Biennium	**128,441**	**749,863**	**878,304**
Fiscal Year 2006 Total	64,008	374,220	438,228
Fiscal Year 2007 Total	64,433	375,643	440,076

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. **Marine Water Quality** - Funding is provided to assist the 14 local health jurisdictions with marine shorelines develop and implement management plans and data systems to assure that septic systems are properly inventoried, monitored, and maintained. (General Fund-State, Aquatic Lands Account-State)

3. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

4. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

Department of Health

5. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

6. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

7. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

8. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

9. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, various other funds)

10. **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.

11. **Farmers Market Nutrition Program** - Funding is provided to increase participation in the Women, Infants, and Children (WIC) Farmers' Market Nutrition Program. The program provides participants with vouchers for fresh fruits and vegetables and it is anticipated that the funding will expand the 2004 levels by 8,000 persons.

12. **Eastern WA Family Outreach Pilot** - Funding is provided for an additional family planning pilot project serving Franklin, Adams, Grant, Chelan, and Douglas counties. The project will target services to low-income women and men who are not likely to qualify for Medicaid services through the Department of Social and Health Services. The pilot project shall be designed to improve family planning services for at least 500 additional people in an area of the state with a large underserved population.

13. **Precursor Drugs** - Funding is provided to implement the provisions of Chapter 388, Laws of 2005 (ESHB 2266), which restricts access to certain precursor drugs used to manufacture methamphetamine by limiting the sale of products that contain ephedrine, pseudoephedrine, or phenylpropanolamine. (Health Professions Account-State)

14. **Dental Residency Standards** - Funding is provided to implement Chapter 454, Laws of 2005 (SHB 1689 - Dental Health Services), which requires the Dental Commission to establish standards for evaluating the competency of post-doctoral dental students who serve residencies in low-income dental clinics. (Health Professions Account-State)

15. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

16. **Hospital Survey Capability-18 Month** - The Department of Health is unable to accomplish the current statutory requirement that all hospitals be inspected every 12 months, despite using limited surveys for hospitals with a good history of compliance with federal, state, and private accreditation standards. Meeting the 12-month standard would require a roughly 60 percent increase in staffing and hospital licensing fees. The Department is instead proposing a statutory change to require surveys every 18 months. Meeting the 18-month standard requires an approximately 20 percent increase in staffing and fees. (General Fund-Local)

17. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

18. **Integrated Licensing and Reg System** - Funding is provided for the Department to purchase an automated replacement system for licensing and disciplinary activities to regulate health providers, facilities, and services. (General Fund-Private/Local, Health Professions Account-State)

19. **Infertility Prevention Project** - Funding is provided to implement effective prevention strategies to reduce the prevalence of chlamydia and gonorrhea.

20. **Newborn Screening Clinic** - Funding is provided to support specialty clinical care for children who are identified with one of the five disorders added to the newborn screening panel in 2003. Increased clinic care will result in an estimated $3.10 increase in the fee charged for newborn specialty clinic care. (General Fund-Private/Local)

Department of Health

21. **Public Disclosure Request Increases** - Funding is provided for the Department to respond more quickly to public disclosure requests. This will be accomplished by completing the conversion of case files to electronic formats to permit more rapid searches, and by adding temporary staff to eliminate the backlog in requests awaiting responses. (Health Professions Account-State)

22. **Patient Safety Practices** - Funding is provided to implement the provisions of E2SHB 1291 which enhances patient safety and medical error reduction efforts by: 1) creating the Patient Safety Account from revenues associated with a $2 surcharge on licenses for various health professions, $2 charge per licensed bed for hospitals and psychiatric hospitals, and 1 percent of attorney fees for malpractice claims where the plaintiff prevails; 2) providing grants, loans, and other arrangements that support efforts to reduce medical errors and enhance patient safety; and 3) requiring health care facilities to report and the Department of Health to investigate adverse medical events. These funds lapsed (see item below). (General Fund-State, Patient Safety Account-State)

23. **Children's Health Collaborative** - Funding is provided for the Department of Health and the Kids Get Care program of Public Health - Seattle and King County to continue to work in collaboration with local health care agencies to disseminate strategic interventions that are focused on evidence-based best practices for improving health outcomes in children and saving health care expenditures. This funding will be matched by at least $50,000 of local funding.

24. **Autism Task Force** - Chapter 259, Laws of 2005 (SB 5311), establishes a 14-member task force to study and to make recommendations to the Governor and Legislature regarding the incidence and treatment of autism. Funding is provided for the Department of Health to staff the task force.

25. **Nursing Resource Center** - Funding is provided to implement Chapter 268, Laws of 2005 (ESSB 5599), which establishes a nonprofit center that will develop and implement strategies aimed at maintaining and increasing the supply of qualified nurses in the state. The center will be funded by a $5 surcharge on the nursing home licensure fee. (Nursing Resource Center Account-Non-Appropriated)

26. **TB Testing - MTD** - Funding is provided to increase the state public health laboratory's capacity to quickly identify suspected tuberculosis (TB) outbreaks. The Department will use these funds to more routinely use Mycobacterium Tuberculosis Direct (MTD) tests, which can be completed in six hours rather than two to four weeks, improving early intervention. In addition, funding is provided to conduct federally-required genotyping of TB strains, which allows for more accurate tracking, surveillance, and nationwide disease control. (General Fund-State)

27. **WIC Caseload & Local Agency Support** - Federal funds are provided to fulfill state-level responsibilities associated with caseload increases in the WIC nutrition program. (General Fund-Federal)

28. **Other Bills with State Fund Impact** - Funds are provided for implementation of Chapter 306, Laws of 2005 (E2SHB 1605 - Soil Contamination); Chapter 379, Laws of 2005 (SHB 1951 - Vision Exams for Children); and Chapter 465, Laws of 2005 (ESB 5049 - Mold in Residential Units).

29. **Other Health Professions Bills** - Funds are provided to implement Chapter 17, Laws of 2005 (SHB 1075 - Nursing Quality Commission); Chapter 501, Laws of 2005 (SHB 1137 - Physical Therapy); Chapter 275, Laws of 2005 (2SHB 1168 - Prescription Reimportation); Chapter 293, Laws of 2005 (ESSB 5470 - Prescription Importation); and Chapter 158 (HB 1546 - Naturopathic Physicians). (Health Professions Account-State)

30. **Mercury-Free Vaccines** - Funding is provided for a two-year pilot under which a limited number of parents will have the option to choose vaccines that do not contain mercury. Total expenditures on the project are limited to $168,000. (Health Services Account-State)

31. **Lapse - E2SHB 1291** - Engrossed Second Substitute House Bill 1291 (improving health care professional and patient safety practices) was not enacted by the Legislature, so the apropriation to implement the legislation lapses. (General Fund-State, Patient Safety Account-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Corrections

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,240,821**	**30,639**	**1,271,460**
2005 Supplemental *	11,317	417	11,734
Total 2003-05 Biennium	**1,252,138**	**31,056**	**1,283,194**
2005-07 Maintenance Level	**1,365,278**	**31,774**	**1,397,052**
Policy Changes			
1. Offender Management Network (OMNI)	11,250	0	11,250
2. Interstate Comp Misd Supervision	822	0	822
3. Leases, Med Inflation and Equip Red	-3,946	0	-3,946
4. Targeted Vendor Rate Increase	972	0	972
5. Elim Supervision of Low Risk Misd	-3,006	0	-3,006
6. Electronic Monitoring for Violators	-2,212	0	-2,212
7. Middle Management Reduction	-5,867	-59	-5,926
8. WFSE COLA/Salary Survey	4,604	615	5,219
9. Teamsters' COLA/Salary Survey	20,938	3	20,941
10. Coalition COLA/Salary Survey	49	0	49
11. Super Coalition Health Benefits	18,343	475	18,818
12. Classification Revisions	302	0	302
13. COLA-Non-Represented	6,927	99	7,026
14. Non-Represented Health Benefit Chg	2,572	29	2,601
15. Salary Survey-Non-Rep Staff	3,343	90	3,433
16. General Inflation	-3,986	-105	-4,091
17. Performance Contract Reduction	-600	0	-600
18. Pension Rate for Gain Sharing	-4,180	-106	-4,286
19. Suspend Unfunded Liability Contribs	-14,149	-359	-14,508
20. Substance Abuse Treatment Funding	100	0	100
21. Inmate Property Shipping	-660	0	-660
22. Expand Correctional Industries	396	0	396
23. Delay Opening of New Units	-7,385	0	-7,385
24. Expand Girl Scouts/Moms Program	276	0	276
Total 2005-07 Biennium	**1,390,181**	**32,456**	**1,422,637**
Fiscal Year 2006 Total	686,161	16,548	702,709
Fiscal Year 2007 Total	704,020	15,908	719,928

Comments:

1. **Offender Management Network (OMNI)** - Beginning in the 1999-01 biennium, the Department of Corrections (DOC) initiated a multi-phase project designed to replace its Offender-Based Tracking System (OBTS), which is the primary information system used by the Department to track and manage roughly 17,000 incarcerated offenders and 28,000 offenders in the community. Funding is provided for a portion of the third phase of the project to replace OBTS with the new Offender Management Network Information (OMNI) system, which is expected to reduce staff data entry efforts, improve reporting capabilities, and redirect staff time toward offender supervision. The total cost of the OMNI project has been estimated at $58 million.

2. **Interstate Comp Misd Supervision** - Funding is provided for the implementation of Chapter 400, Laws of 2005 (ESHB 1402 - Offender Travel and Transfer), which authorizes the Department to supervise misdemeanants transferring to Washington pursuant to rules promulgated by the Interstate Commission for Adult Offender Supervision. As a result of participating in the Interstate Compact for Adult Offender Supervision, offenders who move to another member state receive community supervision. In exchange, Washington receives notification of out-of-state offenders who need supervision and move into the state. It is assumed that about 200 out-of-state misdemeanants will need to be supervised by the Department during the 2005-07 biennium. The measure also authorizes DOC to serve as a clearinghouse for felony and nonfelony offenders transferring in and out of the state.

3. **Leases, Med Inflation and Equip Red** - Funding for leases, medical inflation, and equipment increases are eliminated.

4. **Targeted Vendor Rate Increase** - Funding is provided for contracted work-release facilities, chemical dependency treatment providers, and educational services providers to receive an inflationary vendor rate increase of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006.

5. **Elim Supervision of Low Risk Misd** - Savings are achieved in accordance with Chapter 362, Laws of 2005 (SSB 5256 - Misdemeanors), which applies the same supervision criteria to

Department of Corrections

offenders convicted of misdemeanors in Superior Court as those currently applied to persons convicted of felonies. Chapter 379, Laws of 2003 (ESSB 5990), relieved DOC of supervision responsibilities for certain low- to moderate-risk felons but did not change statutory requirements to supervise misdemeanants sentenced in Superior Court. These changes are expected to result in the elimination of community supervision for an average 2,523 low- to moderate-risk misdemeanants during the 2005-07 biennium.

6. **Electronic Monitoring for Violators** - Savings are assumed in conjunction with the enactment of Chapter 435, Laws of 2005, Partial Veto (HB 1136 - Electronic Monitoring System), which would create a one-year pilot project using electronic monitoring in lieu of jail or prison sanction time when a low-risk offender violates the terms of their community supervision. The one-time savings assumes that 100 low-risk offenders per day will be on electronic monitoring rather than incarcerated.

7. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

8. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Public Safety and Education Account-State, Cost of Supervision-Non-Appropriated)

9. **Teamsters' COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the International Brotherhood of Teamsters. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Public Safety and Education Account-State)

10. **Coalition COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Coalition of employee unions with fewer than 500 members. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

11. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Public Safety and Education Account-State, Cost of Supervision-Non-Appropriated)

12. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

13. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, various other funds)

14. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

15. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, Public Safety and Education Account-State, Cost of Supervision-Non-Appropriated)

16. **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.

17. **Performance Contract Reduction** - Funding for the interlocal agreement between DOC and Peninsula College for the establishment of a Performance Institute is reduced. The Performance Institute provides the Department with internal consultation and designs, develops, implements, monitors, and evaluates DOC staff and organizational performance initiatives and products. Funding for instructional support and curriculum design and development is preserved.

18. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, Public Safety and Education Account-State, various other funds)

19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

Department of Corrections

20. **Substance Abuse Treatment Funding** - DOC receives federal funds through the Department of Community, Trade, and Economic Development for a Residential Substance Abuse Treatment (RSAT) grant. It is expected that the amount of RSAT funding available to DOC will be reduced. Funding of $100,000 is provided to backfill the expected loss in federal funding and retain the current program service level.

21. **Inmate Property Shipping** - Funding is reduced in accordance with Chapter 382, Laws of 2005 (HB 2282 - Transporting Offender Property), which authorizes DOC to determine the types and amounts of offender property that the Department will transport between institutions or to other jurisdictions at the agency's expense. In January 2005, the state Supreme Court, in *Burton et al. v. Lehman*, held that the Department's policy of transporting up to two boxes of inmate property free of charge when an offender transfers from one location to another violated a state statute. This ruling was expected to increase property shipment costs to the Department. HB 2282 provides the necessary statutory authority for the DOC to resume its former policy.

22. **Expand Correctional Industries** - Funding is provided to purchase equipment necessary to expand Class II Correctional Industries and maintain overall offender employment levels. Improvements at the Monroe Correctional Complex will result in the consolidation of laundry services and increase production at the facility print shop. Other equipment purchases will expand and maintain industries at the Pine Lodge Corrections Center, Stafford Creek Corrections Center, and the Washington State Penitentiary.

23. **Delay Opening of New Units** - The opening of a new 892-bed complex at the Washington State Penitentiary in Walla Walla is deferred until the 2007-09 biennium, providing for one-time savings in staffing- and inmate-related costs. The opening of the new facility includes many one-time costs and the hiring of over 500 new staff. Rather than occupying the units in April 2007, offenders would either remain in current Penitentiary housing or in out-of-state rent-a-beds. The staffing for the facility will be delayed until May 2007.

24. **Expand Girl Scouts/Moms Program** - Funding is provided for the current Girl Scouts Beyond Bars program to continue to serve female offenders and their daughters. The recent conversion of Pine Lodge Pre-Release facility in Spokane to a female facility has increased the travel costs for the program, which has operated until now in western Washington with donations and some funding from offender contributions. The Girl Scouts Beyond Bars program provides girls with interactions with their incarcerated mothers, providing an incentive for female offenders to prepare for reentry to society.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Corrections

WORKLOAD HISTORY
By Fiscal Year

								Estimated		
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Community Supervision [(1) (2)]										
# Active (Non-Monetary) Offenders	30,600	31,252	30,871	30,365	33,831	36,765	32,606	28,353	24,078	23,179
% Change from prior year		2.1%	-1.2%	-1.6%	11.4%	8.7%	-11.3%	-13.0%	-15.1%	-3.7%
Work Release										
Avg Daily Population/Month	612	636	642	656	654	642	675	699	699	699
% Change from prior year		3.9%	0.9%	2.2%	-0.4%	-1.8%	5.1%	-0.1%	0.0%	0.0%
Institutions [(3)]										
Avg Daily Population/Month	12,694	14,265	13,910	14,386	14,808	15,702	16,061	16,702	16,955	17,261
% Change from prior year		12.4%	-2.5%	3.4%	2.9%	6.0%	2.3%	8.0%	1.7%	1.7%
Average Cost Per Inmate [(4) (5)]										
Annual	22,986	22,849	23,775	24,685	25,447	25,924	26,736	27,224	27,720	28,572
% Change from prior year		-0.6%	4.1%	3.8%	3.1%	1.9%	3.1%	1.8%	1.8%	3.1%

(1) *Data reflect average monthly caseloads. These data are not comparable with caseloads published in prior editions of the Legislative Budget Notes, which measured end-of-year caseloads.*

(2) *Accounting issues at the Department of Corrections (DOC) may have overcounted active caseloads.*

(3) *For FY 2004 through FY2007, institutional counts include beds rented from other jurisdictions.*

(4) *The FY 2005 average cost per inmate does not include funds paid toward the Stamey and Arrasmith lawsuit settlements.*

(5) *FY 2005 through FY 2007 average cost per inmate does not include start-up costs for expansion at the Monroe Corrections Center or the Washington State Penitentiary.*

Data Sources :

Caseload Forecast Council, DOC, and legislative fiscal staff.

Department of Services for the Blind

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**3,534**	**16,151**	**19,685**
2005-07 Maintenance Level	**3,727**	**16,802**	**20,529**
Policy Changes			
1. Middle Management Reduction	-16	-72	-88
2. WFSE COLA/Salary Survey	36	175	211
3. Super Coalition Health Benefits	27	133	160
4. Classification Revisions	0	1	1
5. COLA-Non-Represented	16	46	62
6. Non-Represented Health Benefit Chg	4	14	18
7. General Inflation	-9	-46	-55
8. Pension Rate for Gain Sharing	-8	-32	-40
9. Suspend Unfunded Liability Contribs	-27	-108	-135
10. Caseworker Ratio & Service Costs	76	284	360
Total 2005-07 Biennium	**3,826**	**17,197**	**21,023**
Fiscal Year 2006 Total	1,887	8,492	10,379
Fiscal Year 2007 Total	1,939	8,705	10,644

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Business Enterprises-Non-Appropriated)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Business Enterprises-Non-Appropriated)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Business Enterprises-Non-Appropriated)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Business Enterprises-Non-Appropriated)

7. **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. (General Fund-State, General Fund-Federal)

8. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Business Enterprises-Non-Appropriated)

9. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Business Enterprises-Non-Appropriated)

10. **Caseworker Ratio & Service Costs** - Funding is provided to add one vocational rehabilitation counselor in FY 2007 and for increased case service costs. (General Fund-State, General Fund-Federal)

Sentencing Guidelines Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,478**	**0**	**1,478**
2005-07 Maintenance Level	**1,682**	**0**	**1,682**
Policy Changes			
1. COLA-Non-Represented	33	0	33
2. Non-Represented Health Benefit Chg	14	0	14
3. Salary Survey-Non-Rep Staff	16	0	16
4. General Inflation	-8	0	-8
5. Fiscal Note Simulation Software	13	0	13
6. Pension Rate for Gain Sharing	-6	0	-6
7. Suspend Unfunded Liability Contribs	-19	0	-19
Total 2005-07 Biennium	**1,725**	**0**	**1,725**
Fiscal Year 2006 Total	864	0	864
Fiscal Year 2007 Total	861	0	861

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

3. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State)

4. **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.

5. **Fiscal Note Simulation Software** - One-time funding is provided for an agency request item to improve the Commission's ability to produce caseload impact projections necessary for the development of fiscal notes on criminal justice legislation. The Sentencing Guidelines Commission prepares fiscal impact statements on sentencing legislation that impacts institutional caseloads in county jails and state prisons.

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Department of Employment Security

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**535,960**	**535,960**
2005-07 Maintenance Level	**0**	**522,892**	**522,892**
Policy Changes			
1. Middle Management Reduction	0	-1,898	-1,898
2. WFSE COLA/Salary Survey	0	7,476	7,476
3. Super Coalition Health Benefits	0	4,966	4,966
4. Classification Revisions	0	19	19
5. COLA-Non-Represented	0	1,194	1,194
6. Non-Represented Health Benefit Chg	0	317	317
7. Salary Survey-Non-Rep Staff	0	42	42
8. General Inflation	0	-1,367	-1,367
9. Readiness for Active Directory	0	2,087	2,087
10. Pension Rate for Gain Sharing	0	-1,244	-1,244
11. Port Jobs Program	120	0	120
12. Suspend Unfunded Liability Contribs	0	-4,188	-4,188
Total 2005-07 Biennium	**120**	**530,296**	**530,416**
Fiscal Year 2006 Total	60	263,981	264,041
Fiscal Year 2007 Total	60	266,315	266,375

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal, General Fund-Private/Local, various other funds)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal, Unemployment Compensation Administration-Federal, Employment Service-State)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-Federal, various other funds)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal, General Fund-Private/Local, various other funds)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-Federal, Unemployment Compensation Administration-Federal, Administration Contingen Account-State)

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 mission.

9. **Readiness for Active Directory** - The budget provides appropriation authority for one-time use of Reed Act funds to purchase information technology infrastructure components necessary to allow the Department to participate in the state's Department of Information Services' managed Enterprise Active Directory network. This includes replacing and upgrading desktop personal computers and laptops to meet the minimum standards for Active Directory software. (Unemployment Compensation Administration Account--Federal)

10. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-Federal, General Fund-Private/Local, various other funds)

Department of Employment Security

11. **Port Jobs Program** - Funding is provided for two FTEs to assist first generation immigrants find employment through the Port Jobs Program at the Port of Seattle.

12. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-Federal, General Fund-Private/Local, various other funds)

Natural Resources

Department of Ecology

The budget includes an additional $9 million in the State Toxics Control Account to manage the cleanup of toxic waste sites. This amount is in addition to $60 million of Local Toxics Control Account funding in the capital budget and will increase the pace of cleaning up contaminated sites that present a risk to human health and the environment.

The budget also provides $3.2 million in increased funding to assist businesses in reducing hazardous and solid waste. Program staff will work with businesses to reduce waste, increase organic composting, coordinate "Green Building" practices, implement financial and regulatory incentives, and improve pollution prevention plans.

A total of $1.4 million in enhanced funding is provided for reducing persistent bioaccumulative toxins (PBTs). The Department of Ecology will implement a proposed Polybromated Diphenyl Ethers chemical action plan, monitor for mercury in fish, and continue implementing the overall PBT strategy.

A total of $725,000 is appropriated for the 2005 emergency drought declared by the Governor. The budget also provides $8.2 million in the capital budget, which will fund planning, design, purchase, and construction of water saving irrigation improvement projects. Additionally, the budget appropriates $2.1 million from the Oil Spill Prevention Account to create the Oil Spill Advisory Council in the Governor's Office and to implement improvements to prepare for and respond to oil spills and to increase the state's oil spill prevention, preparedness, and response capabilities.

Department of Fish and Wildlife

The budget provides a total of $800,000 from the State Wildlife Account to evaluate the Department of Fish and Wildlife's recreational license sales system and, if necessary, select a new vendor to design and deploy the next generation licensing system to replace the current Washington Interactive Licensing Database, fund the replacement of servers, and implement of phase II of the Hydraulic Permit Management System. An additional $500,000 is provided to allow the Naselle Hatchery to increase production and release of anadromous fish into Willapa Bay. The budget also provides one-time funding of $700,000 from the state general fund to purchase six purse seine and three gill net licenses to meet the provisions of the United States/Canada salmon treaty.

The budget directs $3.1 million in savings by making necessary reductions to the State Wildlife Account in order to keep this account solvent. The agency is directed to reduce funding for Bogachiel/Eels and Garrison Springs Hatchery production, and complete the decommissioning of the Brinnon Shellfish Hatchery. Other activities to be eliminated or reduced include: the Go Play Outside contract; the Keeping Common Species Common program; access sites; marine resources; print shop; and mailroom. In addition, one district office staff, one region 2 biological field staff, middle management positions, and the agency administration/business services expenditures are reduced.

State Parks & Recreation Commission

The budget provides a total of $1.0 million from the Parks Renewal and Stewardship Account in one-time and ongoing funding to install and operate cabins, yurts, and other rentable structures in three parks (Battle Ground, Cape Disappointment, and Dosewalips) to extend the camping season and generate new revenue. A total of $673,000 is provided for public safety and risk reduction at state parks. Funding of $575,000 is also provided to replace furnishings at Fort Worden State Park.

State Conservation Commission

Chapter 31, Laws of 2005 (SHB 1462), allows the State Conservation Commission to adopt rules concerning eligibility and distribution of grants to conservation districts. One-time funding of $200,000 from the state general fund will provide supplementary basic funding to the state's lower-income conservation districts.

Department of Natural Resources

The budget provides $11 million in one-time state general fund and Aquatic Lands Enhancement Account funding to settle claims involving tribal rights to harvest shellfish from tidelands used by commercial shellfish growers. The funding is contingent on federal matching funds of $22 million.

The budget also provides an additional $2.3 million from the state general fund to fulfill compliance monitoring commitments in the Forest and Fish Report. This funding is required as part of the Habitat Conservation Plan which the state is preparing to obtain assurances from the federal government that the state is meeting the requirement under the federal Endangered Species Act and the federal Clean Water Act.

A total of $600,000 from the state general fund is appropriated to improve maintenance of 25 recreation sites and 140 miles of trails on Department of Natural Resources lands. The money will also expand the Department's recreation-volunteer coordination capacity.

Department of Agriculture

The budget provides one-time funding of $1 million from the state general fund to extend and expand the Department's asparagus automation and mechanization program and $1 million from the state general fund to research and develop new hop harvesting technologies, including associated pilot projects.

The budget also provides $300,000 from the state general fund to implement a new branding campaign created by the Washington Wine Industry to strengthen consumer awareness and create a brand identity for Washington wines.

A total of $500,000 from the state general fund is provided to enhance the market promotion and trade barrier grants program. Grants are provided to educate the public and promote Washington produce, improve access to foreign markets, develop and update data, and match buyers with sellers. The budget also provides $200,000 from the state general fund for the Small Farm and Direct Marketing program, which connects small farmers directly with consumers.

The budget provides one-time funding of $500,000 from the state general fund to complete a database application that would consolidate program information and enable the Department to more effectively respond to a food safety or animal disease emergency. The budget also provides a total of $70,000 in one-time funding to conduct or contract for an economic impact study of fairs in the state of Washington. In addition, the budget provides $25,000 for indemnity payments for poultry that are ordered by the state to be slaughtered or destroyed in order to eradicate disease.

Other Natural Resources

<u>Hood Canal Corrective Action and Marine Water Quality</u>

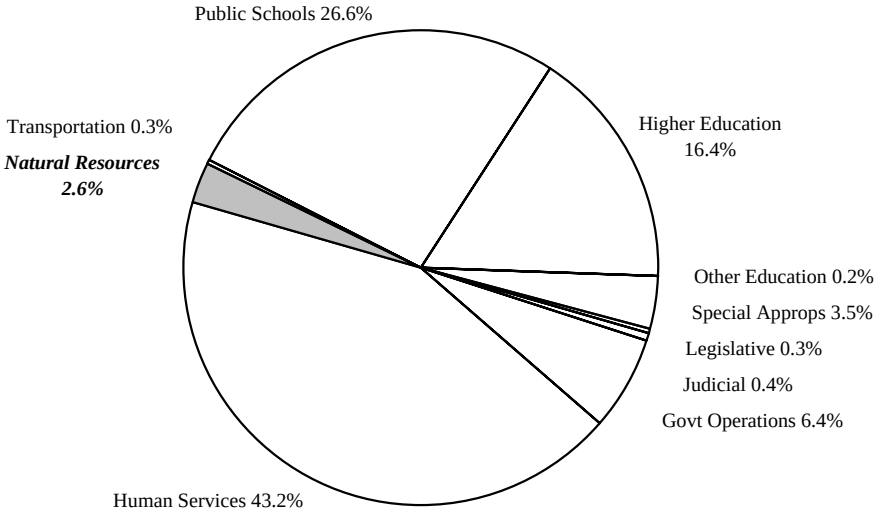
Funding of $600,000 is provided in the Office of the Governor's budget for the Puget Sound Water Quality Action Team to take corrective action for Hood Canal, including removing salmon carcasses out of the area and implementing alternative septic system technology. Funding of $200,000 is also provided to implement Chapter 479, Laws of 2005 (ESHB 2097), which establishes a management program for Hood Canal rehabilitation. In addition, $1.3 million is provided in the Department of Health's budget to assist the 14 local health jurisdictions with marine shorelines to develop and implement management plans and data systems to assure that septic systems are properly inventoried, monitored, and maintained.

2005-07 Washington State Operating Budget

Total Budgeted Funds

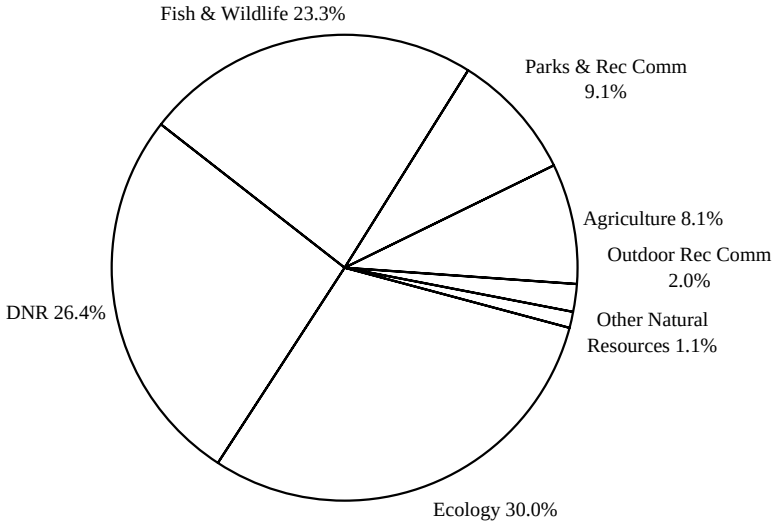
(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	3,188,651
Human Services	21,370,163
Natural Resources	***1,296,763***
Transportation	145,790
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

Ecology	388,758
Dept of Natural Resources	341,863
Dept of Fish & Wildlife	302,511
Parks & Recreation Comm	117,480
Dept of Agriculture	105,575
Outdoor Recreation	25,983
Other Natural Resources	14,593
Natural Resources	***1,296,763***



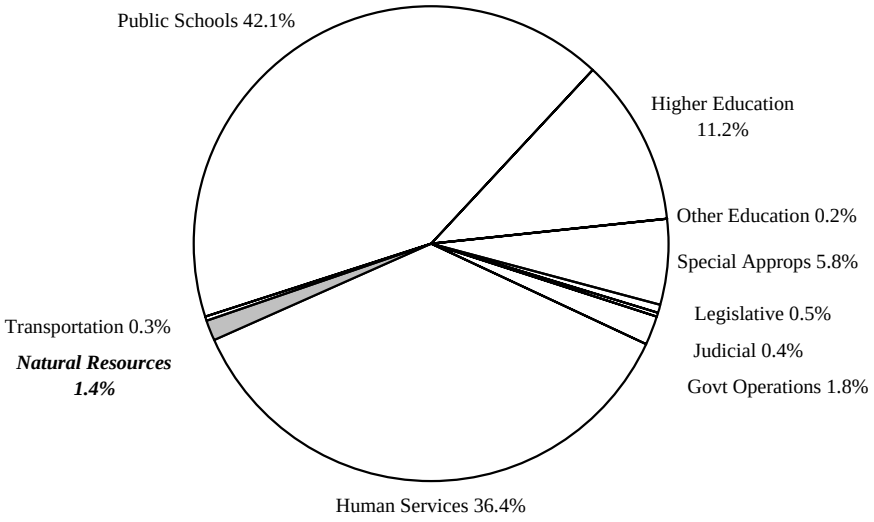
Natural Resources

2005-07 Washington State Operating Budget

General Fund-State

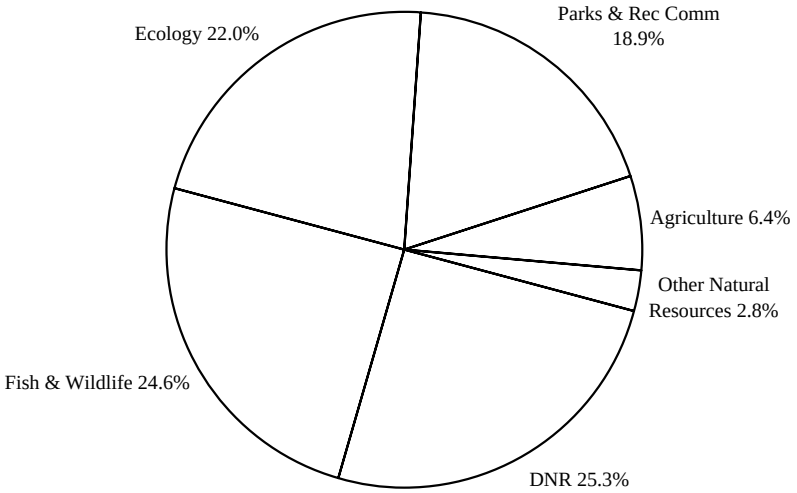
(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
Human Services	9,458,768
Natural Resources	***366,902***
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

Dept of Natural Resources	92,977
Dept of Fish & Wildlife	90,221
Ecology	80,692
Parks & Recreation Comm	69,196
Dept of Agriculture	23,443
Other Natural Resources	10,373
Natural Resources	***366,902***



Natural Resources

Columbia River Gorge Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**684**	**663**	**1,347**
2005-07 Maintenance Level	**792**	**702**	**1,494**
Policy Changes			
1. COLA-Non-Represented	18	18	36
2. Non-Represented Health Benefit Chg	6	6	12
3. General Inflation	-2	-2	-4
4. Citizen Services - Mediation	9	9	18
5. Mandatory Planning Services	138	138	276
6. Pension Rate for Gain Sharing	-2	-2	-4
7. Suspend Unfunded Liability Contribs	-10	-10	-20
Total 2005-07 Biennium	**949**	**859**	**1,808**
Fiscal Year 2006 Total	471	429	900
Fiscal Year 2007 Total	478	430	908

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and General Fund-Private/Local)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Private/Local)

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 mission.

4. **Citizen Services - Mediation** - In the past decade, the Columbia River Gorge Commission reduced the cost and delay of permit decisions by offering a means other than a formal hearing to resolve conflicts. Due to recent budget reductions, the Commission cannot continue to purchase mediation services. Funding is provided for six alternative dispute resolution contracts. (General Fund-State, General Fund-Private/Local)

5. **Mandatory Planning Services** - Ongoing funding is provided for staff to process two additional plan amendment review applications per year, update the economic development and other sections of the management plan, and complete other mandated planning requirements of the National Scenic Area Act. (General Fund-State, General Fund-Private/Local)

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State and General Fund-Private/Local)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Private/Local)

Department of Ecology

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**71,739**	**251,577**	**323,316**
2005 Supplemental *	273	636	909
Total 2003-05 Biennium	**72,012**	**252,213**	**324,225**
2005-07 Maintenance Level	**75,874**	**285,951**	**361,825**
Policy Changes			
1. Columbia River Initiative	200	0	200
2. Oil Spill Early Action & Prevention	0	1,630	1,630
3. U.S. v. Washington Culvert Lawsuit	47	0	47
4. Reduce Flood Control Grants	0	-1,000	-1,000
5. 2005 Emergency Drought Declaration	0	725	725
6. Middle Management Reduction	-696	-1,777	-2,473
7. WFSE COLA/Salary Survey	2,056	5,996	8,052
8. Super Coalition Health Benefits	922	2,508	3,430
9. Classification Revisions	4	89	93
10. COLA-Non-Represented	413	868	1,281
11. Non-Represented Health Benefit Chg	106	183	289
12. Salary Survey-Non-Rep Staff	68	50	118
13. General Inflation	-471	-442	-913
14. Sustain Water Activities	0	0	0
15. Statewide Streamflow Gauging	454	-130	324
16. Enhance Well Construction Program	-300	661	361
17. Municipal Stormwater Permit	0	1,274	1,274
18. Water Quality Certifications	300	0	300
19. Beyond Waste & Business Assistance	0	3,175	3,175
20. Community Right to Know Fund Shift	0	0	0
21. Reduce PBTs in the Environment	0	1,403	1,403
22. Clean Up Toxic Sites	0	9,000	9,000
23. Enhance Voluntary Cleanups	0	270	270
24. Continue Marine Sediment Monitoring	0	0	0
25. Wetland Banking Pilot Rule	395	0	395
26. Water Right Mediation	176	0	176
27. Soil Contamination	0	250	250
28. Pension Rate for Gain Sharing	-264	-716	-980
29. Suspend Unfunded Liability Contribs	-892	-2,411	-3,303
30. ESSB 5699 Aquatic Invasive Species	0	509	509
31. Ocean Policy Review	100	0	100
32. Shoreline Planning Grants	2,500	0	2,500
33. Lapse - SB 5831	-300	0	-300
Total 2005-07 Biennium	**80,692**	**308,066**	**388,758**
Fiscal Year 2006 Total	40,498	155,780	196,278
Fiscal Year 2007 Total	40,194	152,286	192,480

Comments:

1. **Columbia River Initiative** - To help meet the water needs of growing communities and their rural economies along the main stem of the Columbia River, and to do so in a manner that reduces the risk to fish resulting from water withdrawals, funding is provided to support efforts related to water storage and water measuring devices.

2. **Oil Spill Early Action & Prevention** - In response to the October 14, 2004, Dalco Passage Puget Sound oil spill, Governor Locke created the Oil Spill Early Action Task Force to explore possible improvements to prepare and respond to oil spills. Funding is provided to implement the recomendations of the Governor's Citizen Volunteer Program and Oil Spill Task Force. (Oil Spill Prevention Account-State)

3. **U.S. v. Washington Culvert Lawsuit** - One-time funding is provided for Assistant Attorney General staff support for the U.S. v. Washington State (Culverts Case). The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag [ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed

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fishing ground." Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission.

4. **Reduce Flood Control Grants** - The Flood Control Assistance Account Program is reduced by 25 percent for the 2005-07 biennium. A total of $2.3 million will continue to be provided for local government flood damage reduction projects, comprehensive hazard management plans, and flood mapping. Another $700,000 is available to provide technical assistance for the National Flood Insurance Program, flood control projects, and other program activities. (Flood Control Assistance Account-State)

5. **2005 Emergency Drought Declaration** - On March 10, 2005, the Governor authorized an emergency drought declaration. The Department of Ecology will continue processing emergency drought requests, coordinate water purchases and mitigation agreements, and monitor water use. (State Emergency Water Projects Revolving Account-State)

6. **Middle Management Reduction** - Middle management positions are reduced.

7. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

8. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

9. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

10. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds) par

11. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, and various other funds)

12. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, various other funds)

13. **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.

14. **Sustain Water Activities** - In the current biennium, Ecology is utilizing $680,000 from the State Drought Preparedness Account (SDPA) and $268,000 from the State and Local Improvements Revolving Account-Water Supply Facilities (Referendum 38) for water acquisition and water conservation. These funds were one-time in nature and are not sustainable beyond the 2003-05 biennium. Funding is provided to continue supporting local watershed planning efforts and for achieving and restoring stream flows, while assuring adequate water supplies for people and farms. To continue the current level of effort, the Water Quality Account will be utilized, and the SDPA and Referendum 38 accounts will be reduced by $680,000 and $268,000, respectively. (Water Quality Account-State, State Drought Preparedness Account-State, State and Local Improvements Revolving Account-State)

15. **Statewide Streamflow Gauging** - Streamflow monitoring supports programs designed to achieve, restore, and protect water supplies for people, fish, and farms. In addition, streamflow monitoring supports local watershed planning efforts. The department's stream gauging network is funded primarily by federal grants which expire in the 2003-05 biennium and from the State Drought Preparedness Account, which was a one-time fund source. Funding is provided to continue to support the existing stream gauging network. (General-Fund State, Water Quality Account)

16. **Enhance Well Construction Program** - Chapter 84, Laws of 2005 (SB 5831), increases fees for water well construction permits and inspections. The additional revenue will be used to assist local governments that accept delegation of well inspections, increase inspection rates on new wells, improve well construction data systems, and eliminate support from the state general fund. These funds lapsed (see item below). (General Fund-State, Reclamation Revolving Account)

17. **Municipal Stormwater Permit** - The federal Clean Water Act requires certain industries and municipalities to have water quality discharge permits to discharge stormwater. Municipal stormwater permits require the implementation of a Stormwater Management Program to reduce the discharge of pollutants, reduce impacts to receiving waters, eliminate illicit discharges, and make progress toward compliance with surface water, ground water, and sediment standards. Regulations under the Act establish a two-part system for implementing municipal stormwater permits: larger municipalities were covered and issued in Phase I; and smaller jurisdictions were addressed

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under Phase II. Ecology is now required to issue Phase II permits for over 100 municipalities and will charge fees to fully implement this program. (Water Quality Permit Fee Account-State)

18. **Water Quality Certifications** - Projects proposed to be built in wetlands or in water bodies must meet state water quality standards and other aquatic protection regulations. Projects that result in a discharge to these waters and need a federal permit must also meet Section 401 requirements of the Clean Water Act which require that these permits first receive state certification ensuring that the proposed projects meet state standards. As part of Ecology's overall permit streamlining and regulatory reform efforts, a pilot program for processing 401 water quality certification projects using re-assigned staff was initiated in one regional office. This pilot improved permit processing accountability and timelines and resulted in 90 percent of routine certifications occurring within 90 days of application and acknowledgement of receipt of the application being sent within ten days. Additional permit processors and existing agency staff will expand the pilot statewide and make these process and timeline improvements permanent.

19. **Beyond Waste & Business Assistance** - State law mandates that the Department of Ecology develop and update statewide plans for hazardous waste and solid waste management. The agency updated both of these plans into an integrated "Beyond Waste" plan. The new plan provides additional emphasis on waste and pollution prevention, rather than cleanup. Staff will work with businesses to reduce wastes, increase organic composting, coordinate "Green Building" practices, enhance effectiveness of existing data collecting methods, track performance indicators, implement a financial and regulatory incentives program, and improve pollution prevention plans. In addition, outside contractors will analyze the feasibility of funding less toxic business technologies and help determine which major indicators should be used to track the effectiveness of the Beyond Waste Program. (Waste Reduction/Recycle/Litter Control Account-State, State Toxics Control Account-State, Hazardous Waste Assistance Account-State)

20. **Community Right to Know Fund Shift** - During the 1999-01 biennium, historical volatility and a revenue shortage in the State Toxics Control Account (STCA) resulted in some Department of Ecology (Ecology) hazardous waste community education, information, and data management work being shifted to the Worker and Community Right To Know Account (WCRTKA). The WCRTKA fund balance has been completely utilized and a shortfall is projected in this account for the 2005-07 biennium. Ecology will maintain its current service level of providing hazardous chemical information to communities, citizens, and emergency responders, resulting in less human health exposures and environmental contamination. (State Toxics Control Account-State, Worker and Community Right To Know Account-State)

21. **Reduce PBTs in the Environment** - Persistent bioaccumulative toxins (PBTs) are toxic chemical elements and compounds that are persistent in the environment (resist chemical break down), can move through the food chain, and accumulate in the tissue of humans and many animals. These toxins pose a health risk to humans and animals. As directed by the Legislature, in December 2000 the Department of Ecology completed and submitted a proposed strategy to reduce PBTs in Washington State. The Department will implement a proposed Polybrominated Diphenyl Ethers (PBDE) chemical action plan, monitor for mercury in fish, and continue implementing the overall PBT strategy. (State Toxics Control Account-State)

22. **Clean Up Toxic Sites** - Funding is increased to clean up additional toxic waste sites. (State Toxics Control Account-State)

23. **Enhance Voluntary Cleanups** - Most of the cleanups of toxic waste sites in the state are conducted through the Voluntary Cleanup Program. The agency recovers approximately 40 percent of its costs for these voluntary cleanups from the entity initiating the cleanup. Ecology will coordinate the cleanup of 25 additional toxics sites with voluntary contaminated site owners. (State Toxics Control Account-State)

24. **Continue Marine Sediment Monitoring** - The Department of Ecology conducts environmental monitoring on air, water, and soil resources. This data informs a wide range of environmental, public health, and local land-use decisions. For the past several biennia, the agency has utilized federal funding sources to maintain a network for monitoring marine sediments. These resources have declined over time and will be eliminated at the end of the 2003-05 biennium. This data is useful to: identify locations that exceed health standards; mitigate public health and environmental threats; determine changes over time; measure the effectiveness of cleanup and prevention work; and provide data for fish consumption and other public health advisories. (State Toxics Control Account-State)

25. **Wetland Banking Pilot Rule** - Wetland banking is a method that allows wetlands to be restored, enhanced and preserved to offset impacts to wetlands from land development. Currently, the Department is working on pilot to: (1) test the draft wetland banking rule; (2) certify existing banks; and (3) determine what it will cost the state to implement a wetland banking program. Funding is provided to complete the pilot, so that wetland banking can be fully implemented and evaluated as directed by the 2004 Legislature.

26. **Water Right Mediation** - At the request of the Lummi Nation, the federal government has filed for a declaration of the Lummi's water rights in federal court. The Department of Ecology and the Office of the Attorney General have received support from the United States Department of the Interior to seek a mediated settlement of the water right claims of the Lummi Nation. One-time funding of $200,000 was provided for mediation efforts with the Lummi Nation in the 2004 budget,

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however, only $24,000 was expended due to a slower-than-expected beginning of settlement negotiations. To finish the mediation effort, one-time funding of $176,000 is provided.

27. **Soil Contamination** - Funding is provided to implement Chapter 306, Laws of 2005 (E2SHB 1605). The bill directs the Department, in cooperation with the Department of Health and the Department of Social and Health Services, to assist schools and child care facilities within child use prioritization areas in Western Washington to reduce the potential for children's exposure to area-wide soil contamination. (State Toxics Control Account-State)

28. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

29. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

30. **ESSB 5699 Aquatic Invasive Species** - Funding is provided to implement the provisions of Chapter 464, Laws of 2005 (ESSB 5699). The bill adds an additional $3 to vessel registration fees and uses those revenues to help prevent the spread of aquatic invasive species and freshwater aquatic algae control.

31. **Ocean Policy Review** - One-time funding is provided to allow the Department director or designee to serve on the Ocean Policy Review Commission and provide information to the Commission regarding the condition of the state's coastal and ocean resources and the development of proposals for dealing with coastal and ocean issues.

32. **Shoreline Planning Grants** - In order to meet a legislatively-directed schedule for updating local Shoreline Master Programs, an additional $2 million is provided to cities and counties. In addition, $500,000 will allow grants that were encumbered in the 2003-05 biennium but not fully expended to be completed.

33. **Lapse - SB 5831** - Under Section 302(9) of Chapter 518, Laws of 2005, Partial Veto, the enactment of Chapter 84, Laws of 2005 (SB 5831 - Well Construction Fees), results in the lapsing of the General Fund-State appropriation.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

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(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**60,049**	**44,146**	**104,195**
2005 Supplemental *	364	313	677
Total 2003-05 Biennium	**60,413**	**44,459**	**104,872**
2005-07 Maintenance Level	**62,723**	**46,148**	**108,871**
Policy Changes			
1. Middle Management Reduction	-590	-69	-659
2. Parks License Plate	0	10	10
3. Operating Costs - New Projects	525	320	845
4. Balance to Available Revenue	0	-108	-108
5. WFSE COLA/Salary Survey	4,252	468	4,720
6. Super Coalition Health Benefits	1,078	110	1,188
7. Classification Revisions	669	73	742
8. COLA-Non-Represented	386	235	621
9. Non-Represented Health Benefit Chg	110	12	122
10. Salary Survey-Non-Rep Staff	61	13	74
11. General Inflation	-81	-419	-500
12. Pension Rate for Gain Sharing	-272	-66	-338
13. Suspend Unfunded Liability Contribs	-914	-229	-1,143
14. Build and Operate Cabins and Yurts	0	1,034	1,034
15. Ice Age Floods Plan	0	185	185
16. Move Project Scoping to Operating	300	0	300
17. Public Safety and Risk Reduction	473	200	673
18. LCIC Fee Collection	0	268	268
19. Fort Worden Furnishing Replacement	476	99	575
Total 2005-07 Biennium	**69,196**	**48,284**	**117,480**
Fiscal Year 2006 Total	34,527	23,046	57,573
Fiscal Year 2007 Total	34,669	25,238	59,907

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. **Parks License Plate** - Funding is provided to implement Chapter 44, Laws of 2005 (SSB 5316), which establishes a new State Parks and Recreation Commission license plate for sale to the public. Revenues from the sale of license plates will be used to provide public educational opportunities and enhancement of Washington State parks. (State Parks Education and Enhancement Account-Non-Appropriated)

3. **Operating Costs - New Projects** - Each biennium, State Parks receives funding through the capital budget and other sources to upgrade its facilities. Some projects are for major repairs to existing infrastructure while other projects are for new facilities. A combination of one-time and ongoing funding is provided for operating and maintenance impacts for projects funded during the 2003-05 biennium. Affected projects completed include: water systems at Mt. Spokane and Deception Pass State Park; new acquisitions at Pearrygin Lake State Park and the Nisqually-Mashel area; and marina improvements at Sun Lakes State Park. (General Fund-State, Parks Renewal and Stewardship Account-State)

4. **Balance to Available Revenue** - Expenditure authority and full-time equivalent (FTE) staff are reduced to match forecasted revenues. As a result, services to off-road vehicle recreation will be reduced. (Off-Road Vehicle Account-State)

5. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

6. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

7. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments

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for "State Employee Compensation." (General Fund-State, various other funds)

8. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and various other funds)

9. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, and Parks Renewal Account-State)

10. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Private/Local, and Parks Renewal Account-State)

11. **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.

12. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, and various other funds)

13. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, and various other funds)

14. **Build and Operate Cabins and Yurts** - A combination of one-time and ongoing funding is provided for installing and operating cabins, yurts, and other rentable structures in parks across the state. (Parks Renewal and Stewardship Account-State)

15. **Ice Age Floods Plan** - One-time funding and staffing are provided to develop a plan for public education and tourist orientation and interpretation at selected state park sites along the route of the Ice Age Floods, from Spokane to the Pacific Ocean. (Parks Renewal and Stewardship Account-State)

16. **Move Project Scoping to Operating** - Staffing and funding are shifted from the agency's capital budget to the operating budget in response to a Joint Legislative Audit and Review Committee study regarding the use of capital dollars and FTE staff for non-project specific capital expenses. This funding will enable engineers and architects from the agency's regional capital program teams to scope prospective capital budget requests.

17. **Public Safety and Risk Reduction** - A combination of one-time and ongoing funding is provided to address safety risks at state parks and to install new token-operated shower meters at state parks. Funding is provided to improve beach access roads, reimburse counties for deputy sheriff time, and increase ranger patrol presence at state beaches in Pacific and Grays Harbor counties. Resources are provided for enhanced employee safety measures, including working with the Department of Labor and Industries on safety training, processing workers' compensation claims, and hazardous materials disposal. In addition, funding is provided for Parks to coordinate with the Department of Natural Resources for forest fuels removal at state parks and for staff firefighting training. (General Fund-State, Parks Renewal and Stewardship Account-State)

18. **LCIC Fee Collection** - In February 2004, State Parks began collecting admission fees at the Lewis and Clark Interpretive Center (LCIC) at Cape Disappointment State Park. Expenditure authority and staffing are provided for fee collection, improved interpretation services, and display maintenance. (Parks Renewal and Stewardship Account-State)

19. **Fort Worden Furnishing Replacement** - One-time funding is provided to replace interior fixtures, appliances, and furnishings for 12 vacation houses at Fort Worden State Park. Furnishings in these units are currently 25 years old or older. (General Fund-State, Parks Renewal and Stewardship Account-State)

NOTE: Amounts shown here reflect only the omnibus appropriations act. The remainder of the State Parks and Recreation Commission's budget is shown in the Transportation Budget Section of this document.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Interagency Committee for Outdoor Recreation

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**2,627**	**21,883**	**24,510**
2005-07 Maintenance Level	**2,774**	**22,255**	**25,029**
Policy Changes			
1. Technical Adjustments	0	150	150
2. WFSE COLA/Salary Survey	0	214	214
3. Super Coalition Health Benefits	0	52	52
4. COLA-Non-Represented	8	72	80
5. Non-Represented Health Benefit Chg	2	19	21
6. Salary Survey-Non-Rep Staff	0	8	8
7. General Inflation	-2	-8	-10
8. Pension Rate for Gain Sharing	-2	-24	-26
9. Suspend Unfunded Liability Contribs	-5	-81	-86
10. Outdoor Recreation Resource Plan	0	152	152
11. Pacific NW Aquatic Monitoring	40	0	40
12. Technology Enhancements	0	359	359
Total 2005-07 Biennium	**2,815**	**23,168**	**25,983**
Fiscal Year 2006 Total	1,401	11,613	13,014
Fiscal Year 2007 Total	1,414	11,555	12,969

Comments:

1. **Technical Adjustments** - Funding is adjusted for operating expenses for various accounts to align available revenue and operating expenses with the statutory requirements and/or available fund balance for these accounts. (General Fund-Federal, Firearms Range Account-State, Recreation Resources Account-State)

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal and Recreation Resources-State)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-Federal and Recreation Resources-State)

4. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, Recreation Resources Account-State)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, and Recreation Resources-State)

6. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-Federal, Recreation Resources-State)

7. **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.

8. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Recreation Resources Account-State)

9. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, and Recreation Resources-State)

Interagency Committee for Outdoor Recreation

10. **Outdoor Recreation Resource Plan** - The Interagency Committee for Outdoor Recreation (IAC) is required by statute to develop a statewide strategic plan for the acquisition, renovation, and development of recreational resources and the conservation of open space. The current plan referred to as the State Comprehensive Outdoor Recreation Plan (SCORP) expires during December 2007. The plan will be revised for the purpose of continuing to receive federal land and water conservation grants. (General Fund-Federal, Recreation Resources Account-State, and Nonhighway and Off-Road Vehicles Activities Program Account-State)

11. **Pacific NW Aquatic Monitoring** - Federal, state, tribal, local, and private aquatic monitoring efforts often lack coordination. State, federal, and tribal participants from Washington, Oregon, California, and Idaho formed the Pacific Northwest Aquatic Monitoring Partnership (PNAMP) to coordinate and guide individual monitoring strategies across different interests. This investment will reduce redundancy, increase efficiency, and help meet the goals and objectives of the various entities involved in monitoring.

12. **Technology Enhancements** - Technological investments are necessary to increase service delivery effectiveness and to explore opportunities for efficiency. This proposal will upgrade an existing single point of reference mapping system to a geographic area (polygon) system that will better identify the location, boundaries, and size of a project. This information will be used to manage projects by the Interagency Committee for Outdoor Recreation, local governments, private landowners, federal, and state agencies. (General Fund-Federal, Recreation Resources Account-State, and Nonhighway and Off-Road Vehicles Activities Program Account-State)

Environmental Hearings Office

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,932**	**0**	**1,932**
2005 Supplemental *	23	0	23
Total 2003-05 Biennium	**1,955**	**0**	**1,955**
2005-07 Maintenance Level	**2,006**	**0**	**2,006**
Policy Changes			
1. COLA-Non-Represented	41	0	41
2. Non-Represented Health Benefit Chg	10	0	10
3. General Inflation	-5	0	-5
4. Reduce Appeal Resolution Timelines	38	0	38
5. Salary Increases	60	0	60
6. Pension Rate for Gain Sharing	-6	0	-6
7. Suspend Unfunded Liability Contribs	-23	0	-23
Total 2005-07 Biennium	**2,121**	**0**	**2,121**
Fiscal Year 2006 Total	1,057	0	1,057
Fiscal Year 2007 Total	1,064	0	1,064

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

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 mission.

4. **Reduce Appeal Resolution Timelines** - The number of complex appeals filed with the Environmental Hearings Office is increasing, even though the actual number of appeals filed has remained relatively stable over the last four years. One administrative appeals judge's work schedule is increased from 80 percent to 100 percent to reduce the average time spent resolving appeals from 6.5 months down to the long-term goal of 6.0 months. Resolving these appeals in a timely manner directly impacts economic development by reducing the uncertainty related to the final outcome of permits.

5. **Salary Increases** - The Environmental Hearings Office board members, administrative appeals judges, and staff salaries are lower than similar adjudicatory agencies and other state legal staff. In order to increase staff retention and facilitate hiring, exempt board members, judges, and staff salaries are increased by an average of 5.6 percent. This increase will bring these positions into line with similar positions in state government.

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

State Conservation Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**4,479**	**2,412**	**6,891**
2005-07 Maintenance Level	**4,275**	**2,195**	**6,470**
Policy Changes			
1. COLA-Non-Represented	30	20	50
2. Non-Represented Health Benefit Chg	9	7	16
3. Salary Survey-Non-Rep Staff	0	10	10
4. General Inflation	-5	-4	-9
5. Sustaining Conservation Ops	200	0	200
6. Supporting Local Accountability	0	62	62
7. Prof Engineering Grants Program	0	300	300
8. Livestock Nutrient Assistance	0	1,600	1,600
9. Pension Rate for Gain Sharing	-4	-4	-8
10. Suspend Unfunded Liability Contribs	-17	-11	-28
Total 2005-07 Biennium	**4,488**	**4,175**	**8,663**
Fiscal Year 2006 Total	2,235	2,079	4,314
Fiscal Year 2007 Total	2,253	2,096	4,349

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and Water Quality Account-State)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and Water Quality Account-State)

3. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Water Quality Account-State)

4. **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. (General Fund-State, Water Quality Account-State)

5. **Sustaining Conservation Ops** - Chapter 31, Laws of 2005 (SHB 1462), allows the State Conservation Commission to adopt rules concerning eligibility and distribution of grants to conservation districts. One-time funding will provide supplementary basic funding to the state's lowest-income conservation districts.

6. **Supporting Local Accountability** - The State Auditor conducts financial and legal compliance audits of the state's 48 local conservation districts, and state law requires each district to be audited at least every three years. Ongoing funding will reimburse the State Auditor for the increased cost of audits scheduled to be conducted during the 2005-07 biennium. (Water Quality Account-State)

7. **Prof Engineering Grants Program** - The Conservation Commission provides professional engineering grants to conservation districts to make engineering services available and affordable to private landowners who wish to implement natural resource conservation plans and water-quality or habitat-improvement projects. Typical work performed by district engineers includes permitting, designing, and construction oversight. One-time funding is provided to address an estimated backlog of 50-60 projects in need of engineering review. (Water Quality Account-State)

8. **Livestock Nutrient Assistance** - One-time funding is provided for conservation districts to assist approximately 800 owners and operators of animal feeding operations and concentrated animal feeding operations in developing nutrient management plans. These operators must meet and stay in compliance with new federal water quality standards beginning December 2006. Funding will also allow conservation districts to provide information to 1,000 smaller-scale livestock producers. (Water Quality Account-State)

9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State and Water Quality Account-State)

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the

State Conservation Commission

contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State and Water Quality Account-State)

Department of Fish and Wildlife

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**82,184**	**197,813**	**279,997**
2005 Supplemental *	50	8,110	8,160
Total 2003-05 Biennium	**82,234**	**205,923**	**288,157**
2005-07 Maintenance Level	**86,808**	**208,929**	**295,737**
Policy Changes			
1. Technical Adjustments	0	-121	-121
2. Wildlife Fund-State Adjustment	0	-3,146	-3,146
3. WILD System Replacement	0	300	300
4. Genetics Lab Resources	21	0	21
5. Warm Water Game Fish Activity	0	250	250
6. U.S. v. Washington Culvert Lawsuit	122	0	122
7. Middle Management Reduction	-916	-947	-1,863
8. WFSE COLA/Salary Survey	1,408	2,280	3,688
9. WPEA COLA/Salary Survey	194	347	541
10. Coalition COLA/Salary Survey	791	944	1,735
11. Super Coalition Health Benefits	1,047	1,712	2,759
12. Classification Revisions	33	102	135
13. COLA-Non-Represented	929	1,413	2,342
14. Non-Represented Health Benefit Chg	254	431	685
15. Salary Survey-Non-Rep Staff	356	468	824
16. General Inflation	-300	-810	-1,110
17. Infrastructure Replacement	0	175	175
18. Hydraulic Permit Management System	0	300	300
19. Temporary Fishing Licenses	0	4	4
20. Wild Salmon Monitoring	200	0	200
21. Hunter Education Training	0	46	46
22. F&W Violations (ESHB 1696)	0	398	398
23. Chum Salmon Production	20	0	20
24. Damage to Livestock by Cougars	0	50	50
25. Canada Goose Hunting Days	0	90	90
26. Pension Rate for Gain Sharing	-354	-518	-872
27. Suspend Unfunded Liability Contribs	-1,195	-1,773	-2,968
28. Aquatic Invasive Species	0	750	750
29. Pacific Salmon Treaty	703	0	703
30. Crab Pot Buoy Tag	0	274	274
31. Grizzly Bear Education	75	0	75
32. Reduce HSRG Funding	0	-550	-550
33. Naselle Hatchery Operations & Maint	0	481	481
34. Ocean Policy Review Commission	100	0	100
35. Safety Equipment Upgrade	0	166	166
36. Wildlife Harvest Reports	0	223	223
37. Hunter Access to Private Lands	0	1,900	1,900
38. Primary Turkey Tag Isolation	0	120	120
39. Big Game Hunting License	0	72	72
40. Governor Veto	-75	-2,070	-2,145
Total 2005-07 Biennium	**90,221**	**212,290**	**302,511**
Fiscal Year 2006 Total	45,676	103,512	149,188
Fiscal Year 2007 Total	44,545	108,778	153,323

Comments:

1. **Technical Adjustments** - Funding is adjusted for operating expenses for the Regional Fisheries Enhancement Salmonid Recovery Account, the Off-Road Vehicle Account, the Coastal Crab Account, and the Sea Urchin Dive Fisheries Account. These reductions align available revenue and operating expenses with available fund balance for these accounts. (Regional Fisheries Enhancement Salmonid Recovery Account-Federal, Coastal Crab Account-Non-Appropriated, Sea Urchin Dive Fisheries Account-Non-Appropriated, Off-Road Vehicle Account-State)

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2. **Wildlife Fund-State Adjustment** - Expenditure authority and full-time equivalent (FTE) staff are reduced to match expected revenues in the State Wildlife Account. The agency will reduce funding for the Bogachiel/Eels Hatchery production, Garrison Springs Hatchery, and complete the decommissioning of the Brinnon Shellfish Hatchery. Other activities to be eliminated or reduced include the Go Play Outside contract, the Keeping Common Species Common Program, access sites, marine resources, print shop, and mail room. In addition, one district office staff, one Region 2 biological field staff, middle management positions which include non-Washington Management Service (WMS) positions, and agency administration/business services expenditures are reduced. (State Wildlife Account-State)

3. **WILD System Replacement** - The recreational license sales system is provided through contract, which expires on June 30, 2006. The Department has begun the process to select a new vendor to design and deploy a new generation licensing system to replace the Washington Interactive Licensing Database (WILD). One-time funding is provided to cover project management expertise, training, and travel expenses. (State Wildlife Account-State)

4. **Genetics Lab Resources** - Ongoing funding is provided for supplies and materials used to run the Department's genetics lab. (General Fund-State, State Wildlife Account-State)

5. **Warm Water Game Fish Activity** - Warm water operating funding authority was shifted to the capital budget to accomplish a construction project at the Meseberg Hatchery during the 2003-05 biennium. With the construction project complete, spending authority is directed back to the operating budget to re-establish the prior level of warm water game fish management. (Warm Water Game Fish Account-State)

6. **U.S. v. Washington Culvert Lawsuit** - One-time funding is provided for Assistant Attorney General staff support for the US v. Washington State (Culverts Case). The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag [ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing ground." Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission.

7. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, General Fund-Local, and various other funds)

8. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

9. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

10. **Coalition COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the coalition of employee unions with fewer than 500 members. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

11. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

12. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

13. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and various other funds)

14. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, and various other funds)

15. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, General Fund-Private/Local, and various other funds)

16. **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. (General Fund-State, General Fund-Federal, General Fund-Local, and various other funds)

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17. **Infrastructure Replacement** - One-time funding is provided to update seven Novell servers and ten Unix servers to systems that are compatible with statewide systems. The recently-completed information technology architecture study of the Department reviewed the current services and recommended that the highest priority items be replaced during in the 2005-07 biennium. (State Wildlife Account-State)

18. **Hydraulic Permit Management System** - A new Hydraulic Permit Management System (HPMS) is under development to replace manual tools and to automate hydraulic permit approval business processes. Phase 1 of the new HPMS system will be implemented during the 2003-05 biennium and will allow habitat biologists to receive applications, issue permits, and track projects. One-time funding is provided for Phase II of the HPMS which will allow increased site visit tracking, enforcement appeal tracking, and geographic information system (GIS) mapping capability by the Salmon Recovery Funding Board (SRFB). (State Wildlife Account-State)

19. **Temporary Fishing Licenses** - Funding is provided to implement Chapter 192, Laws of 2005 (SHB 1210). This Legislation eliminates the current two-day temporary fishing license and replaces it with a variable one- to five-day temporary fishing license. (State Wildlife Account-State).

20. **Wild Salmon Monitoring** - Ongoing funding is provided for monitoring listed wild salmonid populations statewide. Intensively Monitored Watersheds (IMW) funding will be maintained beyond FY 2005. However, the Salmon Recovery Funding Board will not cover monitoring of the production of Puget Sound chinook, lower Columbia steelhead, upper Columbia steelhead, and chinook in rivers that are not associated with the IMW project.

21. **Hunter Education Training** - Ongoing funding is provided to expand hunter education training by increasing the number of courses provided from 500 to 550. Course participation fees support hunter education training. Additional support staff is provided for enrollment and certification record keeping, distribution of course materials, and maintaining instructor records. (State Wildlife Account-State)

22. **F&W Violations (ESHB 1696)** - Chapter 406, Laws of 2005 (ESHB 1696), expands the crime of unlawful recreational fishing in the first degree to include fishing for or possessing a species of fish that is listed as endangered or threatened. This legislation allows flexibility in the types of security posted to reclaim seized property and increases the penalties for the unlawful hunting of big game. A new non-appropriated account, the Fish and Wildlife Enforcement Reward Account, is created to fund wildlife enforcement activities. (State Wildlife Account-State)

23. **Chum Salmon Production** - Ongoing funding is provided for chum salmon production at Minter Creek Hatchery.

24. **Damage to Livestock by Cougars** - Ongoing funding is provided for reimbursements from damage to commercial livestock that is caused by cougars. The Governor vetoed this appropriation (see veto item below). (State Wildlife Account-State)

25. **Canada Goose Hunting Days** - Federal funds are provided for the management of Canada goose seasons to increase the number of hunting days in southwest Washington. (General Fund-Federal)

26. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local, and various other funds)

27. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, and various other funds)

28. **Aquatic Invasive Species** - Funding is provided to implement Chapter 464, Laws of 2005 (ESSB 5699). This legislation increases additional vessel registration fees by $3 and deposits these moneys in three new dedicated accounts for aquatic invasive species prevention and enforcement and freshwater aquatic algae control. (Freshwater Aquatic Algae Control Account-State)

29. **Pacific Salmon Treaty** - One-time funding is provided to purchase six purse seine and three gill net licenses to meet the provisions of the United States/Canada salmon treaty.

30. **Crab Pot Buoy Tag** - Chapter 395, Laws of 2005 (SB 6033), establishes a Washington Coastal Dungeness Crab Pot Buoy Tag Program. This legislation expands the Crab Pot Buoy Tag Program from the Puget Sound commercial Dungeness crap fishery to the coastal crab fishery. Funding from revenues is provided to administer the Washington Coastal Dungeness Crab Pot Buoy Tag Program. (Washington Coastal Crab Pot Buoy Tag Account-Non-Appropriated)

31. **Grizzly Bear Education** - One-time funding is provided for the Grizzly Bear Outreach Project to disseminate information about grizzly bears who reside in the North Cascades mountains, including the grizzly bear recovery process. The Governor vetoed this approriation (see veto item below).

32. **Reduce HSRG Funding** - State Wildlife Account funding for the implementation of hatchery reform recommendations, as defined by the hatchery scientific review group (HSRG), is eliminated. Funding in the amount of $450,000 of General

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Fund-State remains available for this activity. (State Wildlife Account-State)

33. **Naselle Hatchery Operations & Maint** - Funding is provided to the Department for the continued operation of the Naselle Hatchery during the 2005-07 biennium. This funding will allow the facility to increase production by 3 million Chinook, 1 million Coho, and 30,000 trout. (State Wildlife Account-State)

34. **Ocean Policy Review Commission** - One-time funding is provided to allow the Department director or designee to serve on the Ocean Policy Review Commission and provide information to the Commission regarding the condition of the state's coastal and ocean resources and the development of proposals for dealing with coastal and ocean issues.

35. **Safety Equipment Upgrade** - One-time funding is provided for the Department to replace emergency communication equipment and purchase ergonomic safety equipment. Radios will meet new Federal Communication Commission (FCC) standards and allow for better communication between law enforcement agencies. The safety equipment will reduce injuries related to repetitive motion, material handling, and lifting hazards in the workplace thereby decreasing the number of Department of Labor and Industries' claims. (State Wildlife Account-State)

36. **Wildlife Harvest Reports** - Failure to report hunting activity is currently a misdemeanor per RCW 77.15.280. Chapter 418, Laws of 2005 (SSB 5227), decriminalizes non-compliance of hunter activity reporting and replaces it with an administrative fine that is not to exceed $10. Ongoing funding is provided for one staff position to write rules and administer the program. (State Wildlife Account-State)

37. **Hunter Access to Private Lands** - Substitute Senate Bill 5234 (Hunter Access) would have created the Hunter Access Program through a dedicated $5 surcharge for residents and $25 surcharge for non-residents on hunting licenses. The dedicated revenue would have provided grants for opening private lands to hunters and for managing litter, illegal activity, vandalism, signage, and monitoring hunter behavior. The Governor vetoed this appropriation (see veto item below). (State Wildlife Account-State)

38. **Primary Turkey Tag Isolation** - Funding is provided to increase turkey management activities within the Department to accommodate the increased hunter demand for this opportunity, pursuant to Senate Bill 5232 (Turkey Transport Tag). The Governor vetoed this appropriation (see veto item below). (State Wildlife Account-State)

39. **Big Game Hunting License** - Funding is provided to implement Chapter 140, Laws of 2005 (HB 1211). This legislation offers hunters a multiple season big game permit that allows the permit holder to hunt deer or elk during more than one general hunting season. (State Wildife Account-State)

40. **Governor Veto** - The Governor vetoed Sections 307(9), (11), (14), and (19) of Chapter 518, Laws of 2005, Partial Veto, which removes reference to hunter access to private lands bill that was not enacted; eliminates funding for grizzly bear education; removes funding to reimburse commercial livestock owners for damage caused by cougars; and removes reference to a turkey tag bill that was not enacted.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Natural Resources

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**90,743**	**219,760**	**310,503**
2005 Supplemental *	11,029	305	11,334
Total 2003-05 Biennium	**101,772**	**220,065**	**321,837**
2005-07 Maintenance Level	**79,850**	**221,880**	**301,730**
Policy Changes			
1. Middle Management Reduction	-380	-1,071	-1,451
2. Balance to Available Revenue	0	8,035	8,035
3. U.S. v. Washington Culvert Lawsuit	0	329	329
4. WFSE COLA/Salary Survey	410	1,432	1,842
5. WPEA COLA/Salary Survey	616	2,690	3,306
6. Super Coalition Health Benefits	681	2,297	2,978
7. Classification Revisions	3	241	244
8. COLA-Non-Represented	366	1,051	1,417
9. Non-Represented Health Benefit Chg	98	312	410
10. Salary Survey-Non-Rep Staff	45	187	232
11. General Inflation	-548	-1,080	-1,628
12. Contaminated Sediments	0	2,155	2,155
13. Aquatic Endangered Species Act	0	2,129	2,129
14. Eelgrass Monitoring and Management	0	345	345
15. Shellfish Settlement	9,000	2,000	11,000
16. Correctional Camps	0	257	257
17. Dispersed Recreation	596	0	596
18. Height Modernization Grant	0	5,000	5,000
19. Fulfill Forest & Fish Commitments	2,300	0	2,300
20. Risk Management - Fire Shelters	0	608	608
21. Geoduck Harvest (E2SHB 1896)	0	138	138
22. Pension Rate for Gain Sharing	-194	-620	-814
23. Suspend Unfunded Liability Contribs	-655	-2,108	-2,763
24. RTA Systems Replacement Project	158	2,087	2,245
25. Forest Review Council	500	500	1,000
26. Ocean Policy Review	0	92	92
27. WCC-WDFW & DNR Cooperative Program	131	0	131
Total 2005-07 Biennium	**92,977**	**248,886**	**341,863**
Fiscal Year 2006 Total	49,220	122,926	172,146
Fiscal Year 2007 Total	43,757	125,960	169,717

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **Balance to Available Revenue** - Expenditure authority and full-time equivalent (FTE) staff are adjusted to match expected revenues in selected dedicated accounts. The agency will reduce silviculture on state lands, services to off-road vehicle sites, mapping and survey activities, oversight of dredge spoils disposal sites on state-owned aquatic lands, and surface mining regulation. The budget provides temporary authority to increase management fees for state trust lands from 25 percent to 30 percent in order to implement the sustainable harvest plan. (Resource Management Cost Account-State, State Nursery Revolving Account-Non-Appropriated, various other funds)

3. **U.S. v. Washington Culvert Lawsuit** - One-time funding is provided for Assistant Attorney General staff support for the U.S. v. Washington State (Culverts) case. The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag [ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing ground." Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission. (Forest Development Account-State, Resource Management Cost Account-State)

4. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

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5. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and various other funds)

6. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

7. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

8. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

9. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Forest Development-State, and various other funds)

10. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, various other funds)

11. **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.

12. **Contaminated Sediments** - One-time funding will complete cleanup of contaminated sediments in Commencement Bay and fulfill the state's obligations at other contaminated sites. (State Toxics Account-State)

13. **Aquatic Endangered Species Act** - Funding and staffing are provided to continue the development of a plan to bring state-owned aquatic lands managed by the Department into compliance with the federal Endangered Species Act. (Aquatic Land Enhancement Account-State)

14. **Eelgrass Monitoring and Management** - Eelgrass is a plant that grows in intertidal and shallow marine waters and estuaries, occupying over 200,000 acres on 37 percent of the state's shoreline. It plays a vital role in supporting commercially important fish, slowing coastal erosion, and providing food and shelter for birds and marine invertebrates. Eelgrass is impacted by human activity and is an indicator of shoreline health. A combination of one-time and ongoing funding and staffing will perform intensive, site-specific monitoring and documentation of the relationships between stressors and eelgrass health. Results will assist decision makers in better protection and restoration of eelgrass habitat in the future. (Aquatic Lands Enhancement Account-State)

15. **Shellfish Settlement** - One-time funding is provided for Washington State to fulfill the terms of a U.S. District Court consent decree addressing implementation of tribal harvest of shellfish from tidelands used by commercial shellfish growers. This settlement will provide affected growers the exclusive, productive use of the private and leased tidelands that they have improved and cultivated for shellfish culture over the years. This appropriation is contingent upon a matching federal appropriation of $22 million. (General Fund-State, Aquatic Lands Enhancement Account-State)

16. **Correctional Camps** - Expenditure authority is shifted from General Fund-Private/Local to the Forest Fire Protection Assessment Account-Non-Appropriated in order to maintain six trained and equipped ten-person inmate crews used for emergency fire suppression. During the 2003-05 biennium, the Department was not successful in obtaining ongoing funding for these low-cost crews from other state and local agencies. In addition, funding and staffing are provided for two additional inmate crews to enable the Department to protect state lands from wildfires at the level recommended in a 1997 consultant study. (General Fund-Private/Local, Forest Fire Protection Assessment Account-Non-Appropriated)

17. **Dispersed Recreation** - The Department of Natural Resources (DNR) operates a system of 140 recreation sites and 1,100 miles of trails statewide. Some sites and trails are not eligible for funding from other sources available to DNR due to statutory restrictions and have been threatened with closure in recent years when state general funds were reduced. A combination of one-time and ongoing funding is provided to keep open these 25 recreation sites and 140 miles of trails, to improve maintenance levels statewide, and to expand DNR's recreation-volunteer coordination capacity.

18. **Height Modernization Grant** - Federal spending authority and staffing are provided to the Department to manage a statewide project to re-measure elevations and install global positioning reference stations. This project is funded by the U.S. Department of Commerce, National Oceanic and Atmospheric Administration. (General Fund-Federal)

19. **Fulfill Forest & Fish Commitments** - Additional resources are provided to fulfill compliance monitoring in the Forests & Fish Report (FFR) and to maintain the involvement of technical

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experts within DNR and other state agencies involved with FFR implementation. Compliance monitoring has been incorporated into the states' forest practices rules and is part of the habitat conservation plan (HCP) the state is preparing to obtain federal Endangered Species Act and Clean Water Act assurances. Additional resources are also provided for reporting requirements that are part of the implementation agreement governing the HCP and to defend the HCP against anticipated legal challenges.

20. **Risk Management - Fire Shelters** - A combination of one-time and ongoing funding is provided to acquire 1,830 new-generation emergency-protection shelters for firefighters. This will allow the Department to complete an acquisition plan initiated in FY 2004. New-generation shelters provide superior safety features, as compared to the shelters currently used. (Forest Fire Protection Assessment Account-Non-Appropriated)

21. **Geoduck Harvest (E2SHB 1896)** - Funding is provided to implement Chapter 307, Laws of 2005 (E2SHB 1896). The bill directs the Department to conduct several studies regarding geoducks in Hood Canal. (Resource Management Cost Account-State)

22. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

23. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

24. **RTA Systems Replacement Project** - A combination of one-time and ongoing funding and staffing is provided to complete the implementation phase of a new revenue management system funded in the 2003-05 biennium and to replace two related systems for timber and asset management. The new suite of systems will replace mainframe-based, unreliable applications with stable, easily-supported Web-based technology. They will allow the Department to more easily manage trust revenues. (General Fund-State, Forest Development Account-State, Resource Management Cost Account-State, various other funds)

25. **Forest Review Council** - Funding is provided for a review of the future of Washington's forest products industry and expectations of future earnings from state granted lands. The review will be conducted by the University of Washington. (General Fund-State, Resource Management Cost Account-State)

26. **Ocean Policy Review** - One-time funding is provided to allow the Commissioner of Public Lands or his designee to serve on the Ocean Policy Review Commission and provide information to the Commission regarding the condition of the state's coastal and ocean resources and the development of proposals for dealing with coastal and ocean issues.

27. **WCC-WDFW & DNR Cooperative Program** - DNR and the Department of Fish and Wildlife (WDFW) jointly operate a Washington Conservation Corps (WCC) program that serves both agencies. Corps crews, made up of young adults gaining work experience and possible college financial assistance, provide a cost-effective, on-the-ground workforce available for a variety of tasks, including trail building and maintenance, fencing, weed control, and firefighting. Funding and FTEs are provided to enable four crews to operate year-round, rather than seasonally.

* Please see the 2005 Supplemental Operating Budget Section for additional information

Department of Agriculture

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**18,577**	**76,500**	**95,077**
2005 Supplemental *	78	122	200
Total 2003-05 Biennium	**18,655**	**76,622**	**95,277**
2005-07 Maintenance Level	**19,241**	**79,902**	**99,143**
Policy Changes			
1. Middle Management Reduction	-128	-318	-446
2. Livestock Nutrient Management	0	240	240
3. Sudden Oak Death	404	0	404
4. Pesticide Surface Water Monitoring	0	509	509
5. WFSE COLA/Salary Survey	12	717	729
6. WPEA COLA/Salary Survey	101	228	329
7. Super Coalition Health Benefits	67	734	801
8. Classification Revisions	0	67	67
9. COLA-Non-Represented	291	803	1,094
10. Non-Represented Health Benefit Chg	82	217	299
11. Salary Survey-Non-Rep Staff	107	287	394
12. General Inflation	-57	-245	-302
13. Washington Wine Brand	300	0	300
14. Small Farm Direct Marketing	150	0	150
15. Poultry Disease Eradication	25	0	25
16. Market Access/Trade Barrier	500	0	500
17. Food Safety/Animal Health	466	0	466
18. Pension Rate for Gain Sharing	-54	-230	-284
19. Suspend Unfunded Liability Contribs	-187	-779	-966
20. Agricultural Fair Study	73	0	73
21. Invasive Species Council	50	0	50
22. ESB 6121 Adjustment	2,000	0	2,000
Total 2005-07 Biennium	**23,443**	**82,132**	**105,575**
Fiscal Year 2006 Total	12,500	41,021	53,521
Fiscal Year 2007 Total	10,943	41,111	52,054

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, various other funds)

2. **Livestock Nutrient Management** - Legislation enacted in 2003 transferred the state's Livestock Nutrient Management Program from the Department of Ecology to the Department of Agriculture. Travel and attorney general costs, as well as the number of follow-up inspections needed, have been higher than anticipated at the time of the transfer. Funding and staffing are provided for additional legal, travel, and inspection costs. (Water Quality Account-State)

3. **Sudden Oak Death** - Sudden Oak Death (SOD) is a recently-introduced plant disease that threatens the state's nursery industry and forest lands. Caused by a fungus-like organism, this disease attacks more than 60 different plant species, many of which are common to Washington State, including camellia, Douglas fir, and rhododendron. SOD has been found in 26 western Washington nurseries since it was first detected in 2003 and is stopped only through the destruction of affected plant materials. Ongoing funding and staffing is provided to detect, contain, and eradicate SOD.

4. **Pesticide Surface Water Monitoring** - A combination of one-time and ongoing funding is provided to monitor pesticide residues in the Skagit River basin, a western Washington watershed of agricultural significance, to provide additional Washington-specific data for federal assessments of the potential pesticide risk to salmon. Pesticide data collected by the state from the Cedar-Sammamish and Lower Yakima basins has been used and has influenced outcomes in federal assessments of the effects of most pesticides named in the Washington Toxics Coalition v. Environmental Protection Agency lawsuit. (State Toxics Account-State)

5. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

Department of Agriculture

6. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

7. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

8. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Agriculture Local Account-Non-Appropriated and Fruit/Vegetable Inspection-Non-Appropriated)

9. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

10. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

11. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, various other funds)

12. **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. (General Fund-State, General Fund-Federal, General Fund-Local, various other funds)

13. **Washington Wine Brand** - A new branding campaign was created by the Washington Wine Industry to strengthen consumer awareness and create a brand identity for Washington wines. One-time funding is provided to support the implementation of the campaign.

14. **Small Farm Direct Marketing** - Ongoing funding is provided for the Small Farm and Direct Marketing Program, which connects small farmers directly with consumers.

15. **Poultry Disease Eradication** - Ongoing funding is provided for indemnity payments for poultry that are ordered by the Department to be slaughtered or destroyed.

16. **Market Access/Trade Barrier** - Ongoing funding is provided to enhance the market promotion and trade barrier grants program. Grants are provided to educate the public and promote Washington produce, improve access to foreign markets, develop and update data, and match buyers with sellers.

17. **Food Safety/Animal Health** - One-time funding is provided to complete a database application that would consolidate program information and enable the Department to more effectively respond to a food safety or animal disease emergency.

18. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, various other funds)

19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

20. **Agricultural Fair Study** - One time funding is provided for the Department to conduct or contract for an economic impact study of fairs in the state of Washington.

21. **Invasive Species Council** - Funding is provided to support the Washington Invasive Species Council, created in the Office of the Governor, pursuant to Substitute Senate Bill 5385 (Invasive Species Council). The Council will address issues for combating and preventing harmful invasive species in the state. This bill failed to pass the Legislature. Since the bill was not enacted, the amount provided lapses.

22. **ESB 6121 Adjustment** - Under Chapter 517, Laws of 2005 (ESB 6121), one-time funding of $1 million is provided to extend and expand the Department of Agriculture's asparagus automation and mechanization program and $1 million in funding is provided to research and develop new hop harvesting technologies and for associated pilot projects.

NOTE: Amounts shown here reflect only the omnibus appropriations act. The remainder of the Department of Agriculture's budget is shown in the Transportation Budget Section of this document.* Please see the 2005 Supplemental Operating Budget Section for additional information.

Washington Pollution Liability Insurance Program

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**1,894**	**1,894**
2005-07 Maintenance Level	**0**	**1,933**	**1,933**
Policy Changes			
1. COLA-Non-Represented	0	32	32
2. Non-Represented Health Benefit Chg	0	9	9
3. General Inflation	0	-3	-3
4. Oil Heat Education and Outreach	0	52	52
5. Pension Rate for Gain Sharing	0	-4	-4
6. Suspend Unfunded Liability Contribs	0	-18	-18
Total 2005-07 Biennium	**0**	**2,001**	**2,001**
Fiscal Year 2006 Total	0	989	989
Fiscal Year 2007 Total	0	1,012	1,012

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (Pollution Liability Insurance-State, Heating Oil Pollution-Non-Appropriated)

2. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (Pollution Liability Insurance-State and Heating Oil Pollution-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 mission.

4. **Oil Heat Education and Outreach** - An estimated 63,000 heating oil tanks will be registered in the agency's Heating Oil Tank Liability Insurance Program during the 2005-07 biennium. One-time funding will be used to produce, print, and mail preventive maintenance educational brochures to tank owners. (Heating Oil Pollution Liability Trust-Non-Appropriated)

5. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (Pollution Liability Insurance-State, Heating Oil Pollution-Non-Appropriated)

6. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (Pollution Liability Insurance-State, Heating Oil Pollution-Non-Appropriated)

Transportation

The majority of the funding for transportation services is included in the transportation budget, not the omnibus appropriations act. For additional information on funding for these agencies and other transportation funding, see the Transportation section of the Legislative Budget Notes. The omnibus appropriations act includes only a portion of the total funding for the Department of Licensing and the Washington State Patrol.

Washington State Patrol

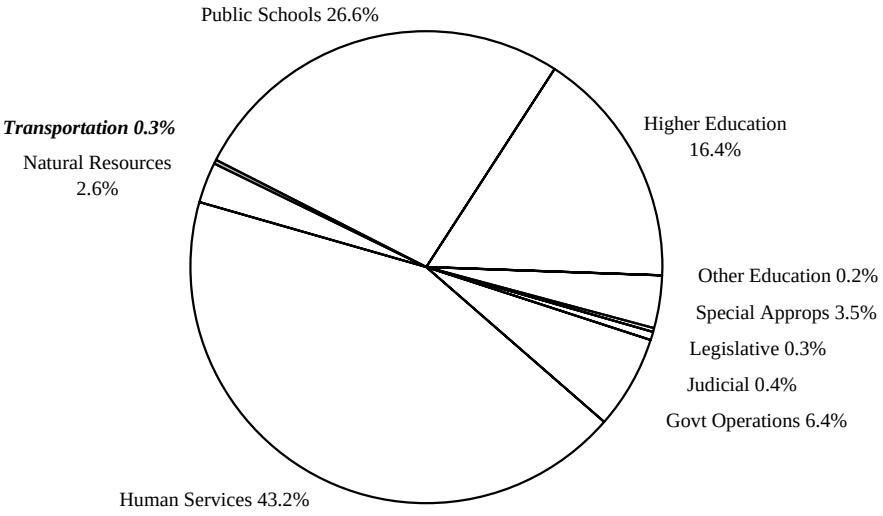
The budget provides $4.6 million in total funds for 20 additional forensic scientists and related staff and supplies to reduce turnaround times and avoid backlogs in crime scene and DNA analysis provided to state and local law enforcement. The new scientists and staff will be added to the existing crime labs in Marysville, Tacoma, and Seattle; to the newly-expanded crime lab in Spokane; and to the new crime lab in Vancouver.

2005-07 Washington State Operating Budget

Total Budgeted Funds

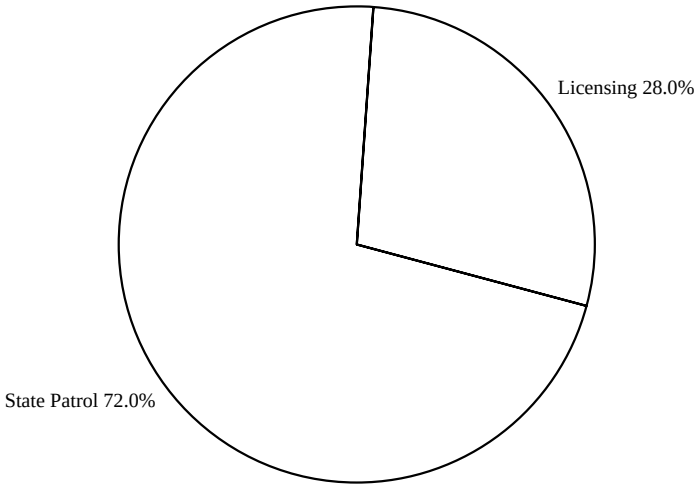
(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	3,188,651
Human Services	21,370,163
Natural Resources	1,296,763
Transportation	***145,790***
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

Washington State Patrol	105,040
Dept of Licensing	40,750
Transportation	***145,790***



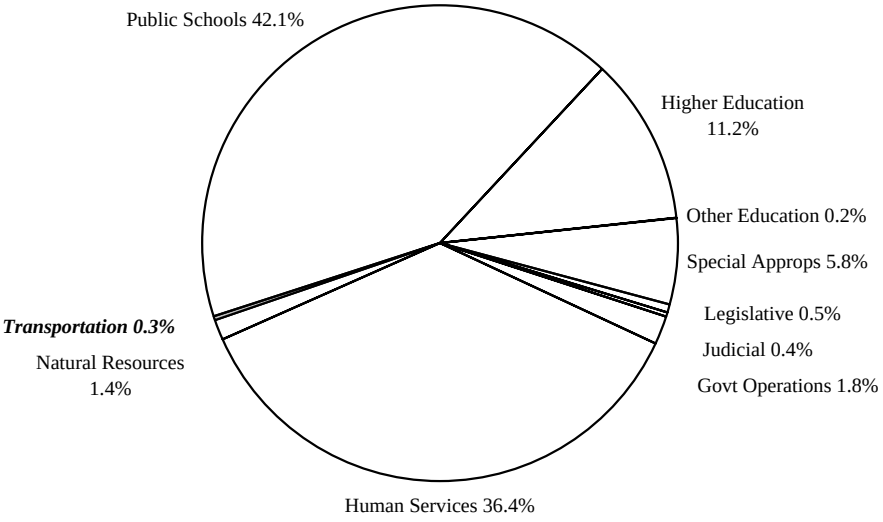
Transportation

2005-07 Washington State Operating Budget

General Fund-State

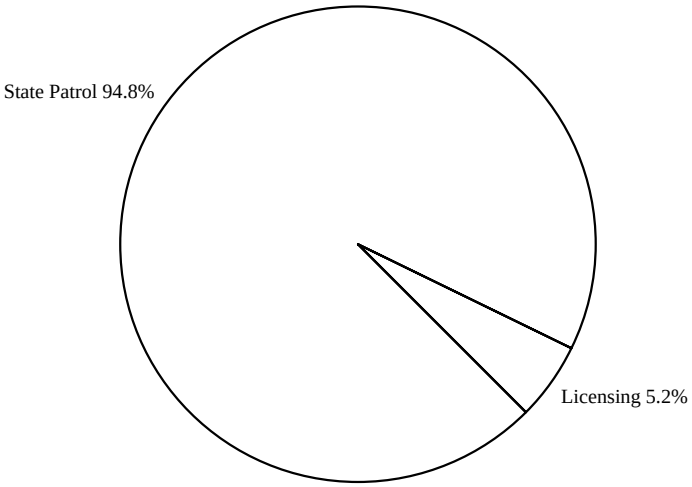
(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
Human Services	9,458,768
Natural Resources	366,902
Transportation	***70,464***
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

Washington State Patrol	66,791
Dept of Licensing	3,673
Transportation	***70,464***



Transportation

Department of Licensing

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**10,366**	**25,180**	**35,546**
2005-07 Maintenance Level	**11,221**	**26,046**	**37,267**
Policy Changes			
1. Middle Management Reduction	-160	-228	-388
2. WFSE COLA/Salary Survey	213	456	669
3. Super Coalition Health Benefits	169	333	502
4. COLA-Non-Represented	93	147	240
5. Non-Represented Health Benefit Chg	29	36	65
6. Salary Survey-Non-Rep Staff	0	26	26
7. General Inflation	-50	-42	-92
8. Pension Rate for Gain Sharing	-44	-84	-128
9. Master License Service (HB 2131)	0	1,653	1,653
10. Suspend Unfunded Liability Contribs	-147	-284	-431
11. Real Estate Appraisers	0	186	186
12. Business and Professions Account	-7,685	7,685	0
13. Real Estate Appraiser Training	0	180	180
14. Vehicle License & Reg (EHB 1241)	34	0	34
15. BPD License Query Systems	0	578	578
16. MLS Electronic Document Management	0	389	389
Total 2005-07 Biennium	**3,673**	**37,077**	**40,750**
Fiscal Year 2006 Total	1,886	18,876	20,762
Fiscal Year 2007 Total	1,787	18,201	19,988

Comments:

1. **Middle Management Reduction** - Middle management positions are reduced.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

4. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

6. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (Professional Engineers' Account-State)

7. **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.

8. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, various other funds)

9. **Master License Service (HB 2131)** - Funding is provided to implement Chapter 201, Laws of 2005 (HB 2131 - Business License Simplification). This Department will provide local governments with financial and technical assistance to modify their business licensing processes and license systems enabling them to partner with the Master License Service. (Master License Account-State)

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the

Department of Licensing

contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

11. **Real Estate Appraisers** - Funding is appropriated for the Department to hire an additional real estate appraiser investigator for the 2005-07 biennium for timely processing of complaints. (Real Estate Appraiser Commission Account-State)

12. **Business and Professions Account** - Chapter 25, Laws of 2005 (SHB 1394), established a Business and Professions Account. The fees from licensing and regulating 13 businesses and professions that had been deposited into the state general fund will now be deposited into this account. The businesses and professions include auctioneers, landscape architects, private investigators, bail bond agents, employment agencies, sellers of travel, timeshares, cosmetologists, barbers and manicurists, court reporters, security guards, collection agencies, camping resorts, and notaries public.

13. **Real Estate Appraiser Training** - Funding is adjusted and appropriated for the Department to implement Chapter 339, Laws of 2005 (SB 5274 - Real Estate Appraisers' Training).

14. **Vehicle License & Reg (EHB 1241)** - Funding is provided for the implementation of Chapter 323, Laws of 2005 (EHB 1241 - Vehicle Licensing and Registration).

15. **BPD License Query Systems** - Funding is appropriated to expand the Business and Professions Division's (BPD) license query systems. This will allow citizens, businesses, and governments to verify on-line whether a service provider is licensed by the Department. (various funds)

16. **MLS Electronic Document Management** - Funding is appropriated to convert master license service (MLS) business licensing documents from a paper and microfilm system to an electronically-imaged system. (Master License Account-State)

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

Washington State Patrol

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**38,860**	**51,094**	**89,954**
2005 Supplemental *	2,847	250	3,097
Total 2003-05 Biennium	**41,707**	**51,344**	**93,051**
2005-07 Maintenance Level	**41,574**	**54,606**	**96,180**
Policy Changes			
1. Salary Equalization	242	0	242
2. Crime Lab Division Staffing	3,302	776	4,078
3. Convicted Offender DNA Analysis	1,296	31	1,327
4. Toxicology Lab Staffing	0	504	504
5. Electronic Fingerprint Checks	0	404	404
6. Middle Management Reduction	-202	-276	-478
7. WFSE COLA/Salary Survey	377	595	972
8. WPEA COLA/Salary Survey	305	69	374
9. Local 17 COLA/Salary Survey	241	0	241
10. Coalition COLA/Salary Survey	18	0	18
11. Super Coalition Health Benefits	494	447	941
12. Classification Revisions	12	0	12
13. COLA-Non-Represented	402	494	896
14. Non-Represented Health Benefit Chg	114	138	252
15. Salary Survey-Non-Rep Staff	60	10	70
16. General Inflation	-127	-166	-293
17. PSEA Shortfall	19,063	-19,063	0
18. Pension Rate for Gain Sharing	-144	-124	-268
19. Suspend Unfunded Liability Contribs	-486	-418	-904
20. Watercraft Inspections - ESSB 5699	0	222	222
21. Registration Enforcement - EHB 1241	250	0	250
Total 2005-07 Biennium	**66,791**	**38,249**	**105,040**
Fiscal Year 2006 Total	36,089	17,007	53,096
Fiscal Year 2007 Total	30,702	21,242	51,944

Comments:

1. **Salary Equalization** - In addition to funds provided for a 1.6 percent salary increase on September 1, 2006, funds are also provided for an additional 3.4 percent salary increase for Washington State Patrol (WSP) troopers in FY 2007 to address recruitment and retention issues. (Note: the Transportation Budget provides funding for such trooper salary increases beginning in FY 2006.)

2. **Crime Lab Division Staffing** - Funding is provided to staff the newly-constructed Vancouver and Spokane crime laboratories and to improve the delivery of forensic services to local law enforcement agencies by adding forensic scientists and support staff to the current Marysville, Seattle, and Tacoma locations. (General Fund-State, Federal Narcotics Seizure Account-Non-Appropriated, Death Investigations Account-State, DNA Data Base Account-State)

3. **Convicted Offender DNA Analysis** - Funding is provided for two forensic scientists and additional facility space at the Forensic Laboratory Services Bureau Headquarters in Seattle to analyze deoxyribonucleic acid (DNA) samples from felons and certain misdemeanants collected in accordance with Chapter 289, Laws of 2002. (General Fund-State, Death Investigations Account-State)

4. **Toxicology Lab Staffing** - Three positions are funded to address significant caseload increases at the State Toxicology Laboratory. These additional positions will enable the lab to provide timely, accurate reporting of toxicology results to the state's criminal justice agencies for the investigation and prosecution of crimes where the suspect or victim may have been affected by drugs and/or alcohol. (Death Investigations Account-State)

5. **Electronic Fingerprint Checks** - Funding is provided for computer programming enhancements to accommodate the electronic processing of fingerprint-based background checks. The development of an interface to transfer data between the Automated Fingerprint Identification System (AFIS), the Washington State Identification System (WASIS) criminal history database, and the Paid Inquiry Document System (PIDS), will improve the dissemination of fingerprint-based background check information. (Fingerprint Identification Account-State)

Washington State Patrol

6. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, various other funds)

7. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

8. **WPEA COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Public Employees Association (WPEA). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

9. **Local 17 COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the International Federation of Professional and Technical Engineers Local 17. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

10. **Coalition COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the coalition of employee unions with fewer than 500 members. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

11. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

12. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

13. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

14. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

15. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, Public Safety and Education-State, and Fingerprint ID Account-State)

16. **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. (General Fund-State, various other funds)

17. **PSEA Shortfall** - Lower-than-expected revenues in the Public Safety and Education Account (PSEA) necessitates the use of General-Fund State to replace about $19 million in PSEA funds. Net total funding for the State Patrol is unchanged. (General Fund-State, Public Safety and Education Account-State)

18. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation."

    Funding is provided for employer pension contributions to the Washington State Patrol Retirement System as recommended by the Pension Funding Council, a 4.51 percent of pay contribution rate for employers and a 4.51 percent of pay contribution rate for employees. (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

20. **Watercraft Inspections - ESSB 5699** - Funding is provided to implement Chapter 464, Laws of 2005 (ESSB 5699), which increases water vessel registration fees and deposits a portion of these moneys into a newly-created Aquatic Invasive Species Prevention Account for aquatic invasive species prevention and enforcement. Additionally, WSP will inspect recreational watercraft at port-of-entry weigh stations. (Aquatic Invasive Species Prevention Account-State)

21. **Registration Enforcement - EHB 1241** - One-time funding is provided to support increased enforcement activities associated with Chapter 323, Laws of 2005 (EHB 1241). EHB 1241 increases penalties for failure to register a vehicle, creates a

Washington State Patrol

penalty for registering a vehicle in another state to avoid in-state fees, and is expected to reduce evasion of sales and use taxes.

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

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools

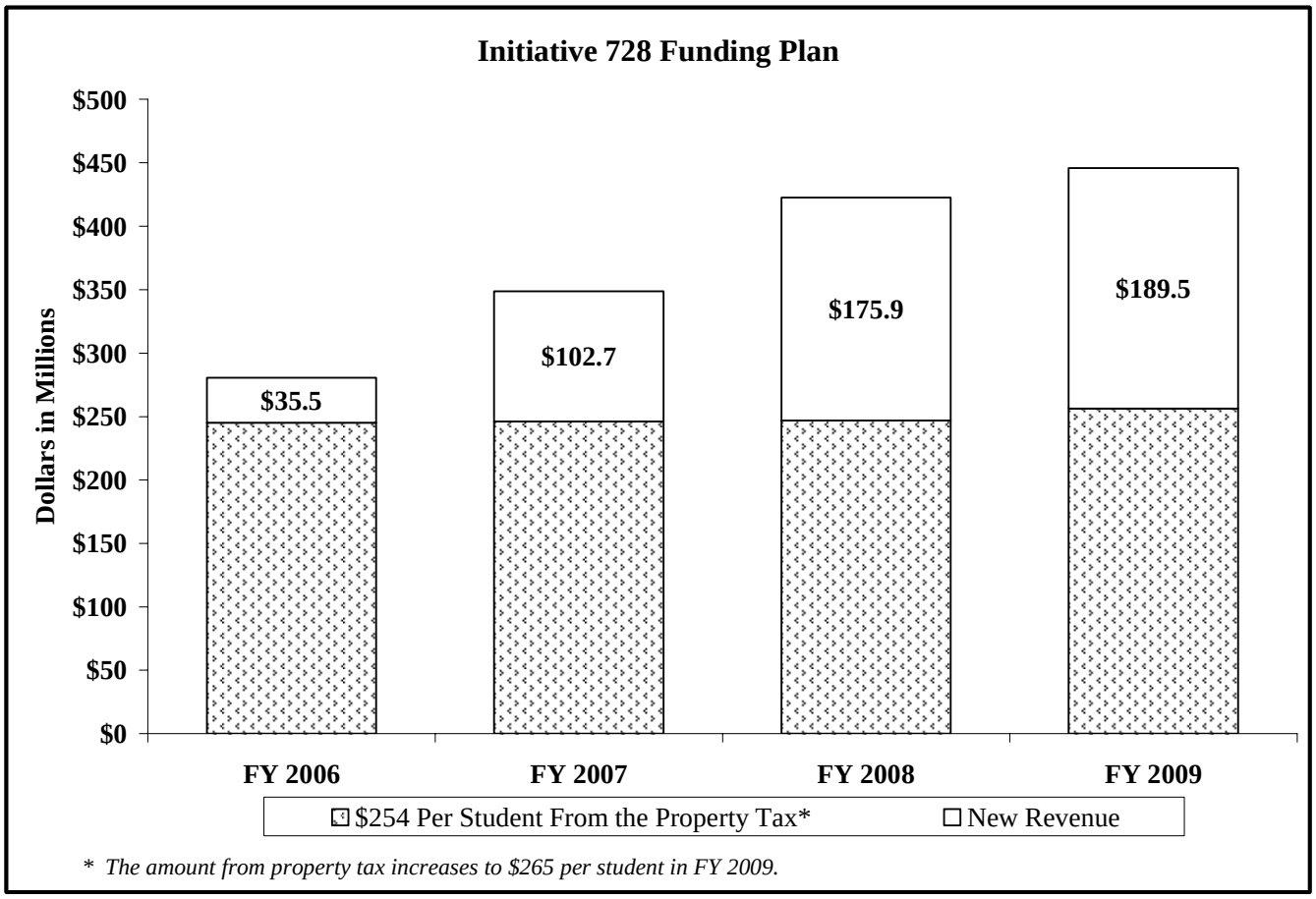
Increases and Enhancements

Initiative 732 Salary Increases – $139.0 Million General Fund-State
Funding is included in the maintenance level budget for salary increases for school district employees of 1.2 percent in the 2005-06 school year and 1.7 percent in the 2006-07 school year, as required by Initiative 732.

Health Benefits – $126.2 Million General Fund-State
The monthly allocation for health benefits is increased from $582.47 per full-time equivalent (FTE) staff in the 2004-05 school year to $629.07 in the 2005-06 school year and to $679.39 in the 2006-07 school year.

Initiative 728 Step Up – $138.2 Million Student Achievement Fund-State
The Student Achievement Fund was authorized by voter approval of Initiative 728 in 2000. Districts use funds to lower class sizes, create extended learning opportunities for students, provide professional development for educators, and provide early childhood programs.

Under current law, the property tax transfers into the Student Achievement Fund will change from $254 per student to $300 per student in the 2005-06 school year and $375 per student in the 2006-07 school year. Legislation passed in the 2005 legislative session maintains the property tax transfers into the Student Achievement Fund at $254 per student but also dedicates a reconfigured estate tax and an increase in cigarette taxes to support the increased per student distributions.



Expand Learning Assistance Program – $25.1 Million Education Legacy Trust Account-State
Using new revenue from the restoration of the reconfigured estate tax and an increase in cigarette taxes, funding for the Learning Assistance Program (LAP) is increased. In addition, the funding formula is changed from one that allocates funding based 90 percent on norm-referenced test scores and 10 percent on poverty to one that more fully recognizes the learning and instructional challenges created by poverty. Pursuant to Chapter 489, Laws of 2005 (HB 1066), all districts will receive funding based on the percentage of students eligible for free or reduced-price lunch, with additional funding going to districts with more than 40 percent of such students. Districts that receive increased funding under the new formula will use the new funds to serve high school students who have not met state standards on the 10th grade Washington Assessment of Student Learning (WASL). Districts with decreased funding under the new formula will be held harmless so that no district receives less than it received in the 2004-05 school year.

Enhance Special Education Safety Net – $18.9 Million General Fund-State, $3.0 Million General Fund-Federal
The budget increases funding for the special education safety net to reflect the impact of two rule changes: (1) the application threshold for individual high cost students, based on services identified in individual education plans, will increase to match the new federal definition of high cost; and (2) the current maintenance of local effort requirement will be eliminated in the school district application form documenting financial need. This change will provide greater equity among districts and allow more districts to access the safety net grant process.

Special Education Allocation – $10.4 Million General Fund-State
State funding provided for special education students is increased by $48 per student per year.

Fund Science Assessment – $4.5 Million General Fund-State
In fiscal year 2006, there are insufficient federal funds to cover the federally-mandated reading and math assessments in grades three, five, six, and eight and to develop and implement a new science assessment, which will be required by the federal government in 2008. For this reason, the budget supports the costs to administer and score the WASL for science with state funding.

Assessment System Changes – $3.2 Million General Fund-State
Chapter 19, Laws of 2004 (3ESHB 2195), while defining graduation requirements for 2008 to include demonstrated mastery of state standards, also provided policy support for multiple test re-take opportunities for students and the development of options for an objective alternative assessment. The budget provides funding for these next steps to fully implement the 2008 graduation requirement.

Focused Assistance Expansion – $2.0 Million General Fund-State
The budget provides funding to expand the Focused Assistance program to high schools and districts. This funding must be matched by a private, nonprofit foundation.

Comprehensive Education Finance Study – $1.7 Million General Fund-State
The budget provides funding for Chapter 496, Laws of 2005 (E2SSB 5441), the education study, which provides for comprehensive finance studies on early learning, K-12, and higher education. The legislation establishes a steering committee that will direct and coordinate the studies and develop recommendations. The steering committee is required to provide interim reports to the appropriate policy and fiscal committees of the Legislature by November 15, 2005, and June 16, 2006, and a final report and recommendations by November 15, 2006.

Student Transportation Funding Formula and Special Education Excess Cost Studies – $140,000 General Fund-State
The Joint Legislative Audit and Review Committee (JLARC) will examine the student transportation funding formula and, together with the State Auditor's Office, review special education excess cost accounting methodology. These two studies will provide information and recommendations that may be considered by the Education Finance Steering Committee.

Other K-12 Enhancements and Increases – $6.2 Million General Fund-State
The budget also provides funding for a variety of smaller K-12 increases, including the following: a new computer system for calculating state allocations to school districts ($1.9 million); incentive grants to encourage school districts to enroll higher numbers of students in vocational Skills Centers ($1.2 million); expansion of mentor opportunities for students at 16 high schools which are part of the Washington Achievers Scholars program ($1 million); the implementation of the Lorraine Wojahn pilot dyslexia reading program ($677,000); the establishment of an Early Reading Grant program for community-based initiatives that develop pre-reading and early reading skills ($250,000); additional efforts at improving reading curriculum and instruction ($250,000); and other small increases and enhancements.

Reductions and Savings

Pension Rate Savings – $240.9 Million General Fund-State Savings
Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044), pertaining to pension funding methodology. The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during fiscal year 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS.

Levy Equalization Reduction – $12.9 Million General Fund-State Savings
In the 2005-07 biennium, levy equalization payments to school districts will be prorated at 95.63 percent, resulting in a savings compared to funding the payments at 100 percent. Local Effort Assistance, or levy equalization, allocations to school districts are expected to increase by $12.3 million from the 2004-05 school year to the 2005-06 school year and by another $5.6 million from the 2005-06 school year to the 2006-07 school year.

School Bus Replacement – $6.5 Million General Fund-State Savings
The final report on K-12 School Bus Bidding and Purchasing, issued by JLARC in February 2005, noted that the present method for reimbursing districts for school bus purchases results in wide annual fluctuations in state payments to districts. In consideration of this, school bus depreciation payments will be based on a 5-year average of prices for each bus category. In the final year on the depreciation schedule, the payment for a bus will be adjusted so that the total depreciation payments and assumed investment returns will be sufficient to replace the bus according to that year's low-bid price for that bus category. These changes are intended to provide additional stability and predictability for state expenditures and school district revenues and to maintain the current policy of providing the replacement value by the end of the depreciation payments.

Reduce Reading Corps – $5.7 Million General Fund-State Savings
The budget reduces state funding for the Washington Reading Corps to $1.7 million, which is sufficient for the state match needed to receive federal AmeriCorps funds. The program provides state grants to assist in the coordination of reading tutors and volunteers.

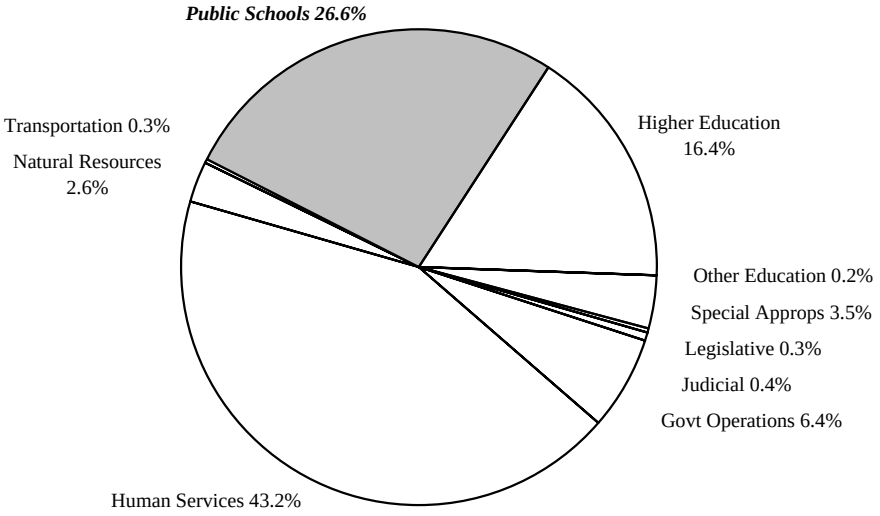
Other Non-Basic Education Reductions – $1.9 Million General Fund-State Savings
The budget makes a variety of reductions in non-basic education programs. These include: lowering the costs associated with the alternative certification routes which are alternatives to the traditional teacher preparation programs ($1.1 million); eliminating funding for the Academic Achievement and Accountability Commission and associated staff positions ($439,000), consistent with the provisions of Chapter 497, Laws of 2005 (ESSB 5732), pertaining to K-12 governance; and making administrative reductions in the Office of the Superintendent of Public Instruction ($394,000).

2005-07 Washington State Operating Budget

Total Budgeted Funds

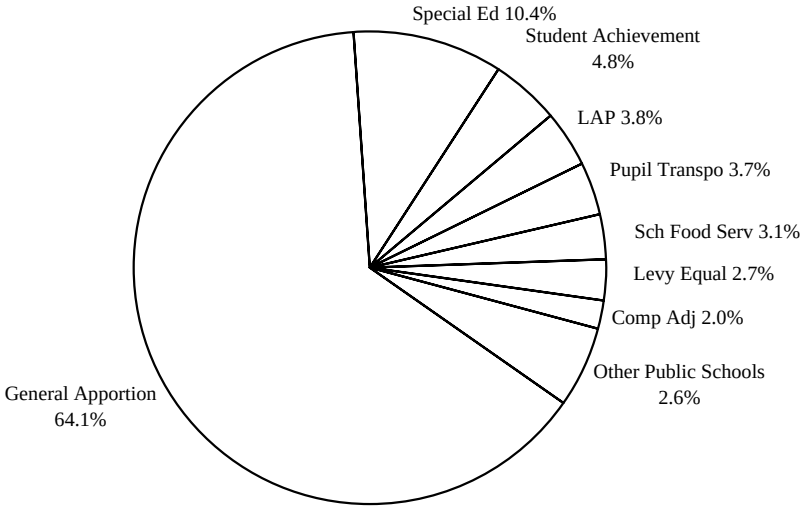
(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	3,188,651
Human Services	21,370,163
Natural Resources	1,296,763
Transportation	145,790
Public Schools	***13,147,661***
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

General Apportionment	8,423,967
Special Education	1,367,457
Student Achievement	629,356
Learning Assist Pgm (LAP)	498,633
Pupil Transportation	490,745
School Food Services	403,566
Levy Equalization	357,167
Compensation Adj	262,283
Other Public Schools	714,487
Public Schools	***13,147,661***



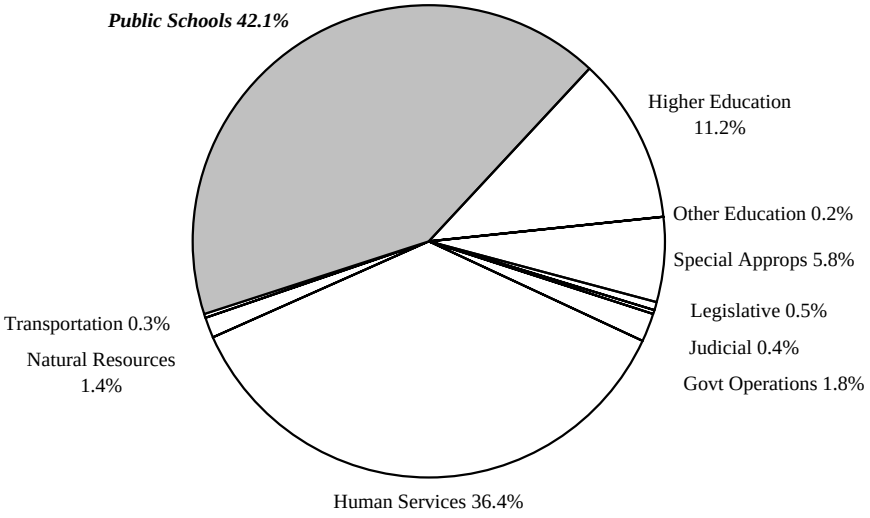
Public Schools

2005-07 Washington State Operating Budget

General Fund-State

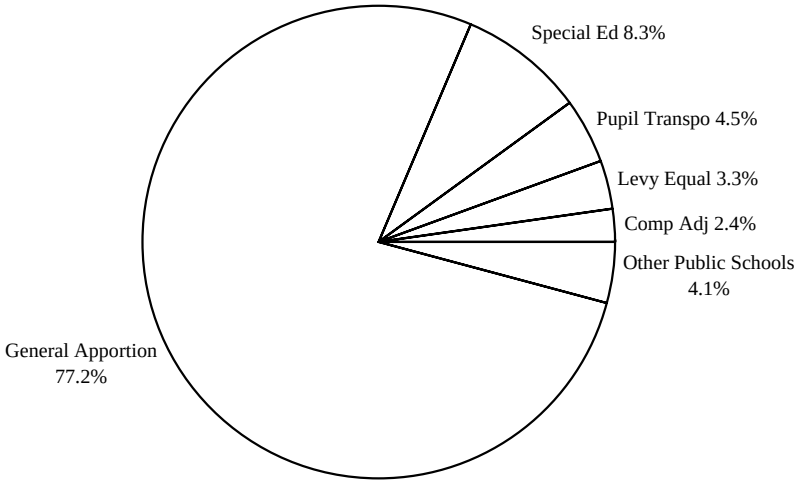
(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
Human Services	9,458,768
Natural Resources	366,902
Transportation	70,464
Public Schools	***10,914,763***
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

General Apportionment	8,423,967
Special Education	931,993
Pupil Transportation	490,745
Levy Equalization	357,167
Compensation Adj	260,949
Other Public Schools	449,942
Public Schools	***10,914,763***



Public Schools

Public Schools

WORKLOAD HISTORY
By School Year

								Estimated		
	1997-98	**1998-99**	**1999-00**	**2000-01**	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**
General Apportionment										
FTE Enrollment	936,435	946,385	948,485	951,033	956,567	958,846	962,342	965,905	969,234	972,226
% Change from prior year	1.4%	1.1%	0.2%	0.3%	0.6%	0.2%	0.4%	0.4%	0.3%	0.3%
Special Education										
Funded Enrollment [1]	111,257	113,249	115,257	116,709	118,519	120,677	121,467	121,551	122,296	123,193
% Change from prior year	1.9%	1.8%	1.8%	1.3%	1.6%	1.8%	0.7%	0.1%	0.6%	0.7%
Bilingual Education										
Headcount Enrollment	47,975	52,040	55,656	59,514	62,522	66,258	70,884	75,278	79,749	84,153
% Change from prior year	4.2%	8.5%	6.9%	6.9%	5.1%	6.0%	7.0%	6.2%	5.9%	5.5%
Learning Assistance Program										
Entitlement Units [1]	159,556	159,481	184,804	177,763	174,275	170,157	161,864	159,457	N/A	N/A
Funded Students [2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	415,339	426,417
% Change from prior year	1.3%	0.0%	15.9%	-3.8%	-2.0%	-2.4%	-4.9%	-1.5%		2.7%

[1] *Beginning in 2002-03, the workload indicators include incorporation of federal funds.*

[2] *In the 2005 legislative session, the Legislature made significant changes to the allocation formula for the Learning Assistance Program. For this reason, the workload amounts for the 2005-07 biennium are not comparable to prior years.*

Data Sources :

1997-98 through 2003-04 amounts from the Office of the Superintendent of Public Instruction, the Office of Financial Management, and the Caseload Forecast Council.

2004-05 through 2006-07 estimates from the Caseload Forecast Council March 2005 forecast and legislative budgets from the 2005 session.

Public Schools
OSPI & Statewide Programs

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**42,022**	**93,950**	**135,972**
2005 Supplemental *	165	3,405	3,570
Total 2003-05 Biennium	**42,187**	**97,355**	**139,542**
2005-07 Maintenance Level	**44,115**	**79,739**	**123,854**
Policy Changes			
1. Special Education Lawsuit	100	0	100
2. Responsibilities of K-12 Boards	181	0	181
3. Washington Achievers Scholars	1,000	0	1,000
4. Middle Management Reduction	-185	-18	-203
5. COLA-Non-Represented	623	571	1,194
6. Non-Represented Health Benefit Chg	192	170	362
7. Salary Survey-Non-Rep Staff	115	65	180
8. General Inflation	-136	-165	-301
9. Assessment System Improvements	-1,290	0	-1,290
10. Apportionment and Financial Systems	1,900	0	1,900
11. Alternative Routes to Teaching	-1,096	0	-1,096
12. School Nurse Work Group	45	0	45
13. Pension Rate for Gain Sharing	-104	-104	-208
14. Suspend Unfunded Liability Contribs	-320	-293	-613
15. Environmental Ed Coordination	156	0	156
16. Dyslexia Pilot Program	677	0	677
17. Women's Role in World War II	150	0	150
18. Internet Safety	40	0	40
Total 2005-07 Biennium	**46,163**	**79,965**	**126,128**
Fiscal Year 2006 Total	23,138	39,818	62,956
Fiscal Year 2007 Total	23,025	40,147	63,172

Comments:

1. **Special Education Lawsuit** - Eleven school districts have filed a lawsuit in Thurston County Superior Court claiming that the state has underfunded special education based on an unconstitutional funding system. Funding is provided for additional services from the Attorney General's Office (AGO) which will be required by the lawsuit. The AGO will bill the Office of the Superintendent of Public Instruction.

2. **Responsibilities of K-12 Boards** - One staff position is added to the Professional Educator Standards Board to support the board in fulfilling its increased responsibilities related to educator certification under Chapter XX, Laws of 2005 (ESSB 5732).

3. **Washington Achievers Scholars** - The Washington Achievers Scholars program administered by the Washington Education Foundation provides mentorship and college scholarship opportunities to students in 16 high poverty, ethnically diverse high schools. The Foundation utilizes state and private funding sources to support this program. State funding is provided to hire additional Community Involvement Officers, who recruit, train, support, and match Hometown Mentors with students in these schools.

4. **Middle Management Reduction** - The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount.

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation."(General Fund-State, General Fund-Federal, Federal Food Service-Non-Appropriated)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, Federal Food Service-Non-Appropriated)

Public Schools
OSPI & Statewide Programs

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 mission.

9. **Assessment System Improvements** - Pursuant to Chapter 217, Laws of 2005 (EHB 1068), school district participation in national norm-referenced tests (e.g., Iowa Test of Basic Skills, Iowa Test of Educational Development) will no longer be mandatory. The nationally-normed tests will remain available to districts that choose to offer the tests at their own expense. Washington will continue to participate in the National Assessment of Educational Progress (NAEP), which will provide a comparison of Washington student achievement relative to the rest of the nation.

10. **Apportionment and Financial Systems** - The current K-12 state funding system, providing over $5 billion in state funds to 296 school districts, is dependent upon a COBOL program operating on a VAX platform. Also operating on this system are processes that collect school district budget and expenditure information, staffing characteristics, and the student enrollments that drive the funding process. The VAX and COBOL systems are no longer supported by software and equipment manufacturers and are considered to be operating beyond their useful life cycle. The apportionment system will be replaced by the end of FY 2008.

11. **Alternative Routes to Teaching** - Alternative certification routes are teacher-training programs that serve as alternatives to traditional teacher preparation programs. Approximately half of the state funding for the alternative route programs is eliminated. In implementing this reduction, the Professional Educator Standards Board will look for ways to achieve efficiency in program delivery and maintain the number of interns involved in the programs.

12. **School Nurse Work Group** - Funding is provided for a school nurse work group to review school nurse services in class I school districts.

13. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Federal Food Service-Non-Appropriated)

14. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)

15. **Environmental Ed Coordination** - Funding is provided for coordination and direct services to support schools in instruction about conservation, natural resources, sustainability, and human adaptation to the environment. Integration between these subject matters and science, math, social sciences, and career and technical education, particularly agricultural and natural sciences education, is to be a major element.

16. **Dyslexia Pilot Program** - Funding is provided for the implementation of a pilot project to initiate research-based dyslexia instruction programs. The pilot is limited to five school districts geographically representative of the state.

17. **Women's Role in World War II** - Funding is provided to develop and disseminate curriculum and other materials documenting women's role in World War II.

18. **Internet Safety** - Funding is provided for the Safety Center Advisory Committee to develop and distribute a pamphlet to promote Internet safety for children particularly in grades seven through twelve. The pamphlet will be posted on the superintendent of public instruction's web site. To the extent possible, the pamphlet shall be distributed in schools throughout the state and in other areas accessible to youth including but not limited to libraries and community centers.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
General Apportionment

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**7,965,156**	**0**	**7,965,156**
2005 Supplemental *	-1,323	0	-1,323
Total 2003-05 Biennium	**7,963,833**	**0**	**7,963,833**
2005-07 Maintenance Level	**8,621,481**	**0**	**8,621,481**
Policy Changes			
1. Pension Method Change	-198,822	0	-198,822
2. CAS Minimum Salary Allocation $45K	127	0	127
3. Skills Center Incentive Grants	1,181	0	1,181
Total 2005-07 Biennium	**8,423,967**	**0**	**8,423,967**
Fiscal Year 2006 Total	4,180,957	0	4,180,957
Fiscal Year 2007 Total	4,243,010	0	4,243,010

Comments:

1. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

2. **CAS Minimum Salary Allocation $45K** - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about $30,000 for each state-funded CAS full-time-equivalent (FTE) to about $75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of $45,000 in the 2006-07 school year, which will increase the allocations to 23 school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

3. **Skills Center Incentive Grants** - Funding is provided for an incentive program to encourage school districts to provide students greater access to the ten Skills Centers.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**160,806**	**663**	**161,469**
2005 Supplemental *	30	-8	22
Total 2003-05 Biennium	**160,836**	**655**	**161,491**
2005-07 Maintenance Level	**138,975**	**606**	**139,581**
Policy Changes			
1. Health Benefit Changes	126,196	418	126,614
2. Pension Method Change	-4,378	-7	-4,385
3. Special Education Funding	153	-153	0
4. Expand Learning Assistance Pgm	0	470	470
5. CAS Minimum Salary Allocation $45K	3	0	3
Total 2005-07 Biennium	**260,949**	**1,334**	**262,283**
Fiscal Year 2006 Total	73,981	361	74,342
Fiscal Year 2007 Total	186,968	973	187,941

Comments:

1. **Health Benefit Changes** - Continued increases in health care costs are expected over the 2005-07 biennium. The monthly allocation for health benefits is increased from $582.47 per FTE staff in the 2004-05 school year to $629.07 in the 2005-06 school year and to $679.39 in the 2006-07 school year. (General Fund-State, General Fund-Federal)

2. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

3. **Special Education Funding** - Changes in the Special Education formula result in more state-funded staff salaries allocated to districts, which increases the cost of providing compensation changes.

4. **Expand Learning Assistance Pgm** - Changes in the Learning Assistance Program (LAP) formula result in more state-funded staff salaries allocated to districts through LAP, which increases the cost of providing compensation changes.

5. **CAS Minimum Salary Allocation $45K** - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about $30,000 for each state-funded CAS full-time-equivalent (FTE) to about $75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of $45,000 in the 2006-07 school year, which will increase the cost of providing salary increase allocations.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Pupil Transportation

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**435,353**	**0**	**435,353**
2005 Supplemental *	12,396	0	12,396
Total 2003-05 Biennium	**447,749**	**0**	**447,749**
2005-07 Maintenance Level	**503,981**	**0**	**503,981**
Policy Changes			
1. School Bus Depreciation	-6,482	0	-6,482
2. Pension Method Change	-6,754	0	-6,754
Total 2005-07 Biennium	**490,745**	**0**	**490,745**
Fiscal Year 2006 Total	242,170	0	242,170
Fiscal Year 2007 Total	248,575	0	248,575

Comments:

1. **School Bus Depreciation** - In its February 2005 report on K-12 School Bus Bidding and Purchasing, the Joint Legislative Audit and Review Committee noted that the present method for reimbursing districts for school bus purchases results in wide annual fluctuations in state payments to districts. To address this issue, school bus depreciation payments will be based on a five-year average of prices for each bus category. In the final year on the depreciation schedule, the payment for a bus will be adjusted so that the total depreciation payments and assumed investment returns will be sufficient to replace the bus according to that year's low bid price for that bus category. These changes provide additional stability and predictability for state expenditures and school district revenues, and the current policy of providing the replacement value by the end of the depreciation payments is maintained.

2. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
School Food Services

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**6,200**	**356,920**	**363,120**
2005 Supplemental *	0	16,165	16,165
Total 2003-05 Biennium	**6,200**	**373,085**	**379,285**
2005-07 Maintenance Level	**6,200**	**395,889**	**402,089**
Policy Changes			
1. School Breakfast Programs (HB 1771)	106	1,371	1,477
Total 2005-07 Biennium	**6,306**	**397,260**	**403,566**
Fiscal Year 2006 Total	3,147	196,082	199,229
Fiscal Year 2007 Total	3,159	201,178	204,337

Comments:

1. **School Breakfast Programs (HB 1771)** - Under Chapter 287, Laws of 2005 (HB 1771), school districts will be required to provide school breakfast programs in schools in which more than 40 percent of the students qualify for free or reduced-price meals. Funding is provided to reimburse school districts for these breakfasts. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Special Education

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**861,863**	**426,450**	**1,288,313**
2005 Supplemental *	3,198	-232	2,966
Total 2003-05 Biennium	**865,061**	**426,218**	**1,291,279**
2005-07 Maintenance Level	**925,238**	**432,758**	**1,357,996**
Policy Changes			
1. Special Education Safety Net	18,940	2,952	21,892
2. Pension Method Change	-22,397	-247	-22,644
3. Special Education Funding	10,197	0	10,197
4. CAS Minimum Salary Allocation $45K	15	1	16
Total 2005-07 Biennium	**931,993**	**435,464**	**1,367,457**
Fiscal Year 2006 Total	460,032	207,361	667,393
Fiscal Year 2007 Total	471,961	228,103	700,064

Comments:

1. **Special Education Safety Net** - Funding for the special education safety net is increased to reflect the net impact of two rule changes: (1) the application threshold for individual high cost students, based on services provided in their individual education plan (IEP), is increased to match the new federal definition for high cost; and (2) the current maintenance of local effort requirement is eliminated in the school district application form documenting financial need. This change will provide greater equity among districts and allow more districts to access the safety net grant process. (General Fund-State, General Fund-Federal)

2. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

3. **Special Education Funding** - State allocations for special education students are increased by $48 per student.

4. **CAS Minimum Salary Allocation $45K** - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about $30,000 for each state-funded CAS full-time-equivalent (FTE) to about $75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of $45,000 in the 2006-07 school year, which will increase the allocations to 23 school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Educational Service Districts

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**7,076**	**0**	**7,076**
2005 Supplemental *	-1	0	-1
Total 2003-05 Biennium	**7,075**	**0**	**7,075**
2005-07 Maintenance Level	**7,608**	**0**	**7,608**
Policy Changes			
1. Pension Method Change	-191	0	-191
2. CAS Minimum Salary Allocation $45K	1	0	1
Total 2005-07 Biennium	**7,418**	**0**	**7,418**
Fiscal Year 2006 Total	3,694	0	3,694
Fiscal Year 2007 Total	3,724	0	3,724

Comments:

1. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

2. **CAS Minimum Salary Allocation $45K** - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about $30,000 for each state-funded CAS full-time-equivalent (FTE) to about $75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of $45,000 in the 2006-07 school year, which will increase the allocations to 23 school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Levy Equalization

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**328,627**	**0**	**328,627**
2005 Supplemental *	-718	0	-718
Total 2003-05 Biennium	**327,909**	**0**	**327,909**
2005-07 Maintenance Level	**370,089**	**0**	**370,089**
Policy Changes			
1. Levy Equalization	-12,922	0	-12,922
Total 2005-07 Biennium	**357,167**	**0**	**357,167**
Fiscal Year 2006 Total	174,465	0	174,465
Fiscal Year 2007 Total	182,702	0	182,702

Comments:

1. **Levy Equalization** - In the 2005-07 biennium, levy equalization payments to school districts will be prorated at 95.63 percent, resulting in a savings compared to funding the payments at 100 percent. Local Effort Assistance, or levy equalization, allocations to school districts are expected to increase by $12.3 million from the 2004-05 school year to the 2005-06 school year and by another $5.6 million from the 2005-06 year to the 2006-07 school year.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Institutional Education

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**36,383**	**0**	**36,383**
2005 Supplemental *	137	0	137
Total 2003-05 Biennium	**36,520**	**0**	**36,520**
2005-07 Maintenance Level	**39,732**	**0**	**39,732**
Policy Changes			
1. Pension Method Change	-975	0	-975
Total 2005-07 Biennium	**38,757**	**0**	**38,757**
Fiscal Year 2006 Total	19,084	0	19,084
Fiscal Year 2007 Total	19,673	0	19,673

Comments:

1. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Education of Highly Capable Students

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**13,252**	**0**	**13,252**
2005 Supplemental *	51	0	51
Total 2003-05 Biennium	**13,303**	**0**	**13,303**
2005-07 Maintenance Level	**14,083**	**0**	**14,083**
Policy Changes			
1. Pension Method Change	-297	0	-297
Total 2005-07 Biennium	**13,786**	**0**	**13,786**
Fiscal Year 2006 Total	6,860	0	6,860
Fiscal Year 2007 Total	6,926	0	6,926

Comments:

1. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Elementary & Secondary School Improvement

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**42,817**	**42,817**
2005-07 Maintenance Level	**0**	**22,084**	**22,084**
Total 2005-07 Biennium	**0**	**22,084**	**22,084**
Fiscal Year 2006 Total	0	12,143	12,143
Fiscal Year 2007 Total	0	9,941	9,941

Comments:

There were no policy level changes.

Public Schools
Education Reform

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**76,126**	**127,126**	**203,252**
2005 Supplemental *	-439	2,740	2,301
Total 2003-05 Biennium	**75,687**	**129,866**	**205,553**
2005-07 Maintenance Level	**78,320**	**124,286**	**202,606**
Policy Changes			
1. Responsibilities of K-12 Boards	-620	0	-620
2. Science WASL	4,471	0	4,471
3. Middle Management Reduction	-26	-4	-30
4. Reading Corps	-5,726	0	-5,726
5. COLA-Non-Represented	207	87	294
6. Non-Represented Health Benefit Chg	56	22	78
7. Salary Survey-Non-Rep Staff	20	10	30
8. General Inflation	-47	-46	-93
9. Principal Support Program	50	0	50
10. Assessment System Improvements	4,445	0	4,445
11. Early Reading Grant Program	250	0	250
12. Reading Model Implementation	250	0	250
13. Focused Asst to High Sch and Dists	2,000	0	2,000
14. Pension Rate for Gain Sharing	-40	-12	-52
15. Suspend Unfunded Liability Contribs	-107	-38	-145
Total 2005-07 Biennium	**83,503**	**124,305**	**207,808**
Fiscal Year 2006 Total	43,076	60,952	104,028
Fiscal Year 2007 Total	40,427	63,353	103,780

Comments:

1. **Responsibilities of K-12 Boards** - Consistent with Chapter 497, Laws of 2005 (ESSB 5732 - Education Boards), funding for the Academic Achievement and Accountability Commission is eliminated.

2. **Science WASL** - In FY 2006, there are insufficient federal funds to cover the federally-mandated reading and math assessments in grades 3, 5, 6, and 8 and the development and implementation of a new science assessment which will be required by the federal government in 2008. For this reason, the costs to administer and score the Washington Assessment of Student Learning (WASL) for science are supported with state funding.

3. **Middle Management Reduction** - The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount.

4. **Reading Corps** - State funding for the Reading Corps Program is reduced.

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)

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 mission.

9. **Principal Support Program** - The Principal Support Program provides assistance, assessment, and mentoring to improve the skills of principals. Additional principals will be served through the program in the 2005-07 biennium. The additional funding is provided to serve middle and high school principals.

10. **Assessment System Improvements** - The 2004 Legislature, while defining the graduation requirements for 2008 to include demonstrated mastery of state standards, also provided policy support for multiple retake opportunities for students and the

Public Schools
Education Reform

development of options for an objective alternative assessment. Funding is provided for the development of options for an objective alternative assessment and for school districts to offer a late August or fall re-take opportunity.

11. **Early Reading Grant Program -** Funding is provided for an Early Reading Grant Program for community-based initiatives that develop pre-reading and early reading skills through parental and community involvement, public awareness, coordination of resources, and partnerships with local school districts.

12. **Reading Model Implementation -** The Superintendent will provide to school districts reviews of reading curriculum programs and information and training on reading diagnostic assessments.

13. **Focused Asst to High Sch and Dists -** Funding is provided to expand the Focused Assistance Program to high schools and districts. This funding will be matched by a private, nonprofit foundation.

14. **Pension Rate for Gain Sharing -** Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal)

15. **Suspend Unfunded Liability Contribs -** Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Transitional Bilingual Instruction

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**104,728**	**44,544**	**149,272**
2005 Supplemental *	88	0	88
Total 2003-05 Biennium	**104,816**	**44,544**	**149,360**
2005-07 Maintenance Level	**126,603**	**45,561**	**172,164**
Policy Changes			
1. Pension Method Change	-3,397	0	-3,397
2. CAS Minimum Salary Allocation $45K	2	0	2
Total 2005-07 Biennium	**123,208**	**45,561**	**168,769**
Fiscal Year 2006 Total	59,673	22,751	82,424
Fiscal Year 2007 Total	63,535	22,810	86,345

Comments:

1. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

2. **CAS Minimum Salary Allocation $45K** - The basis for state allocations for certificated administrative staff (CAS) salaries are base salaries identified in a LEAP document referenced in the operating budget bill. The base salaries are unique to each district and range from about $30,000 for each state-funded CAS full-time-equivalent (FTE) to about $75,000 for each state-funded CAS FTE. Consistent with the recommendations of the House Subcommittee on Education Finance Structures, funding is provided to establish a minimum base salary allocation of $45,000 in the 2006-07 school year, which will increase the allocations to 23 school districts. The minimum allocation will increase each year by state-funded salary increase percentages.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Learning Assistance Program (LAP)

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**127,295**	**301,322**	**428,617**
2005 Supplemental *	37	8,992	9,029
Total 2003-05 Biennium	**127,332**	**310,314**	**437,646**
2005-07 Maintenance Level	**134,530**	**343,227**	**477,757**
Policy Changes			
1. Pension Method Change	-3,729	0	-3,729
2. Expand Learning Assistance Pgm	0	24,605	24,605
Total 2005-07 Biennium	**130,801**	**367,832**	**498,633**
Fiscal Year 2006 Total	65,434	179,538	244,972
Fiscal Year 2007 Total	65,367	188,294	253,661

Comments:

1. **Pension Method Change** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology). The following are suspended for the 2005-07 biennium: (1) contributions toward the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during FY 2005. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

2. **Expand Learning Assistance Pgm** - Funding for the Learning Assistance Program (LAP) is increased. In addition, pursuant to Chapter 489, Laws of 2005 (HB 1066), the LAP funding formula is changed from one that allocates funding based 90 percent on norm-referenced test scores and 10 percent on poverty to recognize the learning and instructional challenges in different districts by using poverty as a proxy measure. All districts will receive funding based on the percentage of students eligible for free or reduced-price lunch, with additional funding going to districts with more than 40 percent of such students. Districts that receive increased funding under the new formula will use the new funds to serve high school students who have not met state standards on the 10th grade WASL. Districts with decreased funding under the new formula will be held harmless so that no district receives less than it received in the 2004-05 school year.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Public Schools
Student Achievement Program

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**0**	**409,642**	**409,642**
2005 Supplemental *	0	-23	-23
Total 2003-05 Biennium	**0**	**409,619**	**409,619**
2005-07 Maintenance Level	**0**	**629,356**	**629,356**
Total 2005-07 Biennium	**0**	**629,356**	**629,356**
Fiscal Year 2006 Total	0	280,669	280,669
Fiscal Year 2007 Total	0	348,687	348,687

Comments:

There were no policy level changes.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Higher Education

Education Legacy Trust Account

A new fund is created to fund enhancements in K-12 education and higher education. With revenue from the cigarette tax and the estate tax, the Legislature created the Education Legacy Trust Account. Expenditures from the account include the K-12 Student Achievement Fund and, in the 2005-07 biennium, $150 million for higher education enrollments, financial aid, and compensation. Higher education expenditures from the Education Legacy Trust are projected to total $5.9 million in the 2007-09 biennium.

Enrollment Increases

A total of $72.5 million from the state general fund and the Education Legacy Trust Account is provided to increase the capacity of colleges and universities by 7,900 general enrollments. At the community and technical colleges, 4,185 new enrollments are added, and an annual general fund subsidy of $5,400 per student is assumed. At the research and comprehensive institutions, 3,715 new enrollments are added, and a general fund subsidy of $6,303 is assumed for undergraduates, while a $15,000 subsidy is assumed for graduate students. Of the new enrollments at the four-year institutions, 600 upper division enrollments are added at the University of Washington (UW)-Tacoma, UW-Bothell, and Washington State University (WSU)-Vancouver at a subsidy of $9,000 per student; and 475 lower division enrollments are added at UW-Bothell, UW-Tacoma, WSU-Vancouver, and WSU-Tri-Cities. In addition, funding is provided for 32 resident enrollments in veterinary medicine at WSU to replace Oregon students.

A total of $4 million of the Education Legacy Trust Account is provided to strengthen and expand Adult Basic Education programs at the community and technical colleges.

Financial Aid

A total of $69.7 million from the state general fund and the Education Legacy Trust Account is provided to expand financial eligibility for the state need grant from 55 percent of the state's median family income (MFI), approximately $36,300 per year for a family of four, to 65 percent of the MFI, approximately $43,300 per year for a family of four. The budget also provides funding to cover the impact of tuition increases and new state-funded enrollments.

Funding for the Washington Promise Scholarship is eliminated, and the $12.7 million in state general fund savings are used to expand the state need grant. The last recipients of the Promise Scholarship are the 2004 high school graduates.

The amount of $3.3 million from the state general fund and the Education Legacy Trust Account is provided to increase funding for State Work Study and Washington Scholars programs to reflect increases in tuition and new enrollments. In academic year 2006-07, the Washington Scholars program will decrease from three students to two students from each legislative district.

Compensation

The Legislature provided $144.7 million from the state general fund and the Education Legacy Trust Account to fund compensation, health benefits, and collective bargaining agreements for higher education. Within this amount, $63.5 million is provided for a cost-of-living adjustment (COLA) and salary survey for non-represented faculty and staff at higher education institutions; $50 million is provided for changes to health benefits; and $22.1 million is provided for collective bargaining agreements approved by the Legislature. For additional information on compensation please see the "Special Appropriations Section."

A total of $10.9 million of the state general fund is provided to implement the COLA for community and technical college faculty and staff consistent with the provisions of Initiative 732. In addition, $4.5 million of the Education Legacy Trust Account may be combined with salary turnover savings to help community and technical colleges fund increments to full-time faculty. An additional $4.5 million is provided to partially address salary equity for part-time instructors at the community and technical colleges.

Tuition

The governing boards of each institution and the State Board for Community and Technical Colleges will decide the maximum level of tuition for all students, except resident undergraduates. For the 2005-06 and 2006-07 academic years, the Legislature authorizes annual increases in tuition for resident undergraduates charged by the institution in the previous academic year as follows: 7 percent per year at the research institutions, 6 percent per year at the comprehensive institutions and The Evergreen State College, and 5 percent per year at the community and technical colleges.

Facility Stewardship

With this budget, $67 million of general fund support for routine maintenance and preventive inspections and mechanical adjustments and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This reflects an additional $15 million to the $52.7 million shift that was made in the 2003-05 biennial budget. Operating appropriations are replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in “superior” to “good” working condition until the state chooses to modernize, renovate, or replace them.

University and College Operating Appropriations Reductions

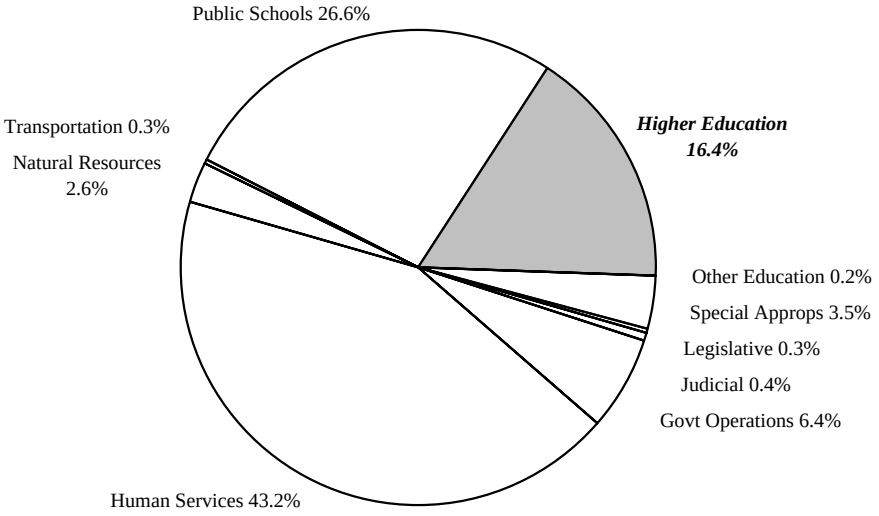
The budget reduces general fund expenditures by $16.6 million, representing 25 percent of the increased tuition revenue attributable to resident undergraduate students that the institutions may expect in the 2005-07 biennium. In addition, the budget makes a 1 percent, or $10.3 million, General Fund-State reduction to all non-instruction programs.

2005-07 Washington State Operating Budget

Total Budgeted Funds

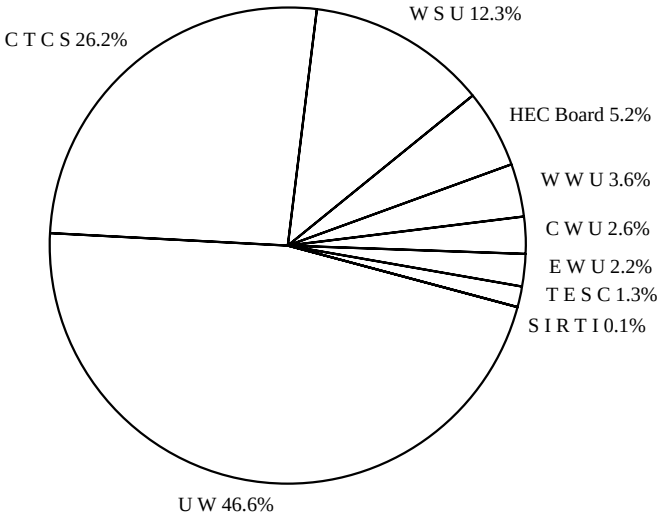
(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	3,188,651
Human Services	21,370,163
Natural Resources	1,296,763
Transportation	145,790
Public Schools	13,147,661
Higher Education	***8,105,412***
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

Univ of Washington	3,774,690
C T C S	2,120,064
Washington State Univ	993,508
Higher Ed Coord Bd	422,262
Western Washington Univ	292,378
Central Washington Univ	214,410
Eastern Washington Univ	181,700
The Evergreen State Coll	102,083
S I R T I	4,317
Higher Education	***8,105,412***



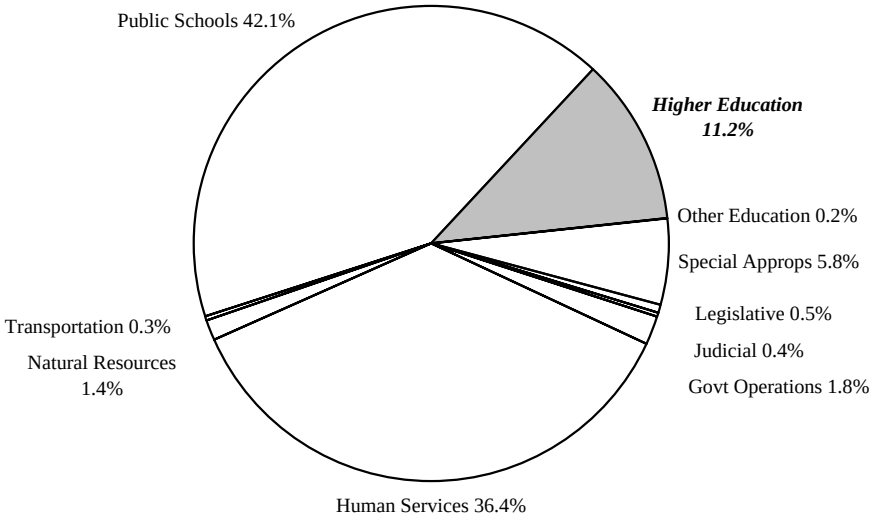
Higher Education

2005-07 Washington State Operating Budget

General Fund-State

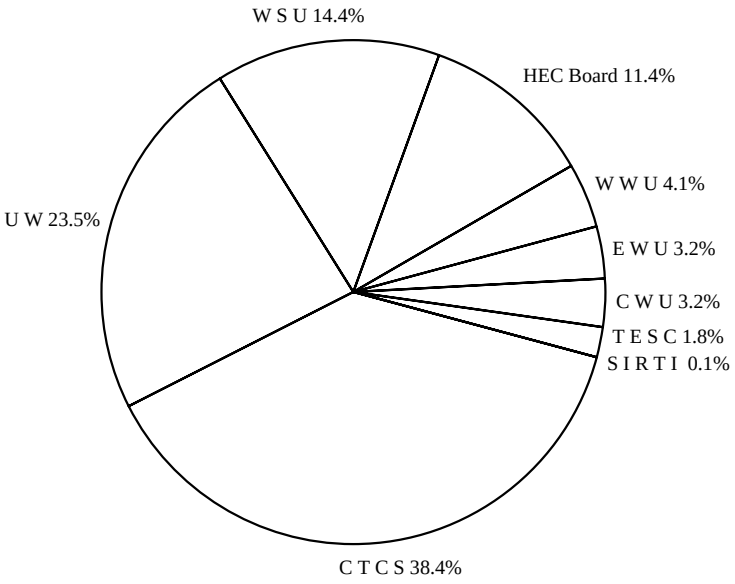
(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
Human Services	9,458,768
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	***2,900,607***
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

C T C S	1,112,719
Univ of Washington	680,762
Washington State Univ	418,364
Higher Ed Coord Bd	329,346
Western Washington Univ	119,410
Eastern Washington Univ	93,206
Central Washington Univ	92,118
The Evergreen State Coll	51,760
S I R T I	2,922
Higher Education	***2,900,607***



Higher Education

Higher Education
FTE Student Enrollment History
By Academic Year

	Actual Enrollment							Budgeted	
	1998-99[1]	1999-00[1]	2000-01[1]	2001-02[1]	2002-03[1]	2003-04[1]	2004-05[1]	2005-06	2006-07
Community & Technical Colleges	**121,302**	**125,131**	**128,093**	**133,962**	**139,753**	**138,241**	**131,489**	**130,905**	**133,040**
General Enrollment	114,885	117,623	120,830	124,850	127,604	126,788	123,097	123,469	125,604
Dislocated Workers	6,417	7,508	7,263	9,112	12,149	11,453	8,392	7,436	7,436
Four-Year Schools	**81,814**	**82,734**	**84,784**	**87,969**	**89,511**	**90,075**	**91,358**	**89,248**	**91,361**
University of Washington	33,592	34,058	34,966	36,647	36,963	36,316	36,357	36,021	36,626
Washington State University [(2)]	19,148	18,983	19,473	19,955	20,311	20,542	21,157	20,739	21,320
Eastern Washington University	7,244	7,712	8,081	8,421	8,700	8,956	9,126	8,593	8,919
Central Washington University	7,471	7,463	7,287	7,672	8,106	8,657	8,885	8,323	8,649
The Evergreen State College	3,822	3,697	3,786	4,009	4,054	4,099	4,120	4,038	4,143
Western Washington University [(3)]	10,537	10,821	11,191	11,265	11,377	11,505	11,713	11,534	11,704
HECB Timber Workers [(4)]	177	45	48	0	0	0	0	0	0
Total Higher Education	**203,293**	**207,910**	**212,925**	**221,931**	**229,264**	**228,316**	**222,847**	**220,153**	**224,401**

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

[(2)] *In the 2005-07 operating budget, Washington State University's Pullman campus enrollment is understated by 16 FTEs in 2005-06 and by 32 FTEs in 2006-07. The corrected amounts are reflected above.*

[(3)] *In the 2005-07 operating budget, Western Washington University's enrollment is overstated by 25 FTEs in 2005-06 and by 25 FTEs in 2006-07. The corrected amounts are reflected above.*

[(4)] *Actual Timber Worker enrollments reported for 1998-99 include Pullman extended degree students. The program itself was allowed to sunset being replaced by a rural community development grant program at the start of the 2001-03 biennium.*

Higher Education
Budgeted Enrollment Increases
By Academic Year

	FTE Student Enrollment				
	Budgeted Level 2004-05	**Increase for 2005-06**	**Total Budgeted 2005-2006**	**Increase for 2006-07**	**Total Budgeted 2006-2007**
Community & Technical Colleges	**128,855**	**2,050**	**130,905**	**2,135**	**133,040**
General Enrollments	121,163	2,050	123,213	2,135	125,348
High Demand	256	0	256	0	256
Dislocated Workers	7,436	0	7,436	0	7,436
Four-Year Schools	**87,614**	**1,634**	**89,248**	**2,113**	**91,361**
University of Washington [1]	35,666	355	36,021	605	36,626
Seattle	32,857	180	33,037	180	33,217
Bothell	1,265	75	1,340	200	1,540
Tacoma	1,544	100	1,644	225	1,869
Washington State University [1]	20,383	356	20,739	581	21,320
Pullman (includes Spokane) [2]	18,480	231	18,711	231	18,942
Tri-Cities	675	0	675	25	700
Vancouver	1,228	125	1,353	325	1,678
Eastern Washington University	8,269	324	8,593	326	8,919
Central Washington University	7,999	324	8,323	326	8,649
The Evergreen State College	3,933	105	4,038	105	4,143
Western Washington University [3]	11,364	170	11,534	170	11,704
Total Higher Education	**216,469**	**3,684**	**220,153**	**4,248**	**224,401**

[1] *Subject to reporting requirements, the research universities may reassign budgeted FTEs from a main campus (Seattle, Pullman) to any of its respective branch campuses at the start of an academic year.*

[2] *In the 2005-07 operating budget, Washington State University's Pullman campus enrollment is understated by 16 FTEs in 2005-06 and by 32 FTEs in 2006-07. The corrected amounts are reflected above.*

[3] *In the 2005-07 operating budget, Western Washington University's enrollment is overstated by 25 FTEs in 2005-06 and by 25 FTEs in 2006-07. The corrected amounts are reflected above.*

Community & Technical College System

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,035,647**	**870,299**	**1,905,946**
2005-07 Maintenance Level	**1,095,032**	**945,822**	**2,040,854**
Policy Changes			
1. Enrollment Increase	0	43,252	43,252
2. Adult Basic Education	0	4,000	4,000
3. WPEA COLA/Salary Survey	4,568	1,902	6,470
4. Super Coalition Health Benefits	8,822	2,217	11,039
5. WFSE COLA/Salary Survey	5,251	1,894	7,145
6. Classification Revisions	119	6	125
7. COLA-Non-Represented	16,413	3,010	19,423
8. Non-Represented Health Benefit Chg	13,716	1,831	15,547
9. Salary Survey-Non-Rep Staff	635	204	839
10. General Inflation	-1,284	-4,309	-5,593
11. Faculty Increments	0	4,500	4,500
12. Part-Time Faculty Equity	0	4,500	4,500
13. Pension Rate for Gain Sharing	-2,322	0	-2,322
14. Suspend Unfunded Liability Contribs	-6,117	-1,484	-7,601
15. Maintenance and Operations Shift	-5,048	0	-5,048
16. Operating Costs/Exist Capital Proj	1,117	0	1,117
17. Non-Instruction Reduction	-4,612	0	-4,612
18. State Board HQ Lease	354	0	354
19. Technical Error	-10,000	0	-10,000
20. Transfer NSIS to SBCTC	1,960	0	1,960
21. Tuition Rate Increase	-5,885	0	-5,885
Total 2005-07 Biennium	**1,112,719**	**1,007,345**	**2,120,064**
Fiscal Year 2006 Total	556,499	492,900	1,049,399
Fiscal Year 2007 Total	556,220	514,445	1,070,665

Comments:

1. **Enrollment Increase** - Funding is provided to expand state-supported general enrollment slots by 2,050 full-time equivalent (FTE) students in FY 2006 and 2,135 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of $5,400 per FTE in FY 2006 and FY 2007. (Education Legacy Trust Account-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. **Adult Basic Education** - The appropriation of $4 million will add approximately $100 per FTE student to sustain the more than 19,000 adult basic education FTE students currently being served by the system. (Education Legacy Trust Account-State)

3. **WPEA COLA/Salary Survey** - Funding is provided to implement the negotiated agreement between the Governor's Office of Labor Relations and the Higher Education Washington Public Employee Association (WPEA). It provides a cost-of-living adjustment (COLA) of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind market.

4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

5. **WFSE COLA/Salary Survey** - Funding is provided to implement the agreement negotiated between the Governor's Office of Labor Relations and the Higher Education Washington Federation of State Employees (WFSE). It provides COLAs of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind market.

6. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, Higher Education Grants/Contracts-Non-Appropriated)

7. **COLA-Non-Represented** - Funding is provided to give COLAs of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

Community & Technical College System

8. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

9. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, Higher Education Grants/Contracts-Non-Appropriated, Institutions of Higher Education Dedicated Local Account-Non-Appropriated)

10. **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.

11. **Faculty Increments** - State funding and salary turnover savings authority are combined to help community and technical colleges fund increments to full-time faculty. (Education Legacy Trust Account-State)

12. **Part-Time Faculty Equity** - Funding is provided to help provide salary equity for part-time instructors at the community and technical colleges. A college district may match state funds with local revenue. (Education Legacy Trust Account-State)

13. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

14. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

15. **Maintenance and Operations Shift** - Consistent with the 2003-05 biennial budget, a portion of the State Board for Community and Technical College's (SBCTC's) maintenance and operations budget is moved from the General Fund to the Education Construction Account.

16. **Operating Costs/Exist Capital Proj** - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2005-07 biennium. Additional funds are also provided for newly-authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2007. (Education Legacy Trust Account-State)

17. **Non-Instruction Reduction** - The Legislature makes a 1 percent General Fund-State reduction to all non-instruction programs.

18. **State Board HQ Lease** - A lease rate adjustment is provided to SBCTC. Additionally, $35,000 in one-time funds are provided to assist the Board with any move-related expenses.

19. **Technical Error** - Chapter 518, Laws of 2005, Partial Veto (ESSB 6090), the biennial budget act, listed the wrong General Fund-State appropriation for fiscal year 2007. This adjustment makes the recommendation summary information consist with the bill.

20. **Transfer NSIS to SBCTC** - Management and leadership responsibility for the North Snohomish-Island-Skagit (NSIS) Consortium of higher education institutions' operations are transferred from the Western Washington University and assigned to the Everett Community College.

21. **Tuition Rate Increase** - A tuition increase of 5 percent is authorized for each year of the biennium for resident students. Of the new revenue attributable to this increase, a 25 percent reduction is made in the state general fund.

University of Washington

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**637,296**	**2,993,521**	**3,630,817**
2005 Supplemental *	0	-261	-261
Total 2003-05 Biennium	**637,296**	**2,993,260**	**3,630,556**
2005-07 Maintenance Level	**660,830**	**3,038,703**	**3,699,533**
Policy Changes			
1. Burke Museum Outreach	292	0	292
2. General Enrollments	0	17,399	17,399
3. Lower Division Planning Funds	200	0	200
4. Super Coalition Health Benefits	4,151	15,376	19,527
5. Classification Revisions	130	120	250
6. COLA-Non-Represented	19,223	34,357	53,580
7. Non-Represented Health Benefit Chg	4,446	10,693	15,139
8. Salary Survey-Non-Rep Staff	713	14,159	14,872
9. General Inflation	-7	-25,555	-25,562
10. Other Fund Adjustments	0	-261	-261
11. Bargaining Agreement: SEIU 925	3,705	0	3,705
12. Bargaining Agreement: WFSE	1,256	0	1,256
13. Bargaining Agreement: WFSE Skilled	831	0	831
14. Bargaining Agreement: UW POA	152	0	152
15. Bargaining Agreement: UW Police Mgt	50	0	50
16. UW-Tacoma Autism Center	700	0	700
17. Pension Rate for Gain Sharing	-1,100	-12	-1,112
18. Suspend Unfunded Liability Contribs	-2,908	-11,051	-13,959
19. Korean Studies Endowed Chair	500	0	500
20. Maintenance and Operations Shift	-5,717	0	-5,717
21. Labor Center Research	60	0	60
22. Non-Instruction Reduction	-2,559	0	-2,559
23. Promotion of University Research	250	0	250
24. Tuition Rate Increase	-4,436	0	-4,436
Total 2005-07 Biennium	**680,762**	**3,093,928**	**3,774,690**
Fiscal Year 2006 Total	336,644	1,533,194	1,869,838
Fiscal Year 2007 Total	344,118	1,560,734	1,904,852

Comments:

1. **Burke Museum Outreach** - Funding is provided to expand the Museum's public outreach capabilities. Enhanced staffing will enable the Museum to more effectively connect the collections research and content with the people of the state.

2. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 140 full-time equivalent (FTE) students at the Seattle campus in FY 2006 and by 140 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of $6,303 per FTE in both fiscal years. Funding is provided to expand state-supported graduate enrollment by 40 FTE students in FY 2006 and 40 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of $15,000 per FTE in FY 2006 and FY 2007.

   Funding is provided to expand state-supported upper division enrollment slots at the Tacoma campus by 100 FTEs in FY 2006 and 100 FTEs in 2007 and at the Bothell campus by 75 FTEs each in FY 2006 and FY 2007. Funding is provided for 125 lower division enrollment slots each at the Tacoma and Bothell campuses in FY 2007. New budgeted enrollment for upper division resident undergraduate students is supported by the state at an average rate of $9,000 per FTE in FY 2006 and FY 2007 and new enrollment for lower division resident undergraduate students is supported by the state at an average rate of $6,303 per FTE in FY 2006 and FY 2007. (Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

3. **Lower Division Planning Funds** - The University of Washington (UW)-Tacoma and UW-Bothell are provided $100,000 each to assist the transition from a branch campus serving upper-division students to a four-year campus serving freshmen, sophomores, and upper division students. These funds may be used to develop curricula, recruit new faculty, and expand student services. UW-Tacoma and UW-Bothell may begin enrolling lower-division students in Fall 2006.

4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is

University of Washington

provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

5. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

6. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

7. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

8. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, various other funds)

9. **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.

10. **Other Fund Adjustments** - Funding is removed for the Forensic Pathology Fellowship Program. The Program, previously sponsored by the University, is no longer in existence.

11. **Bargaining Agreement: SEIU 925** - Under the provisions of the Personnel System Reform Act of 2002, UW has negotiated a collective bargaining agreement with employees represented by the Service Employees International Union (SEIU) 925.

12. **Bargaining Agreement: WFSE** - Under the provisions of the Personnel System Reform Act of 2002, UW has negotiated a master collective bargaining agreement with employees represented by the Washington Federation of State Employees (WFSE).

13. **Bargaining Agreement: WFSE Skilled** - Under the provisions of the Personnel System Reform Act of 2002, UW has negotiated a collective bargaining agreement with skilled trade employees represented by WFSE.

14. **Bargaining Agreement: UW POA** - Under the provisions of the Personnel System Reform Act of 2002, UW has negotiated a collective bargaining agreement with police officers represented by the UW Police Officers Association (POA).

15. **Bargaining Agreement: UW Police Mgt** - Under the provisions of the Personnel System Reform Act of 2002, UW has negotiated a collective bargaining agreement with police lieutenants and sergeants represented by WFSE.

16. **UW-Tacoma Autism Center** - Funding is provided to maintain an Autism Center at the UW-Tacoma campus. The facility will continue to function as a satellite facility to the Autism Center at the UW Medical Center in Seattle and provide clinical service and professional training.

17. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, Accident Account-State, Medical Aid Account-State)

18. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

19. **Korean Studies Endowed Chair** - One-time funding is provided to establish an endowed chair in Korean Studies at UW-Seattle.

20. **Maintenance and Operations Shift** - In addition to the fund shift that occurred in the 2003-05 biennial budget, an additional amount of the maintenance and operations budget for the UW is moved from the General Fund to the Education Construction Account.

21. **Labor Center Research** - Funding is provided for research on labor and economic issues in Washington through the Harry Bridges Center.

22. **Non-Instruction Reduction** - A 1 percent General Fund-State reduction is made to all non-instruction programs.

23. **Promotion of University Research** - Funding is provided to the Institute for Learning and Brain Sciences (ILABS) to develop a partnership, linking ILABS to policymakers, the private sector, and user groups.

24. **Tuition Rate Increase** - A tuition increase of 7 percent is authorized for each year of the biennium for resident undergraduate students. Of the new revenue attributable to this increase, a 25 percent reduction is made in the state general fund.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Washington State University

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**376,312**	**489,360**	**865,672**
2005-07 Maintenance Level	**401,044**	**553,777**	**954,821**
Policy Changes			
1. General Enrollments	0	15,384	15,384
2. Lower Division Planning Funds	350	0	350
3. Super Coalition Health Benefits	6,488	2,039	8,527
4. Classification Revisions	208	58	266
5. COLA-Non-Represented	13,796	4,116	17,912
6. Non-Represented Health Benefit Chg	4,752	1,868	6,620
7. Salary Survey-Non-Rep Staff	815	439	1,254
8. General Inflation	-682	-3,928	-4,610
9. Collective Bargaining - WFSE	409	445	854
10. Collective Bargaining - Police	50	0	50
11. Ghost Shrimp Research	400	0	400
12. Pension Rate for Gain Sharing	-638	0	-638
13. Suspend Unfunded Liability Contribs	-2,043	-796	-2,839
14. Maintenance and Operations Shift	-2,239	0	-2,239
15. Renewable Energy Expert	85	0	85
16. Non-Instruction Reduction	-2,099	0	-2,099
17. Tuition Rate Increase	-2,701	0	-2,701
18. Veterinary Medicine	0	2,061	2,061
19. Lidded Grant Compensation Costs	319	-319	0
20. Vehicle Licensing Study	50	0	50
Total 2005-07 Biennium	**418,364**	**575,144**	**993,508**
Fiscal Year 2006 Total	206,494	283,089	489,583
Fiscal Year 2007 Total	211,870	292,055	503,925

Comments:

1. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots at the Pullman campus by 185 full-time equivalent (FTE) students in FY 2006 and by 185 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of $6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 30 FTE students in FY 2006 and 30 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of $15,000 per FTE in FY 2006 and FY 2007.

   Funding is provided to expand state-supported upper division enrollment slots at the Vancouver campus by 125 FTEs in FY 2006 and 125 FTEs in FY 2007. Funding is provided for 200 lower division enrollments at the Vancouver campus and 25 FTEs at the Tri-Cities campus in FY 2007. New budgeted enrollment for upper division resident undergraduate students is supported by the state at an average rate of $10,000 per FTE in FY 2006 and FY 2007 and new enrollment for lower division resident undergraduate students is supported by the state at an average rate of $6,303 per FTE in FY 2006 and FY 2007. (Education Legacy Trust Account-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. **Lower Division Planning Funds** - Washington State University (WSU)-Vancouver is provided $350,000 to assist in the transition from a branch campus serving upper-division students, to a four-year campus serving freshmen, sophomores, and upper-division students. Funds may be used to develop curricula, recruit new faculty, and expand student services. WSU-Vancouver may begin enrolling lower-division students beginning in Fall 2006.

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing

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during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, various other funds)

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 mission.

9. **Collective Bargaining - WFSE** - WSU bargained with the Washington Federation of State Employees (WFSE) which represents the following bargaining units: Bargaining Unit 1 - Research and extension units west of the Cascades; Bargaining Unit 5 - Library; and Bargaining Unit 11 - the Intercollegiate College of Nursing. The primary economic items negotiated were first and second year wages. All employees covered by the contract will receive a 3.2 percent wage increase effective July 1, 2005. The increase will be added to the employee's base rate of pay. All employees will also receive a 2 percent lump sum payment effective July 1, 2006. The 2 percent lump sum payment will not be added to the employee's base rate of pay. (General Fund-State, Institutions of Higher Education Grants and Contracts Account-Non-Appropriated, Institutions of Higher Education Dedicated Local Account-Non-Appropriated)

10. **Collective Bargaining - Police** - Washington State bargained with Bargaining Unit 4, representing police positions. The bargaining teams' agreement was ratified by the WSU Police Guild on September 28, 2004, and has been approved by the WSU Board of Regents.

11. **Ghost Shrimp Research** - Funding is provided to research alternatives for controlling ghost shrimp in Willapa Bay.

12. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

13. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

14. **Maintenance and Operations Shift** - In addition to the fund shift that occurred in the 2003-05 biennial budget, an additional amount of the maintenance and operations budget for WSU is moved from the General Fund to the Education Construction Account.

15. **Renewable Energy Expert** - Funding is provided for a renewable energy expert to implement provisions of Chapter 300, Laws of 2005 (SSB 5101), relating to providing incentives to support renewable energy.

16. **Non-Instruction Reduction** - The Legislature makes a 1 percent General Fund-State reduction to all non-instruction programs.

17. **Tuition Rate Increase** - A tuition increase of 7 percent is authorized for each year of the biennium for resident undergraduate students. Of the new revenue attributable to this increase, a 25 percent reduction is made in the state general fund.

18. **Veterinary Medicine** - Due to declining participation by Oregon State University, funding is provided to WSU to expand the size of its entering professional veterinary medicine class by 16 resident students each academic year during the 2005-07 biennium. Funding is sufficient to preserve high quality programs, to provide increased access to veterinary medical education for Washington residents, and to fully utilize the outstanding facilities and veterinary instructional resources in service to Washington stakeholders. (Education Legacy Trust Account-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

19. **Lidded Grant Compensation Costs** - Fund 143, the Higher Education Federal Appropriations Account, is lidded. For this reason, compensation cost increases otherwise attributable to this account are shifted to the state general fund.

20. **Vehicle Licensing Study** - Funding is provided to study the cost of complying with vehicle licensing and registration laws consistent with Chapter 323, Laws of 2005 (EHB 1241).

Eastern Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**83,481**	**77,155**	**160,636**
2005-07 Maintenance Level	**89,749**	**77,770**	**167,519**
Policy Changes			
1. General Enrollments	0	10,318	10,318
2. Super Coalition Health Benefits	887	87	974
3. Classification Revisions	15	9	24
4. COLA-Non-Represented	2,496	596	3,092
5. Non-Represented Health Benefit Chg	773	177	950
6. Salary Survey-Non-Rep Staff	136	0	136
7. General Inflation	-17	-499	-516
8. Northwest Autism Center	425	0	425
9. Collective Bargaining Unit #1	817	88	905
10. Collective Bargaining Unit #2	161	14	175
11. Pension Rate for Gain Sharing	-160	0	-160
12. Suspend Unfunded Liability Contribs	-525	-66	-591
13. Maintenance and Operations Shift	-491	0	-491
14. Non-Instruction Reduction	-197	0	-197
15. Tuition Rate Increase	-863	0	-863
Total 2005-07 Biennium	**93,206**	**88,494**	**181,700**
Fiscal Year 2006 Total	46,137	40,960	87,097
Fiscal Year 2007 Total	47,069	47,534	94,603

Comments:

1. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 312 full-time equivalent (FTE) students in FY 2006 and 313 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of $6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 12 FTEs in FY 2006 and 13 FTEs in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of $15,000 per FTE in FY 2006 and FY 2007. (Education Legacy Trust Account, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

3. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

4. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

6. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State)

7. **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.

8. **Northwest Autism Center** - Funding is provided for the Northwest Autism Center to provide community-based approaches to assisting children and adults with autism spectrum disorder. The funding is also for the establishment of a preschool at Eastern Washington University (EWU) to serve children identified with autism spectrum disorder.

9. **Collective Bargaining Unit #1** - Funding is provided for the collective bargaining agreement with the Washington Federation of State Employees (WFSE) Bargaining Unit #1. The agreement covers all non-supervisory classified persons employed at EWU.

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10. **Collective Bargaining Unit #2** - Funding is provided for the collective bargaining agreement with the WFSE Bargaining Unit #2. The agreement covers all supervisory classified persons employed at EWU.

11. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

12. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

13. **Maintenance and Operations Shift** - In addition to the fund shift that occurred in the 2003-05 biennial budget, an additional amount of the maintenance and operations budget for EWU is moved from the General Fund to the Education Construction Account.

14. **Non-Instruction Reduction** - The Legislature makes a 1 percent General Fund-State reduction to all non-instruction programs.

15. **Tuition Rate Increase** - A tuition increase of 6 percent is authorized for each year of the biennium for resident undergraduate students. Of the new revenue attributable to this increase, a 25 percent reduction is made in the state general fund.

Central Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**82,056**	**99,880**	**181,936**
2005-07 Maintenance Level	**87,838**	**112,405**	**200,243**
Policy Changes			
1. General Enrollments	0	9,716	9,716
2. Super Coalition Health Benefits	665	88	753
3. COLA-Non-Represented	2,975	287	3,262
4. Non-Represented Health Benefit Chg	1,260	161	1,421
5. General Inflation	-50	-401	-451
6. Pension Rate for Gain Sharing	-190	0	-190
7. Suspend Unfunded Liability Contribs	-636	-69	-705
8. Maintenance and Operations Shift	-536	0	-536
9. Collective Bargaining Agreements	1,961	105	2,066
10. Non-Instruction Reduction	-214	0	-214
11. Tuition Rate Increase	-955	0	-955
Total 2005-07 Biennium	**92,118**	**122,292**	**214,410**
Fiscal Year 2006 Total	45,379	58,080	103,459
Fiscal Year 2007 Total	46,739	64,212	110,951

Comments:

1. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 312 full-time equivalent (FTE) students in FY 2006 and 313 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of $6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 12 FTE students in FY 2006 and 13 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of $15,000 per FTE in FY 2006 and FY 2007. (Education Legacy Trust Account-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

5. **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.

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

8. **Maintenance and Operations Shift** - Consistent with the 2003-05 biennial budget, a portion of Central Washington University's (CWU's) maintenance and operations budget is moved from the General Fund to the Education Construction Account.

9. **Collective Bargaining Agreements** - CWU is represented by the Washington Federation of State Employees (WFSE) union Local 330. As of August 5, 2004, CWU is employing slightly more than 600 classified staff, some of whom are members of one of the two separate bargaining units. Bargaining Unit I is a union shop and has 168 dues-paying members. The employees in this shop are from the trades, custodian, dining services, police, printing and duplicating, gardener, and athletic trainer classes. Bargaining Unit II is an open shop and has 193 members, of which only a few pay dues. The employees in this shop are from the clerical, secretarial, computer operator,

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conference coordinator, word processing, retail clerk, library technician, library specialist, health care specialist, and credentials evaluator classes. The remainder of the classified staff, 245 employees, are not represented. These classes include accountants, budget analysts, human resource representatives, and supervisors. (Institutions of Higher Education-Grants and Contracts Account-Non-Appropriated, Institutions of Higher Education-Dedicated Local Account-Non-Appropriated)

10. **Non-Instruction Reduction** - The Legislature makes a 1 percent General Fund-State reduction to all non-instruction programs.

11. **Tuition Rate Increase** - A tuition increase of 6 percent is authorized for each year of the biennium for resident undergraduate students. Of the new revenue attributable to this increase, a 25 percent reduction is made in the state general fund.

The Evergreen State College

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**46,891**	**44,171**	**91,062**
2005-07 Maintenance Level	**49,352**	**46,742**	**96,094**
Policy Changes			
1. General Enrollments	0	3,793	3,793
2. Super Coalition Health Benefits	625	25	650
3. WFSE COLA/Salary Survey	724	22	746
4. COLA-Non-Represented	1,481	48	1,529
5. Non-Represented Health Benefit Chg	475	16	491
6. Salary Survey-Non-Rep Staff	36	0	36
7. General Inflation	-10	-312	-322
8. Evaluate Integrated Trtmnt Pilots	310	0	310
9. Pension Rate for Gain Sharing	-120	0	-120
10. Suspend Unfunded Liability Contribs	-366	-11	-377
11. Immigrant Student Study	50	0	50
12. Maintenance and Operations Shift	-168	0	-168
13. Non-Instruction Reduction	-236	0	-236
14. Tuition Rate Increase	-393	0	-393
Total 2005-07 Biennium	**51,760**	**50,323**	**102,083**
Fiscal Year 2006 Total	25,586	24,510	50,096
Fiscal Year 2007 Total	26,174	25,813	51,987

Comments:

1. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 100 full-time equivalent (FTE) students in FY 2006 and 100 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of $6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 5 FTE students in FY 2006 and 5 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of $15,000 per FTE in FY 2006 and FY 2007. (Education Legacy Trust Account-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

3. **WFSE COLA/Salary Survey** - The Governor's Office of Labor Relations negotiated this contract with the Higher Education Washington Federation of State Employees (WFSE). It provides a cost-of-living adjustment (COLA) of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006. Also funded is the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind market.

4. **COLA-Non-Represented** - Funding is provided to give COLAs of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

6. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State)

7. **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.

8. **Evaluate Integrated Trtmnt Pilots** - Funding is provided for the Washington State Institute for Public Policy (WSIPP) to conduct three evaluations required by Chapter 504, Laws of 2005, Partial Veto, (E2SSB 5763) relating to treatment of mental disorders: (1) an evaluation of integrated cross-systems crisis response pilots in two counties; (2) an evaluation of intensive chemical dependency case management pilots in two counties; and (3) an evaluation of the cost-effectiveness of treatment vs. non-treatment for mental health and substance abuse disorders, including prevention and intervention programs.

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9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

11. **Immigrant Student Study** - Funding is provided for WSIPP to conduct an analysis of the availability, services, and effectiveness of programs in community and technical colleges that serve the educational needs of recent immigrant students who are not proficient in English and who are or have been enrolled in high school but have not met graduation requirements.

12. **Maintenance and Operations Shift** - Consistent with the 2003-05 biennial budget, a portion of the The Evergreen State College's maintenance and operations budget is moved from the General Fund to the Education Construction Account.

13. **Non-Instruction Reduction** - The Legislature makes a 1 percent General Fund-State reduction to all non-instruction programs.

14. **Tuition Rate Increase** - A tuition increase of 6 percent is authorized for each year of the biennium for resident undergraduate students. Of the new revenue attributable to this increase, a 25 percent reduction is made in the state general fund.

Western Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**109,772**	**144,976**	**254,748**
2005-07 Maintenance Level	**115,926**	**166,890**	**282,816**
Policy Changes			
1. General Enrollments	0	5,362	5,362
2. Super Coalition Health Benefits	1,209	258	1,467
3. Classification Revisions	75	0	75
4. COLA-Non-Represented	4,249	535	4,784
5. Non-Represented Health Benefit Chg	1,716	313	2,029
6. Salary Survey-Non-Rep Staff	210	26	236
7. General Inflation	-26	-660	-686
8. Pension Rate for Gain Sharing	-250	0	-250
9. Suspend Unfunded Liability Contribs	-762	-143	-905
10. Maintenance and Operations Shift	-800	0	-800
11. Bargaining Unit A - WFSE/Clerical	347	164	511
12. Bargaining Unit B - WFSE/Trades	358	0	358
13. Bargaining Unit D - PSE/Supervisory	478	46	524
14. Bargaining Unit C-WPEA/Professional	430	177	607
15. Bargaining Unit E - WFSE/Sup Unit B	38	0	38
16. Non-Instruction Reduction	-419	0	-419
17. Transfer NSIS to SBCTC	-1,960	0	-1,960
18. Tuition Rate Increase	-1,409	0	-1,409
Total 2005-07 Biennium	**119,410**	**172,968**	**292,378**
Fiscal Year 2006 Total	58,896	83,624	142,520
Fiscal Year 2007 Total	60,514	89,344	149,858

Comments:

1. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 160 full-time equivalent (FTE) students in FY 2006 and 160 FTE students in FY 2007. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of $6,303 per FTE in FY 2006 and FY 2007. Funding is provided to expand state-supported graduate enrollment by 10 FTE students in FY 2006 and 10 FTE students in FY 2007. New budgeted enrollment for graduate students is supported by the state at an average rate of $15,000 per FTE in FY 2006 and FY 2007. (Education Legacy Trust Account-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

3. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

4. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

5. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

6. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State and Institutions of Higher Education-Dedicated Local Account-Non-Appropriated)

7. **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.

8. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

9. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and

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the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)

10. **Maintenance and Operations Shift** - Consistent with the 2003-05 biennial budget, a portion of Western Washington University's (WWU's) maintenance and operations budget is moved from the General Fund to the Education Construction Account.

11. **Bargaining Unit A - WFSE/Clerical** - Under the provisions of the Personnel System Reform Act of 2002, WWU has negotiated a collective bargaining agreement with employees represented by Washington Federation of State Employees (WFSE)/Clerical.

12. **Bargaining Unit B - WFSE/Trades** - Under the provisions of the Personnel System Reform Act of 2002, WWU has negotiated a collective bargaining agreement with employees represented by WFSE/Trades.

13. **Bargaining Unit D - PSE/Supervisory** - Under the provisions of the Personnel System Reform Act of 2002, WWU has negotiated a collective bargaining agreement with employees represented by Public School Employees (PSE)/Supervisory.

14. **Bargaining Unit C-WPEA/Professional** - Under the provisions of the Personnel System Reform Act of 2002, WWU has negotiated a collective bargaining agreement with employees represented by Washington Public Employees Association (WPEA)/Professional.

15. **Bargaining Unit E - WFSE/Sup Unit B** - Under the provisions of the Personnel System Reform Act of 2002, WWU has negotiated a collective bargaining agreement with employees represented by WFSE/Supervisory Unit B.

16. **Non-Instruction Reduction** - The Legislature makes a 1 percent General Fund-State reduction to all non-instruction programs.

17. **Transfer NSIS to SBCTC** - Management and leadership responsibility for the North Snohomish-Island-Skagit (NSIS) Consortium of higher education institutions' operations are transferred from WWU and assigned to the Everett Community College.

18. **Tuition Rate Increase** - A tuition increase of 6 percent is authorized for each year of the biennium for resident undergraduate students. Of the new revenue attributable to this increase, a 25 percent reduction is made in the state general fund.

Higher Education Coordinating Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**325,145**	**17,357**	**342,502**
2005-07 Maintenance Level	**330,227**	**29,976**	**360,203**
Policy Changes			
1. Washington Scholars	435	0	435
2. Promise Scholarship	-12,617	0	-12,617
3. WAVE Program	-49	0	-49
4. State Work Study	0	2,856	2,856
5. Jefferson County Pilot Project	350	0	350
6. COLA-Non-Represented	259	98	357
7. Non-Represented Health Benefit Chg	85	43	128
8. General Inflation	-14	-43	-57
9. Conditional Scholarships	500	0	500
10. English and Science Readiness	600	0	600
11. Foster Care Endowed Scholarship	150	0	150
12. Pension Rate for Gain Sharing	-42	-14	-56
13. Suspend Unfunded Liability Contribs	-143	-54	-197
14. State Need Grant	9,605	60,054	69,659
Total 2005-07 Biennium	**329,346**	**92,916**	**422,262**
Fiscal Year 2006 Total	162,028	44,945	206,973
Fiscal Year 2007 Total	167,318	47,971	215,289

Comments:

1. **Washington Scholars** - Funding is provided for three students in FY 2006 and two students in FY 2007 from each legislative district to receive a scholarship equivalent to four years of tuition at a public institution of higher education. The Legislature assumes savings from the reduction in the number of recipients who are directed to the State Need Grant.

2. **Promise Scholarship** - The Legislature eliminates the Promise Scholarship Program and assumes all savings are directed to the State Need Grant. Because the Promise Scholarship is a two-year award, funding is reduced by one-half in FY 2006 and eliminated in FY 2007. No Promise Scholarship awards will be offered to students beyond the graduating high school class of 2004.

3. **WAVE Program** - Funding for the Washington Award for Vocational Excellence (WAVE) is reduced, consistent with forecasted demand. Grants will still cover 100 percent of tuition and fees for eligible students.

4. **State Work Study** - Funding for the State Work Study Program is provided for additional enrollment and to hold eligible students harmless from annual tuition increases. (Education Legacy Trust Account)

5. **Jefferson County Pilot Project** - Continued funding is provided for a demonstration project to increase opportunities and participation in post-secondary education in rural areas of Jefferson County.

6. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)

7. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, and Advanced College Tuition Payment Account-Non-Appropriated)

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 mission. (General Fund-State, General Fund-Federal)

9. **Conditional Scholarships** - Funding is provided to support the Future Teachers' Conditional Scholarship and Loan Repayment Program. Priority will be given to individuals seeking certification or an additional endorsement in math, science, technology, or special education. Additional priority shall be given to individuals who are bilingual. It is the intent of the Legislature to develop a pool of dual-language teachers in order to meet the challenge of educating students who are dominant in languages other than English.

10. **English and Science Readiness** - Funding is provided to develop college readiness standards in English and science.

11. **Foster Care Endowed Scholarship** - Funding is provided to implement Chapter 215, Laws of 2005, Partial Veto (2SHB 1050), creating a foster care endowed scholarship program. The

Higher Education Coordinating Board

purpose of the program is to help current foster care youth, or foster care youth who have recently aged out of the program, attend an institution of higher education in Washington.

12. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Advanced College Tuition Payment Account-Non-Appropriated)

13. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Advanced College Tuition Payment Account-Non-Appropriated)

14. **State Need Grant** - Funding is provided to expand the State Need Grant (SNG) to 65 percent of the median family income, approximately $43,300 for a family of four. The funding assumes tuition increases of 7 percent, 6 percent, and 5 percent per year for the research institutions, comprehensive institutions, and community and technical colleges, respectively, 7,900 additional enrollments, and that grants will match tuition increases on a dollar-for-dollar basis. (General Fund-State, Education Legacy Trust Account)

Spokane Intercollegiate Research & Technology Inst

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**2,822**	**100**	**2,922**
2005-07 Maintenance Level	**2,897**	**453**	**3,350**
Policy Changes			
1. COLA-Non-Represented	87	0	87
2. General Inflation	-8	-8	-16
3. Pension Rate for Gain Sharing	-12	0	-12
4. Suspend Unfunded Liability Contribs	-42	0	-42
5. SIRTI Technology Center	0	950	950
Total 2005-07 Biennium	**2,922**	**1,395**	**4,317**
Fiscal Year 2006 Total	1,446	690	2,136
Fiscal Year 2007 Total	1,476	705	2,181

Comments:

1. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

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 mission. (General Fund-State, Institutions of Higher Education-Dedicated Local Account-Non-Appropriated)

3. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

4. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

5. **SIRTI Technology Center** - Funding from the Spokane Intercollegiate Research and Technology Institute's (SIRTI's) private foundation will be used to operate the new technology center, which is scheduled to open in the spring of 2005. (Institutions of Higher Education-Dedicated Local Account-Non-Appropriated)

Other Education

Washington State Historical Society

The budget provides $520,000 in one-time funding for programs related to the Lewis and Clark bicentennial commemoration. The Corps of Discovery II, a national traveling exhibit, will travel through Clarkston, Dayton, Kennewick, Stevenson, Toppenish, Vancouver, and Pacific County. One-time funding is also included for reimbursement of costs incurred by county law enforcement agencies from providing additional security for events.

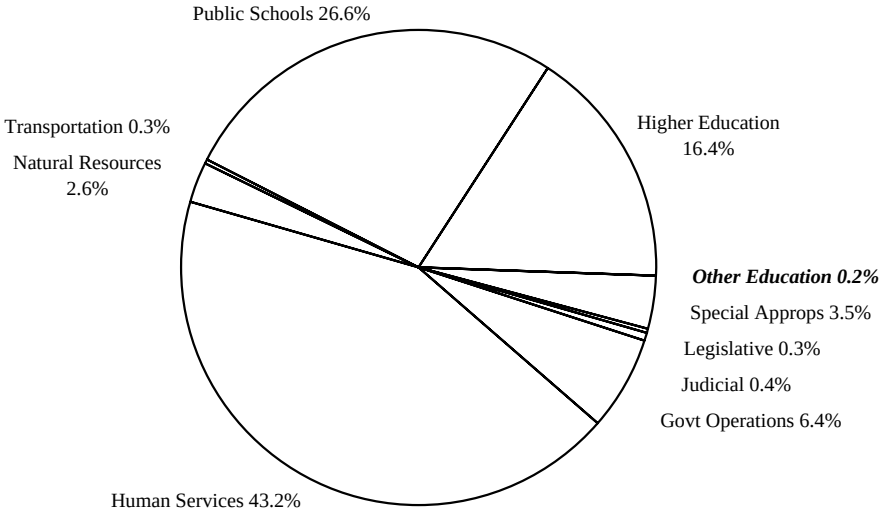
The budget also provides $200,000 to fully implement the Women's History Consortium, which will be housed at the Washington State Historical Society. Chapter 391, Laws of 2005 (SB 5707), establishes the consortium, which will foster public access to women's history information and materials.

2005-07 Washington State Operating Budget

Total Budgeted Funds

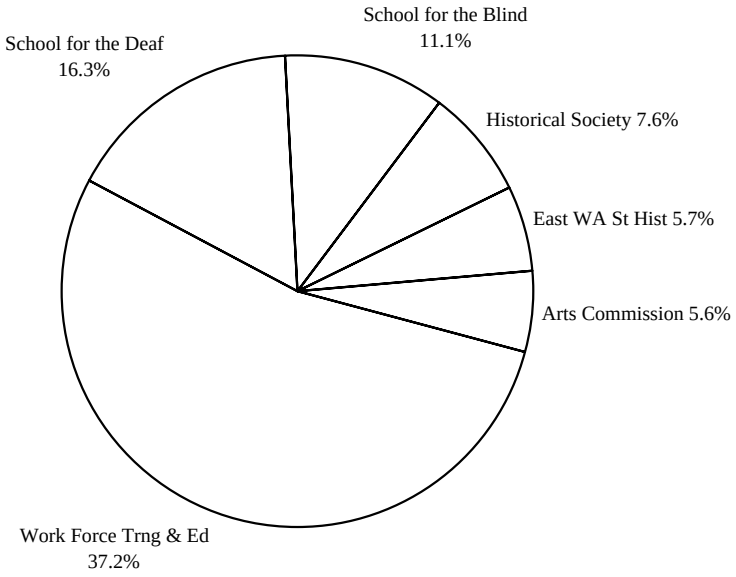
(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	3,188,651
Human Services	21,370,163
Natural Resources	1,296,763
Transportation	145,790
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	***105,940***
Special Appropriations	1,736,187
Statewide Total	**49,449,853**



Washington State

Work Force Trng & Ed	56,843
School for the Deaf	17,264
School for the Blind	11,719
State Hist Society	8,063
East WA State Hist Society	6,079
State Arts Comm	5,972
Other Education	***105,940***



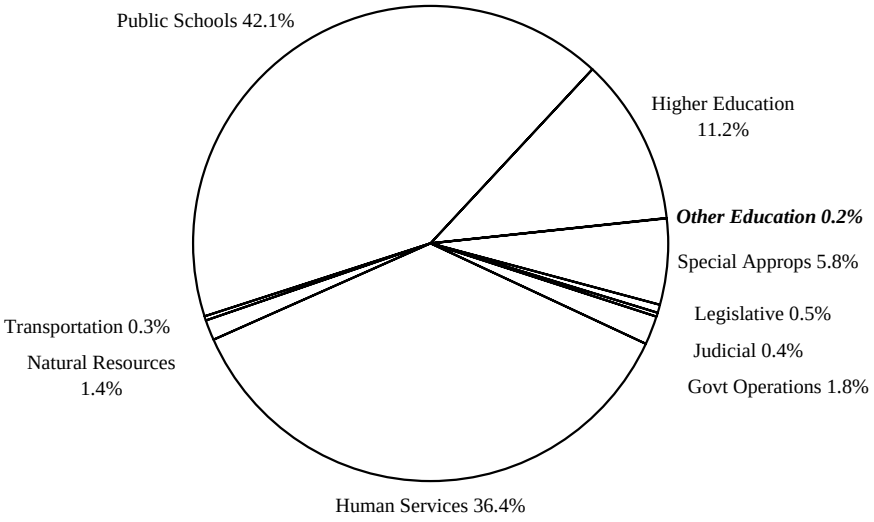
Other Education

2005-07 Washington State Operating Budget

General Fund-State

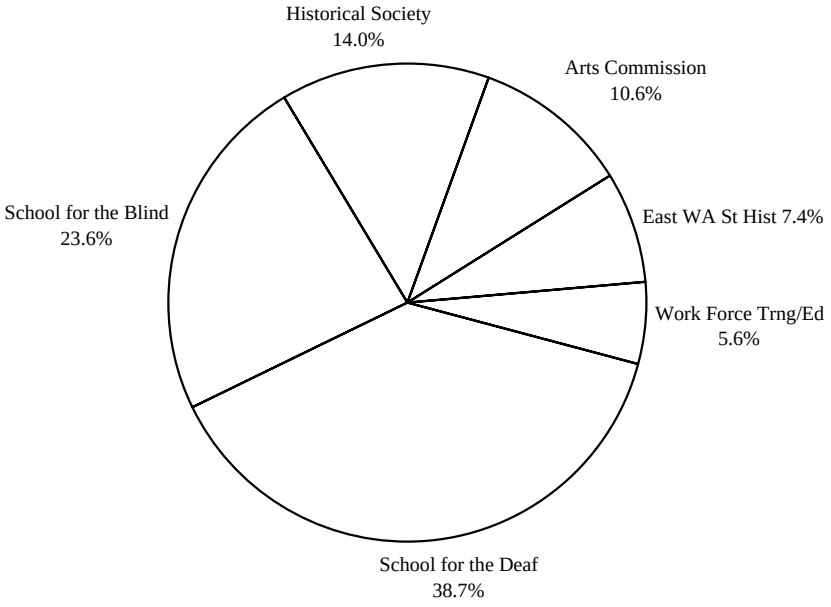
(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
Human Services	9,458,768
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	***43,974***
Special Appropriations	1,500,021
Statewide Total	**25,952,414**



Washington State

School for the Deaf	17,032
School for the Blind	10,384
State Hist Society	6,165
State Arts Comm	4,671
East WA State Hist Society	3,266
Work Force Trng & Ed	2,456
Other Education	***43,974***



Other Education

Work Force Training & Education Coordinating Board

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**3,282**	**54,289**	**57,571**
2005-07 Maintenance Level	**3,395**	**54,360**	**57,755**
Policy Changes			
1. WFSE COLA/Salary Survey	25	18	43
2. Super Coalition Health Benefits	15	10	25
3. COLA-Non-Represented	41	30	71
4. Non-Represented Health Benefit Chg	11	9	20
5. General Inflation	-19	-7	-26
6. Eliminate INTEC	-968	0	-968
7. Pension Rate for Gain Sharing	-10	-8	-18
8. Suspend Unfunded Liability Contribs	-34	-25	-59
Total 2005-07 Biennium	**2,456**	**54,387**	**56,843**
Fiscal Year 2006 Total	1,225	25,630	26,855
Fiscal Year 2007 Total	1,231	28,757	29,988

Comments:

1. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, and Tuition Recovery Account-Non-Appropriated)

2. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Federal)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and General Fund-Federal)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Federal)

5. **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. (General Fund-State, General Fund-Federal)

6. **Eliminate INTEC** - Funding for the Inland Northwest Technology Center (INTEC) Program is eliminated. INTEC provides state funds for economic development through public-private partnerships for business generation and development through the Inland Northwest Technology Education Center.

7. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State and General Fund-Federal)

8. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

Washington State Arts Commission

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**4,500**	**1,026**	**5,526**
2005-07 Maintenance Level	**4,635**	**1,301**	**5,936**
Policy Changes			
1. WFSE COLA/Salary Survey	13	0	13
2. Super Coalition Health Benefits	12	0	12
3. COLA-Non-Represented	44	3	47
4. Non-Represented Health Benefit Chg	17	0	17
5. General Inflation	-10	-1	-11
6. Pension Rate for Gain Sharing	-10	0	-10
7. Suspend Unfunded Liability Contribs	-30	-2	-32
Total 2005-07 Biennium	**4,671**	**1,301**	**5,972**
Fiscal Year 2006 Total	2,322	650	2,972
Fiscal Year 2007 Total	2,349	651	3,000

Comments:

1. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

2. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

3. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and General Fund-Private/Local)

4. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

5. **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.

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Private/Local)

Washington State Historical Society

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**4,867**	**2,780**	**7,647**
2005-07 Maintenance Level	**5,315**	**1,891**	**7,206**
Policy Changes			
1. Classification Revisions	4	3	7
2. COLA-Non-Represented	109	32	141
3. Non-Represented Health Benefit Chg	45	7	52
4. Salary Survey-Non-Rep Staff	81	22	103
5. General Inflation	-26	-46	-72
6. Pension Rate for Gain Sharing	-18	-2	-20
7. Suspend Unfunded Liability Contribs	-59	-9	-68
8. Lewis and Clark Bicentennial	517	0	517
9. Women's History Consortium	197	0	197
Total 2005-07 Biennium	**6,165**	**1,898**	**8,063**
Fiscal Year 2006 Total	3,408	950	4,358
Fiscal Year 2007 Total	2,757	948	3,705

Comments:

1. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and State Historical Museum Fund-Non-Appropriated)

2. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and State Historical Museum Fund-Non-Appropriated)

3. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and State Historical Museum Fund-Non-Appropriated)

4. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State and State Historical Museum Fund-Non-Appropriated)

5. **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.

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State and State Historical Museum Fund-Non-Appropriated)

7. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State and State Historical Museum Fund-Non-Appropriated)

8. **Lewis and Clark Bicentennial** - One-time funding is appropriated for programs and an FTE to coordinate programs related to the Lewis and Clark bicentennial commemoration. The Corps of Discovery II, a national traveling exhibit, will visit Clarkston, Dayton, Kennewick, Stevenson, Toppenish, Vancouver, and Pacific County. One-time funding is also appropriated to reimburse county law enforcement agencies for costs incurred while providing additional security during events.

9. **Women's History Consortium** - Chapter 391, Laws of 2005 (SB 5707), established a Women's History Consortium, to be housed at the Washington State Historical Society. Funding is appropriated for staff, travel, supplies, and equipment necessary to implement the legislation.

Eastern Washington State Historical Society

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**2,891**	**0**	**2,891**
2005-07 Maintenance Level	**3,124**	**2,779**	**5,903**
Policy Changes			
1. Classification Revisions	8	6	14
2. COLA-Non-Represented	71	36	107
3. Non-Represented Health Benefit Chg	32	10	42
4. Salary Survey-Non-Rep Staff	43	22	65
5. General Inflation	-11	-21	-32
6. Pension Rate for Gain Sharing	-12	-4	-16
7. Japanese American Legacy Project	50	0	50
8. Suspend Unfunded Liability Contribs	-39	-15	-54
Total 2005-07 Biennium	**3,266**	**2,813**	**6,079**
Fiscal Year 2006 Total	1,636	1,380	3,016
Fiscal Year 2007 Total	1,630	1,433	3,063

Comments:

1. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and Eastern Washington Museum Account-Non-Appropriated)

2. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State and Eastern Washington Museum Account-Non-Appropriated)

3. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and Eastern Washington Museum Account-Non-Appropriated)

4. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State and Eastern Washington Museum Account-Non-Appropriated)

5. **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.

6. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State and Eastern Washington Museum Account-Non-Appropriated)

7. **Japanese American Legacy Project** - Funding is provided for the Densho Japanese American Legacy Project. This funding is to be disbursed through the Cheney Cowles Museum in Spokane. The project will develop an oral history of the early immigration of the Japanese to the Spokane area and subsequent history.

8. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State and Eastern Washington Museum Account-Non-Appropriated)

State School for the Blind

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**9,255**	**1,335**	**10,590**
2005 Supplemental *	15	0	15
Total 2003-05 Biennium	**9,270**	**1,335**	**10,605**
2005-07 Maintenance Level	**10,019**	**1,336**	**11,355**
Policy Changes			
1. Middle Management Reduction	-55	0	-55
2. WFSE COLA/Salary Survey	130	0	130
3. Super Coalition Health Benefits	181	0	181
4. Classification Revisions	18	0	18
5. COLA-Non-Represented	73	0	73
6. Non-Represented Health Benefit Chg	20	0	20
7. Salary Survey-Non-Rep Staff	43	0	43
8. General Inflation	-34	-1	-35
9. Distance Learning	210	0	210
10. Pension Rate for Gain Sharing	-86	0	-86
11. Suspend Unfunded Liability Contribs	-135	0	-135
Total 2005-07 Biennium	**10,384**	**1,335**	**11,719**
Fiscal Year 2006 Total	5,133	667	5,800
Fiscal Year 2007 Total	5,251	668	5,919

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State)

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 mission.

9. **Distance Learning** - Funding is provided for digital classroom access to specialized training through the use of current and future technology.

10. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

11. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology).

State School for the Blind

For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

State School for the Deaf

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**15,137**	**232**	**15,369**
2005-07 Maintenance Level	**16,764**	**232**	**16,996**
Policy Changes			
1. Middle Management Reduction	-55	0	-55
2. WFSE COLA/Salary Survey	218	0	218
3. Super Coalition Health Benefits	339	0	339
4. Classification Revisions	18	0	18
5. COLA-Non-Represented	65	0	65
6. Non-Represented Health Benefit Chg	20	0	20
7. Salary Survey-Non-Rep Staff	20	0	20
8. General Inflation	-64	0	-64
9. Pension Rate for Gain Sharing	-110	0	-110
10. Suspend Unfunded Liability Contribs	-183	0	-183
Total 2005-07 Biennium	**17,032**	**232**	**17,264**
Fiscal Year 2006 Total	8,419	116	8,535
Fiscal Year 2007 Total	8,613	116	8,729

Comments:

1. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency.

2. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

3. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

4. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)

5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State)

6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation."(General Fund-State)

7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State)

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 mission.

9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State)

10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State)

Special Appropriations

STATE EMPLOYEE COMPENSATION

Employee Health Benefit Changes – $118.8 Million General Fund-State, $89.9 Million Other Funds

The budget increases funding for state employee health benefits in general government and higher education. The increases for represented state employees comply with the collective bargaining agreements reached by the Governor's Office of Labor Relations and the unions representing state employees in general government and higher education. The amount paid by employing agencies increases from $584.58 per employee per month in fiscal year 2005 to $663.00 per employee per month in fiscal year 2006. In fiscal year 2007, the employer contribution per represented employee is $744.00 per month, while the employer rate per non-represented employee is $618.00 per month.

Funding levels are adequate to limit the employee share of medical premiums costs to no more than 12 percent (assuming an 8.5 percent annual rate of inflation). An additional $20 million reserve has been set aside in the insurance account to cover the costs of inflation if it is greater than expected. If additional funds are needed to cover the cost of inflation in employee health benefits, the Legislature intends to appropriate such sums as necessary to prevent the average employee share of premium costs rising above 12 percent, up to a maximum of 11 percent annual inflation.

Increase Salaries for Represented Employees – $104.7 Million General Fund-State, $77.5 Million Other Funds

Funding is provided to cover the costs of collective bargaining agreements. The agreements generally provide cost-of-living adjustments (COLAs) of 3.2 percent on July 1, 2005, and 1.6 percent on July 1, 2006, with the 1.6 percent increase expiring on June 30, 2007. One exception to this is the agreement with the International Brotherhood of Teamsters; the second-year cost-of-living increase is 2.9 percent. Most agreements provide for the implementation of the Department of Personnel's 2002 Salary Survey for those classifications that are more than 25 percent behind the market rate of compensation.

Increase Salaries for Non-Represented Employees – $102.1 Million General Fund-State, $97.7 Million Other Funds

Funding is provided for COLAs of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006. The 1.6 percent increase expires on June 30, 2007. Funding is also provided for job classifications that are more than 25 percent behind the market rate of compensation according to the Department of Personnel's 2002 Salary Survey.

Pension Funding Changes – $325.3 Million General Fund-State, $61.5 Million Other Funds

Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044), pertaining to pension funding methodology. The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities (UAAL) in PERS Plan 1 and TRS Plan 1. The Select Committee on Pension Policy will study gain sharing during fiscal year 2006. A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS. The employee contribution rates in fiscal year 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2. In fiscal year 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2. For retirement system plans unaffected by gain sharing and amortization of the UAAL, funding is provided for the contribution rates recommended by the Pension Funding Council and adopted by the Law Enforcement

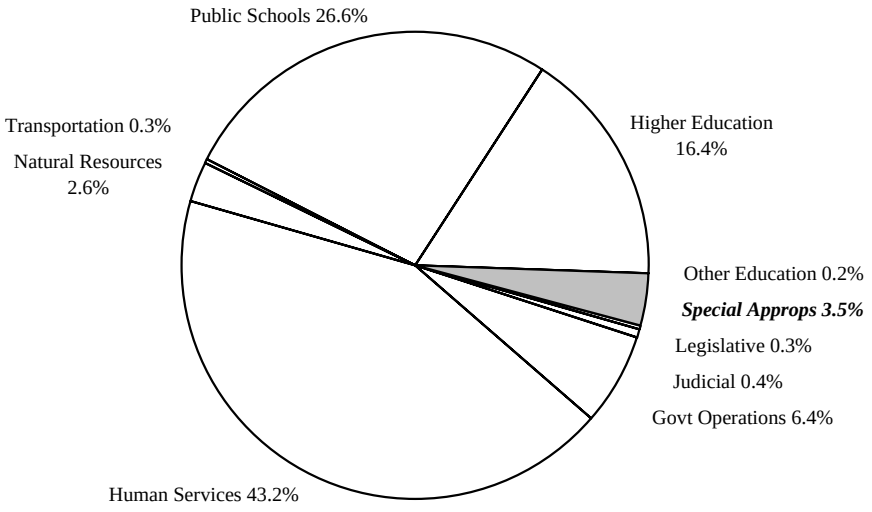
Officers' and Fire Fighters (LEOFF) Plan 2 Board. For the Pension Funding Council, these rates include no resumption of contribution rates for employers and employees in the LEOFF Retirement System Plan 1 during the 2005-07 biennium and a 4.51 percent of pay contribution rate for both employers and employees of the Washington State Patrol Retirement System. The rates adopted by the LEOFF Plan 2 Board incorporate a phased-in schedule of annual contribution rates, including employee contribution rates of 6.75 percent of pay in fiscal year 2006 and 7.55 percent of pay in fiscal year 2007.

2005-07 Washington State Operating Budget

Total Budgeted Funds

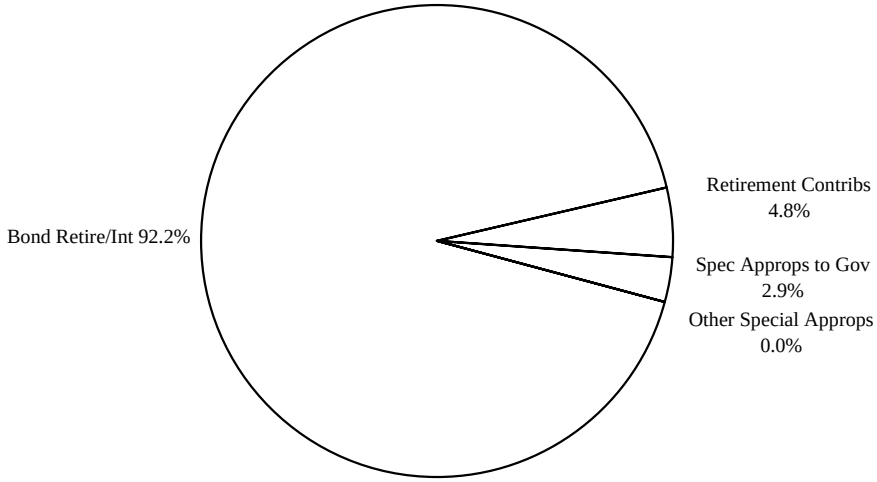
(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	3,188,651
Human Services	21,370,163
Natural Resources	1,296,763
Transportation	145,790
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	***1,736,187***
Statewide Total	**49,449,853**



Washington State

Bond Retire/Int	1,601,604
Retirement Contributions	83,600
Spec Approps to Gov	50,483
Other Special Approps	500
Special Appropriations	***1,736,187***



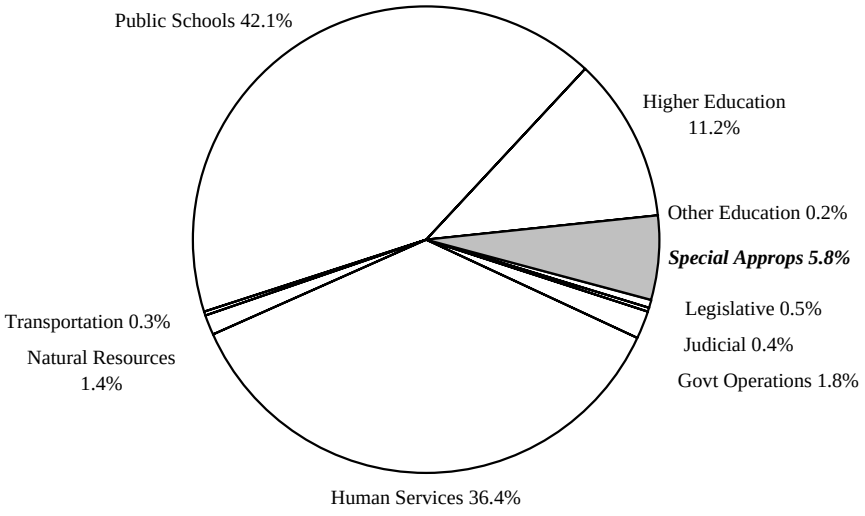
Special Appropriations

2005-07 Washington State Operating Budget

General Fund-State

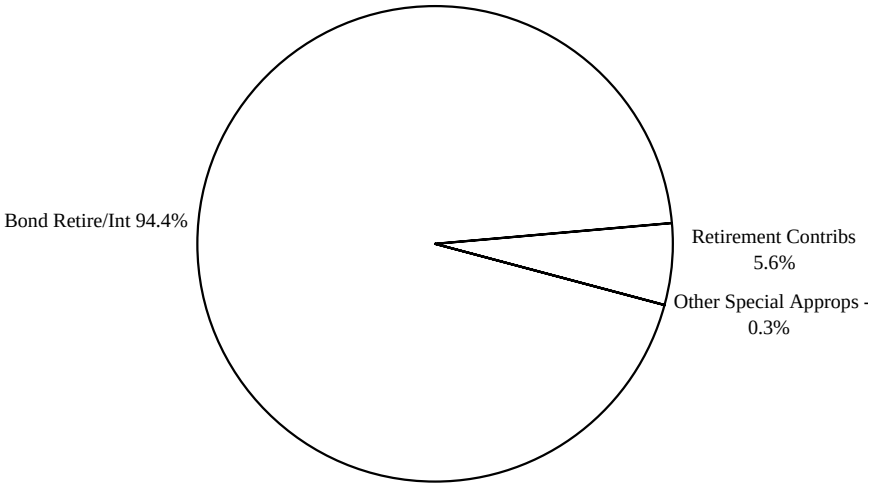
(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
Human Services	9,458,768
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	***1,500,021***
Statewide Total	**25,952,414**



Washington State

Bond Retire/Int	1,416,608
Retirement Contributions	83,600
Other Special Approps	-187
Special Appropriations	***1,500,021***



Special Appropriations

Bond Retirement and Interest

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**1,236,903**	**202,059**	**1,438,962**
2005 Supplemental *	-1,400	-3,600	-5,000
Total 2003-05 Biennium	**1,235,503**	**198,459**	**1,433,962**
2005-07 Maintenance Level	**1,389,422**	**185,153**	**1,574,575**
Policy Changes			
1. New Debt 2005-07 Capital Budget	27,200	0	27,200
2. General Inflation	-14	-157	-171
Total 2005-07 Biennium	**1,416,608**	**184,996**	**1,601,604**
Fiscal Year 2006 Total	720,389	94,427	814,816
Fiscal Year 2007 Total	696,219	90,569	786,788

Comments:

1. **New Debt 2005-07 Capital Budget** - Funding is provided for debt service and bond sale expenses required for the enacted 2005-07 biennium capital budget.

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 mission. (General Fund-State, State Building Construction Account-State)

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

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Special Appropriations to the Governor

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**34,986**	**58,224**	**93,210**
2005 Supplemental *	261,150	0	261,150
Total 2003-05 Biennium	**296,136**	**58,224**	**354,360**
2005-07 Maintenance Level	**18,800**	**4,000**	**22,800**
Policy Changes			
1. K-20 Telecommunications Network	-3,420	3,000	-420
2. Sex Offender Sentencing Impact	837	0	837
3. Small Agency Info Technology Pool	500	0	500
4. Capitol Building Construction Acct	1,600	0	1,600
5. State Purchasing Strategy	-25,000	0	-25,000
6. Base Realignment and Closure Assist	150	0	150
7. Life Science	150	0	150
8. Mission Critical Staff	4,000	0	4,000
9. Individual Developmt Acct (HB 1408)	1,021	0	1,021
10. Mental Health Task Force (HB 1290)	50	0	50
11. County Public Health Assistance	0	48,000	48,000
12. Extraordinary Criminal Justice Cost	0	70	70
13. Eliminate Double-Filled Positions	-4,000	0	-4,000
14. Emergency Drought Declaration	725	0	725
Total 2005-07 Biennium	**-4,587**	**55,070**	**50,483**
Fiscal Year 2006 Total	2,395	27,570	29,965
Fiscal Year 2007 Total	-6,982	27,500	20,518

Comments:

1. **K-20 Telecommunications Network** - Funding is provided from Qwest settlement proceeds for the ongoing operational costs and equipment replacement expenses of the K-20 Educational Network for the universities, community and technical colleges, educational service districts, public school districts, and public libraries. (Education Technology Revolving Account-Non-Appropriated)

2. **Sex Offender Sentencing Impact** - In 2004, the Legislature enacted House Bill 2400 (Chapter 176, Laws of 2004), which makes improvements to the Special Sex Offender Sentencing Alternative and imposes a new requirement on counties. Funding is provided to counties to pay for increased jail time and annual hearings after release for special sex offenders. The distribution to counties will be based on a formula provided by the Sentencing Guidelines Commission.

3. **Small Agency Info Technology Pool** - In the 2005-07 biennium, the Small Agency Initiative, a partnership between the Department of Information Services (DIS), Department of General Administration, and the Office of Financial Management (OFM), will continue its work to address the information technology (IT) technical, security, and facility requirements of small agencies. Funds are provided for deposit into the Data Processing Revolving Account for a Small Agency Information Technology Pool to accomplish the following strategies: IT technical/security and facility assessments; critical IT infrastructure equipment acquisition; and resource-sharing of IT infrastructure through co-location with larger agencies or migration to DIS centralized e-mail and server hosting services.

4. **Capitol Building Construction Acct** - Reduced timber sales (as projected in the November 2004 forecast) result in a revenue shortfall to the Capitol Building Construction Account. This is a one-time transfer. Future timber revenues should generate enough funds to meet the debt service for the Legislative Building and Department of Natural Resources Building.

5. **State Purchasing Strategy** - A new Strategic Sourcing Initiative will enable state government to purchase goods and services in a more cost-effective manner. This effort will include an analysis of all aspects of the state purchasing process.

6. **Base Realignment and Closure Assist** - Funding is provided for grants to support projects in Island County, Kitsap County, Pierce County, Snohomish County, and Spokane County when a military base in that county is at risk of being identified for closure on the federal base realignment and closure process. OFM shall establish a process for selecting projects for funding based on criteria used to determine the federal base realignment and closure list as well as recommendations by the Department of Community, Trade, and Economic Development (DCTED) and the Military Department. Final allocation of the grants shall be at the discretion and with the approval of the director of OFM.

7. **Life Science** - The Life Science Discovery Fund Authority is established by Chapter 424, Laws of 2005 (E2SSB 5581) to promote life sciences and related research to be conducted in Washington State. Funding is provided for start-up costs.

Special Appropriations to the Governor

8. **Mission Critical Staff** - Funding is provided for mission-critical staff positions throughout state government that would otherwise be eliminated due to budget reductions in individual agencies. None of these funds may be used, directly or indirectly, to increase employee compensation. The Director of OFM may increase agency allotments to reflect this item. The Governor vetoed this appropriation. See below.

9. **Individual Developmt Acct (HB 1408)** - Funding is provided for the implementation of Chapter 402, Laws of 2005 (SHB 1408 - Individual Development Accounts).

10. **Mental Health Task Force (HB 1290)** - Funds are provided for the task force created in Chapter 503, Laws of 2005, Partial Veto (E2SHB 1290 - Community Mental Health).

11. **County Public Health Assistance** - Assistance is provided to local public health districts to support essential public health services. DCTED will distribute funds to local public health jurisdictions. (Health Services Account-State)

12. **Extraordinary Criminal Justice Cost** - Funding is provided to assist a county experiencing extraordinary costs in a criminal justice case.

13. **Eliminate Double-Filled Positions** - This reduction reflects General Fund-State savings resulting from the elimination of agency exempt employee positions that have been double-filled by two or more employees. The Director of OFM shall reduce agency allotments to reflect the savings. The Governor vetoed this reduction. See below.

14. **Emergency Drought Declaration** - Funds are provided for appropriation to the State Emergency Water Projects Revolving Account.

NOTE: Amounts shown here reflect only the omnibus appropriations act. The remainder of the Special Appropriations to the Governor's budget is shown in the Transportation Budget Section of this document.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Governor's Vetoes:

The Governor vetoed Sections 717, 718, and 721 of Chapter 518, Laws of 2005, Partial Veto, which directed OFM to eliminate agency exempt employee positions that have been double-filled by two or more employees (section 717), allocated replacement funds for critical staffing needs of state agencies (section 718), and required OFM to report to the Legislature on the reduction of 1,000 middle management position in state agencies (section 721). These vetoes, when taken together, did not change the appropriation.

Contributions to Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**54,660**	**0**	**54,660**
2005-07 Maintenance Level	**81,400**	**0**	**81,400**
Policy Changes			
1. Emergency Medical Technicians	300	0	300
2. Disability Allowance	1,900	0	1,900
Total 2005-07 Biennium	**83,600**	**0**	**83,600**
Fiscal Year 2006 Total	38,750	0	38,750
Fiscal Year 2007 Total	44,850	0	44,850

Comments:

1. **Emergency Medical Technicians** - Funding is provided for the increase in state contributions related to allowing certain emergency medical technicians belonging the the Public Employees' Retirement System Plan 2 to transfer into the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2, pursuant to Chapter 459, Laws of 2005 (SHB 1936). (General Fund-State)

2. **Disability Allowance** - Funding is provided to cover the additional state contributions required for LEOFF Plan 2 as a result of eliminating the actuarial reduction for early retirement applied to the retirement allowance of members disabled as a result of injuries incurred in the line of duty, pursuant to Chapter 451, Laws of 2005 (SSB 5615). (General Fund-State)

Agency 707

Sundry Claims

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**82**	**395**	**477**
2005 Supplemental *	155	107	262
Total 2003-05 Biennium	**237**	**502**	**739**
2005-07 Maintenance Level	**3**	**15**	**18**
Policy Changes			
1. General Inflation	-3	-15	-18
Total 2005-07 Biennium	**0**	**0**	**0**
Fiscal Year 2006 Total	0	0	0
Fiscal Year 2007 Total	0	0	0

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.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

State Employee Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	**43,464**	**36,615**	**80,079**
2005 Supplemental *	-381	-337	-718
Total 2003-05 Biennium	**43,083**	**36,278**	**79,361**
2005-07 Maintenance Level	**4,400**	**-3,900**	**500**
Total 2005-07 Biennium	**4,400**	**-3,900**	**500**
Fiscal Year 2006 Total	0	0	0
Fiscal Year 2007 Total	4,400	-3,900	500

Comments:

Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with Chapter 370, Laws of 2005 (ESHB 1044 - Pension Funding Methodology).

The following are suspended for the 2005-07 biennium: (1) contributions towards the cost of future gain-sharing benefits in Plans 1 and 3 of PERS, TRS, and SERS; and (2) the cost of amortizing the Unfunded Accrued Actuarial Liabilities (UAAL) in PERS Plan 1 and TRS Plan 1.

The Select Committee on Pension Policy will study gain sharing during FY 2006.

A phased-in schedule of contribution rates is adopted for PERS, TRS, and SERS.

The employee contribution rates in FY 2006 are 2.25 percent of pay for PERS Plan 2, 2.48 percent of pay for TRS Plan 2, and 2.75 percent of pay for SERS Plan 2.

In FY 2007, the employee contribution rates are 3.50 percent of pay for PERS Plan 2, 3.00 percent of pay for TRS Plan 2, and 3.75 percent of pay for SERS Plan 2.

For retirement system plans unaffected by gain sharing and amortization of the UAAL, funding is provided for the contribution rates recommended by the Pension Funding Council and adopted by the Law Enforcement Officers' and Fire Fighters' Plan 2 Board (LEOFF 2 Board).

For the Pension Funding Council, these rates include no resumption of contribution rates for employers and employees in the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 during the 2005-07 biennium, and a 4.51 percent of pay contribution rate for both employers and employees of the Washington State Patrol Retirement System.

The rates adopted by the LEOFF 2 Board incorporate a phased-in schedule of annual contribution rates, including employee contribution rates of 6.75 percent of pay in FY 2006, and 7.55 percent of pay in FY 2007. (General Fund-State, other funds)

NOTE: Amounts shown here reflect only the omnibus appropriations act. The remainder of the State Employee Compensation Adjustments's budget is shown in the Transportation Budget Section of this document.

* Please see the 2005 Supplemental Operating Budget Section for additional information.