

# Special Appropriations

Employee compensation related changes are displayed in individual agency budgets, including the Office of the Superintendent of Public Instruction and the institutions of higher education.

## **Special Appropriations (Non-Compensation Related Items)**

### **Central Services Efficiencies**

The Department of Enterprise Services, created in Chapter 43, Laws of 2011, 1<sup>st</sup> sp.s. Partial Veto (ESSB 5931), achieves \$1.9 million in state general fund savings by more efficiently delivering services. Savings may be generated from eliminating under-utilized services, reviewing rates charged to agencies, eliminating or merging duplicated services, procuring services differently, including contracting for services, and other efficiency measures.

### **Workers Compensation**

Savings of \$6 million state general fund are achieved pursuant to Chapter 37, Laws of 2011, 1<sup>st</sup> sp.s. (EHB 2123). The legislation makes a number of changes including authorizing claim resolution structured settlement agreements for workers age 55 or older with a phase in to younger workers over time. The state general fund savings are from reduced workers compensation charges to the state.

## **Special Appropriations (Compensation Related Items)**

### **Health Care Authority**

#### **K-12 Health Benefits Consolidated Purchasing Implementation Plan**

Funding of \$1.2 million is provided to the Health Care Authority (HCA). HCA must develop a plan to implement a consolidated health benefits system for K-12 employees for the 2013-14 school year. HCA is required to deliver a report to the Legislature by December 15, 2011, that sets forth the implementation plan. The report prepared by HCA shall include a comparison of the costs and benefits, both long and short term, of the current K-12 health benefits system, the creation of a new K-12 employee benefits pool, and the prospect of enrolling K-12 employees into the health benefits pool for state employees.

### **State Employee Compensation**

#### **Average Final Salary Adjustments for Retiring Employees**

Funding of \$0.7 million state general fund and \$0.6 million in other funds is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1<sup>st</sup> sp.s. (HB 2070). Additional funding for the impact on state-funded employees in the K-12 system is included in school district allocations.

#### **Eliminate Future Plan 1 Annual Increases**

Savings are assumed from changes pursuant to Chapter 362, Laws of 2011 (SHB 2021). The Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1 (PERS and TRS Plans 1) annual increase amount, commonly referred to as the "Uniform COLA" was created in 1995 and is an automatic, annual, service-based adjustment paid every July 1.

The annual increase amount is payable on the first calendar year in which the recipient turns age 66 and has been retired for one year. The annual increase amount is not a percentage increase but instead is a fixed dollar amount multiplied by the member's total years of service. The dollar amount of the annual increase is currently \$1.88 and increases by 3 percent every year on July 1. For a member with 30 years of service, this would have most recently increased the member's benefit by \$56.40 per month.

Statute specifies that members and retirees do not have a contractual right to future annual increases.

Savings are achieved by ending future automatic benefit increases in the PERS and TRS Plans 1 consistent with the passage of Chapter 362, Laws of 2011 (SHB 2021). The basic minimum benefit amount in the plans continues to be increased by the annual increase amount, and the alternative minimum benefit is raised to \$1,500 per month. The unfunded accrued actuarial liability in PERS and TRS Plans 1 is reduced by about \$4 billion.

### **3 Percent Salary Reduction for State Employees (-\$175.8 Million General Fund-State; -\$85.4 Million other funds)**

Funding is reduced to reflect a 3 percent cost savings in employee salaries, excluding several groups of employees including: those earning less than \$2,500 per month; certain employees of the Washington State Patrol and the Washington State Department of Transportation; and others, consistent with Chapter 39, Laws of 2011, 1<sup>st</sup> sp.s. (ESSB 5860). The reduction is temporary through the 2011-13 biennium only.

The reductions will be implemented consistent with collective bargaining agreements ratified for the 2011-13 biennium, or for represented groups that are considered for fiscal year 2012 to be in the "tail" or continuing year of a 2009-11 collective bargaining agreement, the reduction will be implemented according to the terms and conditions of the 2009-11 agreements. Employees subject to the 3.0 percent reduction in salary and otherwise eligible for leave will receive temporary salary reduction leave of up to 5.2 hours per month.

For fiscal year 2013, funding levels in agency budgets are reduced to reflect a 3.0 percent temporary reduction for all salary expenditures not exempted by ESSB 5860. State institutions of higher education are similarly required to implement compensation reductions equivalent to the 3 percent reduction amounts referenced in the omnibus appropriations act.

### **Management Efficiencies (-\$14.2 Million General Fund-State)**

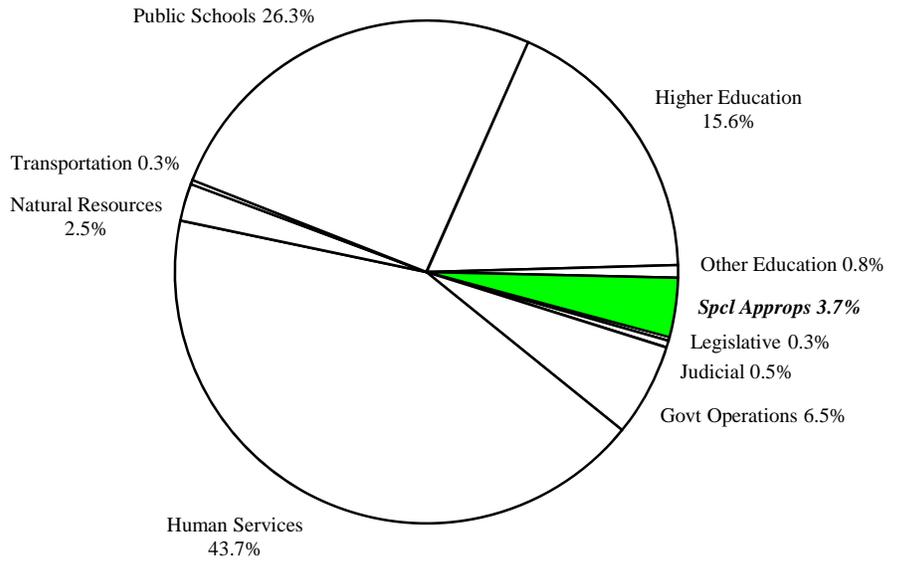
Agencies are required to implement management and administrative reforms, such as de-layering and streamlining of support functions that will result in increased efficiency and reduce agency expenditures. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce and shall be prepared to provide relevant information in hearings and work sessions.

## 2011-13 Washington State Omnibus Operating Budget

### Total Budgeted Funds

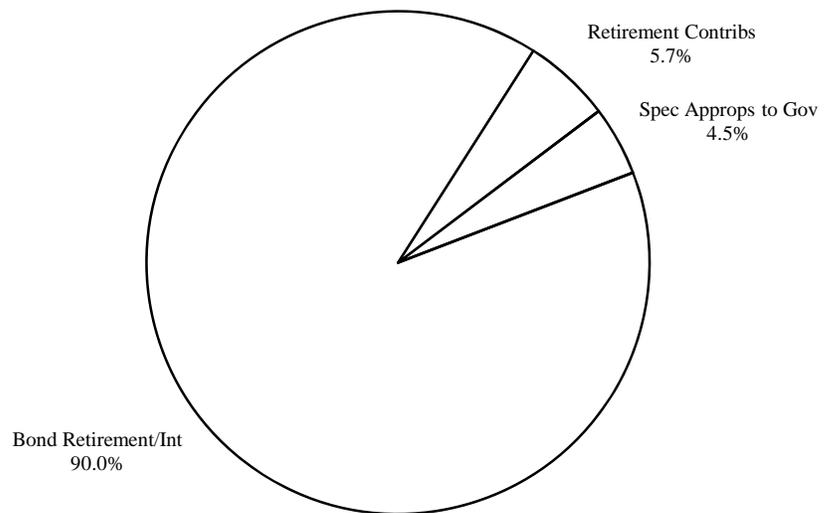
(Dollars in Thousands)

Legislative	149,429
Judicial	274,987
Governmental Operations	3,707,655
Human Services	26,344,252
Natural Resources	1,490,117
Transportation	176,473
Public Schools	15,915,437
Higher Education	11,126,495
Other Education	503,435
<b><i>Special Appropriations</i></b>	<b><i>2,355,947</i></b>
<b>Statewide Total</b>	<b>62,044,227</b>



### Washington State

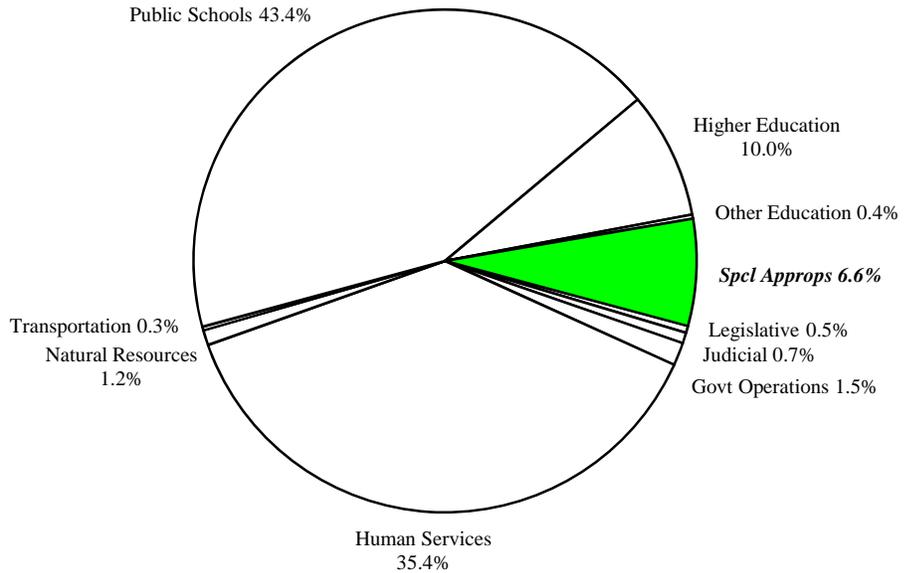
Bond Retire/Int	2,120,814
Retirement Contributions	133,476
Spec Approps to Gov	105,507
Other Spcl Approps	-3,850
<b><i>Special Appropriations</i></b>	<b><i>2,355,947</i></b>



### *Special Appropriations*

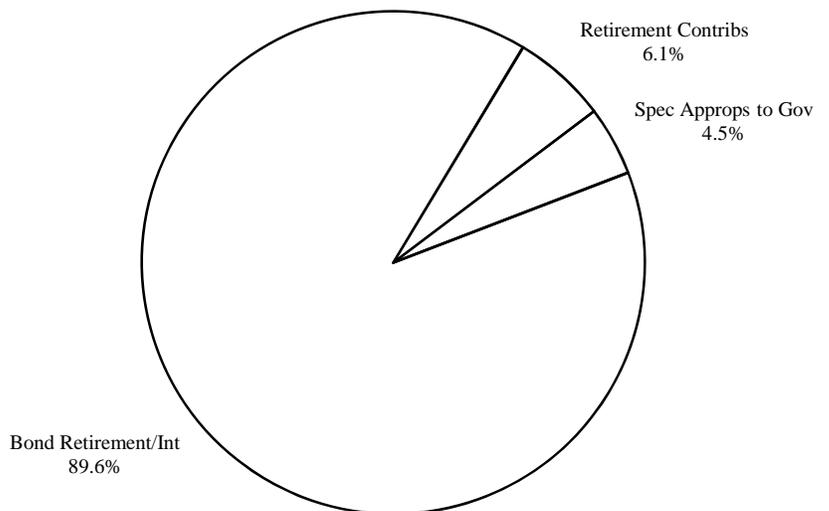
## 2011-13 Washington State Omnibus Operating Budget Near General Fund-State (Dollars in Thousands)

Legislative	142,344
Judicial	221,808
Governmental Operations	474,248
Human Services	12,080,537
Natural Resources	309,303
Transportation	78,272
Public Schools	13,783,321
Higher Education	2,602,642
Other Education	86,323
<b><i>Special Appropriations</i></b>	<b><i>2,194,154</i></b>
<b>Statewide Total</b>	<b>31,972,952</b>



### Washington State

Bond Retire/Int	1,966,521
Retirement Contributions	133,476
Spec Approps to Gov	98,007
Other Spcl Approps	-3,850
<b><i>Special Appropriations</i></b>	<b><i>2,194,154</i></b>



### *Special Appropriations*

### Bond Retirement and Interest

(Dollars in Thousands)

	NGF-S	Other	Total
<b>2009-11 Expenditure Authority</b>	<b>1,793,797</b>	<b>183,480</b>	<b>1,977,277</b>
<b>2011-13 Maintenance Level</b>	<b>1,938,287</b>	<b>154,293</b>	<b>2,092,580</b>
<b>Policy Changes - Non-Comp</b>			
1. Debt Services	28,234	0	28,234
<b>Policy -- Non-Comp Total</b>	<b>28,234</b>	<b>0</b>	<b>28,234</b>
<b>Total 2011-13 Biennium</b>	<b>1,966,521</b>	<b>154,293</b>	<b>2,120,814</b>
Fiscal Year 2012 Total	952,920	78,451	1,031,371
Fiscal Year 2013 Total	1,013,601	75,842	1,089,443

**Comments:**

- Debt Services** - Funding is provided for debt service related to the capital budget.

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 2011 Supplemental Operating Budget Section for additional information.

## Special Appropriations to the Governor

(Dollars in Thousands)

	NGF-S	Other	Total
<b>2009-11 Expenditure Authority</b>	<b>111,268</b>	<b>10,925</b>	<b>122,193</b>
2011 Supplemental *	21,163	0	21,163
<b>Total 2009-11 Biennium</b>	<b>132,431</b>	<b>10,925</b>	<b>143,356</b>
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<b>2011-13 Maintenance Level</b>	<b>94,146</b>	<b>0</b>	<b>94,146</b>
<b>Policy Changes - Non-Comp</b>			
1. ARROW Commission	100	0	100
2. Central Service Efficiencies	-1,875	0	-1,875
3. Extraordinary Criminal Justice	591	0	591
4. Vehicle License Fraud Account	200	0	200
5. SERA Account Repayment	10,974	0	10,974
6. Transitional Housing Operating Rent	0	7,500	7,500
7. Workers Compensation	-6,029	0	-6,029
8. Governor Veto	-100	0	-100
<b>Policy -- Non-Comp Total</b>	<b>3,861</b>	<b>7,500</b>	<b>11,361</b>
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<b>Total 2011-13 Biennium</b>	<b>98,007</b>	<b>7,500</b>	<b>105,507</b>
Fiscal Year 2012 Total	57,435	3,750	61,185
Fiscal Year 2013 Total	40,572	3,750	44,322

**Comments:**

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| <p>1. <b>ARROW Commission</b> - Funding is provided for the Agency Reallocation and Realignment of Washington (ARROW) Commission which focuses on restructuring state government. This item was vetoed (please see Governor Veto item below).</p> <p>2. <b>Central Service Efficiencies</b> - Funding is reduced to reflect central service efficiencies achieved by the Department of Enterprise Services, which was established under Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931).</p> <p>3. <b>Extraordinary Criminal Justice</b> - Funding is provided for the Office of Financial Management to distribute funds to Franklin County (\$338,000), Jefferson County (\$128,000), and Okanogan County (\$125,000) for extraordinary criminal justice costs.</p> <p>4. <b>Vehicle License Fraud Account</b> - General Fund-State is appropriated to the Vehicle License Fraud Account. These one-time funds are provided to maintain vehicle license enforcement activities in the 2011-13 biennium. (Vehicle License Fraud Account-State)</p> <p>5. <b>SERA Account Repayment</b> - Pursuant to RCW 43.79.515, General Fund-State moneys are appropriated for deposit to the Cleanup Settlement Account on July 1, 2011, and July 1, 2012, for repayment of moneys from the Cleanup Settlement Account that were transferred to the State Efficiency and Restructuring Account (SERA) in the 2010 Supplemental Appropriations Act, Section 803, Chapter 37, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6444).</p> <p>6. <b>Transitional Housing Operating Rent</b> - Funding from the Home Security Fund Account is appropriated into the Transitional Housing Operating and Rent Account, for the</p> | <p>Transitional Housing Operating and Rent program, consistent with Chapter 256, Laws of 2008 (ESSB 5959). (Home Security Fund Account-State)</p> <p>7. <b>Workers Compensation</b> - Funding is reduced to reflect savings pursuant to Chapter 37, Laws of 2011, 1st sp.s. (EHB 2123), which includes various provisions that make changes to the state's workers' compensation system.</p> <p>8. <b>Governor Veto</b> - The Governor vetoed Section 716 of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided funding for the ARROW Commission.</p> <p>* Please see the 2011 Supplemental Operating Budget Section for additional information.</p> |
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### Contributions to Retirement Systems

(Dollars in Thousands)

	NGF-S	Other	Total
<b>2009-11 Expenditure Authority</b>	<b>129,330</b>	<b>0</b>	<b>129,330</b>
<b>2011-13 Maintenance Level</b>	<b>137,976</b>	<b>0</b>	<b>137,976</b>
<b>Policy Changes - Comp</b>			
1. Match Contributions to Payout Level	-2,000	0	-2,000
2. Adjust for Accumulated Assets	-2,500	0	-2,500
<b>Policy -- Comp Total</b>	<b>-4,500</b>	<b>0</b>	<b>-4,500</b>
<b>Total 2011-13 Biennium</b>	<b>133,476</b>	<b>0</b>	<b>133,476</b>
Fiscal Year 2012 Total	63,647	0	63,647
Fiscal Year 2013 Total	69,829	0	69,829

**Comments:**

1. **Match Contributions to Payout Level** - Funding for contributions to the Judicial Retirement System is reduced to more closely match the expected levels of benefit payments during the 2011-13 biennium.
2. **Adjust for Accumulated Assets** - Funding is reduced to reflect lower than anticipated expenditures for benefits and accumulated reserves, leaving sufficient reserve assets and contributions for projected benefit payments.

## State Employee Compensation Adjustments

(Dollars in Thousands)

	NGF-S	Other	Total
<b>2009-11 Expenditure Authority</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2011-13 Maintenance Level</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Policy Changes - Comp</b>			
1. Teacher Retirement Incentive	2,664	0	2,664
2. Governor Veto	-2,664	0	-2,664
<b>Total 2011-13 Biennium</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Comments:**

1. **Teacher Retirement Incentive** - Funding is provided for a \$250 per month health benefit subsidy payable for up to three years under SSB 5846 (Health Benefit Subsidies) to members of the Teachers' Retirement System Plan 1 (TRS) who retire before the end of October 2011. SSB 5846 was not passed, so these savings will not be achieved.
  
2. **Governor Veto** - The Governor vetoed Section 724 of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided funding for health benefit subsidies payable for up to three years under SSB 5846 (Health Benefit Subsidies).

\* Please see the 2011 Supplemental Operating Budget Section for additional information.

**Sundry Claims**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Expenditure Authority</b>	<b>891</b>	<b>0</b>	<b>891</b>
<b>2011-13 Maintenance Level</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total 2011-13 Biennium</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Comments:**

Funding for sundry claims is provided only after claims have been submitted to the state (and only then for approved claims). Approved sundry claims received in the current period are funded as part of the 2011 Supplemental budget.

\* Please see the 2011 Supplemental Operating Budget Section for additional information.

**Other Legislation**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Expenditure Authority</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2011-13 Maintenance Level</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Policy Changes - Non-Comp</b>			
1. Family Planning Program - SSB 5912	-3,850	0	-3,850
<b>Policy -- Non-Comp Total</b>	<b>-3,850</b>	<b>0</b>	<b>-3,850</b>
<b>Total 2011-13 Biennium</b>	<b>-3,850</b>	<b>0</b>	<b>-3,850</b>
Fiscal Year 2012 Total	-1,500	0	-1,500
Fiscal Year 2013 Total	-2,350	0	-2,350

**Comments:**

- 1. Family Planning Program - SSB 5912** - Pursuant to Chapter 41, Laws of 2011, 1st sp.s. (SSB 5912 - Family Planning), the Health Care Authority will seek federal authorization to expand income eligibility for the Take Charge Family Planning program from 200 to 250 percent of the federal poverty level. This is expected to result in reduced state Medicaid expenditures for prenatal care, deliveries, and infant care.