

Special Appropriations

Extraordinary Criminal Justice

The costs of investigating and prosecuting the “Green River murders” accounted for more than half the costs of King County’s 18 aggravated murder cases in 2002. As a result, the Legislature appropriated \$766,000 to King County to assist in defraying extraordinary criminal justice costs incurred in the adjudication of aggravated murder cases.

Legislative Liaisons

The Legislature prohibits state agencies and institutions from spending any funds appropriated in the operating budget to employ legislative liaisons or contract for legislative liaisons. Independently elected statewide officials are permitted to employ one legislative liaison during the biennium. The Legislature directs the Office of Financial Management (OFM) to reduce allotments for agencies by \$3.257 million from general fund appropriations to reflect the savings. *The Governor vetoed this item.*

Travel, Equipment, and Contracts

In the operating budget, the Legislature directs OFM to reduce allotments for all agencies for equipment, travel, and management and organization personal services contracts by \$20 million from general fund appropriations. *The Governor vetoed this item.*

Backfill for Cities and Counties

In the operating budget, the Legislature continues to replace a portion of the Motor Vehicle Excise Tax (MVET) funding for local governments and local public health districts eliminated as a result of the passage of Initiative 695 in 1999. Local public health districts are appropriated \$24 million per year from the Health Services Account. Cities and counties are each appropriated \$5 million of federal funds in fiscal year 2004.

Expand Junior-Level Transfer Student Enrollment

The operating budget appropriates \$6.3 million to be allocated to public baccalaureate institutions to expand state-supported college access by 400 full-time equivalent student enrollments. With this funding, the Legislature intends to assist qualified residents seeking to transfer with an associate degree or credits sufficient to enter degree programs with junior-class standing.

Health Benefits

A total of \$127 million (\$85 million General Fund-State) is provided to cover the increased cost of medical, dental, life, and disability insurance benefits provided to state agency and higher education employees and retirees.

The budget anticipates that the total cost of medical insurance purchased on behalf of current employees will increase by an average of 15.5 percent per year next biennium. The state’s cost for that increase is partially offset by requiring employees to pay an average of 16 percent of the cost of their medical insurance, compared to an average of 14 percent now, and increasing the co-payments for medical office visits to \$15, from \$10 now. Dental insurance and basic levels of life and disability insurance will continue to be provided at no cost to the employee. With the increases in state funding, the average monthly employee contribution is expected to increase from \$72.38 in calendar year 2003 to \$96.43 in calendar year 2004 and \$110.58 in calendar year 2005.

The cost of supplemental medical insurance for retirees enrolled in Medicare is expected to increase by approximately 13.9 percent per year. The monthly retiree subsidy is increased so that, on average, the state will continue to cover approximately 44 percent of the cost of supplemental insurance for Medicare-eligible retirees.

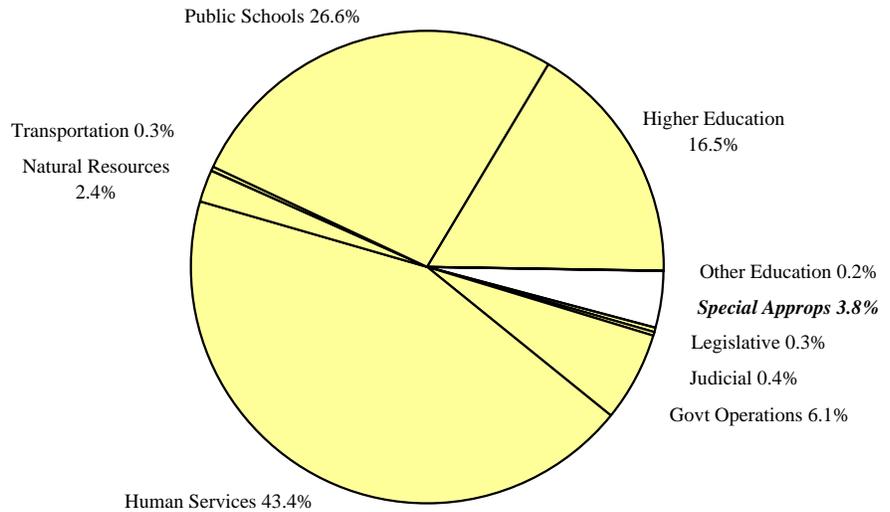
Pension Funding Method Change

A savings of \$87.7 million General Fund-State is achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions are made towards the unfunded liabilities in PERS and TRS Plan 1 during the biennium.

2003-05 Washington State Operating Budget Total Budgeted Funds

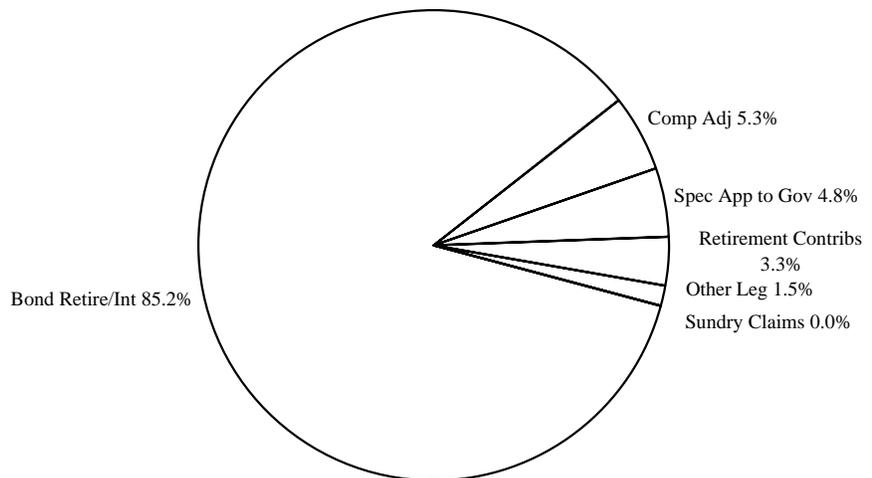
(Dollars in Thousands)

Legislative	136,394
Judicial	162,179
Governmental Operations	2,726,495
Human Services	19,457,885
Natural Resources	1,091,562
Transportation	123,957
Public Schools	11,906,608
Higher Education	7,400,500
Other Education	99,594
<i>Special Appropriations</i>	<i>1,690,584</i>
Statewide Total	44,795,758



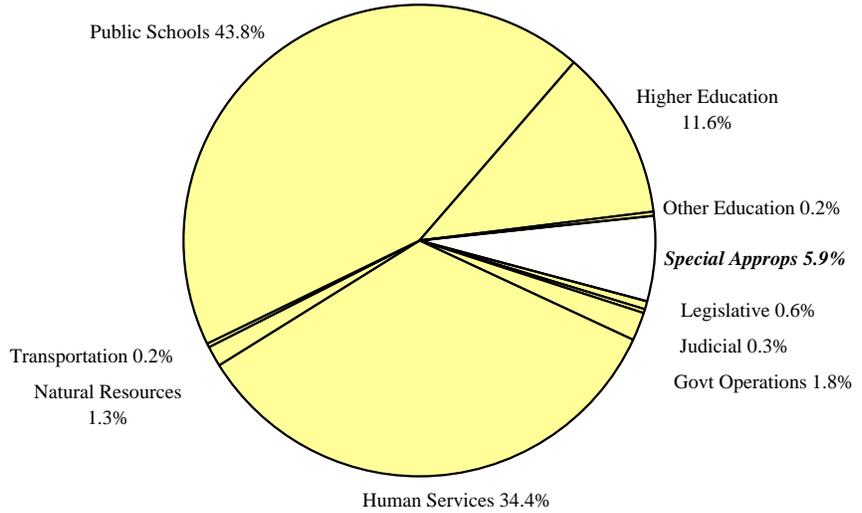
Washington State

Bond Retire/Int	1,439,607
St Employ Comp Adj	89,733
Special Approps to Governor	81,015
Retirement Contributions	55,170
Other Legislation	24,676
Sundry Claims	383
<i>Special Appropriations</i>	<i>1,690,584</i>



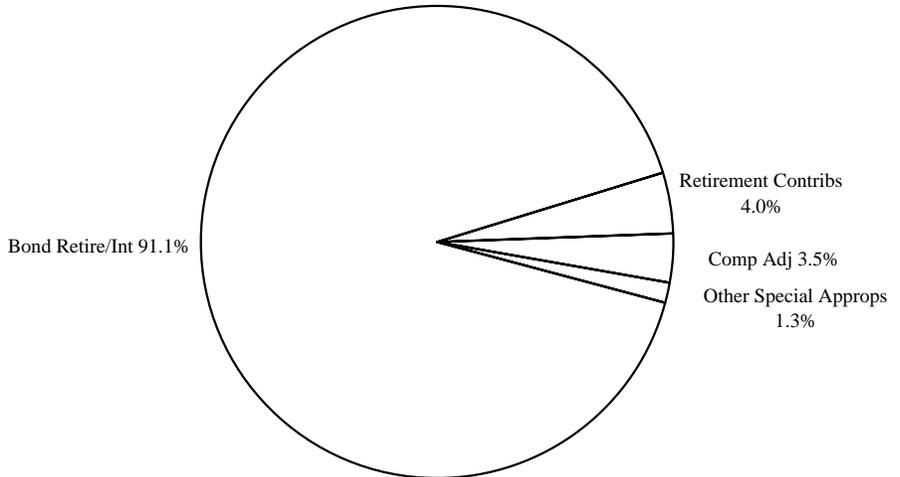
**2003-05 Washington State Operating Budget
General Fund-State**
(Dollars in Thousands)

Legislative	129,628
Judicial	78,492
Governmental Operations	411,360
Human Services	7,933,222
Natural Resources	297,097
Transportation	48,834
Public Schools	10,104,649
Higher Education	2,667,195
Other Education	39,932
<i>Special Appropriations</i>	<i>1,370,972</i>
Statewide Total	23,081,381



Washington State

Bond Retire/Int	1,249,251
Retirement Contributions	55,170
St Employ Comp Adj	48,284
Other Special Approps	18,267
<i>Special Appropriations</i>	<i>1,370,972</i>



Bond Retirement and Interest

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	1,251,110	181,470	1,432,580
2003 Supplemental *	-40,040	-9,598	-49,638
Total 2001-03 Biennium	1,211,070	171,872	1,382,942
2003-05 Maintenance Level	1,227,608	186,245	1,413,853
Policy Changes			
1. General Inflation	-18	-112	-130
2. New Debt 2003-05 Capital Budget	21,661	4,223	25,884
Total 2003-05 Biennium	1,249,251	190,356	1,439,607
Fiscal Year 2004 Total	597,106	106,374	703,480
Fiscal Year 2005 Total	652,145	83,982	736,127

Comments:

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

2. **New Debt 2003-05 Capital Budget** - Debt service and bond sale expenses will be incurred for new debt issued to fund the 2003-05 capital budget. (General Fund-State, State Building Construction Account-State, State Taxable Building Construction Account-State)

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

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Contributions to Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	44,145	0	44,145
2003 Supplemental *	232	0	232
Total 2001-03 Biennium	44,377	0	44,377
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2003-05 Maintenance Level	55,170	0	55,170
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Total 2003-05 Biennium	55,170	0	55,170
Fiscal Year 2004 Total	27,756	0	27,756
Fiscal Year 2005 Total	27,414	0	27,414

Comments:

There were no policy level changes.

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Sundry Claims

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Expenditure Authority	274	5	279
2003 Supplemental *	490	16	506
Total 2001-03 Biennium	764	21	785
2003-05 Maintenance Level	0	0	0
Policy Changes			
1. Deer and Elk Damage Claims	0	365	365
2. Self-Defense Claims	18	0	18
Total 2003-05 Biennium	18	365	383
Fiscal Year 2004 Total	18	365	383
Fiscal Year 2005 Total	0	0	0

Comments:

1. **Deer and Elk Damage Claims** - On the recommendation of the State Office of Risk Management, payment is made under RCW 77.12.280 for claims for damages to agricultural crops by wildlife. (Wildlife Account-State)
2. **Self-Defense Claims** - On the recommendation of the State Office of Risk Management, payment is made under RCW 9A.16.110 for claims for reimbursement of legal costs and other expenses of criminal defendants acquitted on the basis of self defense.

* Please see the 2003 Supplemental Operating Budget Section for additional information.

Special Appropriations to the Governor

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	107,369	97,404	204,773
2003 Supplemental *	4,000	0	4,000
Total 2001-03 Biennium	111,369	97,404	208,773
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2003-05 Maintenance Level	22,636	52,000	74,636
Policy Changes			
1. Liability Account	-10,638	0	-10,638
2. Extraordinary Crim Justice Costs	0	766	766
3. Legislative Liaisons	-3,257	0	-3,257
4. Travel, Equipment, Contracts	-20,000	0	-20,000
5. I-695 Backfill for Counties	0	5,000	5,000
6. I-695 Backfill for Cities	0	5,000	5,000
7. Higher Education Enrollments	6,251	0	6,251
8. Governor Veto	23,257	0	23,257
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Total 2003-05 Biennium	18,249	62,766	81,015
Fiscal Year 2004 Total	9,124	34,766	43,890
Fiscal Year 2005 Total	9,125	28,000	37,125

Comments:

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| <p>1. Liability Account - Savings are projected in the state general fund based on historical patterns in tort claims, settlements, and judgments.</p> <p>2. Extraordinary Crim Justice Costs - Funding is provided for assistance to King County for extraordinary criminal justice costs incurred in the adjudication of aggravated murder cases. (Public Safety and Education Account-State)</p> <p>3. Legislative Liaisons - Funding is reduced for state agency legislative liaisons. <i>The Governor vetoed this item. See item 8.</i></p> <p>4. Travel, Equipment, Contracts - Funding is reduced resulting from an across-the-board reduction in travel, equipment, and personal service contract expenditures. <i>The Governor vetoed this item. See item 8.</i></p> <p>5. I-695 Backfill for Counties - Funding is provided for distribution to specified counties to mitigate the loss of local revenue following the passage of Initiative 695. (General Fund-Federal)</p> <p>6. I-695 Backfill for Cities - Funding is provided for distribution to cities to mitigate the loss of local revenue following the passage of Initiative 695. (General Fund-Federal)</p> <p>7. Higher Education Enrollments - Funds are provided to support 400 full-time equivalent resident transfer students entering public baccalaureate institutions with junior-class standing beginning with the 2003-04 academic year.</p> <p>8. Governor Veto - The Governor vetoed Sections 717 and 724 of Chapter 25, Laws of 2003, 1st sp.s., Partial Veto (ESSB 5404), which reduced state general fund spending for agency</p> | <p>legislative liaisons and for travel, equipment, and personal service contract expenditures.</p> <p>* Please see the 2003 Supplemental Operating Budget Section for additional information.</p> |
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State Employee Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Expenditure Authority	103,943	93,548	197,491
2003-05 Maintenance Level	1,162	217	1,379
Policy Changes			
1. Health Benefits	47,122	41,232	88,354
Total 2003-05 Biennium	48,284	41,449	89,733
Fiscal Year 2004 Total	8,821	7,361	16,182
Fiscal Year 2005 Total	39,463	34,088	73,551

Comments:

1. **Health Benefits** - A total of \$135 million (\$85 million General Fund-State) is provided to cover the increased cost of medical, dental, life, and disability insurance benefits provided on behalf of state and higher education employees and retirees. This item represents the share of that total increase associated with state agency employees and retirees. The increase for higher education employees and retirees is allocated in the higher education sections of the budget.

The budget anticipates that the total cost of medical insurance purchased on behalf of current employees will increase by an average of 15.5 percent per year next biennium. The state's cost for that increase is partially offset by: (1) requiring employees to pay an average of 16.3 percent of the cost of their medical insurance, compared to an average of 14 percent now; and (2) increasing co-payments for medical office visits to \$15, from \$10 now. Dental insurance and basic levels of life and disability insurance will continue to be provided at no cost to the employee.

The cost of supplemental medical insurance for retirees enrolled in Medicare is expected to increase by approximately 13.9 percent per year. The budget provides for the same rate of increase in the monthly retiree subsidy so that, on average, the state will continue to cover approximately 44 percent of the cost of supplemental insurance for Medicare-eligible retirees. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

