

Special Appropriations

Employee Health Benefit Funding Rate Reduction

The state employer contribution rate paid to the Public Employee Benefits Board (PEBB) is reduced from \$732 per employee per month to \$561 per employee per month. Expenditures for employee health benefits during the 2007-09 biennium are anticipated to be lower than budgeted due to the removal of funding for a new information technology system for employee benefits and unexpectedly low health care costs in calendar year 2008, resulting in a savings of \$115.7 million Near General Fund-State and \$96.0 million other fund savings. Funds will be expended from PEBB reserves, including those reserves that accumulated due to lower-than-budgeted expenditures during the 2005-07 and 2007-09 biennia, in order to support the cost of benefits during fiscal year 2009. PEBB will maintain the current 88 percent employer share of the weighted average medical insurance premium and will also continue to pay the cost of dental, life, and long-term disability insurance.

Federal Audit Determination

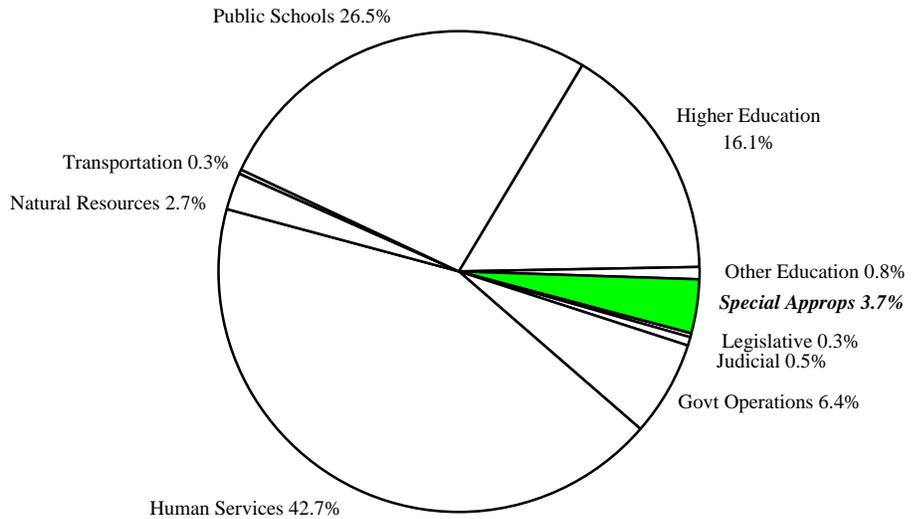
The U.S. Department of Health and Human Services has determined that a portion of funds transferred from the Public Employees' and Retirees' Insurance Account to the general fund in the 2006 supplemental operating budget contained federal funds that were not authorized to be included in the transfer. The budget includes an \$11.0 million one-time repayment of funds that comprise the amount of the transfer that is attributable to federal participation in the funding of benefits by employer agencies from the date of the transfer.

Extraordinary Criminal Justice Costs

Funding is provided to Klickitat County (\$48,000) and Yakima County (\$141,000) to assist with extraordinary criminal justice costs.

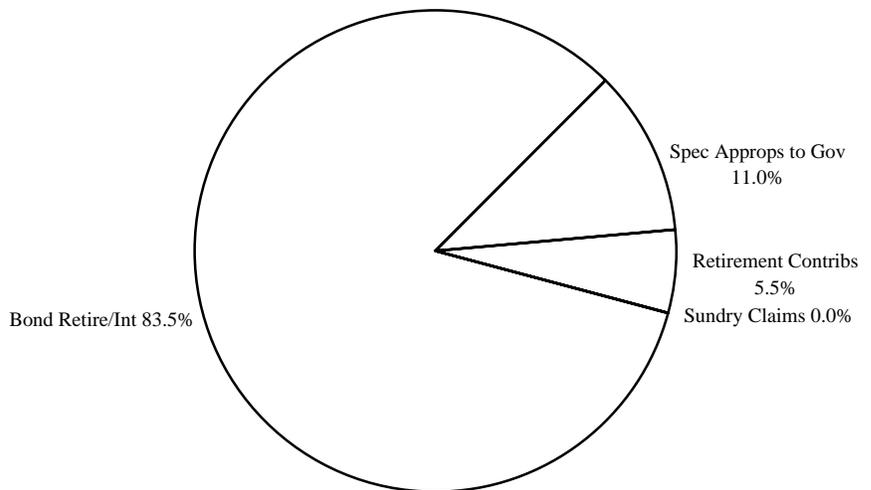
**2007-09 Washington State Omnibus Operating Budget
Including 2008 Supplemental
Total Budgeted Funds**
(Dollars in Thousands)

Legislative	172,104
Judicial	289,761
Governmental Operations	3,660,925
Human Services	24,411,438
Natural Resources	1,549,219
Transportation	171,443
Public Schools	15,167,950
Higher Education	9,212,934
Other Education	447,620
<i>Special Appropriations</i>	<i>2,113,197</i>
Statewide Total	57,196,591



Washington State

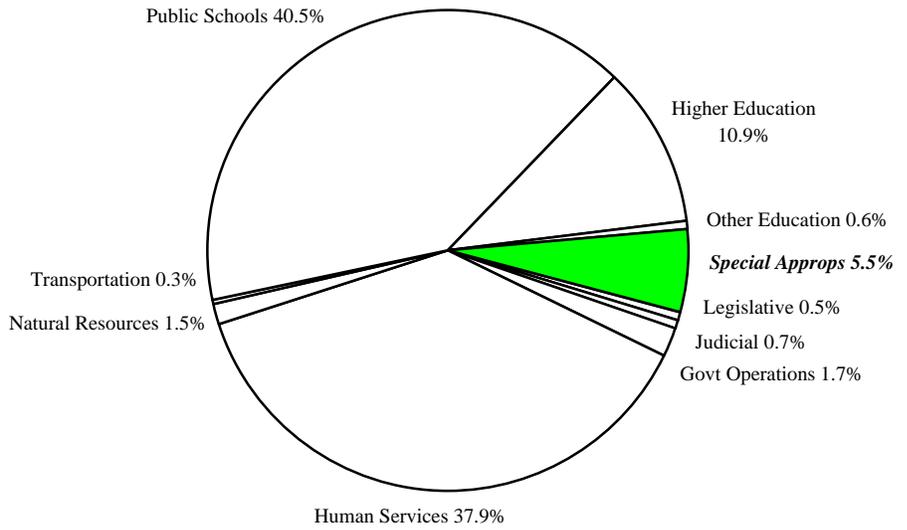
Bond Retirement & Interest	1,763,731
Special Approps to Governor	232,978
Retirement Contributions	116,400
Sundry Claims	88
<i>Special Appropriations</i>	<i>2,113,197</i>



Special Appropriations

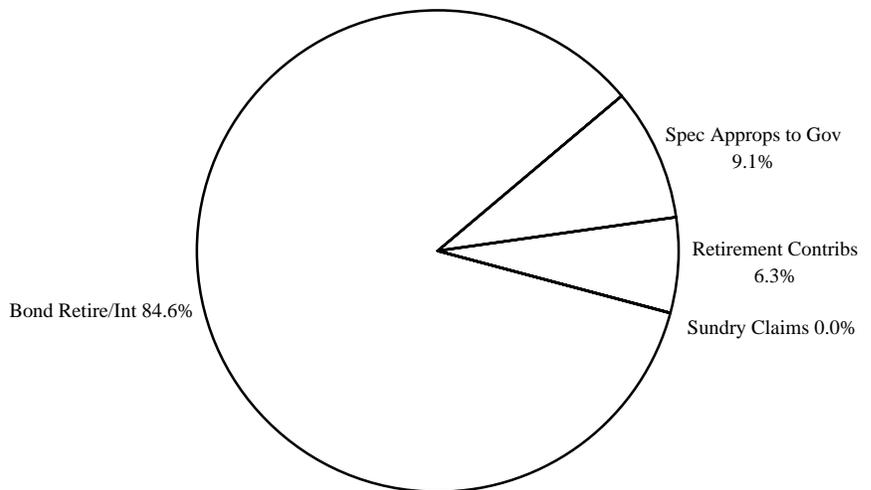
2007-09 Washington State Omnibus Operating Budget
Including 2008 Supplemental
Near General Fund - State
(Dollars in Thousands)

Legislative	167,290
Judicial	248,838
Governmental Operations	572,949
Human Services	12,745,221
Natural Resources	509,186
Transportation	85,614
Public Schools	13,621,900
Higher Education	3,653,746
Other Education	188,438
<i>Special Appropriations</i>	<i>1,862,037</i>
Statewide Total	33,655,219



Washington State

Bond Retirement & Interest	1,575,674
Special Approps to Governor	169,875
Retirement Contributions	116,400
Sundry Claims	88
<i>Special Appropriations</i>	<i>1,862,037</i>



Special Appropriations

Bond Retirement and Interest

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2007-09 Original Appropriations	1,546,530	185,156	1,731,686
Total Maintenance Changes	29,144	2,901	32,045
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2007-09 Revised Appropriations	1,575,674	188,057	1,763,731
Fiscal Year 2008 Total	101,000	0	101,000
Fiscal Year 2009 Total	-101,000	0	-101,000

Comments:

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.

Sundry Claims

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2007-09 Original Appropriations	0	0	0
Policy Changes - Non-Comp			
1. Self-Defense Claims	88	0	88
Policy -- Non-Comp Total	88	0	88
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2007-09 Revised Appropriations	88	0	88
Fiscal Year 2008 Total	88	0	88

Comments:

- Self-Defense Claims** - On the recommendation of the Office of Risk Management, payment is made under RCW 9A.16.110 for claims for reimbursement of legal costs and other expenses of criminal defendants acquitted on the basis of self defense.

State Employee Compensation Adjustments

(Dollars in Thousands)

	NGF-S	Other	Total
2007-09 Original Appropriations	830	700	1,530
Total Maintenance Changes	-830	-700	-1,530
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2007-09 Revised Appropriations	0	0	0
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Comments:

PEBB Rate Reduction - Funding is lowered to reflect a reduction of the state employer contribution rate from \$732 per month to \$561 per month. Projected Public Employees Benefit Board (PEBB) expenditures for the 2007-09 biennium are anticipated to be lower than budgeted because: (1) health plan costs for calendar year 2008 are lower than expected, which will benefit both the state and its employees; and (2) funding was removed from the PEBB administrative cost allocation for an information technology system replacement due to the restrictive nature of federal funding. Funds will be expended from the PEBB reserves, including those reserves accumulated due to lower-than-budgeted expenditures during the 2005-07 and 2007-09 biennia, to account for the cost of benefits that are in excess of budgeted revenues and maintain the state-paid 88 percent of the total weighted average of the employee health care premium and also pay for the cost of dental, life, and long-term disability insurance. (General Fund-State, various other funds)

Special Appropriations to the Governor

(Dollars in Thousands)

	NGF-S	Other	Total
2007-09 Original Appropriations	135,662	58,156	193,818
Total Maintenance Changes	0	-2,742	-2,742
Policy Changes - Non-Comp			
1. Fire Contingency	4,500	4,500	9,000
2. Federal Audit Determination	11,000	0	11,000
3. County Controlled Substance Funds	200	0	200
4. Insurance Accounting System	4,661	2,939	7,600
5. Water Quality Capital Acct Transfer	-2,861	0	-2,861
6. Columbia River Water Delivery Acct	2,150	0	2,150
7. Individual Development Acct Transf	1,000	0	1,000
8. Family Leave Insurance Account	6,218	0	6,218
9. Skeletal Human Remains Account	500	0	500
10. Smart Homeownership Choices	250	250	500
11. Manufacturing Innovation Account	306	0	306
12. Extraordinary Criminal Justice Cost	189	0	189
13. Developmental Disabilities Trust	100	0	100
14. SB 6335 - Homeless Families Svcs	6,000	0	6,000
Policy -- Non-Comp Total	34,213	7,689	41,902
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2007-09 Revised Appropriations	169,875	63,103	232,978
Fiscal Year 2008 Total	25,939	1,250	27,189
Fiscal Year 2009 Total	8,274	6,439	14,713

Comments:

1. **Fire Contingency** - The fire contingency pool was created in 1999 to address fire mobilization costs and fire suppression costs in excess of the amounts appropriated directly to agencies. Funds are appropriated from the general fund to the Disaster Response Account to replenish the contingency pool. The pool provides allocations to the Washington State Patrol for any fire service resource mobilization costs incurred in response to an emergency or disaster authorized under RCW 43.43.960 through 43.43.964. (General Fund-State, Disaster Response Account-State)
2. **Federal Audit Determination** - The U.S. Department of Health and Human Services has determined that a portion of funds transferred from the Public Employees' and Retirees' Insurance (PERI) Account to the general fund in FY 2006 and FY 2007 pursuant to Chapter 372, Laws of 2006 (E2SSB 6239), Section 805 and Section 806, contained federal funds that were not authorized to be included in the transfer. This one-time repayment of funds includes the amount of the transfer that is attributable to federal participation in the funding of benefits by employer agencies, plus interest from the date of the transfer.
3. **County Controlled Substance Funds** - Chapter 339, Laws of 2006 (E2SSB 6239), expressed the Legislature's intent to provide \$100,000 per year to counties that imposed the one-tenth of 1 percent sales tax for chemical dependency or substance abuse treatment, starting in FY 2008 and ending in FY 2010. In addition to Clallam, Jefferson, Spokane, Okanogan, Clark, and Skagit Counties funded in the enacted 2007-09 budget, Island County and King County have imposed the tax and are now eligible for funding.
4. **Insurance Accounting System** - Funds are provided to change the manner in which the Health Care Authority's (HCA's) Benefits Administration and Insurance Accounting System (BAIAS) project is funded. In the 2007-09 biennial budget, BAIAS was funded from an HCA Administrative Account appropriation, supported by transfers from the PERI Account. In a September 13, 2007, letter from the Department of Health and Human Services to all states, the federal government reasserted its prohibition on using federal resources to pay, either directly or indirectly, for enterprise-wide central services information technology systems. The 2008 supplemental budget discontinues funding via the PERI Account, and funding is provided to the HCA Administrative Account from state funds that support Public Employees Benefit Board (PEBB)-eligible employees. Additionally, the level of funds provided are reduced from the 2007-09 transfer level from the PERI Account to reflect a policy change to discontinue the BAIAS project. (General Fund-State, Public Safety and Education Account-State, Water Quality Account-State, Violence Reduction and Drug Enforcement Account-State, Health Services Account-State, other dedicated accounts)
5. **Water Quality Capital Acct Transfer** - The Water Quality Capital Account is used to fund water quality projects and activities. Its sole revenue source is an appropriation from the Water Quality Account. The dollar amount of this appropriation is reduced, and \$3 million is shifted from FY

Special Appropriations to the Governor

2008 to FY 2009 to coincide with anticipated expenditure levels in the Water Quality Capital Account and expected revenue in the Water Quality Account during the 2007-09 biennium. (Water Quality Account-State)

6. **Columbia River Water Delivery Acct** - Funds are provided for expenditure into the Columbia River Water Delivery Account for the purposes of Chapter 82, Laws of 2008 (E2SSB 6874).
7. **Individual Development Acct Transf** - Funds are provided for expenditure into the Individual Development Program Account.
8. **Family Leave Insurance Account** - Funds are provided for expenditure into the Family Leave Insurance Account.
9. **Skeletal Human Remains Account** - Funds are provided for expenditure into the Skeletal Human Remains Assistance Account for the purposes of Chapter 275, Laws of 2008 (E2SHB 2624).
10. **Smart Homeownership Choices** - Funds are provided for expenditure into the Smart Homeownership Program Account to assist low- and moderate-income households facing foreclosure.
11. **Manufacturing Innovation Account** - Funds are provided for expenditure into the Manufacturing Innovation and Modernization Account for the purposes of Chapter 315, Laws of 2008 (SSB 6510).
12. **Extraordinary Criminal Justice Cost** - Funding is provided to Klickitat County (\$48,000) and Yakima County (\$141,000) to assist with extraordinary criminal justice costs.
13. **Developmental Disabilities Trust** - Funds are provided for expenditure into the Developmental Disabilities Endowment Trust Fund to make available state matching funds for private contributions. The trust fund encourages families to invest funds for the future care of family members with developmental disabilities.
14. **SB 6335 - Homeless Families Svcs** - Funds are appropriated to the Homeless Families Services Account pursuant to Chapter 2, Laws of 2008 (SB 6335), to be used by the Department of Community, Trade, and Economic Development for transitional housing through the Washington Families Fund.

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.