

**2008 SUPPLEMENTAL  
OPERATING BUDGET  
HIGHLIGHTS**

**CONFERENCE  
COMMITTEE**

**SENATE WAYS & MEANS COMMITTEE  
MARCH 12, 2008**



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# STATE FISCAL SITUATION

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## OVERVIEW

The Legislative budget appropriates an additional \$230 million General Fund-State in the 2008 supplemental budget, leaving a total of \$836 million in reserve, of which \$390 million is in the ending fund balance and \$446 million is in the new Budget Stabilization Account.

At the close of the 2007 legislative session, a total of \$725 million was left in reserve. Since then, the General Fund-State revenue forecasts have increased by \$209 million. As a result of these additional revenues, the transfer of fund balances, revenue changes and the appropriations made in this supplemental budget, the overall level of reserves has increased to the new total of \$836 million.

The total “Near” General Fund appropriation level in the 2008 supplemental totals \$306 million, including:

- \$50 million of K-12 increases;
- \$27 million of increases for long-term care, developmental disabilities and mental health;
- \$10 million for higher education;
- \$30 million for corrections and criminal justice;
- \$16 million for housing;
- \$27 million of lawsuit costs;
- \$72 million of other spending;
- \$189 million of maintenance level increases;
- And a savings of \$115 million from the Public Employees Benefits Board rate reductions.



# BALANCE SHEET

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## 2007-09 Balance Sheet (Dollars in Millions)

<b>Resources</b>	
Beginning GF Balance	<b>\$780.5</b>
November 2007 Forecast	29,886.4
February 2008 Update	(423.4)
Resource Changes	39.8
Automatic Transfer to BSA	(136.1)
Net Fund Transfers	101.0
Budget Driven Revenue	1.9
Proposed Revenue Changes	(6.8)
<b>Total Resources</b>	<b>\$30,243.3</b>

  

<b>Appropriations</b>	
2007-09 Budget	29,622.9
2008 Supplemental	230.4
<b>Total Appropriations</b>	<b>\$29,853.3</b>

  

<b>Reserves</b>	
Ending GF Balance	<b>\$390.0</b>
Budget Stabilization Account Balance	445.7
<b>TOTAL RESERVES</b>	<b>\$835.7</b>



# FUND TRANSFERS

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## 2008 Fund Transfers

*Dollars in Millions*

<b>Transfers To GFS</b>	<b>FINAL</b>
Education Legacy Trust Account	67.0
Treasurers Service Account	11.0
Pension Funding Stabilization Account	10.0
Economic Development Strategic Reserve	4.0
DRS Expense Account	5.0
Public Safety and Education	6.0
Convention & Trade Center Operating	5.0
Convention & Trade Center Capital Account	52.0
<b>Total</b>	<b>160.0</b>
<b>Transfers out of GFS</b>	
Health Services Account	(53.0)
Columbia River Water	(6.0)
<b>Total</b>	<b>(59.0)</b>
<b>Net Transfers</b>	<b>101.0</b>



# REVENUE ADJUSTMENTS

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*Note: The bills outlined in this section are separate pieces of legislation and require action independent of the budget.*

## Revenue Highlights Dollars in Thousands

<b>Bill</b>	<b>Subject</b>	<b>07-09</b>
6828	Aerospace industry tax	(\$2,166)
3275	Grocery distribution co-ops	(\$1,100)
2585	Newspaper supplement tax	(\$946)
6297	Prosecutor Salaries	(\$923)
6111	Tidal and Wave Energy	(\$324)
2847	Weatherization Assistanc	(\$276)
6224	Vendor overpayments	(\$260)
3096	520 Bridge	(\$251)
3360	Linked Deposit	(\$191)
2053	Motor vehicle fuel	(\$125)
3362	B&O Credit for Energy Efficient Equip	(\$106)
6468	Honey beekeeper taxation	(\$74)
3283	Military personnel/taxes	(\$53)
2678	Timber industry tax	(\$34)
2544	Temporary medical housing	(\$31)
1621	Manufactured/mobile home	(\$20)
2460	Amphitheater property	(\$12)
6375	Trail grooming services tax	(\$6)
6799	Florists' personal property	\$147
	<b>Total</b>	<b>(\$6,751)</b>

## Budget Driven Revenue

One Time Payments to Counties	(\$422)
Liquor Control Board	\$240
Habitat Conservation Program	\$1,265
<b>Total Budget Driven Revenue</b>	<b>\$1,083</b>



# SPENDING LIMIT ADJUSTMENTS

## State Expenditure Limit (Fiscal Years 2008 and 2009) (Dollars in Millions)

	<u>FY 08</u>	<u>FY 09</u>
<b>Unadjusted Limit (FY08: Adopted by ELC 11/07)</b> (FY 09 limit rebased to FY08 expenditures)	16,002.1	16,850.1
<b>Adjustments to The Expenditure Limit</b>		
<b>2007-09 Program Costs Shifts</b>		
FY 09 Changes Adopted by the ELC		(54.4)
<b>2008 Supplemental -- Program Cost Shifts</b>		
Veterans Affairs: Federal and Local funding adjustments	(0.5)	(1.3)
DSHS:Voc Rehab: Fund Shift	(1.1)	(0.5)
Dept. of Health: Early Hearing Loss program, loss of federal funding	-	0.3
Dept of Health: Local Funding Adjustments	(0.1)	(1.3)
Dept of Health: Core Public Health Functions	0.1	0.3
Federal Cuts to Title XIX	-	0.5
DSHS: MAA Hospital Hold Harmless Adjustment	(8.7)	14.8
Conservation Commission: Water Quality Account: Livestock Projects to Capital	(2.0)	-
Puget Sound Partnership: Water Quality Account: Low-Impact Development Fund	(0.3)	-
Dept of L&I: Shift license fees for explosives from GF to Med. Aid	-	(0.0)
DSHS-Children's Mandatory Caseload: Increase in federal earnings	(4.4)	1.0
DSHS Economic Services: Food Stamp Program-Bonus federal receipt	(2.9)	2.9
DSHS: Children's TCM Service Definition Change	3.5	9.3
DSHS: Children's TCM Service Definition Change Addition Month	1.2	-
DSHS: Administration Fund Source Adjustment	(0.4)	(0.0)
Foster Care Passport to College	-	0.1
Judicial Information Fund Adj	(1.5)	1.5
WSP- Criminal Records activities shifted to Fingerprint ID Account	-	(3.0)
WSP- Cost Allocation	(1.5)	-
Administrative Contingency Transfer	(0.9)	-
DSHS Mental Health: Utter Decision request legislation	-	-
DSHS: Mental Health: Hospital Revenue	(4.8)	(0.2)
Job Skills Fund Source Change	-	(3.0)
DSHS: Reduced federal participation for medical professionals from 75% to 50%	2.1	0.2
DSHS FMAP	-	27.6
DSHS: MAA Medicare Part D Clawback Adjustment	(3.1)	(3.1)
<b>2008 Supplemental Budget -- Legislation Impacting The Limit</b>		
SB 6874: Columbia River Water Delivery		(6.0)
SB 6297: Prosecutors Salaries		(0.9)
<b>Revised Limit (adding Education Legacy in FY 09)*</b>	<b>15,976.7</b>	<b>16,834.9</b>
<b>Expenditures Subject To The Limit</b>	<b>15,961.0</b>	<b>16,707.6</b>
<b>Remaining Capacity Under The Expenditure Limit</b>	<b>16</b>	<b>127</b>



# FUNCTIONAL AREAS OF GOVERNMENT

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## K-12 EDUCATION

### COMPENSATION (MAINTENANCE LEVEL)

#### **INITIATIVE 732 INCREASE - \$39.1 MILLION GENERAL FUND-STATE**

The Seattle Consumer Price Index (CPI) used to calculate the 2008-09 school year salary increase required by Initiative 732 is higher than originally expected. Funding is provided to cover the increased costs associated with an increase from the 2.8 percent assumed in the original 2007-09 budget to the current projection of 3.9 percent.

### POLICY LEVEL INCREASES

#### **STUDENT LEARNING OPPORTUNITIES - \$17.9 MILLION GENERAL FUND-STATE**

Funding is provided for the implementation of Engrossed Second Substitute Senate Bill 6673 (student learning opportunities) which has provisions aimed at providing additional support and assistance for students not on track to meet the state or local high school graduation requirements, meet standard on the WASL, and/or are English language learners. While there are several components to the legislation, the largest funding aspect is about an 18 percent increase in Learning Assistance Program (LAP) funding.

Additionally, an additional LAP enhancement is provided to the 23 school districts with high concentrations of English Language Learners. It is intended that the enhanced LAP funding will allow school districts to provide additional extended learning opportunities to struggling students.

#### **.5 PERCENT CATCH UP COLA - \$17.7 MILLION GENERAL FUND-STATE**

In addition to the Initiative 732 cost of living adjustments provided in the maintenance-level budget, an additional .5 percent salary increase is provided.

#### **SPECIAL EDUCATION MEDICAID ENHANCEMENT - \$11.4 MILLION GENERAL FUND-STATE; \$9.8 MILLION HEALTH SERVICES ACCOUNT-STATE**

Beginning with the 2007-08 school year, federal regulations have changed the method by which school districts are reimbursed for school-based Medicaid eligible services. The Department of Social Health Services will now reimburse school districts directly and state funding is provided to match federal funds. The net effect will be an anticipated \$21.2 million increase in the amount school districts will receive through the state and federal Medicaid program.

#### **NON-EMPLOYEE RELATED COST ENHANCEMENT - \$6.5 MILLION GENERAL FUND-STATE**

Funding is provided to increase the non-employee related cost (NERC) allocation rate. This funding pays for items such as textbooks, computers, educational supplies and other school costs not related to employee compensation. The average increase per student is about \$6.50.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **SCHOOL LIBRARIAN ALLOCATION - \$4 MILLION GENERAL FUND-STATE**

Funding is provided for an allocation of approximately \$4 per student to maintain and improve library materials, collections, and services. It is intended that this funding will be used to augment current funding for library programs.

## **CLASSIFIED STAFFING RATIO ENHANCEMENT - \$3.1 MILLION GENERAL FUND-STATE**

After the enhancement in the original 2007-09 budget, the current general apportionment formula allocates one classified staff for every 59 students. Beginning in the 2008-09 school year, additional funding is provided to lower the classified staff ratio to 1 per 58.75 students.

## **CAREER AND TECHNICAL EDUCATION - \$2.8 MILLION GENERAL FUND-STATE**

Funding is provided for the implementation of Second Substitute Senate Bill 6377 (career and technical education). The legislation includes grants and allocations to school districts and skills centers for career and technical education programs and other related activities.

## **NATIONAL BOARD BONUS PENSION BENEFITS - \$2.1 MILLION GENERAL FUND-STATE**

Funding is provided for the implementation of Senate Bill 6657 (national board salary bonus) which allows individuals qualifying for the National Board for Professional Teaching Standards (NBPTS) certification to earn pension benefits on the bonus amounts for receiving certification.

## **LEVY EQUALIZATION (PER PUPIL INFLATOR) - \$1.9 MILLION GENERAL FUND-STATE**

The per pupil inflator is a factor used in the calculation of the amounts that can be collected through local school district levies and it impacts state levy equalization payments. Based on various increases included in the budget, the per pupil inflator is expected to increase to 6 percent in the 2008-09 school year. Funding is provided for the increased state levy equalization costs resulting from this change.

## **STUDENT ACHIEVEMENT GAPS - \$750,000 GENERAL FUND-STATE**

Funding is provided to conduct detailed analyses of the achievement gap for African-American, Hispanic, Asian American, Pacific Islander American, and Native American students. These studies will also recommend a comprehensive plan for closing the achievement gap pursuant to goals under the No Child Left Behind Act and to identify performance measures to monitor adequate yearly progress. The funds are provided to Office of the Superintendent of Public Instruction to complete the study for African-American students; the Commission on Hispanic Affairs to complete the study for Hispanic students; the Commission on Asian Pacific American Affairs to complete separate studies for Asian-American students and Pacific Islander American students; and the Governor's Office of Indian Affairs to complete the study for Native American students

## **MISCELLANEOUS INCREASES AND SENATE LEGISLATION - \$4.9 MILLION GENERAL FUND-STATE**

Funding is provided for a variety of other increases, including: (1) additional funding to continue improvements to the OSPI apportionment system; (2) a pilot Spanish and

# FUNCTIONAL AREAS OF GOVERNMENT

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Chinese world language pilot; (3) a school district grant program to implement Substitute Senate Bill 6438 (local farms and healthy kids); (4) grants at five skills centers to implement Integrated Basic Education and Skills Training programs (IBEST); (5) lowering the poverty threshold for National Board teachers to qualify for the challenging school bonus; (6) legislation dealing with improving services to students with autism; and (7) an evaluation of math and science teacher supply and demand issues.

## POLICY LEVEL REDUCTIONS

### **PROMOTING ACADEMIC SUCCESS PROGRAM DISCONTINUATION - \$19.3 MILLION GENERAL FUND-STATE SAVINGS**

A recent evaluation of the Promoting Academic Success program seems to indicate that overall the program has little or no effect on improved student performance. At the end of the 2007-08 school year, the Promoting Academic Success program is discontinued.

### **HIGH SCHOOL COMPLETION PROGRAM TERMINATION- \$1.0 MILLION GENERAL FUND-STATE SAVINGS**

In the original 2007-09 budget, funding was provided for House Bill 1051 which established a pilot program at two community and technical colleges (CTC) to allow certain students that had not passed the WASL to continue their studies at the CTC beginning in fiscal year 2009. Funding is terminated for the pilot program before it is initiated.

### **INDIGENOUS LEARNING PILOT ELIMINATION - \$1.0 MILLION GENERAL FUND-STATE SAVINGS**

In the original 2007-09 budget, funding was provided for OSPI to contract with a company to develop and implement a pilot program for providing indigenous learning curriculum. Since OSPI was unsuccessful in selecting an appropriate contractor for the pilot, funding is eliminated for the program.

### **COLLEGE READINESS TESTS ELIMINATION - \$675,000 GENERAL FUND-STATE SAVINGS**

In the original 2007-09 budget, funding was provided a college readiness test to be administered during the 11th grade beginning in fiscal year 2009. Funding is eliminated for the test before it is actually implemented.

### **ACHIEVEMENT GAP PILOT DISCONTINUATION - \$500,000 GENERAL FUND-STATE SAVINGS**

In fiscal year 2007, a pilot program was established for a partnership program aimed at closing the achievement gap. Beginning in fiscal year 2009, the program is discontinued.

## WASL ITEMS

### **ASSESSMENT CONTRACT RENEWAL - \$25.4 MILLION GENERAL FUND-STATE**

In the maintenance level budget, funding is provided for a significant increase in contracted costs related to administering Washington's Assessment of Student Learning (WASL).

# FUNCTIONAL AREAS OF GOVERNMENT

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## **SAVINGS FROM WASL CHANGES - \$15.9 MILLION GENERAL FUND-STATE SAVINGS**

Savings are achieved by: (1) redesigning the Washington Assessment of Student Learning in reading, mathematics, and science by shortening test administration; (2) reducing the number of open-ended response items; (3) potentially decreasing the number of items utilized in the assessment, particularly in grades tested as a result of the federal No Child Left Behind Act; and (4) other efficiencies in the WASL contractor procurement process. As these changes are instituted, it is assumed that funding provided in the original 2007-09 budget will allow school districts to implement diagnostic assessments and progress monitoring that will give more immediate and targeted information to teachers during the school year. As a result, it is assumed that this will improve the assessment system while maintaining the reliability and validity of the WASL.

## **END-OF-COURSE EXAMS IN MATH - \$3.2 MILLION GENERAL FUND-STATE**

Funding is provided for the implementation of Engrossed Substitute House Bill 3166 (assessment of student learning). Four end-of-course assessments will be phased in to replace the Washington Assessment of Student Learning math test. The math end of course assessments will replace the math WASL as a graduation requirement beginning with the class of 2014, although the class of 2013 may pass either test to meet the graduation requirement.

## **TRANSLATED AND ACCOMMODATED WASL - \$1.7 MILLION GENERAL FUND-STATE**

Funding is provided to translate the Washington Assessment of Student Learning for math and science in six languages other than English. In addition, funding is provided for enhanced accommodations for students in special education, such as improved Braille forms of the tests and read aloud CDs for dyslexic students.

## **WASL LEGISLATIVE WORKGROUP - \$150,000 GENERAL FUND-STATE**

As the changes described previously are taking place, funding is provided for the establishment of a legislative workgroup on the Washington Assessment of Student Learning to review and evaluate the state's assessment system. Additionally, funding is provided for contracting with independent technical experts to advise the WASL workgroup on best practices in other states and potential options for improving the assessment system. It is anticipated that the workgroup will complete its review by January 1, 2009.

# FUNCTIONAL AREAS OF GOVERNMENT

<b>Final 2008 Supplemental Budget for K-12 Public Schools</b>	
<i>Near General Fund in Thousands</i>	
	<u>Amount</u>
<b>2007-09 Original Appropriations</b>	<b>\$13,524,072</b>
<b>Caseload and Other Adjustments</b>	<b>\$18,700</b>
<b>Initiative 732 COLA (increased from 2.8% to 3.9%)</b>	<b>\$39,109</b>
<b><u>Major Policy Increases (Over \$1 million)</u></b>	
Student Learning Opportunities	\$17,919
.5% Catch Up COLA Enhancement	17,766
NERC Enhancement	6,461
School Librarian Allocation	4,000
Classified Staff Ratio	3,089
Career and Technical Education	2,750
National Board Pension Benefits	2,144
Increased Levy Equalization (Per Pupil Inflator)	1,895
Apportionment and Financial Systems	1,800
Smaller Increases (see next page)	<u>5,631</u>
<b>Major Policy Increases (Over \$1 million)</b>	<b>\$63,455</b>
<b><u>Policy Reductions</u></b>	
Eliminate PAS Program	(\$19,285)
High School Completion	(1,000)
Indigenous Learning Pilot Program	(1,000)
College Readiness Test for 11th Graders	(675)
Achievement Gap Project	<u>(500)</u>
<b>Policy Reductions</b>	<b>(\$22,460)</b>
<b><u>WASL Items</u></b>	
Assessment Contract Renewal	\$25,425
End of Course Tests	3,249
Translated & Accommodated WASL	1,682
WASL Workgroup	150
Transfer WASL Funding to OFM	*
WASL Changes	<u>(15,885)</u>
<b>WASL Items</b>	<b>\$14,621</b>
<b>Special Education Enhancement (DSHS- Medical Assistance)</b>	<b>\$21,219</b>
<b>Total Changes</b>	<b>\$134,644</b>
<b>Total 2007-09 Revised Budget</b>	<b>\$13,658,716</b>
<i>Percentage Change from Original Budget</i>	<i>1.0%</i>

\* The final budget transfers \$11.4 million of increased costs associated with the WASL from OSPI to OFM. It is assumed that OFM will develop an interagency agreement with OSPI for the expenditure of these funds based on compliance with certain requirements.

# FUNCTIONAL AREAS OF GOVERNMENT

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## Final 2008 Supplemental Budget for K-12 Public Schools

*Near General Fund in Thousands*

<u>Smaller Items (From Previous Page)</u>	<u>Amount</u>
Education Litigation	\$867
Student Achievement Gap Studies (OSPI & Appropriate Commissions)	750
Local Farms & Healthy Kids	600
National Board Enhancement	577
PSAT Funding	300
Math Standards Review	300
World Language Pilot Program	264
Integrate ELL and Skills Training	250
Foster Care Initiative	250
Improve Educator Training Phase II	214
Criminal Street Gangs Initiative	180
LEAP Bilingual Educator Pgm	150
Robotics Programs	150
Math Teacher Supply/Demand Study	142
World Languages Supervisor	136
Non-Violence Training	125
Classified Staff Training	100
Chinese Exchange Program	70
PESB Study on teaching ELL students	67
Anaphylactic Policy	45
Model Autism Guidelines	44
Use of Physical Force	40
Dual Credits Workgroup	10
<b>Smaller Items (From Previous Page)</b>	<b>\$5,631</b>

# FUNCTIONAL AREAS OF GOVERNMENT

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## LONG-TERM CARE, DEVELOPMENTAL DISABILITIES & MENTAL HEALTH

### LONG-TERM CARE

#### **SHARED LIVING LAWSUIT - \$22.9 MILLION GENERAL FUND-STATE; \$24.0 MILLION GENERAL FUND-FEDERAL**

Funding is provided for two interacting items: (1) the 2007 Washington State Supreme Court decision in *Jenkins v. Washington State Department of Social and Health Services* invalidated the "Shared Living Rule" and required that all Medicaid Personal Care clients be treated comparably, regardless of whether their paid providers of home care lived with them in a "shared living" situation or lived elsewhere. This decision requires additional funding for service hours that had previously been denied; (2) The combination of this court decision with the existing contract language of the 2006 Binding Arbitration Collective Bargaining Agreement between SEIU 775NW and the state results in additional service hours being authorized for items that were not funded in the bargaining agreement. This item also includes funding from the Developmental Disabilities budget.

#### **LONG-TERM CARE TASK FORCE INITIATIVES – HOUSE BILL 2668 - \$2.9 MILLION GENERAL FUND-STATE, \$1.0 MILLION GENERAL FUND-FEDERAL**

The following items implement the Long-Term Care Task Force Initiatives pursuant to Engrossed Second Substitute House Bill 2668 (long term care programs):

- \$1.5 million for an additional 585 unpaid caregivers to receive services such as respite and training to help them to continue providing care for elderly and disabled relatives in their own homes. This represents a 12 percent increase in respite care.
- \$881,000 to maintain individuals with challenging behaviors in their residences in adult family homes and boarding homes, by providing behavior supports and technical assistance to caregivers.
- \$400,000 for four counties to participate in the Senior Falls Prevention program, a combination of exercise programs, risk identification and reduction, and consumer education, to prevent nursing home placements (in the Department of Health budget).
- \$82,000 for Adult Protective Services fatality review teams.
- \$50,000 for the implementation of a dental access project for senior citizens. Enhanced reimbursement rates for certified dentists for specific procedures and for medical providers who provide preventative oral health services will be implemented in July 2009 (in the Medical Assistance budget).

#### **TRAUMATIC BRAIN INJURY COUNCIL - \$800,000 TRAUMATIC BRAIN INJURY ACCOUNT-STATE**

Funding is provided to implement Chapter 356, Laws of 2007 (Second Substitute House Bill 2055), which created the Washington Traumatic Brain Injury Strategic Partnership Advisory Council (Council). Council activities are funded by revenues from an additional \$2 fee on traffic infractions deposited into a dedicated account. The funding

## FUNCTIONAL AREAS OF GOVERNMENT

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will cover public awareness campaigns to promote awareness of traumatic brain injuries (TBIs), contracts to support groups to individuals with TBIs and their families, and DSHS support to the Council.

### **ADULT FAMILY HOME RATE INCREASE & PHASE ONE OF AN IMPROVED COMMUNITY RESIDENTIAL PAYMENT METHOD (17 CARE LEVELS) - \$2.6 MILLION GENERAL FUND-STATE; \$2.8 MILLION GENERAL FUND-FEDERAL**

Two changes are made to adult family home (AFH) payment rates: (1) additional funding is provided for vendor rate increases in excess of the 2 percent provided in the 2007-09 enacted budget. On average, rate increases will be 4.8 percent, and will assist in covering the cost of required liability insurance; (2) The payment method is restructured to reflect Phase One of a "17 CARE Levels" payment system, which will pay community residential settings the same based on client acuity. Since adult family homes take higher acuity clients than most boarding homes on average, their rates will increase. The net impact to boarding homes, including assisted living, is as follows: they will not receive their scheduled 2 percent rate increase in fiscal year 2009, but will be held harmless at their June 30, 2008 rates. This item also includes funding from the developmental disabilities budget.

### **LONG-TERM CARE WORKER TRAINING - HB 2693 - \$800,000 GENERAL FUND-STATE; \$800,000 GENERAL FUND-FEDERAL**

Funding is provided for Engrossed Substitute House Bill 2693 (long-term care workers) as amended by the Senate, which establishes required registration for certain long term care workers beginning January 1, 2010. (Final details of this legislation are still being determined between the House and Senate.) Funding is provided to DSHS for rules development and information technology costs for restricting payment to registered providers.

## NURSING HOMES

### **EXISTING NURSING HOME FUNDING FROM THE 2007-09 ENACTED BUDGET - \$8.8 MILLION GENERAL FUND-STATE; \$9.1 MILLION GENERAL FUND-FEDERAL**

Funding is provided for direction on how existing funds that were set aside for nursing homes in the 2007-09 enacted budget are to be spent, including:

- \$3.4 Million General Fund-State and \$3.5 million General Fund-Federal for higher than anticipated costs due to increased client acuity and successful appeals.
- \$661,000 General Fund-State and \$691,000 General Fund-Federal to implement Engrossed Senate Bill 6629 (nursing facility payment system), which makes clarifications to the nursing home statute and increases direct care rates to certain nursing homes that were unfairly penalized due to an ambiguous statute.
- \$4.7 Million General Fund-State and \$4.9 Million General Fund-Federal is provided for vendor rate increases of approximately 2 percent to direct care, support services, therapy care, and operations.

### **NURSING HOME LOW-WAGE WORKERS - \$3 MILLION GENERAL FUND-STATE; \$3.1 MILLION GENERAL FUND-FEDERAL**

# FUNCTIONAL AREAS OF GOVERNMENT

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In addition to the funding above, funding is provided for an add-on payment rate to all nursing homes with Medicaid clients, estimated at \$1.57 per patient per day. (Combined with the above vendor rate increases, this is equivalent to a 3.4% increase to direct care and support services). Funds shall be used to increase wages or benefits for workers making less than \$15 per hour, and/or to increase staffing levels of nurse aides. Funds may also be used to avoid wage compression by job classes immediately affected by low-wage worker pay increases. The Department of Social and Health Services shall adopt rules and implement reporting requirements to verify appropriate use of the funds.

## DEVELOPMENTAL DISABILITIES

### **RESIDENTIAL HABILITATION CENTER (RHC) CHILD POPULATION INCREASE AND EDUCATION-RELATED COSTS - \$4.3 MILLION GENERAL-FUND STATE; \$3 MILLION GENERAL FUND-FEDERAL**

The state institutions for developmental disabilities have had an influx of admissions for people under the age of 21. As of February 2008, there are 17 children at Fircrest RHC and 9 children at Frances Haddon Morgan Center, teenagers whose families who have had difficulty with their son or daughter's intense behaviors as they have matured.

- \$2.9 Million in state funding and matching federal funds is provided for additional staff and other institutional expenses at re-opened cottages at Fircrest RHC.
- \$1.4 Million in state funds is provided for contracts with Bremerton and Shoreline School districts for education-related costs at Fircrest and Frances Haddon Morgan Center RHCs. (This funding is in addition to institutional education allocations within the K-12 budget, and is used to pay for one-on-one aides, transportation, and space improvements.)

### **NEW IN-HOME INTENSIVE BEHAVIOR SUPPORTS TO PREVENT CHILD ADMISSIONS TO INSTITUTIONS (RHCs) - \$900,000 GENERAL FUND-STATE; \$1.0 MILLION GENERAL FUND-FEDERAL**

Funding is provided for a new waiver program for children who are at risk of being institutionalized as a result of intense behaviors as they mature. The families of eligible children will receive intensive behavior management training for themselves, other caregivers, and school staff, as well as minor home or vehicle adaptations, respite care, and therapies. The funding reflects a phase-in of services for up to 100 families.

### **HYATT LAWSUIT - \$1.0 MILLION GENERAL-FUND STATE**

Funding is provided for one-time payment to settle a class action lawsuit filed by the Washington Federation of State Employees, on behalf of Division of Developmental Disabilities case managers, to achieve wage parity with social workers in the Children's Administration. The 2007-09 enacted budget funded compensation items including wage parity effective July 1, 2007; the settlement would cover the period prior to that.

### **SPEED UP EMPLOYMENT SERVICES - \$605,000 GENERAL-FUND STATE; \$292,000 GENERAL-FUND FEDERAL**

## FUNCTIONAL AREAS OF GOVERNMENT

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Funding is provided to accelerate the rate of employment services provided to high school graduates receiving Home and Community-Based Waiver services and to provide services to 31 additional graduates receiving waiver services and to about 50 additional graduates receiving state-only services.

### **CAPTURE UNDEREXPENDITURES IN NEW SERVICES - \$1.0 MILLION GENERAL FUND-STATE REDUCTION; \$1.0 MILLION GENERAL-FUND FEDERAL REDUCTION**

In order to preserve existing services and focus on children in crisis and at risk of institutionalization, funding is reduced for new services authorized in the 2007-09 budget that have been slower to ramp up than previously anticipated. No individuals will receive a cut in service.

# FUNCTIONAL AREAS OF GOVERNMENT

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## MENTAL HEALTH

### **COMMUNITY MENTAL HEALTH FUNDING INCREASE - \$6.25 MILLION GENERAL FUND-STATE**

Additional state funds are provided to enable the community mental health system to maintain and improve delivery of non-Medicaid services. These include crisis response, counseling, case management, acute care, and residential services for children and adults who are not presently eligible for Medicaid due to income, family circumstances, or the stage or nature of their illness. These state-only funds are also used to provide services such as care in larger residential facilities, help finding a job, and emergency rent assistance that are not covered by the Medicaid program.

### **PIERCE FEE-FOR-SERVICE TRANSITION - \$3.3 MILLION GENERAL FUND-STATE; \$1.3 MILLION GENERAL FUND-LOCAL**

Funding is provided to contract with Pierce County for the provision of crisis triage, evaluation and treatment, and mobile crisis outreach services. A total of \$215,000 is also provided to assist non-governmental mental health agencies with start-up and other extraordinary administrative costs associated with the conversion from a managed care to a fee-for-service system necessitated by the county's decision to discontinue operation as a regional support network.

### **SPOKANE ACUTE CARE DIVERSION PLAN - \$2.3 MILLION GENERAL FUND-STATE**

Funding is provided to enable the Spokane Regional Support Network to implement its comprehensive plan for reducing use of Eastern State Hospital. Key elements of the RSN's plan, much of which is being funded with a locally-authorized mental health sales tax, include additional crisis triage and crisis stabilization beds; an intensive outpatient treatment team for persons with co-occurring disorders and other special needs; housing assistance for high-utilizers of hospital and jail services who are at risk of homelessness; and respite care to assist elderly individuals avoid or return home after hospitalization.

### **STATE HOSPITAL STAFFING IMPROVEMENTS - \$2.3 MILLION GENERAL FUND-STATE**

Additional nurses and other direct care staff are to be deployed at the state psychiatric hospitals in ways that are expected to result in significant reductions in assaults and in incidents of patient seclusion and restraint.

# FUNCTIONAL AREAS OF GOVERNMENT

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## OTHER HUMAN SERVICES

### DSHS - CHILDREN'S ADMINISTRATION

#### STAFFING ENHANCEMENTS

**ADDITIONAL HOME SUPPORT SPECIALISTS - \$1.1 MILLION GENERAL FUND-STATE;  
\$347,000 GENERAL FUND-FEDERAL**

Funding is provided to hire 20 additional home support specialists, plus two supervisors and four support staff, starting July 1, 2008. Specialists assist families with dependent children or those at risk of becoming dependent with support services, including transportation, supervised visitation, and parenting skills instruction. The Department shall concentrate the additional specialists in the field offices of counties experiencing an increase in dependency filings above the state average. Between 2004 and 2007, the statewide number of dependency filings increased 13 percent (520 filings). The Department will direct the additional specialists to counties experiencing filing rates above the statewide average during the same period: 3 to Whatcom County (98 percent or 80 filings); 2 to Mason County (93 percent or 37 filings); 8 to Spokane County (48 percent or 201 filings); 2 to Grays Harbor County (32 percent or 43 filings); and 5 to Pierce County (27 percent or 110 filings). It is the intent of the Legislature for these specialists to be hired in addition to current staff and the staff being hired under the Department's phase-in of social workers provided in the 2007-09 biennial budget. The Department will track specific outcome data and report to the Legislature preliminary findings by December 15, 2008, with a final report due by June 15, 2009.

**EXPEDITE 30 DAY VISIT PHASE IN - \$884,000 GENERAL FUND-STATE; \$264,000  
GENERAL FUND-FEDERAL**

One-time funding is provided to expedite the hiring of social workers and support staff needed to complete the phase-in of the state's policy of a private and individual face-to-face visit each month with children in out-of-home care and in-home dependencies and their caregivers.

**ADDITIONAL EDUCATION AND HEALTH SCREENERS - \$812,000 GENERAL FUND-STATE;  
\$256,000 GENERAL FUND-FEDERAL**

The Children's Administration performs education and health screens for all children who are in out-of-home care for 30 days or longer. Funding is provided for 12 additional staff to perform the screens.

**ADDITIONAL LICENSING STAFF - \$500,000 GENERAL FUND-STATE; \$157,000 GENERAL  
FUND-FEDERAL**

Funding is provided to the Division of Licensed Resources to hire 7.5 additional licensers to address their backlog in processing licenses and to allow for smaller licensing caseloads.

# FUNCTIONAL AREAS OF GOVERNMENT

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## SERVICE ENHANCEMENTS

### **SIBLING VISITS - \$1,829,000 GENERAL FUND-STATE, \$578,000 GENERAL FUND-FEDERAL**

Funding is provided for the Children's Administration to contract with non-profit organizations to facilitate twice-monthly visits between siblings placed in out-of-home care who live apart from each other.

### **SUPERVISED VISITATION - \$1.7 MILLION GENERAL FUND-STATE; \$600,000 GENERAL FUND-FEDERAL**

Funding is provided to pay for increases in contracted supervised visits. The increase in court-ordered supervised visits between parents and dependent children has increased the Department's use of contracted service hours.

### **SAFETY ASSESSMENTS - \$600,000 GENERAL FUND-STATE; \$184,000 GENERAL FUND-FEDERAL**

Funding is provided to contract with medical professionals for comprehensive safety assessments of high-risk families. \$400,000 of this amount is for assessments for families receiving in-home child protective services or family voluntary services. The remaining \$400,000 is for assessments of families with an infant, age birth to fifteen days, diagnosed at birth as substance exposed and the Department received an intake referral related to the infant's exposure to substances. All of the safety assessments will use validated tools to guide intervention decisions through the identification of additional safety and risk factors.

### **REACTIVE ATTACHMENT DISORDER PILOT - \$500,000 GENERAL FUND-STATE**

Funding is provided for a pilot project in Clark County to identify reactive attachment disorder in children and provide them with appropriate and recommended intervention services. Eligible children are those currently receiving services from the Division of Children and Family Services. The pilot expires at the end of Fiscal Year 2010.

### **FOSTER YOUTH EDUCATION - \$905,000 GENERAL FUND-STATE;**

Funding is provided to improve the educational outcomes of children in foster care. Of this amount, \$585,000 of funding is provided for contracted educational advocates. The remainder is for the implementation of Substitute House Bill 2679 (students in foster care), with \$108,000 to the Department for program implementation, and \$250,000 to two designated Educational Service Districts to administer grant programs to local school districts to fund various activities that support foster youth.

## FOSTER PARENT CHANGES

### **INTENSIVE RESOURCE HOMES PILOT - \$857,000 GENERAL FUND-STATE, \$140,000 GENERAL FUND-FEDERAL**

Funding is provided for Engrossed Second Substitute House Bill 3145 (foster parent licensing), which implements a pilot for intensive resource foster homes in two geographical areas with high concentration of high-needs children in foster care. The homes will receive a monthly stipend, training, and professional consultation.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **MULTIDIMENSIONAL TREATMENT FOSTER CARE - \$581,000 GENERAL FUND-STATE, \$319,000 GENERAL FUND-FEDERAL**

Funding is provided for a multi-dimensional treatment foster care program to recruit foster homes able to serve children with high behavioral and emotional needs.

## **FEDERAL BACKFILL AND SAVINGS**

### **FEDERAL FUNDING CHANGES \$12.2 MILLION GENERAL FUND-STATE**

Funding is provided to address changes in federal funding of child welfare services. Part of this stems from the inclusion of an additional \$20.0 in General Fund-State funding to replace federal Medicaid funding due to new rules that prevent the state from charging certain administrative activities to targeted case management and alter the state's match requirements for other programs. The loss of Medicaid funds is partially offset by \$7.8 million General Fund-State reduction in foster care and adoption support and a corresponding increase in Title IV-E federal funding to reflect federal revenue earnings in recent years.

### **CHILDREN'S ADMINISTRATION FTE SAVINGS- \$1.6 MILLION GENERAL FUND-STATE; \$690,000 GENERAL FUND-FEDERAL**

Funding is reduced in Fiscal Year 2008 for the Children's Administration due to one-time under-expenditures resulting from delays in staff hires.

## **DSHS – ADMINISTRATION AND SUPPORTING SERVICES**

### **BRAAM OVERSIGHT PANEL - \$500,000 GENERAL FUND-STATE**

The resolution of the Braam lawsuit regarding foster children requires an oversight panel to monitor the Department's compliance with the terms of the settlement agreement. Previously this panel was funded by grants from the Casey Foundation. However, as of January 1, 2008, that funding has ended and DSHS will have to pay for the panel's operating expenses.

## **DSHS - ECONOMIC SERVICES ADMINISTRATION**

### **THREE PERCENT INCREASE IN TANF CASH GRANT - \$7.5 MILLION WORKFIRST REVENUES**

The budget provides authority to raise the Temporary Assistance to Needy Families (TANF) cash grant by three percent in Fiscal Year 2009 to account for increased housing costs. The increase in the cash grant can be accomplished within the WorkFirst's current appropriation level, without reduction to services or caseload in Fiscal Year 2009. The cash grant has not been increased since 1993.

### **DISTRIBUTE IRS CHILD SUPPORT COLLECTIONS TO FAMILIES FIRST - \$2.7 MILLION GENERAL FUND-STATE**

Funding is provided for child support as a result of a clarification in federal law regarding the distribution of child support collections. Beginning October 1, 2008, any IRS tax

## **FUNCTIONAL AREAS OF GOVERNMENT**

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refunds intercepted by the Division of Child Support will be distributed first to cover any debts owed families. Currently, tax refund intercepts are first applied to offset costs to the state for welfare and Medicaid costs, if applicable, and then distributed to families.

### **FOOD STAMP ELIGIBILITY AND ADMINISTRATION - \$1.1 MILLION GENERAL FUND-STATE; \$850,000 GENERAL FUND-FEDERAL**

\$2.0 million in total funding is provided to increase the gross income limits for eligibility for the basic food program (food stamps) to 200 percent of the federal poverty limit, as allowed by the U.S. Department of Agriculture. Starting October 1, 2008, it is estimated an additional 23,300 families will receive benefits due to the change. The benefits for basic food are funded solely by federal dollars and the state and federal government share the administrative costs. Funding is also provided for the estimated increase of 233 families that will receive benefits through the state's basic food for legal immigrants program, which is solely state funded and required to have the same eligibility requirements as the basic food program.

### **IMMIGRATION AND NATURALIZATION SERVICES - \$656,000 GENERAL FUND-STATE**

Funding is provided for increased costs and requirements associated with immigration and naturalization programs. The programs' services include assistance with completing the citizen application, English language and civics classes, assistance with INS fee waiver requests, and help applying for test exemptions for disabled clients.

### **SUPPLEMENTAL SECURITY INCOME FACILITATION - \$462,000 GENERAL FUND-STATE**

Funding is provided to hire 5 additional Supplemental Security Income (SSI) disability facilitators to assist disabled General Assistance clients who meet federal disability standards with application and enrollment onto the federal disability program. Assistance from facilitators results in reduced length of stay for clients on General Assistance.

## **DSHS - ALCOHOL AND SUBSTANCE ABUSE**

### **EXTENDING PILOT PROGRAMS - \$4.3 MILLION GENERAL FUND-STATE; 1.0 MILLION CRIMINAL JUSTICE TREATMENT ACCOUNT**

Funding is provided for Engrossed Substitute Senate Bill 6665 (crisis response programs), which continues two pilot programs established under Chapter 504, Laws of 2005 (SB 5763); the integrated crisis response/secure detoxification (ICR) program and the intensive case management (ICM) program. The funding will extend the programs through Fiscal Year 2009 and allow time for additional evaluation. \$600,000 in funding is provided to start an ICR program in Spokane in May 2009.

## **DEPARTMENT OF EARLY LEARNING**

### **CHILD CARE LICENSING IMPROVEMENTS - \$500,000 GENERAL FUND-STATE**

Funding is provided for the Department of Early Learning to add five quality improvement specialists to establish a consistent approach to licensing actions.

## **EMPLOYMENT SECURITY DEPARTMENT**

# FUNCTIONAL AREAS OF GOVERNMENT

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## **FAMILY LEAVE INSURANCE PROGRAM - \$6.2 MILLION GENERAL FUND-STATE**

Chapter 357, Laws of 2007 (Engrossed Second Substitute Senate Bill 5659) enacted the family leave insurance program to provide, for the birth or placement of a child, up to five weeks of leave with a weekly maximum benefit of \$250. Funding is provided for the development and implementation of a system to process and accept claims for benefits. Benefits begin October 1, 2009 and the program is anticipated to become fully operational in the 2013 biennium.

## **FUNDING REDUCTIONS - \$15.2 MILLION FEDERAL FUNDING (REED ACT)**

The budget addresses reductions in federal funding for unemployment insurance (UI) with three items. First, an additional \$12.9 million of Reed Act funding is provided to cover a reduction in federal funding for UI administration and other agency activities. \$2.3 million of Reed Act is provided to replace and upgrade hardware and software for the two telecenters, which provide the initial intake and processing of the state's unemployment claims. Finally, the budget reduces the spending authority of the Department by \$11.9 million in Unemployment Compensation Federal funds to align appropriations with anticipated federal revenues. This step also reduces the Department's FTEs authority by 240 to reflect the number of staff currently employed.

## **VETERAN'S AFFAIRS**

### **SERVICES FOR RETURNING VETERANS \$541,000 GENERAL FUND-STATE, \$383,000 OTHER FUNDS**

\$250,000 in state funding is provided for an expansion of the Veterans Conservation Corps program begun in 2007, allowing an additional 25 veterans to perform conservation work and pursue higher education in related fields. \$291,000 in state funding is provided for the Department of Veterans Affairs to work on-site at Fort Lewis and Madigan Hospital to link an estimated 3,400 injured returning soldiers with benefits and services. County funding is provided for the Incarcerated Veterans Program and federal funds are provided to assist homeless veterans in finding a stable residence and maintaining employment.

# FUNCTIONAL AREAS OF GOVERNMENT

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## HEALTH CARE

### DSHS – MEDICAL ASSISTANCE ADMINISTRATION

#### **MEDICAL ASSISTANCE CASELOAD AND UTILIZATION CHANGES - \$82.1 MILLION NEAR GENERAL FUND-STATE; \$23.7 MILLION GENERAL FUND-FEDERAL SAVINGS**

Funding is provided for a two percent increase above the 2007-09 biennial budget for changes in enrollment and per person medical costs, primarily due to increases in hospital inpatient and outpatient utilization, Medicare Part A premium payments, and managed care caseloads. These increases (roughly \$97 million Near General Fund-State) are somewhat offset by a slowdown in the growth rate of the General Assistance – Unemployable (GA-U) caseload and lower drug expenditures (approximately \$35 million). A decrease in the federal Medicaid participation rate of less than a half percent results in approximately a \$20 million shift from federal to state expenditures for Fiscal Year 2009.

#### **SMOKING CESSATION BENEFITS FOR MEDICAID ADULTS - \$1.9 MILLION TOBACCO PREVENTION AND CONTROL ACCOUNT -STATE; \$1.7 MILLION GENERAL FUND-FEDERAL**

Pursuant to Senate Bill 6421 (smoking cessation programs), funding is provided for coverage of smoking cessation counseling, nicotine replacement therapy, and prescription drugs to help Medicaid adults quit smoking. It is assumed that around four percent of the roughly 40 percent of the Medicaid population who are smokers will participate in this program each year.

## HEALTH CARE AUTHORITY

#### **HEALTH INSURANCE PARTNERSHIP - \$2.2 MILLION HEALTH SERVICES ACCOUNT-STATE**

Funding is provided to continue implementation of the Health Insurance Partnership, a program for employees of small business to purchase affordable health insurance. Second Substitute House Bill 2537 provides some modifications to the program to facilitate implementation, including a delay in the start of the application process and a clarification of eligible employers. Funding is provided for a third party administrator and \$750,000 for premium subsidies for low-income employees for coverage beginning March 1, 2009. Participation is targeted to small employers who employ mostly low-wage workers and who currently do not provide health insurance.

#### **BASIC HEALTH PLAN UNDERENROLLMENT ADJUSTMENT - \$2.7 MILLION HEALTH SERVICES ACCOUNT-STATE SAVINGS**

In the 2007-09 biennial budget, the Senate provided additional funding to expand enrollment in the Basic Health Plan to 107,700 slots by June 2008. Funding is adjusted to account for lower than expected enrollment and the increased cost of the program due to changing demographics of the population served. Funding levels allow enrollment to increase from February 2008 enrollment of 103,360 to 105,500 per month for the remainder of Fiscal Year 2008.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **COMMUNITY HEALTH CENTER ADULT DENTAL EXPANSION GRANTS - \$2.0 MILLION HEALTH SERVICES ACCOUNT- STATE**

Funding is provided for one-time competitive grants to community health centers to increase the number of adults served on an ongoing basis. Each clinic receiving grant funding will report annually, beginning December 2008, on key adult access indicators such as the number of low-income adults served.

## **DEPARTMENT OF HEALTH**

### **PUBLIC HEALTH**

#### **FAMILY PLANNING SUPPORT - \$4.0 MILLION GENERAL FUND-STATE; \$1.0 MILLION PUBLIC HEALTH SERVICES ACCOUNT-STATE**

Funding is provided for family planning clinics to backfill lost federal funds as a result of more stringent eligibility requirements for the federal Take Charge Family Planning Waiver that became effective in November 2006. Program goals are to reduce unintended pregnancies and associated state and federal expenditures. More than 25,000 people lost eligibility for certain family planning and sexually transmitted disease (STD) related services from this program as a result of these more restrictive eligibility requirements.

#### **COLON CANCER SCREENING - \$956,000 GENERAL FUND-STATE**

Funding is provided for up to six pilot projects statewide to conduct colorectal cancer screening and diagnostic follow-up services that include case management and referrals for medical treatment of screened individuals. These funds will be primarily directed to low-income, uninsured, and underinsured individuals between 50 and 64 year of age, or those under age 50 with a high risk of such cancer.

#### **RESTORATION OF CORE PUBLIC HEALTH FUNCTIONS - \$894,000 GENERAL FUND-STATE**

State funding is provided in light of federal cuts to core public health functions, such as coordinated care for children with maxillofacial birth defects, monitoring of children and adults with phenylketonuria (PKU), maternity support services, and services to rural and underserved populations.

#### **PRESCRIPTION DRUG MONITORING - \$680,000 HEALTH SERVICES ACCOUNT-STATE; \$400,000 GENERAL FUND-FEDERAL**

Funding is provided for the Department to begin implementation of a prescription drug monitoring program to connect all pharmacies in Washington with a database of schedule II-V controlled substances. Program goals include reducing the likelihood of adverse drug effects for seniors and the disabled, and a reduction in narcotics abuse. State funding comes from the settlement proceeds of a recent prescription drug consumer protection lawsuit. The Department will also seek federal grants available for this purpose.

## **FUNCTIONAL AREAS OF GOVERNMENT**

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### **WASHINGTON BREAST AND CERVICAL HEALTH PROGRAM - DIGITAL MAMMOGRAPHY REIMBURSEMENT - \$585,000 GENERAL FUND-STATE**

Funds are provided to address the shortfall between the current reimbursement rate and the Medicare rate for digital mammographies for providers participating in the Washington Breast and Cervical Health program.

### **PRIMARY CARE MEDICAL HOME PROJECT - \$460,000 GENERAL FUND-STATE**

Funding is provided for primary care providers to participate in the Medical Home Collaborative Program, which seeks to develop standard outcome measurements and adoption of the latest techniques in effective and cost efficient patient-centered care. Funding is provided for 20 primary care practices to participate, and the Department will report on initial progress and outcomes of the medical home collaborative by January 2009. Funding is also provided in the Department of Social and Health Services and Health Care Authority budgets.

### **MISCARRIAGE MANAGEMENT - \$454,000 GENERAL FUND-STATE**

Funds are provided for training of the management of early pregnancy loss in office-based settings rather than in the emergency room or hospital inpatient settings, resulting in more cost-effective and patient-centered care. Harborview Medical Center, which already provides office-based miscarriage care, will provide training to family practice residency programs.

## **HEALTH PROFESSIONS REGULATION**

### **INVESTIGATION AND CASE BACKLOG - \$2.0 MILLION HEALTH PROFESSIONS ACCOUNT-STATE**

The Department has experienced a 30 percent increase in health professions investigations. One-time funding is provided to allow the department to focus resources on cases that have the biggest impact to patient safety while continuing to resolve the oldest cases.

### **REGULATION OF HEALTH PROFESSIONALS - \$115,000 GENERAL FUND-STATE; \$6.2 MILLION HEALTH PROFESSIONS ACCOUNT-STATE**

Funding is provided to implement Fourth Substitute House Bill 1103 (health professions), which increases regulatory authority over the health professions. The department is given sole authority over all complaints that involve sexual misconduct and the authority to conduct national criminal background checks on all out-of-state applicants to help prevent individuals with criminal convictions in other states from obtaining a credential in Washington. In addition, beginning July 1, 2008, mandatory five-year pilot projects are established to evaluate the effect of granting the Medical Quality Assurance Commission and the Nursing Care Quality Assurance Commission authority over budget development, spending, and staffing. Voluntary five-year pilot projects are established for the Chiropractic Quality Assurance Commission and the Dental Quality Assurance Commission. Reports of the results of these pilot projects are due to the Governor and the Legislature by December 15, 2013.

# FUNCTIONAL AREAS OF GOVERNMENT

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## **COUNSELOR CREDENTIALING STANDARD - \$558,000 HEALTH PROFESSIONS ACCOUNT-STATE**

Funding is provided for the implementation of Substitute Senate Bill 6456 (counselor credentialing), which requires all registered counselors to obtain a new health profession credential by July 1, 2010. Eight new credentials are created: Mental Health Counselor Associate, Social Work Associate, Advanced Social Work Associate, Marriage and Family Therapy Associate, Chemical Dependency Professional Trainee, Hypnotherapist, Agency Affiliated Counselor, and Certified Counselor (the latter is for private practice counseling). The existing registered counselor credential is abolished July 2010. The Department must establish continuing education requirements for all renewals and is required to educate the public on the new responsibilities of therapeutic counselors.

## **OTHER HEALTH CARE**

### **SLOWER MANAGED CARE PREMIUM GROWTH - \$8.7 MILLION NEAR GENERAL FUND-STATE SAVINGS**

The budget reflects a slowdown in premium growth rates for Calendar Year 2009 for both the Medical Assistance Healthy Options and the Basic Health Plan managed care programs.

### **HEALTH CARE WORKGROUP AND ANALYSIS OF REFORM PROPOSALS - \$1.3 MILLION GENERAL FUND-STATE**

Funds are provided for an independent economic analysis of several health care reform proposals, due in December 2008, and the establishment of a health care workgroup to review and discuss these proposals with citizens statewide, with a final report due in November 2009.

# FUNCTIONAL AREAS OF GOVERNMENT

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## HIGHER EDUCATION & ECONOMIC DEVELOPMENT

### CAREER DEVELOPMENT

#### **AEROSPACE APPRENTICESHIPS - \$3.0 MILLION GENERAL FUND-STATE**

Funds are provided to support new apprenticeship training opportunities in the thriving aerospace industry, with particular emphasis upon the key new field of composite materials manufacturing.

#### **HEALTH CAREERS ADVANCEMENT - \$1.5 MILLION GENERAL FUND-STATE**

Community colleges, hospitals, and their unions will partner to help current workers such as nursing assistants and orderlies gain the skills and credentials needed to advance to more skilled health care professions. Pilot programs will test, refine, and disseminate effective approaches to incumbent worker training such as workplace-based and distance learning; flexible scheduling; context-based basic skills training; standardized training modules; and alignment of training modules with industry career pathways in order to shorten training times. These approaches are expected to help address critical shortages in key health professions, while simultaneously providing new career opportunities for lower-wage working families.

#### **INITIATIVE 732 INCREASE & CATCH-UP - \$5.5 MILLION GENERAL FUND-STATE**

Under Initiative 732, faculty at all community and technical colleges, and classified employees at the technical colleges, receive annual cost-of-living adjustments tied to the Seattle consumer price index (CPI). The actual fiscal year 2009 increase will be 3.9 percent, rather than 2.8 percent as forecasted and budgeted last year. These employees will also receive the same 0.5% “catch-up” increase as budgeted for K-12 teachers, for a total annual cost-of-living increase of 4.4 percent.

### STUDENT SERVICES AND SAFETY

#### **CAMPUS SAFETY PLANNING - \$1.1 MILLION STATE BUILDING CONSTRUCTION ACCOUNT**

As provided in Second Substitute Senate Bill 6328 (campus safety and security), each public college and university will update plans, policies, procedures, and programs for preventing and responding to campus emergencies by October 2008, and every two years thereafter. In addition, as provided in Second Substitute House Bill 2507 (higher education institutions), the State Patrol and the Washington Association of Sheriffs and Police Chiefs will assess the adequacy of campus emergency plans; evaluate and recommend priority buildings on public four-year campuses for inclusion in the statewide first-responder building mapping information system; and assess campus emergency notification systems for functionality within the campus environment and inter-operability with state and local responding agencies. Finally, funding is provided to incorporate all community and technical colleges into the statewide first-responder building mapping information system.

#### **STUDENT CHILD CARE - \$1.0 MILLION GENERAL FUND-STATE**

## FUNCTIONAL AREAS OF GOVERNMENT

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Direct state support for campus-based student child care is increased from \$125,000 per year to \$1.1 million. Almost 1,400 student parents are on waiting lists for campus-based care, almost as many as are presently served.

### **Digital Library Resources - \$750,000 General Fund-State**

Funds are provided so that students at all community & technical college campuses have on-line access to a core set of specialized periodicals, journals and books.

### **ADDITIONAL MENTAL HEALTH CARE - \$477,000 GENERAL FUND-STATE**

Funding is provided for one additional full-time mental health professional at each of the six public four-year institutions. This will increase the ability to identify students in need of care, and shorten wait times for service.

## PROMOTING ACCESS TO HIGHER EDUCATION

### **HEALTH PROFESSIONAL SCHOLARSHIPS AND LOANS - \$1.25 MILLION GENERAL FUND-STATE**

Funds are provided to increase the number of students and practitioners who receive scholarships and loans through the Health Professional Scholarship and Conditional Loan program. Priority is to be given to primary care providers employed or seeking employment in organizations that serve a disproportionate number of uninsured patients.

### **CAMPUS COMPACT MENTORING - \$250,000 GENERAL FUND-STATE**

Public and private colleges will develop opportunities for college students to serve as tutors, mentors, and role models for disadvantaged high-school students, in order to help them aspire to and succeed in college.

### **PENINSULA UNIVERSITY CENTER - \$212,000 GENERAL FUND-STATE**

The Higher Education Coordinating Board will work with community, business, and educational leaders in Clallam, Kitsap, Jefferson, and Mason Counties to develop plans for establishing a university center in the Kitsap County area. Such a center will provide local opportunities for residents of the Kitsap and Olympic peninsulas to earn bachelors and graduate degrees from a variety of public and private universities.

## RESEARCH AND ECONOMIC DEVELOPMENT

### **E-SCIENCE INSTITUTE - \$1.0 MILLION GENERAL FUND-STATE**

Funds are provided to establish an institute at the University of Washington that will provide infrastructure and consulting expertise to university researchers in advanced computational techniques needed to capture, store, organize, access, mine, and interpret massive data sets. Such expertise is essential to the university's ability to maintain its role as one of the nation's pre-eminent public research institutions.

### **COMMUNITY TECHNOLOGY OPPORTUNITIES - \$500,000 GENERAL FUND-STATE**

As provided in Substitute Senate Bill 6438 (internet deployment/adoption), the Washington State University Extension Service will provide technical assistance,

## FUNCTIONAL AREAS OF GOVERNMENT

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organizational support, and capacity-building grants to assist low-income and underserved communities access and make effective use of digital technologies.

### **MANUFACTURING EXTENSION SERVICES PROGRAM (SSB 6510) - \$306,000 GENERAL FUND-STATE**

Funds are provided to implement Substitute Senate Bill 6510 (manufacturing extension services); qualified non-profits will provide extension services to manufacturing businesses. The state general funds are appropriated into the Manufacturing Information and Modernization Account, through which the program is administered by the Department of Community, Trade and Economic Development.

# FUNCTIONAL AREAS OF GOVERNMENT

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## GENERAL GOVERNMENT

### DEPARTMENT OF ARCHAEOLOGY & HISTORIC PRESERVATION

**INADVERTENT DISCOVERY OF SKELETAL HUMAN REMAINS - \$571,000 GENERAL FUND-STATE; \$500,000 SKELETAL HUMAN REMAINS ASSISTANCE ACCOUNT-NON-APPROPRIATED**

Funding is provided to implement Engrossed Second Substitute House Bill 2624 (human remains), which establishes statutory guidelines and procedures for the inadvertent discovery of skeletal human remains, and requires the department to develop and maintain a centralized database of all known cemeteries and sites of burials of human remains in Washington. A State Physical Anthropologist position is also created to assist local governments in making determinations on the status of skeletal human remains. A total of \$500,000 is made available via the new Skeletal Human Remains Assistance Account for archaeological determinations, excavation services of skeletal human remains, as well as removal and reinterment when necessary.

### DEPARTMENT OF LABOR AND INDUSTRIES

**UNDERGROUND CONSTRUCTION ECONOMY - \$224,000 GENERAL FUND-STATE; \$741,000 ACCIDENT ACCOUNT-STATE; \$741,000 MEDICAL AID ACCOUNT-STATE**  
Funding is provided to implement Second Substitute Senate Bill 6732 (construction industry), which incorporates the recommendations of the Joint Legislative Task Force on the Underground Economy in the Construction Industry. Additional FTEs will be hired for auditing and investigative purposes, information technology improvements, and to execute a social marketing campaign aimed at educating consumers about the risks of hiring unregistered contractors.

**WORKLOAD INCREASES - \$200,000 GENERAL FUND-STATE; \$544,000 ELECTRICAL LICENSE ACCOUNT-STATE**

Funding is provided for the Department to hire additional staff to keep pace with workload increases. Four electrical inspectors will be added to meet rising inspection and plan review demands in central Washington and two elevator inspectors will be added to conduct both initial and annual operational safety inspections.

**VICTIMS' EMPLOYMENT LEAVE - \$408,000 ACCIDENT ACCOUNT-STATE; \$72,000 MEDICAL AID ACCOUNT-STATE**

Funding is provided to implement Substitute House Bill 2602 (victims' employment leave), which allows employees to take leave from work and provides them job protection if they are victims of domestic violence, assault, or stalking. The department will hire additional staff for enforcement of this legislation.

# FUNCTIONAL AREAS OF GOVERNMENT

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## OTHER

### **HOME CONSTRUCTION - \$227,000 GENERAL FUND-STATE**

\$127,000 in funding is provided for the Department of Licensing and the Department of Labor and Industries to conduct a review of the need for regulation of general and specialty contractors involved in the repair, alteration, or construction of single-family homes and to report their findings to the Legislature by October 1, 2008. An additional \$100,000 is provided for the Office of the Attorney General to review the implementation of Substitute Senate Bill No. 6385 (real property), which creates statutory implied warranties for the construction of improvements upon residential real property. The Office of the Attorney General is to collect data related to the number of actions filed and their disposition and to report its findings and any recommendations for statutory changes to the Legislature by December 1, 2008.

# FUNCTIONAL AREAS OF GOVERNMENT

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## CRIMINAL JUSTICE & PUBLIC SAFETY

### **SEX OFFENDER ADDRESS VERIFICATION - \$5.0 MILLION PUBLIC SAFETY AND EDUCATION ACCOUNT-STATE**

Funds are provided to the Washington Association of Sheriffs and Police Chiefs to contract with local law enforcement for in-person verification of the addresses and residency of registered sex offenders. Level III offenders will be visited every three months, Level II offenders visited twice per year, and Level I offenders visited annually. During these visits, law enforcement agencies will also confirm that every registered sex offender has a DNA sample on file.

### **CRIMINAL STREET GANGS (HOUSE BILL 2712) – \$750,000 PUBLIC SAFETY ACCOUNT-STATE; \$430,000 GENERAL FUND-STATE**

Funding is provided for the implementation of Engrossed Second Substitute House Bill 2712 (criminal street gangs). Funds are to be distributed as follows: \$750,000 Public Services & Education Account for the Washington Association of Sheriffs and Police Chiefs to distribute grants for gang emphasis and graffiti/tagging abatement programs; \$180,000 General Fund-State for the Office of the Superintendent of Public Instruction to develop and publish a brochure to help teachers and parents learn about criminal street gangs and their activities; \$150,000 General Fund-State for the Department of Corrections to investigate best practices to reduce gang involvement among incarcerated offender populations; and \$100,000 General Fund-State for the Department of Community, Trade and Economic Development for a victim-witness grant protection program.

### **SUPPORT PAROLE SERVICES - \$2.8 MILLION GENERAL FUND-STATE**

\$2.8 million in funding is provided to backfill Title XIX Medicaid funds for Targeted Case Management. The DSHS-Juvenile Rehabilitation Administration had received these funds to support its Family Functional Parole (FFP) program. FFP is a case management model that motivates youth and families to fully participate in services and provides ongoing assessment and support as needed.

### **CHILD VICTIMS OF SEXUAL ASSAULT - \$600,000 GENERAL FUND-STATE**

Funding is provided for the Office of Crime Victims Advocacy in the Department of Community, Trade and Economic Development to distribute grants to community sexual assault programs to enhance services provided to child victims of sexual assault and their families.

### **ADDITIONAL ACADEMIES AT THE BASIC LAW ENFORCEMENT ACADEMY - \$853,000 PUBLIC SAFETY AND EDUCATION ACCOUNT-STATE**

Funding is provided to the Criminal Justice Training Commission to meet the increased demand for basic peace officer training. Five additional academies are needed to train an additional 182 law enforcement officers.

### **NEIGHBORHOOD PARTNERSHIPS AND SEX OFFENDER ASSESSMENT - \$961,000 GENERAL FUND-STATE**

## **FUNCTIONAL AREAS OF GOVERNMENT**

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Funds are provided to the Department of Corrections for ten additional community corrections officers to work in partnership with local law enforcement officers in Seattle, Tacoma, Yakima, the Tri-Cities, Spokane, and Clark County in supervising and monitoring sex offenders.

### **SEX OFFENDER ELECTRONIC MONITORING - \$921,000 GENERAL FUND-STATE**

Funding is provided to the Department of Corrections for additional sex offender electronic monitoring. Certain Level III offenders who are released from total confinement, and whose release plan indicates they may be susceptible to certain risk factors, will be monitored for up to six months. Funding is provided for 75 offenders to participate in electronic monitoring by the end of Fiscal Year 2008 and 200 offenders by the end of Fiscal Year 2009.

### **COURT CRIME VICTIMS ADVOCATES - \$825,000 PUBLIC SAFETY AND EDUCATION ACCOUNT-STATE**

Crime victim advocates work to protect the rights of people who have been victimized and to connect them with available services. Funds are provided for ongoing funding for more sexual assault victim advocates in county superior courts. In addition, one-time funding is provided to update the statewide sexual assault victim assistance protocols through a coordinated effort led by the Washington Coalition of Sexual Assault Programs.

### **SEX OFFENDER POLICY BOARD - \$295,000 GENERAL FUND-STATE**

Funds are provided to create a sex offender policy board to be staffed and maintained by the Sentencing Guidelines Commission, pursuant to Substitute Senate Bill 6596 (sex offender policy board).

# FUNCTIONAL AREAS OF GOVERNMENT

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## JUDICIAL AGENCIES

### ADMINISTRATIVE OFFICE OF THE COURTS

#### **SUPERIOR COURT JUDGES – \$3.8 MILLION GENERAL FUND-STATE**

Funding is provided for an increase in Superior Court judge's salaries and benefits as adopted by the Washington Citizens' Commission on Salaries for Elected Officials and to fund five additional judges throughout the state.

#### **FAMILY & JUVENILE COURT IMPROVEMENT – \$800,000 GENERAL FUND-STATE**

Funding is provided to begin implementation of Second Substitute House Bill 2822 (family juvenile court program). The funding will provide for family court coordinators, additional judicial officer training, and planning and improvement grants to participating courts.

### OFFICE OF PUBLIC DEFENSE

#### **REPRESENTATION OF PARENTS IN DEPENDENCY – \$630,000 GENERAL FUND-STATE**

The Office of Public Defense operates a program providing legal representation to indigent parents involved in dependency and termination proceedings. \$398,000 in funding is provided to expand this program to indigent parents in Whatcom County starting October 1, 2008. An additional \$235,000 is provided for increased legal representation anticipated with the implementation of Engrossed Second Substitute House Bill No. 3205 (child long-term well-being). The bill requires the court to direct the filing of a petition to terminate parental rights when a child has been in foster care for 15 of the past 22 months.

# FUNCTIONAL AREAS OF GOVERNMENT

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## NATURAL RESOURCES

### CLIMATE CHANGE

A total of \$2.4 Million General Fund-State will continue progress toward meeting the state's goals for greenhouse-gas-emissions reductions and prepare for climate change.

#### **REDUCE GREENHOUSE GAS EMISSIONS – \$1.9 MILLION GENERAL FUND-STATE**

\$1.3 million is provided in the budget to implement Engrossed Second Substitute House Bill 2815 (greenhouse gas emissions). The funding will put into place a reporting system at the Department of Ecology to track, manage and credit entities that report their greenhouse gas emissions and the reductions they make; develop a regional market-based system, such as a “cap and trade” program; and continue the work of the Climate Action Team, such as collaboration with other western states, Canadian provinces, and Mexican states to reduce greenhouse gases in our region. \$207,000 is provided for the Department of Community, Trade and Economic Development to participate in the multi-state process to develop market-based systems to eliminate greenhouse gas emissions. The Employment Security Department is appropriated \$220,000 to conduct labor-market analysis of green-economy jobs, market demand, required skill levels, and wages. \$150,000 is provided for the University of Washington and Washington State University for technical expertise in climate change and every technology.

#### **CLIMATE CHANGE AND GROWTH MANAGEMENT – \$317,000 GENERAL FUND-STATE**

The Department of Community, Trade and Economic Development will develop advisory climate-change response methodologies, computer programs, and estimates to counties and cities which reflect regional and local variations. At least three counties and six cities will be selected for a global-warming adaptation pilot program through a competitive process. The program will assist counties and cities that are addressing climate change through their land use and planning resources, and those that aspire to do so but lack the necessary resources.

#### **PREPARE FOR AND ADAPT TO CLIMATE CHANGE – \$173,000 GENERAL FUND-STATE**

Funding will allow the Department of Ecology and the University of Washington to gather information to help prepare governments and citizens prepare for climate change. A comprehensive research, preparation, and adaptation plan will be written; and the Office of the State Climatologist set in law.

### WATER AVAILABILITY

#### **LAKE ROOSEVELT WATER DELIVERY – \$8.1 MILLION GENERAL FUND-STATE**

Funding is provided for the partnership agreements with the Confederated Tribes of the Colville Reservation and the Spokane Tribe of Indians that will authorize the release up to 132,500 acre-feet of water from the Lake Roosevelt reservoir annually. One-third of the water will be dedicated to in-stream flows for fish habitat. The remaining two-thirds will be divided among irrigators of 10,000 acres of land in the Odessa sub-area, holders of “interruptible” water rights, and municipal and industrial water-right applicants located

# FUNCTIONAL AREAS OF GOVERNMENT

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within a mile or so of the Columbia River. A total of \$6.0 million will be distributed to the Confederated Tribes of the Colville Reservation and the Spokane Tribe of Indians; \$2.0 million will be distributed to affected counties adjacent to Lake Roosevelt to mitigate impacts caused by the releases of water from Lake Roosevelt; and \$150,000 will provide an independent analysis of legislative options, including potential mitigation actions.

## WATER PROTECTION & RESTORATION

### **PUGET SOUND PARTNERSHIP'S ACTION AGENDA – \$3.2 MILLION NEAR GENERAL FUND-STATE; GENERAL FUND-FEDERAL**

\$2.0 million is provided for the Puget Sound Partnership to conduct extensive public outreach and stakeholder involvement as it finishes writing its Action Agenda for restoring the health of Puget Sound by 2020. This will include scientific review of the Action Agenda and starting projects. \$1.2 million in funding is provided for the top-priority monitoring projects such as analyzing the pollution that falls to the Sound from fuel-related air emissions, and to begin a statistically-valid, random water-sampling program to establish a baseline of pollution from various toxins.

**NEAH BAY RESCUE TUG – \$3.7 MILLION STATE FUNDS (\$211,000 VESSEL RESPONSE ACCOUNT-STATE; \$400,000 AQUATIC LANDS ENHANCEMENT ACCOUNT-STATE; \$789,000 STATE TOXICS CONTROL ACCOUNT-STATE; \$1.7 MILLION LOCAL TOXICS CONTROL ACCOUNT-STATE; AND \$600,000 COASTAL PROTECTION ACCOUNT-STATE)**  
Funding is provided for the Department of Ecology to keep the Neah Bay Rescue Tug in operation at the current level for another year and reduce the risk of a catastrophic oil spill.

### **MARINE HABITAT – \$365,000 GENERAL FUND-STATE**

Funding is provided to improve coordination, increase the integration of science, and provide assistance to groups that work to protect, conserve, and otherwise manage marine life and resources.

- \$250,000 is provided to the Department of Ecology to give technical assistance to community groups and county- and city-legislative authorities that request assistance with developing beach management programs (Engrossed Substitute House Bill 3186, beach management districts).
- \$115,000 is provided for the Department of Fish and Wildlife to coordinate groups that manage marine resources (Substitute Senate Bill 6231, marine protected areas).

# FUNCTIONAL AREAS OF GOVERNMENT

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## INCREASED USE OF LOCAL FOODS

The programs funded for Second Substitute Senate Bill 6483 (local food production) will expand children's and low-income residents' access to Washington-grown fruits and vegetables, and support Washington state farms.

### **LOCAL FARMS, HEALTHY CHILDREN – \$1.5 MILLION GENERAL FUND-STATE**

- \$290,000 for the Department of Agriculture to create a "Farm-to-School" program encouraging consumption of fresh, locally-grown food at public schools and other institutions.
- \$600,000 to the Office of the Superintendent of Public Instruction for a Washington-Grown Fruit and Vegetable Grant Program to facilitate consumption of Washington-grown nutritious snacks to improve student health and expand the market for locally-grown fresh produce. The program is to include fresh produce as well as minimally prepared, frozen, and dried fruits and vegetables.
- \$50,000 for the Department of Social and Health Services (DSHS) to establish a Farmers' Market Technology Improvement Pilot Program to assist farmers' markets and farmers to develop the capability to accept electronic-payment cards. The program will help increase access to fresh fruits and vegetables for state residents and to increase the number of food-stamp recipients using food-stamp benefits through electronic-benefits transfer at farmers' markets.
- \$350,000 for the Department of Community, Trade, and Economic Development for a Farmers-to-Food Banks pilot program. Selected food bank systems will contract with local farmers to provide fruit, vegetables, dairy, and meat products for distribution to low-income people at local food banks.
- \$150,000 to expand grants for Farmers' Market Nutrition programs. \$100,000 is provided to the Department of Health to increase Women, Infants and Children (WIC) grants to provide more mothers and children with fresh fruits and vegetables. An additional \$50,000 will expand DSHS's Senior Farmers Market Nutrition Program, which issues checks to low-income seniors for buying Washington-grown fresh fruits and vegetables at many farmers' markets and some roadside farm stands.

## EVERGREEN COMMUNITIES

Funding is provided for the Evergreen Communities Program, encouraging cities, towns, and counties in Washington to voluntarily develop and implement urban forest management plans and ordinances.

### **URBAN FORESTRY - \$385,000 GENERAL FUND-STATE**

- \$134,000 for the Department of Community, Trade and Economic Development (CTED) to develop model Evergreen Community Management Plans for cities, towns, and counties to consider and model Evergreen Community Ordinances for consideration by cities. CTED will develop criteria for a recognition program for participating communities and provide assistance to communities.

## FUNCTIONAL AREAS OF GOVERNMENT

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- \$251,000 for the Department of Natural Resources to coordinate with CTED in the development of the plans and ordinances; provide technical expertise in the areas of arboriculture, tree selection, and maintenance; and conduct a pilot assessment of community and urban forestry in two counties – one east and one west of the cascade range.

# FUNCTIONAL AREAS OF GOVERNMENT

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## HOUSING & COMMUNITY SERVICES

### HOUSING

#### **PROPERTY TAX DEFERRAL FOR LOW INCOME HOUSEHOLDS - \$5.8 MILLION GENERAL FUND-STATE DECREASE**

Chapter 2, Laws of 2007 first special session (Substitute Senate Bill 6178) provided a property tax deferral for homeowners in which the household income is less than \$57,000. The deferral is for 50 percent of the property taxes due on a residence. A homeowner electing to take the deferral must pay the first half of their taxes and may then defer the second half. The state reimburses local taxing districts for amounts that are deferred.

#### **HOMELESS FAMILIES SERVICES FUND - \$6.0 MILLION GENERAL FUND-STATE**

Chapter 2, Laws of 2008 (Substitute Senate Bill 6335) appropriates \$6.0 Million from the General Fund-State to the Homeless Families Services Fund. The account provides state matching funds for housing-based services for homeless families.

#### **TRANSITIONAL HOUSING ASSISTANCE - \$2.5 MILLION GENERAL FUND-STATE**

An additional \$2.5 Million is provided, to the \$10 Million authorized in the 2007-09 biennial budget for the Transitional Housing, Operating and Rent (THOR) program. The program, which assists homeless families with case management services, helps them successfully transition to permanent housing.

#### **FINANCIAL LITERACY - \$1.8 MILLION GENERAL FUND-STATE**

Chapter 3, Laws of 2008 (Senate Bill 6272) appropriates \$1.5 Million to implement financial literacy programs for home buyers, including counseling, marketing, and outreach programs which will provide information to consumers about residential mortgage transactions, nontraditional or subprime mortgages, and predatory lending practices. An additional \$250,000 is appropriated to assist low- and moderate-income households facing foreclosure.

### COMMUNITY SERVICES

#### **DECEMBER 2007 FLOOD RECOVERY - \$11.6 MILLION STATE DISASTER RESPONSE ACCOUNT-STATE; \$31.2 MILLION DISASTER RESPONSE ACCOUNT-FEDERAL**

Funding is provided for recovery and rebuilding expenses associated with the December 2007 floods in Chehalis-Centralia.

#### **NEW AMERICANS - \$344,000 GENERAL FUND-STATE**

Funds are provided for the Washington New Americans program to provide naturalization assistance for legal permanent residents who are eligible to become citizens.

#### **211 ENHANCEMENT - \$750,000 GENERAL FUND-STATE**

Funding is provided to expand the Washington Information Network 211 coverage.

# FUNCTIONAL AREAS OF GOVERNMENT

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## CULTURAL RESOURCES

### **LUCY'S LEGACY - \$400,000 GENERAL FUND-STATE**

Funding is provided for improvements at the Pacific Science Center to enable the center to host an exhibit of the Lucy of Laetoli hominid fossils.

### **KCTS V-ME - \$250,000 GENERAL FUND-STATE**

Funds are provided for a grant to KCTS Public Television to offer Spanish-language programming. The programming will be offered through "V-me," a program service modeled on public television, with children's, arts, history, science, biography, nature, movies, pop culture, and public affairs genres.

# COMPENSATION

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## STATE EMPLOYEE COMPENSATION

### **EMPLOYEE HEALTH BENEFIT FUNDING RATE REDUCTION - \$115.5 MILLION NEAR GENERAL FUND-STATE SAVINGS; \$95.9 MILLION OTHER FUND SAVINGS**

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 fiscal 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. 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 fiscal biennia, in order to support the cost of benefits during Fiscal Year 2009. The 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.

# REVENUE ADJUSTMENTS

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## REVENUE ADJUSTMENTS

### **AEROSPACE INDUSTRY TAX PROGRAM - \$2.2 MILLION GENERAL FUND-STATE REDUCTION**

Substitute Senate Bill 6828 (aerospace industry tax) extends the aerospace tax incentives to include tooling manufacturers, Federal Aviation Regulation Part 145 certified repair stations, and design/engineering services. The aerospace tax program includes reduced business and occupation (B&O) tax rates, B&O preproduction tax credits, B&O tax credits for property taxes, and sales and use tax exemptions for computer hardware and software. The sale of parts to the manufacturer of a commercial plane is deemed to take place at the site of final testing or inspection.

### **B&O DEDUCTION FOR GROCERY DISTRIBUTION COOPERATIVES - \$1.1 MILLION GENERAL FUND-STATE REDUCTION**

House Bill 3275 (grocery distribution co-ops) amends the current deduction for wholesales by grocery distribution cooperatives to allow the same tax treatment if an eligible cooperative is acquired by another grocery distribution cooperative.

### **CONCERNING THE BUSINESS AND OCCUPATION TAXATION OF NEWSPAPER-LABELED SUPPLEMENTS - \$946,000 GENERAL FUND- STATE REDUCTION**

Substitute House Bill 2585 (newspaper taxation) changes the definition of a newspaper for tax purposes. The new definition includes electronic versions of the newspaper. The effect of this change is that the business and occupation tax rate of advertising revenue will be reduced from 1.5% to 0.484%. This change is in effect for three years.

### **PROSECUTORS SALARIES - \$923,000 GENERAL FUND-STATE REDUCTION**

Substitute Senate Bill 6297 (prosecuting attorney salaries) changes the amount the state contributes towards the salary of the elected county prosecuting attorney. The contribution is currently 50 percent of the salary, as set by the county. The contribution will be set to 50 percent of a Superior Court judge, as set by the Washington Citizens' Commission on Salaries for Elected Officials. Each county must continue to contribute an amount equal to its Fiscal Year 2008 contribution.

### **CONCERNING GENERATING ELECTRICITY FROM TIDAL AND WAVE ENERGY- \$324,000 GENERAL FUND- STATE REDUCTION**

Engrossed Second Substitute Senate Bill 6111 (tidal and wave energy) provides a sales tax exemption for eligible tidal and wave energy devices. In order to qualify the facility must be capable of generating at least 200 kilowatts of electrical energy. The bill also provides for a work group to investigate issues relating to the generation of electricity via tidal and wave energy devices headed by CTED.

### **CREATING A SALES AND USE TAX EXEMPTION OF MATERIALS AND SERVICES USED IN THE WEATHERIZATION ASSISTANCE PROGRAM - \$276,000 GENERAL FUND- STATE REDUCTION**

# REVENUE ADJUSTMENTS

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Engrossed Substitute House Bill 2847 (Exemptions for weatherization) provides a sales tax exemption for tangible personal property used in the weatherization of residence under the Washington Weatherization Assistance Program operated by CTED.

## **VENDOR OVERPAYMENTS - \$260,000 GENERAL FUND- STATE REDUCTION**

Substitute Senate Bill 6224 (vendor overpayments) changes the interest accrual methodology for collecting vendor overpayments for the Department of Social and Health Services, resulting in lower interest-related revenues. Interest accrual begins 30 days after the date of notice to the vendor by the department, rather than 90 days from the date of overpayment.

## **FINANCING THE STATE ROUTE NUMBER 520 BRIDGE REPLACEMENT PROJECT - \$251,000 GENERAL FUND- STATE REDUCTION**

Engrossed Substitute House Bill 3096 (520 bridge) allows for a sales and use tax deferral for taxes due on the construction of the 520 bridge. The taxes shall be repaid five years after the project is complete in ten equal annual payments.

## **INCREASING THE AVAILABILITY OF FUNDS FOR THE TIME CERTIFICATE OF DEPOSIT INVESTMENT PROGRAM - \$191,000 GENERAL FUND- STATE REDUCTION**

Engrossed House Bill 3360 (B&O Credit for energy efficient equipment) authorizes the State Treasurer to use an additional \$25 million of short-term state treasury surplus funds for the existing linked deposit program for minority or women-owned businesses. The State Treasurer is also authorized to use an additional \$15 million of short-term state treasury surplus funds for a new linked deposit program for veteran-owned businesses.

## **PROVIDING FOR IMPROVED AVAILABILITY OF MOTOR VEHICLE FUEL DURING POWER OUTAGES OR INTERRUPTIONS IN ELECTRICAL SERVICE - \$125,000 GENERAL FUND- STATE REDUCTION**

Third Substitute House Bill 2053 (motor vehicle fuel) provides a business and occupation tax credit for gasoline service stations for costs associated with acquiring alternative power generation devices. The amount of tax credit is limited to 50 percent of the cost of such devices, up to a maximum of \$25,000 per taxpayer. An overall cap of \$750,000 per biennium applies to the total credits under the program. The credit will expire at the end of Fiscal Year 2011.

## **PROVIDING TAX INCENTIVES TO ENCOURAGE BUSINESSES TO PURCHASE HIGHLY ENERGY EFFICIENT EQUIPMENT - \$106,000 GENERAL FUND- STATE REDUCTION**

Engrossed House Bill 3362 (credits for highly efficient equipment) authorizes a new B&O tax credit equal to 8.8% of the purchase price of certain types of commercial appliances which carry Energy Star or Consortium for Energy Efficiency ratings for energy-efficiency for businesses with a yearly gross income under \$750,000. To qualify for the credit, the firm's gross income for the prior calendar year must not exceed \$750,000.

## **TAX RELIEF FOR HONEY BEEKEEPING - \$74,000 GENERAL FUND-STATE REDUCTION**

# REVENUE ADJUSTMENTS

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Second Substitute Senate Bill 6468 (honey beekeeper taxation) exempts the income of registered apiarists from the B&O tax on the wholesale sale of honey and honey bee products, B&O tax on bee pollination services, and the sales and use tax on the sale of pollinating bees. These exemptions expire July 1, 2013.

## **RELIEVING ACTIVE DUTY MILITARY PERSONNEL OF INTEREST AND PENALTIES ON DELINQUENT EXCISE TAXES - \$53,000 GENERAL FUND-STATE REDUCTION**

Substitute House Bill 3283 (penalties and interest waiver for active duty military personnel) allows for penalties or interest for state excise tax purposes to be waived or cancelled for a 2-year period if the majority owner of a small business is a member of the armed forces. To be eligible the person must be on active duty, participating in an armed conflict, and assigned to a location outside of the United States.

## **REDUCED B&O TAX RATE FOR SURFACE MATERIALS PRODUCED FROM RECYCLED PAPER - \$34,000 GENERAL FUND-STATE REDUCTION**

House Bill 2678 (tax treatment of timber activities) restores the reduced business and occupation tax rate for timber products containing recycled paper and resin. Timber products that are eligible for the lower business and occupation tax rate include recycled paper that is used in manufacturing of biocomposite surface products made from recycled paper and resin.

## **CONCERNING TAX EXEMPTIONS FOR TEMPORARY MEDICAL HOUSING PROVIDED BY HEALTH OR SOCIAL WELFARE ORGANIZATIONS - \$31,000 GENERAL FUND-STATE REDUCTION**

House Bill 2544 (temporary medical housing) provides an exemption from sales taxes and lodging taxes for temporary medical housing provided by a health or social welfare (nonprofit) organization. To qualify, the housing must be provided to the patient or patient's family while the patient is receiving medical treatment at a hospital licensed in Washington or affiliated outpatient clinic, or the patient is recuperating or under observation following medical treatment.

## **REAL ESTATE EXCISE TAX EXEMPTION FOR MANUFACTURED/MOBILE HOME COMMUNITIES - \$20,000 GENERAL FUND-STATE REDUCTION**

Engrossed Second Substitute House Bill 1621 (manufactured/mobile home) exempts sales of manufactured/mobile home communities to tenant organizations, local governments, housing authorities, non-profits, neighborhood-based organizations, or federally recognized tribes from the real estate excise tax.

## **CONCERNING THE LEASEHOLD EXCISE TAX EXEMPTION FOR CERTAIN AMPHITHEATER PROPERTY - \$12,000 GENERAL FUND-STATE REDUCTION**

House Bill 2460 (amphitheater leasehold excise tax exemption) amends the leasehold excise tax exemption for certain amphitheatres to specify that the county population had to be within the indicated range at the time the facility first opened to the public.

## **SALES TAX EXEMPTION FOR TRAIL GROOMING SERVICES - \$6,000 GENERAL FUND-STATE REDUCTION**

## REVENUE ADJUSTMENTS

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Senate Bill 6375 (trail grooming services tax) exempts trail grooming services provided to the state and nonprofit corporations from sales tax.

**SALES TAX SOURCING FOR FLORISTS - \$147,000 GENERAL FUND-STATE INCREASE**

Senate Bill 6799 (florists' personal property) allows florists to continue to source their sales tax location based on place of origin. Last year, legislation which conformed Washington to the national Streamlined Sales and Use Tax Agreement, required all sales subject to the sales tax to be sourced based on destination.

## BUDGET-DRIVEN REVENUE

**ONE-TIME PAYMENT TO COUNTIES - \$422,000 GENERAL FUND-STATE DECREASE**

A one time payment is made to Jefferson County and Klickitat County as a result of an error in the distributions of the sales tax credit in 82.14.370.

**LIQUOR CONTROL BOARD - \$240,000 GENERAL FUND-STATE INCREASE**

An increase in the distribution of revenue from liquor sales is realized as a result of Liquor Control Board budget adjustments.

**HABITAT CONSERVATION PROGRAM ADJUSTMENT- \$1,265,000 GENERAL FUND-STATE INCREASE**

An error was made in the estimated distributions to counties for the Habitat Conservation Program payments-in-lieu-of-taxes.



# **Appendix A**



**2007-09 Revised Omnibus Operating Budget (2008 Supp)**

**Near General Fund - State**

(Dollars in Thousands)

	<b>Senate Passed</b>	<b>Conference</b>	<b>House Passed</b>
<b>K-12 Education</b>			
Student Learning Opportunities	26,932	17,919	0
Special Education Medicaid Change	21,219	21,219	21,219
Classified Staff Ratio	12,509	3,089	0
School Librarian Allocation	11,700	4,000	0
Career and Technical Education	3,000	2,750	3,000
Other	2,158	2,943	2,836
Increased PPI	1,895	1,895	1,895
Apportionment and Financial Systems	1,800	1,800	1,800
COLA Increase	0	17,780	35,583
Eliminate PAS funding	0	-19,285	0
End of Course Tests	0	3,249	0
Full Day Kindergarten Adjustment	0	0	-8,044
High School Completion	0	-1,000	-1,000
Learning Assistance Program	0	0	1,638
National Board Pension Benefits	0	2,144	0
NERC Enhancement	0	6,461	13,099
Vocational Equipment Replacement	0	0	-1,669
Indigenous Learning Pilot Program	-1,000	-1,000	0
WASL Changes	-14,203	-14,203	-11,673
<b>K-12 Education Total</b>	<b>66,010</b>	<b>49,761</b>	<b>58,684</b>
<b>Long Term Care, DD, and Mental Health</b>			
Increased Mental Health Funding	10,000	6,250	0
Nursing Home Worker Wages	5,000	3,000	0
Move Pierce MH to Fee for Service	3,031	3,381	3,236
Other	2,876	2,981	2,987
State MH Hospital Staffing	2,278	2,278	2,278
Spokane Acute Care Diversions	2,250	2,250	0
Adult Family Home Rate Increase	2,175	0	2,257
LTC Task Force Initiatives	2,157	2,913	3,794
Judicial ITA Costs	2,033	2,033	2,373
Nursing Home Rate Adjustment	1,818	0	0
DD: Education (RHC Children)	1,437	1,363	1,363
RSN Rate Adjustment	1,403	1,403	1,391
DD: Intensive In-Home Suppt/Children	1,200	921	910
Payment System for Providers	1,000	1,000	1,000
Long-Term Care Training Pilot	600	0	0
LTC Taskforc- AFH 17 Levels of Care	305	2,635	505
Long Term Care Worker Training	0	839	944

**2007-09 Revised Omnibus Operating Budget (2008 Supp)**

**Near General Fund - State**

(Dollars in Thousands)

	<b>Senate Passed</b>	<b>Conference</b>	<b>House Passed</b>
Nursing Home Funding Increase	0	0	3,000
DD Underexpenditure	-1,016	-1,000	-1,000
Utter Request Legislation *	-5,574	-5,574	-5,574
Long Term Care, DD, and Mental Health Total	32,973	26,673	19,464
<b>Other Human Services</b>			
Family Leave Implementation	6,218	6,218	0
Extend DASA Pilot Programs	5,757	4,299	2,400
Other	5,242	5,848	5,641
DUI Legislation: Addl. Treatment	4,947	0	0
IRS Collections Distribution Change	2,739	2,739	2,739
Child Victims of Sexual Assault	1,800	600	0
Supervised Visitation	1,656	1,656	1,976
Local Farms and Healthy Kids	1,490	1,490	1,000
Food Stamp Gross Income Limits	1,100	1,100	445
Home Support Specialists	1,100	1,100	0
Reactive Attachment Disorder Pilot	1,000	500	0
211 Enhancement	750	750	500
Additional Licensing Staff	0	500	990
Childrens: 30 Day Visit Phase In	0	884	884
Other Foster Care Improvements	0	3,734	3,690
Sibling Visits	0	1,829	1,829
One-Time FTE Savings (Childrens)	-1,900	-1,610	-1,558
Other Human Services Total	31,899	31,637	20,536
<b>Health Care</b>			
Family Planning Support	4,000	4,000	6,900
Other	3,284	3,885	2,092
CHC Adult Dental Access Grant	2,500	2,000	0
Smoking Cessation Benefits	1,883	0	0
Health Care Workgroup Support	1,276	1,276	1,276
Health Professional Assistance	1,250	1,250	0
DOH: Lost Federal Funds	894	894	1,640
Prescription Drug Monitoring	680	680	0
Adverse Events	0	0	1,000
Colon Cancer Screening	0	956	956
Eastern State Hospital IHIS	0	0	-2,340
Private Duty Nursing Increase	0	0	1,054
Cover All Kids Outreach Adjustment	-921	0	0
Health Insurance Partnership	-1,777	2,240	2,685
Critical Patient Information Init.	-2,000	-2,000	-2,000

**2007-09 Revised Omnibus Operating Budget (2008 Supp)****Near General Fund - State**

(Dollars in Thousands)

	<b>Senate Passed</b>	<b>Conference</b>	<b>House Passed</b>
ProviderOne Schedule Adjustment	-2,000	-2,000	-2,000
Lower Health Care Premium Growth	-2,253	-2,253	0
BHP underenrollment adjustment	-2,692	-2,692	-2,692
Healthy Options Premium Reduction	-6,352	-6,352	-6,352
Health Care Total	-2,228	1,884	2,219
<b>Higher Education</b>			
Aerospace Apprenticeships	3,000	3,000	3,000
Health Care Career Advancement	3,000	1,500	1,000
Other	2,715	2,868	2,558
Construction Trade Apprenticeships	2,000	0	0
Child Care	1,000	1,000	650
Community Technology Opportunities	1,000	500	0
Core Computer Systems Study	1,000	0	0
e-Science Institute	1,000	1,000	0
Knowledge Worker Residency Status	707	0	0
Campus Safety Mental Health Counsel	472	472	477
Entrepreneurial Stars Program	265	265	-1,505
21st Century Library Resources	0	750	1,500
COLA for I-732 Eligible Employees	0	1,717	3,434
UW North	0	100	100
Job Skills Fund Source Change	-2,950	-2,950	0
Opportunity Grant Adjustment	-5,000	0	0
Higher Education Total	8,209	10,222	11,214
<b>Corrections and Other Criminal Justice</b>			
Treatment Beds for Violators	9,845	9,845	9,845
Sex Offender Address Verification	5,000	5,000	5,000
Other	4,227	4,602	4,282
DOC: Supervision & Safety	3,070	3,070	3,070
Comm Transition Coor Networks	3,000	0	0
JRA: Parole Services	2,808	2,808	2,808
DOC: Staff Recruitment	2,387	2,005	1,624
Correctional Worker Training	1,094	994	994
Compensation Increases	1,022	2,391	3,760
Custody Overtime Expenditures	216	1,080	2,375
Criminal Street Gang Initiative	0	1,180	2,380
Reentry Housing Pilot Project	0	-650	-1,300
Comm Corrections Vacancy Savings	-2,151	-2,151	-2,151
Corrections and Other Criminal Justice Total	30,518	30,174	32,687

**2007-09 Revised Omnibus Operating Budget (2008 Supp)**

**Near General Fund - State**

(Dollars in Thousands)

	<b>Senate Passed</b>	<b>Conference</b>	<b>House Passed</b>
<b>Lawsuits</b>			
Shared Living Lawsuit	22,907	22,907	22,907
Other	2,174	2,174	2,389
Hyatt Lawsuit	1,000	1,000	1,000
Moore, et al v. HCA	1,000	1,000	1,000
Lawsuits Total	27,081	27,081	27,296
<b>Natural Resources</b>			
DNR: Emergency Fire Suppression	3,707	2,707	3,707
Lake Roosevelt Water Availability	2,759	2,759	609
Fish & Wildlife	2,250	2,354	1,668
Other	1,991	2,119	847
Climate Change/Green Jobs	1,905	2,460	1,325
Puget Sound Partnership	1,662	1,412	1,488
DOE: Other	898	1,209	687
DNR: Other	200	548	601
Water Quality Capital Acct Transfer	-2,861	-2,861	-2,875
Move Livestock Projects to Capital	-4,000	-4,000	-4,000
Natural Resources Total	8,511	8,707	4,057
<b>Housing Related</b>			
Housing	8,500	8,626	9,626
Property Tax Deferral	5,814	5,814	5,814
Home Buyer Education	1,500	1,500	1,500
Other	816	426	100
Housing Related Total	16,630	16,366	17,040
<b>All Other</b>			
PEBB/Federal Audit Determination	11,000	11,000	11,000
Other	10,198	11,319	8,709
DUI Emphasis Patrol Grants	4,947	0	0
Fire Contingency	4,500	4,500	4,500
PEBB System (BAIAS)	4,036	4,661	12,098
Working Families Tax Exemption	2,364	1,250	0
New Americans	1,000	344	0
Parents Representation Program	961	398	500
Other: Judicial Items	90	-458	231
Family & Juvenile Court Improvement	0	800	1,258
Judicial Information Fund Adj	-1,500	-1,500	0
Administrative Contingency Transfer	-1,800	-1,800	0
Encourage Cleaner Energy	-2,000	0	0

**2007-09 Revised Omnibus Operating Budget (2008 Supp)**

**Near General Fund - State**

(Dollars in Thousands)

	<b>Senate Passed</b>	<b>Conference</b>	<b>House Passed</b>
All Other Total	33,796	30,514	38,296
PEBB Rate Reduction			
PEBB Rate Reduction	-115,524	-115,736	-115,524
PEBB Rate Reduction Total	-115,524	-115,736	-115,524
Plus Maintenance Changes			
Plus Maintenance Changes	188,880	188,880	188,881
Grand Total	<b>326,755</b>	<b>306,163</b>	<b>304,850</b>