

# **2004 Supplemental Budget Overview Operating, Transportation, and Capital Budgets**

Washington State biennial budgets authorized by the Legislature in the 2004 Session total \$55.0 billion. The omnibus operating budget accounts for \$45.5 billion. The transportation budget and the omnibus capital budget account for \$4.9 billion and \$4.6 billion, respectively.

Separate overviews are included for each of the budgets. The omnibus operating budget overview can be found on page 11, the transportation budget overview on page 198, and the omnibus capital budget overview on page 272.

**2003-05 Washington State Budget  
Including 2004 Supplemental  
Total Budgeted Funds**

**TOTAL STATE**  
(Dollars in Thousands)

	<b>Omnibus Operating Budget</b>	<b>Transportation Budget</b>		<b>Capital Budget</b>		<b>Total</b>
		<b>Operating</b>	<b>Capital</b>	<b>New Approps</b>	<b>Reapprops</b>	
Legislative	136,744	2,374	0	500	164	139,782
Judicial	167,656	0	0	0	0	167,656
Governmental Operations	2,989,896	293	0	518,168	475,720	3,984,077
Human Services	19,753,001	0	0	344,296	120,863	20,218,160
Natural Resources	1,149,662	1,137	150	583,698	583,485	2,318,132
Transportation	125,500	1,596,312	2,979,899	37,915	17,700	4,757,326
Public Schools	11,968,321	0	0	407,907	246,137	12,622,365
Higher Education	7,436,241	0	0	870,959	360,819	8,668,019
Other Education	99,594	0	0	12,438	8,827	120,859
Special Appropriations	1,667,388	343,188	0	0	0	2,010,576
<b>Statewide Total</b>	<b>45,494,003</b>	<b>1,943,304</b>	<b>2,980,049</b>	<b>2,775,881</b>	<b>1,813,715</b>	<b>55,006,952</b>

*Note: This report includes all funds budgeted by the Legislature for the 2003-05 biennium through the 2004 session. In addition to amounts appropriated in the Omnibus Operating, Transportation, and Capital Budgets, the report includes budgeted but non-appropriated amounts of \$6.3 billion in the Omnibus Operating Budget and \$96.9 million in the Transportation Operating Budget.*

**2003-05 Washington State Budget**  
**Including 2004 Supplemental**  
**Total Budgeted Funds**

**LEGISLATIVE AND JUDICIAL**

(Dollars in Thousands)

	Omnibus Operating Budget	Transportation Budget		Capital Budget New		Total
		Operating	Capital	Approps	Reapprops	
House of Representatives	56,462	0	0	0	0	56,462
Senate	45,294	0	0	0	0	45,294
Jt Leg Audit & Review Committee	3,594	0	0	500	164	4,258
Legislative Transportation Comm	0	2,374	0	0	0	2,374
LEAP Committee	3,405	0	0	0	0	3,405
Office of the State Actuary	2,616	0	0	0	0	2,616
Joint Legislative Systems Comm	15,320	0	0	0	0	15,320
Statute Law Committee	10,053	0	0	0	0	10,053
<b>Total Legislative</b>	<b>136,744</b>	<b>2,374</b>	<b>0</b>	<b>500</b>	<b>164</b>	<b>139,782</b>
Supreme Court	11,195	0	0	0	0	11,195
State Law Library	4,099	0	0	0	0	4,099
Court of Appeals	25,454	0	0	0	0	25,454
Commission on Judicial Conduct	1,828	0	0	0	0	1,828
Office of Administrator for Courts	110,747	0	0	0	0	110,747
Office of Public Defense	14,333	0	0	0	0	14,333
<b>Total Judicial</b>	<b>167,656</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>167,656</b>
<b>Total Legislative/Judicial</b>	<b>304,400</b>	<b>2,374</b>	<b>0</b>	<b>500</b>	<b>164</b>	<b>307,438</b>

**2003-05 Washington State Budget**  
**Including 2004 Supplemental**  
**Total Budgeted Funds**

**GOVERNMENTAL OPERATIONS**

(Dollars in Thousands)

	Omnibus Operating Budget	Transportation Budget		Capital Budget		Total
		Operating	Capital	New Approps	Reapprops	
Office of the Governor	12,778	0	0	0	0	12,778
Office of the Lieutenant Governor	1,098	0	0	0	0	1,098
Public Disclosure Commission	3,561	0	0	270	0	3,831
Office of the Secretary of State	107,851	0	0	100	0	107,951
Governor's Office of Indian Affairs	467	0	0	0	0	467
Asian-Pacific-American Affrs	388	0	0	0	0	388
Office of the State Treasurer	13,463	0	0	0	0	13,463
Office of the State Auditor	45,233	0	0	0	0	45,233
Comm Salaries for Elected Officials	304	0	0	0	0	304
Office of the Attorney General	184,144	0	0	0	0	184,144
Caseload Forecast Council	1,340	0	0	0	0	1,340
Dept of Financial Institutions	28,442	0	0	0	0	28,442
Dept Community, Trade, Econ Dev	435,612	0	0	450,139	350,369	1,236,120
Economic & Revenue Forecast Council	1,037	0	0	0	0	1,037
Office of Financial Management	93,189	0	0	315	3,141	96,645
Office of Administrative Hearings	27,033	0	0	0	0	27,033
Department of Personnel	42,575	0	0	0	0	42,575
State Lottery Commission	705,818	0	0	0	0	705,818
Washington State Gambling Comm	27,284	0	0	0	0	27,284
WA State Comm on Hispanic Affairs	408	0	0	0	0	408
African-American Affairs Comm	397	0	0	0	0	397
Personnel Appeals Board	1,725	0	0	0	0	1,725
Department of Retirement Systems	49,303	0	0	0	0	49,303
State Investment Board	13,362	0	0	0	0	13,362
Public Printer	66,000	0	0	0	0	66,000
Department of Revenue	175,935	0	0	0	0	175,935
Board of Tax Appeals	2,219	0	0	0	0	2,219
Municipal Research Council	4,621	0	0	0	0	4,621
Minority & Women's Business Enterp	1,990	0	0	0	0	1,990
Dept of General Administration	131,891	0	0	35,055	102,060	269,006
Department of Information Services	208,547	0	0	0	0	208,547
Office of Insurance Commissioner	33,840	0	0	0	0	33,840
State Board of Accountancy	1,985	0	0	0	0	1,985
Forensic Investigations Council	274	0	0	0	0	274
Washington Horse Racing Commission	4,609	0	0	0	0	4,609
WA State Liquor Control Board	161,069	0	0	0	0	161,069
Utilities and Transportation Comm	30,267	293	0	0	0	30,560
Board for Volunteer Firefighters	733	0	0	0	0	733
Military Department	286,119	0	0	30,244	20,150	336,513
Public Employment Relations Comm	7,341	0	0	0	0	7,341
LEOFF 2 Retirement Board	889	0	0	0	0	889
Growth Management Hearings Board	3,003	0	0	0	0	3,003
State Convention and Trade Center	71,752	0	0	2,045	0	73,797
<b>Total Governmental Operations</b>	<b>2,989,896</b>	<b>293</b>	<b>0</b>	<b>518,168</b>	<b>475,720</b>	<b>3,984,077</b>

**2003-05 Washington State Budget**  
**Including 2004 Supplemental**  
**Total Budgeted Funds**

**HUMAN SERVICES**  
(Dollars in Thousands)

	<b>Omnibus Operating Budget</b>	<b>Transportation Budget</b>		<b>Capital Budget</b>		<b>Total</b>
		<b>Operating</b>	<b>Capital</b>	<b>New Approps</b>	<b>Reapprops</b>	
WA State Health Care Authority	542,520	0	0	0	0	542,520
Human Rights Commission	6,384	0	0	0	0	6,384
Bd of Industrial Insurance Appeals	30,149	0	0	0	0	30,149
Criminal Justice Training Comm	18,761	0	0	4,850	0	23,611
Department of Labor and Industries	473,642	0	0	0	0	473,642
Indeterminate Sentence Review Board	1,960	0	0	0	0	1,960
Dept of Social and Health Services	15,990,872	0	0	43,523	39,215	16,073,610
Home Care Quality Authority	2,201	0	0	0	0	2,201
Department of Health	779,103	0	0	46,222	10,178	835,503
Department of Veterans' Affairs	78,826	0	0	44,071	1,020	123,917
Department of Corrections	1,271,460	0	0	199,630	70,450	1,541,540
Dept of Services for the Blind	19,685	0	0	0	0	19,685
Sentencing Guidelines Commission	1,478	0	0	0	0	1,478
Department of Employment Security	535,960	0	0	6,000	0	541,960
<b>Total Human Services</b>	<b>19,753,001</b>	<b>0</b>	<b>0</b>	<b>344,296</b>	<b>120,863</b>	<b>20,218,160</b>

**2003-05 Washington State Budget**  
**Including 2004 Supplemental**  
**Total Budgeted Funds**

**NATURAL RESOURCES**

(Dollars in Thousands)

	<b>Omnibus Operating Budget</b>	<b>Transportation Budget</b>		<b>Capital Budget</b>		<b>Total</b>
		<b>Operating</b>	<b>Capital</b>	<b>New Approps</b>	<b>Reapprops</b>	
Columbia River Gorge Commission	1,347	0	0	0	0	1,347
Department of Ecology	323,316	0	0	249,018	310,666	883,000
WA Pollution Liab Insurance Program	1,894	0	0	0	0	1,894
State Parks and Recreation Comm	104,195	822	150	23,637	25,792	154,596
Interagency Comm for Outdoor Rec	24,510	0	0	133,410	225,648	383,568
Environmental Hearings Office	1,932	0	0	0	0	1,932
State Conservation Commission	6,891	0	0	12,621	2,550	22,062
Dept of Fish and Wildlife	279,997	0	0	54,055	13,117	347,169
Department of Natural Resources	310,503	0	0	110,757	5,713	426,973
Department of Agriculture	95,077	315	0	200	0	95,592
<b>Total Natural Resources</b>	<b>1,149,662</b>	<b>1,137</b>	<b>150</b>	<b>583,698</b>	<b>583,485</b>	<b>2,318,132</b>

**2003-05 Washington State Budget**  
**Including 2004 Supplemental**  
**Total Budgeted Funds**

**TRANSPORTATION**  
(Dollars in Thousands)

	<b>Omnibus Operating Budget</b>	<b>Transportation Budget</b>		<b>Capital Budget New</b>		<b>Total</b>
		<b>Operating</b>	<b>Capital</b>	<b>Approps</b>	<b>Reapprops</b>	
Board of Pilotage Commissioners	0	344	0	0	0	344
Washington State Patrol	89,954	252,659	2,205	22,415	0	367,233
WA Traffic Safety Commission	0	20,920	0	0	0	20,920
Department of Licensing	35,546	189,163	0	0	0	224,709
Department of Transportation	0	1,124,766	2,689,509	15,500	17,700	3,847,475
County Road Administration Board	0	3,422	90,769	0	0	94,191
Transportation Improvement Board	0	3,235	197,416	0	0	200,651
Marine Employees' Commission	0	365	0	0	0	365
Transportation Commission	0	813	0	0	0	813
Freight Mobility Strategic Invest	0	625	0	0	0	625
<b>Total Transportation</b>	<b>125,500</b>	<b>1,596,312</b>	<b>2,979,899</b>	<b>37,915</b>	<b>17,700</b>	<b>4,757,326</b>

**2003-05 Washington State Budget**  
**Including 2004 Supplemental**  
**Total Budgeted Funds**

**EDUCATION**  
(Dollars in Thousands)

	Omnibus Operating Budget	Transportation Budget		Capital Budget		Total
		Operating	Capital	New Approps	Reapprops	
State Board of Education	0	0	0	405,869	246,037	651,905
Superintendent of Public Instruction	11,968,321	0	0	2,038	100	11,970,459
<b>Total Public Schools</b>	<b>11,968,321</b>	<b>0</b>	<b>0</b>	<b>407,907</b>	<b>246,137</b>	<b>12,622,365</b>
Higher Education Coordinating Board	342,502	0	0	0	0	342,502
University of Washington	3,630,817	0	0	138,661	95,195	3,864,673
Washington State University	865,672	0	0	149,916	30,700	1,046,288
Eastern Washington University	160,636	0	0	47,338	10,584	218,558
Central Washington University	181,936	0	0	39,400	20,933	242,269
The Evergreen State College	91,062	0	0	36,884	17,100	145,046
Spokane Intercollegiate & Tech Inst	2,922	0	0	337	0	3,259
Western Washington University	254,748	0	0	32,464	20,039	307,251
Community/Technical College System	1,905,946	0	0	425,960	166,268	2,498,173
<b>Total Higher Education</b>	<b>7,436,241</b>	<b>0</b>	<b>0</b>	<b>870,959</b>	<b>360,819</b>	<b>8,668,019</b>
State School for the Blind	10,590	0	0	3,717	3,932	18,239
State School for the Deaf	15,369	0	0	0	0	15,369
Work Force Training & Education Coord Board	57,571	0	0	0	0	57,571
Washington State Arts Commission	5,526	0	0	0	0	5,526
Washington State Historical Society	7,647	0	0	5,521	4,895	18,063
East Washington State Historical Society	2,891	0	0	3,200	0	6,091
<b>Total Other Education</b>	<b>99,594</b>	<b>0</b>	<b>0</b>	<b>12,438</b>	<b>8,827</b>	<b>120,859</b>
<b>Total Education</b>	<b>19,504,156</b>	<b>0</b>	<b>0</b>	<b>1,291,304</b>	<b>615,783</b>	<b>21,411,243</b>

**2003-05 Washington State Budget  
Including 2004 Supplemental  
Total Budgeted Funds**

**SPECIAL APPROPRIATIONS**  
(Dollars in Thousands)

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	<b>Omnibus Operating Budget</b>	<b>Transportation Budget</b>		<b>Capital Budget</b>		<b>Total</b>
	<b>Operating</b>	<b>Capital</b>	<b>New Approps</b>	<b>Reapprops</b>	<b>Total</b>	<b>Total</b>
Bond Retirement and Interest	1,438,962	344,743	0	0	0	1,783,705
Special Approps to the Governor	93,210	3,300	0	0	0	96,510
Sundry Claims	477	0	0	0	0	477
State Employee Compensation Adjust	80,079	-4,855	0	0	0	75,224
Contributions to Retirement Systems	54,660	0	0	0	0	54,660
<b>Total Special Appropriations</b>	<b>1,667,388</b>	<b>343,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,010,576</b>

# 2004 Supplemental Omnibus Budget Overview

## Operating Only

### The Original 2003-05 Operating Budget

In 2003, the Legislature adopted the 2003-05 biennial budget, appropriating \$23.081 billion from the state general fund and addressing a total budget shortfall of \$2.7 billion. At that time, the ending fund balance was projected to be \$256 million.

At the same time, the federal government was working to enact federal fiscal relief to the states (Public Law 108-27), which promised to provide one-time relief by making cash grants to states and by increasing the portion of Medicaid costs paid by federal funds. After the budget was adopted, the one-time cash grants increased the ending fund balance by \$190 million, and it was expected that the Medicaid changes would also allow budget savings.

When the original 2003-05 budget was adopted, there was a concern that over the next year the revenue forecast could be revised significantly downward. While the June 2003 revenue forecast was down nearly \$160 million and the September 2003 forecast was down slightly, increases in the November 2003 and February 2004 revenue forecasts offset those declines.

### The 2004 Supplemental Budget

The 2004 supplemental budget, as adopted by the Legislature, increased state general fund spending by \$145.5 million.<sup>1</sup> The net impact of lapsed appropriations and gubernatorial vetoes increased state general fund spending by an additional \$19.2 million to \$164.7 million. Including the 2004 supplemental, the total state general fund appropriation is \$23.246 billion.<sup>2</sup>

The 2004 supplemental budget assumed \$361 million in spending and revenue changes that were essentially financed from the one-time federal fiscal relief (which both reduced spending and increased resources) and fund transfers leaving an ending fund balance of \$278 million.

Two issues which were the subject of debate in the 2003 session – the extension of expiring tax credits and approval of a collective bargaining agreement for home care workers – were resolved in 2004. Certain expiring tax credits and exemptions were extended and a collective bargaining agreement for home care workers was approved.

#### Maintenance Level Changes

The cost of continuing state programs – the maintenance level budget – increased a net \$13 million.

The maintenance level budget recognized one-time general fund savings in fiscal year 2004 of \$110 million resulting from the federal fiscal relief legislation. The federal legislation allowed states, for a portion of fiscal year 2003 and all of fiscal year 2004, to reduce the state share of Medicaid costs.

All other maintenance level changes totaled \$124 million and included increases of \$78 million for the Department of Corrections to house and supervise an increased number of offenders and \$40 million for K-12 enrollment and cost changes. Lower interest rates allowed the state to recognize debt service savings of \$14 million.

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<sup>1</sup> This figure includes appropriations made to implement the home care worker contract. These appropriations were contained in Chapter 278, Laws of 2004 (EHB 1777).

<sup>2</sup> The appropriation is \$11.452 billion for fiscal year 2004 and \$11.794 billion for fiscal year 2005.

## **Policy Level Changes**

New budget investments were made in most functional areas of the budget.

In K-12 education, the health benefit funding rate for all K-12 employees was increased (\$9 million). This sets the funding rate for K-12 employees equal to state employees. K-12 classified employees were granted a 1 percent salary increase (\$5 million) effective September 2004. Funding was also increased for a variety of other programs.

In long-term care and developmental disabilities, funding was provided to implement the negotiated home care worker contract (\$24 million) and to increase rates provided to agency providers (\$2 million), other residential care providers including nursing homes (\$13 million), and contracted case managers (\$2 million). Funding was also provided to serve an increased number of developmentally disabled clients (\$2.8 million).

Funding was also provided for several programs serving vulnerable adults and children, including homeless families (\$2 million), domestic violence shelters (\$2 million), civil legal services (\$2 million), and to improve services to foster children (\$1.7 million).

Last session, the Legislature assumed premiums would be imposed for lower-income families providing health care for children through Medicaid. The budget provided increased funding to eliminate the premium for the lowest-income children and to reduce the premium for other income levels (\$20 million, Health Services Account).

In addition, funding was increased for hospital grants (\$17 million, Health Services Account), community clinic grants (\$2.5 million, Health Services Account), the Family Practice Residency program (\$1.9 million), and for community mental health programs (\$3 million).

Funding in higher education was increased for general enrollments (\$10 million), high-demand enrollments (\$7 million), and financial aid (\$7 million), as well as for various research programs including proteomics.

Funding was also increased for state employee health benefits (\$7 million), for financial assistance to counties (\$4 million), and for extraordinary criminal justice costs incurred by local governments (\$1 million).

Other funding increases were for items that were less discretionary in nature. The cost of fighting the 2003 forest fires was \$23.5 million more than assumed in the original budget. The budget also funds the settlement of several lawsuits filed against the state. Topics of the lawsuits included part-time community college faculty benefits (\$11 million), pollution cleanup liability (\$2 million), and contract-related litigation in Medicaid (\$1 million), as well as emission testing (\$2.5 million).

Savings were also generated in a number of areas. Additional federal funds available under the Disproportionate Share program (\$12 million) and lower-than-expected bids for employee health benefit procurement (\$12 million) generated savings. Federal changes allowed the state to refinance health care coverage provided to children from low-income families saving \$25 million, mostly in the Health Services Account.

Finally, the Legislature assumed savings from the presidential primary (\$6 million) and a reduction in agency travel and equipment purchases (\$11 million) although the Governor vetoed these changes.

## **Revenue Changes**

Separate legislation, listed on page 18 of this document, reduced forecasted revenue by approximately \$87 million. The majority of the change is attributable to the extension of expiring tax incentives.

## **Reserves and Money Transfers**

The sum of \$62 million is transferred from a variety of dedicated accounts, listed on page 14 of this document, to the state general fund. The largest single transfer is \$45 million from the Health Services Account. That transfer was possible, in part, because the Health Services Account also benefited from the federal fiscal relief legislation.

The budget leaves a reserve of \$278 million, all in the ending fund balance.

**2003-05 Estimated Revenues and Expenditures**  
**2004 Supplemental Budget**  
**General Fund-State**  
(Dollars in Millions)

<b>RESOURCES</b>	
<b>Beginning Fund Balance</b>	<b>404.6</b>
<b>February 2004 Revenue Forecast</b>	<b>22,897.3</b>
Tax Policy Legislation	-86.4
<b>Current Revenue Totals</b>	<b>22,810.8</b>
Fund Transfers and Other Adjustments	157.0
Federal Fiscal Relief - Grant	90.2
<b>2004 Supplemental Revenue Changes</b>	
Money Transfers from Other Funds	62.2
<b>Total Resources (Including Fund Balance)</b>	<b>23,524.8</b>
<b>APPROPRIATIONS</b>	
<b>Biennial Appropriation</b>	<b>23,081.4</b>
2004 Supplemental Budget (Including HB 1777)	145.5
Governor's Vetoes/Lapsed Appropriations	19.2
<b>Spending Level</b>	<b>23,246.1</b>
<b>Adjusted I-601 Expenditure Limit</b>	<b>23,847.0</b>
<b>Difference Between I-601 Limit and Expenditures</b>	<b>600.9</b>
<b>UNRESTRICTED GENERAL FUND BALANCE</b>	
<b>Projected Ending Fund Balance</b>	<b>278.7</b>
<b>EMERGENCY RESERVE FUND (ERF)</b>	
<b>Beginning Fund Balance</b>	<b>57.6</b>
Actual/Estimated Interest Earnings, Transfers, and Approps	-57.6
<b>Projected Ending Fund Balance</b>	<b>0.0</b>
<b>TOTAL RESERVES</b>	
<b>Combined General and ERF Projected Ending Fund Balance</b>	<b>278.7</b>

**2003-05 Washington State Omnibus Operating Budget**  
**2004 Supplemental Budget**  
**Cash Transfers to the General Fund**  
(Dollars in Millions)

<b>Fund</b>	<b>2003-05</b>
Health Services Account	45.0
Financial Services Regulation Account	5.7
State Treasurer's Service Account	4.0
Gambling Revolving Account	2.5
Department of Retirement Systems Expense Account	4.0
Insurance Commissioner's Regulatory Account	1.0
K-20 Technology Account	<u>0.0</u>
<b>Total</b>	<b>62.2</b>

**2003-05 Washington State Omnibus Operating Budget**  
**2004 Supplemental Budget**  
**Adjustments to the Initiative 601 Expenditure Limit**  
(Dollars in Millions)

	<u>FY 2004</u>	<u>FY 2005</u>	<u>2003-05</u>
<b>Unadjusted Limit (Rebased to 2003 Actuals)</b>	11,693.5	11,982.4	23,675.9
<b>2003-05 Adjustments</b>			
Program Cost Shifts	-92.5	-4.0	-96.5
Revenue and Cash Transfers	41.8	39.4	81.2
<b>2004 Supplemental -- Program Cost Shifts</b>			
FMAP	-91.3	137.8	46.5
L&I: Overhead Realignment		0.3	0.3
DOC: Federal Funds (SCAAP)	2.3		2.3
DOH: Drinking Water Protection	-0.4		-0.4
DOH: AIDS Drug Assistance		-0.3	-0.3
DSHS: DASA PSEA Funds	0.2		0.2
DSHS: DASA Federal Funds	-0.1	0.1	0.0
DSHS: Mental Health Third Party Funds	-0.6		-0.6
DSHS: Childrens' Federal Funds	-5.0	2.8	-2.2
DSHS: SCHIP Refinancing	-1.4	-0.3	-1.7
DSHS: Additional DSH	-6.7	1.3	-5.4
K-12: Integrating Federal Funds		-1.0	-1.0
Higher Ed: Use Admin Contingency (CTCS)		-3.5	-3.5
<b>2004 Supplemental -- Revenue &amp; Cash Transfers</b>			
Federal Fiscal Relief	90.2		90.2
ESHB 2675: Electric Utility Tax Credit		-0.1	-0.1
SHB 2721: Razor Clam Licenses		0.0	0.0
Cash Transfers to GF-S		62.2	62.2
	<hr/>	<hr/>	<hr/>
<b>Total Adjustments</b>	-63.5	234.5	171.1
<b>Initiative 601 Expenditure Limit (After Adjustments)</b>	11,630.0	12,216.9	23,847.0

*Note: The fiscal year 2005 limit will be rebased downward after fiscal year 2004 closes. Expenditure limit calculations are preliminary estimates only. Actual spending limits are established by the Expenditure Limit Committee each fall.*

**2003-05 Washington State Operating Budget  
Appropriations Contained Within Other Legislation**

(Dollars in Thousands)

Bill Number and Subject	Session Law	Agency	GF-S	Total
<b>2003 Legislative Session</b>				
SSB 5248 - Transportation	C 363 L 03	Department of Labor & Industries		100
ESSB 6072 - Pollution Response	C 264 L 03 PV	Department of Ecology		13,076
SB 6099 - Unemployment Insurance	C 3 L 03 E2	Employment Security Department		11,500
Total			<u>        </u>	<u>24,676</u>
<b>2004 Legislative Session</b>				
EHB 1777 - Home Care Worker Contract	C 278 L 04	Office of Financial Management	65	65
EHB 1777 - Home Care Worker Contract	C 278 L 04	DSHS - Children & Family Services	145	290
EHB 1777 - Home Care Worker Contract	C 278 L 04	DSHS - Developmental Disabilities	8,096	15,627
EHB 1777 - Home Care Worker Contract	C 278 L 04	DSHS - Long-Term Care	14,279	28,450
EHB 1777 - Home Care Worker Contract	C 278 L 04	Home Care Quality Authority	<u>1,370</u>	<u>1,370</u>
Total			23,955	45,802

*Note: Operating appropriations contained in Chapter 276, Laws of 2004, Partial Veto (ESHB 2459 - 2003-05 Omnibus Operating Budget) and Chapter 229, Laws of 2004, Partial Veto (ESHB 2474 - 2003-05 Transportation Budget), are displayed in the appropriate sections of this document.*

# 2004 Supplemental Omnibus Budget Overview

## Operating Only

### The Original 2003-05 Operating Budget

In 2003, the Legislature adopted the 2003-05 biennial budget, appropriating \$23.081 billion from the state general fund and addressing a total budget shortfall of \$2.7 billion. At that time, the ending fund balance was projected to be \$256 million.

At the same time, the federal government was working to enact federal fiscal relief to the states (Public Law 108-27), which promised to provide one-time relief by making cash grants to states and by increasing the portion of Medicaid costs paid by federal funds. After the budget was adopted, the one-time cash grants increased the ending fund balance by \$190 million, and it was expected that the Medicaid changes would also allow budget savings.

When the original 2003-05 budget was adopted, there was a concern that over the next year the revenue forecast could be revised significantly downward. While the June 2003 revenue forecast was down nearly \$160 million and the September 2003 forecast was down slightly, increases in the November 2003 and February 2004 revenue forecasts offset those declines.

### The 2004 Supplemental Budget

The 2004 supplemental budget, as adopted by the Legislature, increased state general fund spending by \$145.5 million.<sup>1</sup> The net impact of lapsed appropriations and gubernatorial vetoes increased state general fund spending by an additional \$19.2 million to \$164.7 million. Including the 2004 supplemental, the total state general fund appropriation is \$23.246 billion.<sup>2</sup>

The 2004 supplemental budget assumed \$361 million in spending and revenue changes that were essentially financed from the one-time federal fiscal relief (which both reduced spending and increased resources) and fund transfers leaving an ending fund balance of \$278 million.

Two issues which were the subject of debate in the 2003 session – the extension of expiring tax credits and approval of a collective bargaining agreement for home care workers – were resolved in 2004. Certain expiring tax credits and exemptions were extended and a collective bargaining agreement for home care workers was approved.

#### Maintenance Level Changes

The cost of continuing state programs – the maintenance level budget – increased a net \$13 million.

The maintenance level budget recognized one-time general fund savings in fiscal year 2004 of \$110 million resulting from the federal fiscal relief legislation. The federal legislation allowed states, for a portion of fiscal year 2003 and all of fiscal year 2004, to reduce the state share of Medicaid costs.

All other maintenance level changes totaled \$124 million and included increases of \$78 million for the Department of Corrections to house and supervise an increased number of offenders and \$40 million for K-12 enrollment and cost changes. Lower interest rates allowed the state to recognize debt service savings of \$14 million.

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<sup>1</sup> This figure includes appropriations made to implement the home care worker contract. These appropriations were contained in Chapter 278, Laws of 2004 (EHB 1777).

<sup>2</sup> The appropriation is \$11.452 billion for fiscal year 2004 and \$11.794 billion for fiscal year 2005.

## **Policy Level Changes**

New budget investments were made in most functional areas of the budget.

In K-12 education, the health benefit funding rate for all K-12 employees was increased (\$9 million). This sets the funding rate for K-12 employees equal to state employees. K-12 classified employees were granted a 1 percent salary increase (\$5 million) effective September 2004. Funding was also increased for a variety of other programs.

In long-term care and developmental disabilities, funding was provided to implement the negotiated home care worker contract (\$24 million) and to increase rates provided to agency providers (\$2 million), other residential care providers including nursing homes (\$13 million), and contracted case managers (\$2 million). Funding was also provided to serve an increased number of developmentally disabled clients (\$2.8 million).

Funding was also provided for several programs serving vulnerable adults and children, including homeless families (\$2 million), domestic violence shelters (\$2 million), civil legal services (\$2 million), and to improve services to foster children (\$1.7 million).

Last session, the Legislature assumed premiums would be imposed for lower-income families providing health care for children through Medicaid. The budget provided increased funding to eliminate the premium for the lowest-income children and to reduce the premium for other income levels (\$20 million, Health Services Account).

In addition, funding was increased for hospital grants (\$17 million, Health Services Account), community clinic grants (\$2.5 million, Health Services Account), the Family Practice Residency program (\$1.9 million), and for community mental health programs (\$3 million).

Funding in higher education was increased for general enrollments (\$10 million), high-demand enrollments (\$7 million), and financial aid (\$7 million), as well as for various research programs including proteomics.

Funding was also increased for state employee health benefits (\$7 million), for financial assistance to counties (\$4 million), and for extraordinary criminal justice costs incurred by local governments (\$1 million).

Other funding increases were for items that were less discretionary in nature. The cost of fighting the 2003 forest fires was \$23.5 million more than assumed in the original budget. The budget also funds the settlement of several lawsuits filed against the state. Topics of the lawsuits included part-time community college faculty benefits (\$11 million), pollution cleanup liability (\$2 million), and contract-related litigation in Medicaid (\$1 million), as well as emission testing (\$2.5 million).

Savings were also generated in a number of areas. Additional federal funds available under the Disproportionate Share program (\$12 million) and lower-than-expected bids for employee health benefit procurement (\$12 million) generated savings. Federal changes allowed the state to refinance health care coverage provided to children from low-income families saving \$25 million, mostly in the Health Services Account.

Finally, the Legislature assumed savings from the presidential primary (\$6 million) and a reduction in agency travel and equipment purchases (\$11 million) although the Governor vetoed these changes.

## **Revenue Changes**

Separate legislation, listed on page 18 of this document, reduced forecasted revenue by approximately \$87 million. The majority of the change is attributable to the extension of expiring tax incentives.

## **Reserves and Money Transfers**

The sum of \$62 million is transferred from a variety of dedicated accounts, listed on page 14 of this document, to the state general fund. The largest single transfer is \$45 million from the Health Services Account. That transfer was possible, in part, because the Health Services Account also benefited from the federal fiscal relief legislation.

The budget leaves a reserve of \$278 million, all in the ending fund balance.

**2003-05 Estimated Revenues and Expenditures**  
**2004 Supplemental Budget**  
**General Fund-State**  
(Dollars in Millions)

<b>RESOURCES</b>	
<b>Beginning Fund Balance</b>	<b>404.6</b>
<b>February 2004 Revenue Forecast</b>	<b>22,897.3</b>
Tax Policy Legislation	-86.4
<b>Current Revenue Totals</b>	<b>22,810.8</b>
Fund Transfers and Other Adjustments	157.0
Federal Fiscal Relief - Grant	90.2
<b>2004 Supplemental Revenue Changes</b>	
Money Transfers from Other Funds	62.2
<b>Total Resources (Including Fund Balance)</b>	<b>23,524.8</b>
<b>APPROPRIATIONS</b>	
<b>Biennial Appropriation</b>	<b>23,081.4</b>
2004 Supplemental Budget (Including HB 1777)	145.5
Governor's Vetoes/Lapsed Appropriations	19.2
<b>Spending Level</b>	<b>23,246.1</b>
<b>Adjusted I-601 Expenditure Limit</b>	<b>23,847.0</b>
<b>Difference Between I-601 Limit and Expenditures</b>	<b>600.9</b>
<b>UNRESTRICTED GENERAL FUND BALANCE</b>	
<b>Projected Ending Fund Balance</b>	<b>278.7</b>
<b>EMERGENCY RESERVE FUND (ERF)</b>	
<b>Beginning Fund Balance</b>	<b>57.6</b>
Actual/Estimated Interest Earnings, Transfers, and Approps	-57.6
<b>Projected Ending Fund Balance</b>	<b>0.0</b>
<b>TOTAL RESERVES</b>	
<b>Combined General and ERF Projected Ending Fund Balance</b>	<b>278.7</b>

**2003-05 Washington State Omnibus Operating Budget**  
**2004 Supplemental Budget**  
**Cash Transfers to the General Fund**  
(Dollars in Millions)

<b>Fund</b>	<b>2003-05</b>
Health Services Account	45.0
Financial Services Regulation Account	5.7
State Treasurer's Service Account	4.0
Gambling Revolving Account	2.5
Department of Retirement Systems Expense Account	4.0
Insurance Commissioner's Regulatory Account	1.0
K-20 Technology Account	<u>0.0</u>
<b>Total</b>	<b>62.2</b>

**2003-05 Washington State Omnibus Operating Budget**  
**2004 Supplemental Budget**  
**Adjustments to the Initiative 601 Expenditure Limit**  
(Dollars in Millions)

	<u>FY 2004</u>	<u>FY 2005</u>	<u>2003-05</u>
<b>Unadjusted Limit (Rebased to 2003 Actuals)</b>	11,693.5	11,982.4	23,675.9
<b>2003-05 Adjustments</b>			
Program Cost Shifts	-92.5	-4.0	-96.5
Revenue and Cash Transfers	41.8	39.4	81.2
<b>2004 Supplemental -- Program Cost Shifts</b>			
FMAP	-91.3	137.8	46.5
L&I: Overhead Realignment		0.3	0.3
DOC: Federal Funds (SCAAP)	2.3		2.3
DOH: Drinking Water Protection	-0.4		-0.4
DOH: AIDS Drug Assistance		-0.3	-0.3
DSHS: DASA PSEA Funds	0.2		0.2
DSHS: DASA Federal Funds	-0.1	0.1	0.0
DSHS: Mental Health Third Party Funds	-0.6		-0.6
DSHS: Childrens' Federal Funds	-5.0	2.8	-2.2
DSHS: SCHIP Refinancing	-1.4	-0.3	-1.7
DSHS: Additional DSH	-6.7	1.3	-5.4
K-12: Integrating Federal Funds		-1.0	-1.0
Higher Ed: Use Admin Contingency (CTCS)		-3.5	-3.5
<b>2004 Supplemental -- Revenue &amp; Cash Transfers</b>			
Federal Fiscal Relief	90.2		90.2
ESHB 2675: Electric Utility Tax Credit		-0.1	-0.1
SHB 2721: Razor Clam Licenses		0.0	0.0
Cash Transfers to GF-S		62.2	62.2
	<hr/>	<hr/>	<hr/>
<b>Total Adjustments</b>	-63.5	234.5	171.1
<b>Initiative 601 Expenditure Limit (After Adjustments)</b>	11,630.0	12,216.9	23,847.0

*Note: The fiscal year 2005 limit will be rebased downward after fiscal year 2004 closes. Expenditure limit calculations are preliminary estimates only. Actual spending limits are established by the Expenditure Limit Committee each fall.*

**2003-05 Washington State Operating Budget  
Appropriations Contained Within Other Legislation**

(Dollars in Thousands)

Bill Number and Subject	Session Law	Agency	GF-S	Total
<b>2003 Legislative Session</b>				
SSB 5248 - Transportation	C 363 L 03	Department of Labor & Industries		100
ESSB 6072 - Pollution Response	C 264 L 03 PV	Department of Ecology		13,076
SB 6099 - Unemployment Insurance	C 3 L 03 E2	Employment Security Department		11,500
Total				<u>24,676</u>

<b>2004 Legislative Session</b>				
EHB 1777 - Home Care Worker Contract	C 278 L 04	Office of Financial Management	65	65
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### The 2004 Supplemental Budget

The 2004 supplemental budget, as adopted by the Legislature, increased state general fund spending by \$145.5 million.<sup>1</sup> The net impact of lapsed appropriations and gubernatorial vetoes increased state general fund spending by an additional \$19.2 million to \$164.7 million. Including the 2004 supplemental, the total state general fund appropriation is \$23.246 billion.<sup>2</sup>

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In addition, funding was increased for hospital grants (\$17 million, Health Services Account), community clinic grants (\$2.5 million, Health Services Account), the Family Practice Residency program (\$1.9 million), and for community mental health programs (\$3 million).

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## **Revenue Changes**

Separate legislation, listed on page 18 of this document, reduced forecasted revenue by approximately \$87 million. The majority of the change is attributable to the extension of expiring tax incentives.

## **Reserves and Money Transfers**

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The budget leaves a reserve of \$278 million, all in the ending fund balance.

**2003-05 Estimated Revenues and Expenditures**  
**2004 Supplemental Budget**  
**General Fund-State**  
(Dollars in Millions)

<b>RESOURCES</b>	
<b>Beginning Fund Balance</b>	<b>404.6</b>
<b>February 2004 Revenue Forecast</b>	<b>22,897.3</b>
Tax Policy Legislation	-86.4
<b>Current Revenue Totals</b>	<b>22,810.8</b>
Fund Transfers and Other Adjustments	157.0
Federal Fiscal Relief - Grant	90.2
<b>2004 Supplemental Revenue Changes</b>	
Money Transfers from Other Funds	62.2
<b>Total Resources (Including Fund Balance)</b>	<b>23,524.8</b>
<b>APPROPRIATIONS</b>	
<b>Biennial Appropriation</b>	<b>23,081.4</b>
2004 Supplemental Budget (Including HB 1777)	145.5
Governor's Vetoes/Lapsed Appropriations	19.2
<b>Spending Level</b>	<b>23,246.1</b>
<b>Adjusted I-601 Expenditure Limit</b>	<b>23,847.0</b>
<b>Difference Between I-601 Limit and Expenditures</b>	<b>600.9</b>
<b>UNRESTRICTED GENERAL FUND BALANCE</b>	
<b>Projected Ending Fund Balance</b>	<b>278.7</b>
<b>EMERGENCY RESERVE FUND (ERF)</b>	
<b>Beginning Fund Balance</b>	<b>57.6</b>
Actual/Estimated Interest Earnings, Transfers, and Approps	-57.6
<b>Projected Ending Fund Balance</b>	<b>0.0</b>
<b>TOTAL RESERVES</b>	
<b>Combined General and ERF Projected Ending Fund Balance</b>	<b>278.7</b>

**2003-05 Washington State Omnibus Operating Budget**  
**2004 Supplemental Budget**  
**Cash Transfers to the General Fund**  
(Dollars in Millions)

<b>Fund</b>	<b>2003-05</b>
Health Services Account	45.0
Financial Services Regulation Account	5.7
State Treasurer's Service Account	4.0
Gambling Revolving Account	2.5
Department of Retirement Systems Expense Account	4.0
Insurance Commissioner's Regulatory Account	1.0
K-20 Technology Account	<u>0.0</u>
<b>Total</b>	<b>62.2</b>

**2003-05 Washington State Omnibus Operating Budget**  
**2004 Supplemental Budget**  
**Adjustments to the Initiative 601 Expenditure Limit**  
(Dollars in Millions)

	<u>FY 2004</u>	<u>FY 2005</u>	<u>2003-05</u>
<b>Unadjusted Limit (Rebased to 2003 Actuals)</b>	11,693.5	11,982.4	23,675.9
<b>2003-05 Adjustments</b>			
Program Cost Shifts	-92.5	-4.0	-96.5
Revenue and Cash Transfers	41.8	39.4	81.2
<b>2004 Supplemental -- Program Cost Shifts</b>			
FMAP	-91.3	137.8	46.5
L&I: Overhead Realignment		0.3	0.3
DOC: Federal Funds (SCAAP)	2.3		2.3
DOH: Drinking Water Protection	-0.4		-0.4
DOH: AIDS Drug Assistance		-0.3	-0.3
DSHS: DASA PSEA Funds	0.2		0.2
DSHS: DASA Federal Funds	-0.1	0.1	0.0
DSHS: Mental Health Third Party Funds	-0.6		-0.6
DSHS: Childrens' Federal Funds	-5.0	2.8	-2.2
DSHS: SCHIP Refinancing	-1.4	-0.3	-1.7
DSHS: Additional DSH	-6.7	1.3	-5.4
K-12: Integrating Federal Funds		-1.0	-1.0
Higher Ed: Use Admin Contingency (CTCS)		-3.5	-3.5
<b>2004 Supplemental -- Revenue &amp; Cash Transfers</b>			
Federal Fiscal Relief	90.2		90.2
ESHB 2675: Electric Utility Tax Credit		-0.1	-0.1
SHB 2721: Razor Clam Licenses		0.0	0.0
Cash Transfers to GF-S		62.2	62.2
	<hr/>	<hr/>	<hr/>
<b>Total Adjustments</b>	-63.5	234.5	171.1
<b>Initiative 601 Expenditure Limit (After Adjustments)</b>	11,630.0	12,216.9	23,847.0

*Note: The fiscal year 2005 limit will be rebased downward after fiscal year 2004 closes. Expenditure limit calculations are preliminary estimates only. Actual spending limits are established by the Expenditure Limit Committee each fall.*

**2003-05 Washington State Operating Budget  
Appropriations Contained Within Other Legislation**

(Dollars in Thousands)

Bill Number and Subject	Session Law	Agency	GF-S	Total
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SB 6099 - Unemployment Insurance	C 3 L 03 E2	Employment Security Department		11,500
Total			<u>        </u>	<u>24,676</u>
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EHB 1777 - Home Care Worker Contract	C 278 L 04	Office of Financial Management	65	65
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Total			23,955	45,802

*Note: Operating appropriations contained in Chapter 276, Laws of 2004, Partial Veto (ESHB 2459 - 2003-05 Omnibus Operating Budget) and Chapter 229, Laws of 2004, Partial Veto (ESHB 2474 - 2003-05 Transportation Budget), are displayed in the appropriate sections of this document.*

# Revenues

In the 2004 session, the Legislature enacted revenue measures representing priorities in four issue areas: providing tax relief to senior citizens and disabled persons, expanding the current property tax exemption and deferral programs for these persons; promoting investment in high technology research and investment by continuing current business tax incentive programs; supporting economic development in rural areas through reenacting existing tax incentives; and addressing temporary economic difficulty in the aluminum smelting and the beef processing sectors with targeted tax relief. An additional priority concerning business tax incentive or relief measures, in general, was including accountability provisions to ensure that the measures achieve the intended public purpose.

The two current programs for senior citizens and disabled persons property tax relief are modified to expand the existing eligibility requirements. In the exemption program the income cap requirements are raised, with the highest threshold increased to \$35,000, to allow more persons to qualify. In addition, persons in the exemption program may now deduct from income any payments for Medicare health insurance premiums or for boarding or adult family home services for the purposes of determining program eligibility. In the deferral program, the income threshold for eligibility purposes is raised to \$40,000.

The existing tax incentive program to promote high technology research and development is extended and modified. The program, first created in 1994, allows a sales and use tax exemption on the construction of facilities and purchase of equipment used for research and development in the areas of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology. Another aspect of the program allows a credit against business and occupation (B&O) tax liability for certain research and development operating expenditures. In the 2004 act, the program is extended through the year 2015. Those eligible now include research universities and federal contractors conducting research. The B&O credit is modified to limit the amount of credit that can be taken, and an exemption from the B&O tax is allowed for federal grants received for small business research and development programs. Businesses that receive the sales and use tax exemption or B&O credit must submit annual surveys with detailed wage, employment, and other economic information. The Department of Revenue may publicly disclose the amount of credit taken at the firm level.

Economic development tax incentive programs that were previously created to support business activity in rural and distressed areas are reenacted and extended. Two B&O tax incentive programs that expired at the end of 2003, concerning information technology help desk services and computer software programming, are reenacted, and extended through 2010. The current sales and use tax deferral for manufacturing, computer programming, and research and development businesses in rural or distressed areas is extended to July 2010. The deferral program is also modified to include accountability provisions similar to those in the high technology research and development program. The eligibility requirements for the rural programs are modified to allow businesses in Island County to be eligible.

An additional legislative priority in the 2004 session is to provide temporary assistance to businesses disrupted by recent adverse economic conditions. For the aluminum smelting industry, where firms have been hurt by recent disruptions in the wholesale electricity market, a package of temporary tax incentives is provided to help businesses through 2006. Included in the package are a B&O tax rate reduction, a B&O tax credit for property taxes paid, an exemption from the brokered natural gas use tax, a credit for state sales and use taxes paid, and an exemption for utilities from the state public utility tax on sales of electricity to smelters, if the cost savings are passed along to the smelter. The package includes taxpayer reporting requirements and provisions that make wage, employment, and benefits information available to the public upon request. In a separate act, to address the disruption in the beef and beef products market caused by the domestic discovery of a cow with Bovine Spongiform Encephalopathy, firms may deduct income received from the slaughter or wholesale of perishable beef products when calculating B&O tax liability. The deduction is available until nations with bans on the importation of American beef products lift the bans.

**2004 Supplemental Revenue Legislation Changes**  
**General Fund-State and Total Revenue Impacts**

(Dollars in Thousands)

<b>Legislation</b>			<b>General Fund</b>	<b>Other Funds</b>	<b>Total State</b>
			<b>2003-05</b>	<b>2003-05</b>	<b>Revenue Impact</b>
			<b>2003-05</b>	<b>2003-05</b>	<b>2003-05</b>
SHB	1322	Tax on Indian Tribe Property	0	0	0
SHB	1328	Taxation of Boarding Homes	-3,945	0	-3,945
SHB	2055	Bundled Communications Services	0	0	0
HB	2453	New Motor Vehicle Taxation	-3	0	-3
E2SHB	2518	Public Utility Tax Exemption	-325	0	-325
E SHB	2546	Hi-Tech Tax Incentives	-52,384	0	-52,384
SHB	2621	Razor Clam License	-19	48	29
E SHB	2675	Electric Utility Tax Credit	-50	0	-50
E SHB	2693	Taxation of Timber	-144	0	-144
HB	2794	Paying for Liquor	62	835	897
SHB	2929	American Beef Ban	-2,188	0	-2,188
E HB	2968	Excise Tax Deductions	-370	0	-370
E HB	3036	Gift Certificates	0	0	0
E SHB	3116	Blood Banks & Cancer Centers	-239	0	-239
SHB	3158	Sales & Use Tax Exemption	-1,370	0	-1,370
SB	5034	Seniors/Disabled Property Tax	0	0	0
SSB	6115	Amusement/Recreation Tax Exempt	-231	0	-231
SB	6141	Vehicle Taxation	0	0	0
SSB	6240	Rural County Tax Incentives	-15,834	0	-15,834
2SSB	6304	Aluminum Smelters Tax Relief	-1,714	0	-1,714
SB	6337	Birth Certificates	0	0	0
SSB	6341	Cosmetologists	373	0	373
SB	6448	Telephone Program Excise Tax	0	278	278
E SSB	6481	Parimutuel Wagering	0	260	260
SB	6490	Fuel Cells	-121	0	-121
SB	6515	Streamlined Sales & Use Tax	-7,942	0	-7,942
SSB	6655	Beer/Wine Manufacturers	0	385	385
SB	6663	Vendor Tax Registration	0	0	0
<b>Transportation Legislation</b>					
SHB	2532	Commercial Drivers' Licenses	0	489	489
SHB	2910	License Plates/Fire Fighters	0	60	60
3SSB	5412	Identity Theft	0	0	0
SSB	6148	Law Enforcement License Plate	0	18	18
SSB	6676	Transfer of License Plates	0	93	93
SSB	6688	Help Kids Speak License Plate	0	48	48
<b>Local Revenue Legislation</b>					
HB	2519	County Property Tax Levies	0	0	0
SSB	5326	Regulate Fire Protection Authorities	0	0	0
SSB	6113	Rural County Sales & Use Tax	0	0	0
SB	6259	Internet Taxation	0	0	0

## **Revenue Legislation**

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The legislation listed below is intended to be a summary of bills passed during the 2004 session affecting state revenues or tax statutes but may not cover all revenue-related bills. The legislation is listed in bill number order, although transportation-related legislation is grouped together at the end.

### **Exempting from Taxation Certain Property Belonging to Any Federally-Recognized Indian Tribe Located in the State – No General Fund-State Revenue Impact**

Chapter 236, Laws of 2004 (SHB 1322), exempts from taxation property owned by a federally-recognized Indian tribe and used for essential government services. This legislation does not impact state funds but reduces local revenues by \$62,000 in fiscal year 2005.

### **Modifying the Tax Treatment of Boarding Homes – \$3.9 Million General Fund-State Revenue Decrease**

Chapter 174, Laws of 2004 (SHB 1328), lowers the business and occupation (B&O) tax rate from 1.5 percent to 0.275 percent for licensed boarding homes. For the purposes of calculating taxable income under the B&O tax, licensed boarding homes may deduct amounts received from the Department of Social and Health Services for services provided to Medicaid recipients. This legislation decreases state general fund revenues by \$3.9 million in fiscal year 2005.

### **Taxation of Bundled Telecommunications Services – No General Fund-State Impact**

Chapter 76, Laws of 2004 (SHB 2055), provides that bundled telephone services that include both sales taxable and nontaxable services may be taxed only on the taxable services (rather than the entire bundle) if the telephone company can identify the charges for each service using its regular business records. This legislation does not impact state or local funds.

### **Modifying the Taxation of Wholesale Sales of New Motor Vehicles – \$3,000 General Fund-State Revenue Decrease**

Chapter 81, Laws of 2004 (HB 2453), exempts new car dealers from B&O tax on wholesales of new motor vehicles to other new car dealers. This legislation decreases state general fund revenues by \$3,000 in fiscal year 2005.

### **State Public Utility Tax Exemption for the Sales of Electricity to an Electrolytic Processing Business – \$325,000 General Fund-State Revenue Decrease**

Chapter 240, Laws of 2004 (E2SHB 2518), creates an exemption from the public utility tax for income received by a utility from the sale of electricity to a chlor-alkali or a sodium chlorate electrolytic processing business if the tax savings are passed along to the business purchasing the electricity. The legislative fiscal committees must evaluate the program in 2007 and 2010. This legislation decreases state general fund revenues by \$325,000 in fiscal year 2005.

### **Authorizing Voter Approved Property Tax Levies for Criminal Justice Purposes – No General Fund-State Revenue Impact**

Chapter 80, Laws of 2004 (HB 2519), authorizes counties to impose a new multi-year regular property tax of 50 cents per thousand dollars of assessed property value, subject to approval by a super majority of voters, for criminal justice purposes. The new taxing authority is not subject to the same aggregate rate limitation imposed on other junior and senior taxing districts, but must be reduced if the 1 percent constitutional limitation on regular levies is exceeded. This legislation does not impact state funds but may increase local revenues.

### **Modifying Commercial Driver's License Provisions – No General Fund-State Revenue Impact**

Chapter 187, Laws of 2004 (SHB 2532), modifies provisions related to licensing and disqualification of commercial driver license (CDL) holders and adds a separate CDL endorsement for operation of a school bus. Hazardous material endorsement requirements are modified to comply with federal hazardous materials security threat assessment requirements. This legislation does not impact the state general fund but increases fee-related

revenues to the Highway Safety Account by \$120,000 in fiscal year 2005 and to the Fingerprint Identification Account by \$368,000 in fiscal years 2004 and 2005.

**Modifying High Technology and Research and Development Tax Incentive Provisions – \$52.4 Million General Fund-State Revenue Decrease**

Chapter 2, Laws of 2004 (ESHB 2546), extends the B&O tax credit for research and development (R&D) spending from December 31, 2004, to January 1, 2015. The sales and use tax exemption for new, expanded, or diversified operations in R&D or pilot scale manufacturing is extended from July 1, 2004, to July 1, 2015. The R&D credit calculation for the purposes of the B&O credit is modified to limit the basis for the credit to the amount of R&D expenditures in excess of 0.92 percent of taxable income and to compute the credit for firms other than nonprofits using the average tax rate rather than 1.5 percent. The University of Washington and Washington State University are eligible to use the sales and use tax exemption for R&D facilities and equipment. Federal contractors building federal R&D facilities may also utilize the sales and use tax exemption. Credit and exemption users are required to report annually the amount of B&O tax credit or sales tax exemption taken; the number of new products, trademarks, patents, and copyrights; the number of jobs and the percent of full- and part-time jobs; wages by salary band; the number of jobs with employer-provided health and retirements; and other company related information. The amount of the sales tax exemption taken, and the amount of credit taken for firms taking more than \$10,000 in annual credits, may be publicly disclosed. The Department of Revenue is required to summarize the survey information annually. The Department must also study the credit and exemption and report to the Legislature by December 1, 2009, and December 1, 2013. This legislation decreases state general fund revenues by \$52.4 million and local revenues by \$14.3 million in fiscal year 2005.

**Concerning Personal Use Shellfish Licenses – \$19,000 General Fund-State Revenue Decrease**

Chapter 248, Laws of 2004 (SHB 2621), establishes an annual and a 3-day razor clam license to be administered by the Department of Fish and Wildlife. A surcharge is assessed on razor clam licenses for biotoxin testing and monitoring. The 2-day personal use shellfish and seaweed license is eliminated. Because license fees are lowered in aggregate, this legislation decreases state general fund revenues by \$19,000 in fiscal year 2005.

**Electric Utility Tax Credit Provisions – \$50,000 General Fund-State Revenue Decrease**

Chapter 238, Laws of 2004 (ESHB 2675), extends the expiration date of the electric utility rural economic development revolving fund tax credit from December 31, 2005, to June 30, 2011. The period over which contributions are measured for purposes of determining the amount of tax credit allowed is changed from a calendar year to a fiscal year. The Electric Utility Rural Economic Development Revolving Fund may be governed by the board of directors of an existing associate development organization serving the qualifying rural area if that board has been designated by the sponsoring electrical utility. This legislation decreases state general fund revenues by \$50,000 in fiscal year 2005.

**Modifying the Taxation of Timber on Publicly-Owned Land – \$144,000 General Fund-State Revenue Decrease**

Chapter 177, Laws of 2004 (ESHB 2693), allows counties to impose a 4 percent excise tax, to be phased in over ten years, on timber harvested from public lands, credited against the state timber excise tax. This legislation decreases state general fund revenues by \$144,000 and local revenues by \$184,000 in fiscal year 2005.

**Allowing Licensees to Pay for Liquor Using Debit and Credit Cards – \$62,000 General Fund-State Revenue Increase**

Chapter 63, Laws of 2004 (HB 2794), permits businesses licensed by the Liquor Control Board, such as restaurants and bars, to purchase liquor from state liquor stores or vendors using debit and credit cards. To offset an increase in costs, liquor prices will be increased and will yield additional revenues in fiscal year 2005 to several accounts, including \$62,000 to the state general fund, \$28,000 to the Liquor Excise Tax Account, \$789,000 to the Liquor Revolving Account, and \$18,000 to the Health Services Account.

**Authorizing Special License Plates for Fire Fighters and Paramedics – No General Fund-State Revenue Impact**

Chapter 35, Laws of 2004 (SHB 2910), establishes a special license plate for professional fire fighters and paramedics who are members of the Washington State Council of Fire Fighters. This legislation does not impact the state general fund but increases fee-related revenues to the Motor Vehicle Account by \$42,000 and the Washington State Council of Fire Fighters Benevolence Fund by \$18,000 in fiscal year 2005.

**Providing Temporary Tax Relief for Washington Beef Processors – \$2.2 Million General Fund-State Revenue Decrease**

Chapter 235, Laws of 2004 (SHB 2929), exempts from the B&O tax income received from slaughtering, breaking, processing, and wholesaling of perishable beef products for firms that slaughter cattle. This legislation decreases state general fund revenues by \$2.2 million in fiscal years 2004 and 2005.

**Providing Excise Tax Deductions for Governmental Payments to Nonprofit Organizations for Salmon Restoration – \$370,000 General Fund-State Revenue Decrease**

Chapter 241, Laws of 2004 (EHB 2968), provides a B&O tax deduction for nonprofit organizations that receive government grants for salmon restoration purposes. This legislation decreases state general fund revenues by \$370,000 in fiscal years 2004 and 2005.

**Modifying Unclaimed Property Laws for Gift Certificates – No General Fund-State Revenue Impact**

Chapter 168, Laws of 2004 (EHB 3036), prohibits issuers of gift certificates and stored value cards, with a few exceptions, from including inactivity charges or expiration dates on the certificates. Gift certificates and stored value cards are exempted from the Uniform Unclaimed Property Act, freeing holders from the requirement to turn over abandoned gift certificates to the state after three years. This legislation does not impact the state general fund in fiscal year 2005 but reduces revenues attributable to abandoned property receipts by \$2.7 million in future years.

**Modifying Tax Exemptions for Qualifying Blood Banks, Tissue Banks, and Blood and Tissue Banks – \$239,000 General Fund-State Revenue Decrease**

Chapter 82, Laws of 2004 (ESHB 3116), reenacts tax exemptions for nonprofit blood, bone, and tissue banks that were invalidated in court. This legislation decreases state general fund revenues by \$239,000 in fiscal year 2005.

**Exempting Computer Equipment Used Primarily in Printing or Publishing from Sales and Use Tax – \$1.4 Million General Fund-State Revenue Decrease**

Chapter 8, Laws of 2004 (SHB 3158), exempts from sales and use tax computer equipment purchased by a printer or publisher used primarily in the printing or publishing of printed material. This legislation decreases state general fund revenues by \$1.4 million and local revenues by \$400,000 in fiscal year 2005.

**Providing Property Tax Relief for Senior Citizens and Persons Retired Because of Physical Disability – No General Fund-State Revenue Impact**

Chapter 270, Laws of 2004 (SB 5034), increases the income threshold and exemptible portion of property value for the various tiers and provisions of the senior and disabled retirees property tax exemption and deferral programs. The definition of disability is tied to the definition used in the federal Social Security law. For the purposes of determining eligibility, a deduction from income is allowed for payments for boarding home or adult family home costs and Medicare insurance premiums. This legislation does not impact state funds but reduces local revenues by \$1.1 million in fiscal year 2005.

**Creating Regional Fire Protection Service Authorities – No General Fund-State Revenue Impact**

Chapter 129, Laws of 2004 (SSB 5326), establishes local authority to create a regional fire protection service authority, including any necessary financing, by a vote of the people. Financing options include regular property taxing authority of up to \$1.50 per \$1,000 assessed value. In lieu of levying the last 50-cent property tax option, a regional authority may impose benefit charges similar to that provided for fire protection districts. The property tax authority of participating jurisdictions is reduced by the rate levied by the regional authority. This legislation does not impact state funds but may increase local revenues.

**Requiring Implementation of a Biometric Identifier for Driver's Licenses and Identicards – No General Fund-State Revenue Impact**

Chapter 273, Laws of 2004 (3SSB 5412), requires the Department of Licensing to implement a voluntary biometric matching system for use in issuing driver's licenses and identicards and increases the civil liability for identity theft from \$500 to \$1,000, or actual damages, whichever is greater. This legislation does not impact state funds in the 2003-05 fiscal biennium but increases fee-related revenues to the Biometric Security Account by \$2.1 million in the 2005-07 fiscal biennium.

**Modifying the Rural County Sales and Use Tax – No General Fund-State Revenue Impact**

Chapter 130, Laws of 2004 (SSB 6113), strengthens the requirement that the 0.08 percent rural county sales and use tax for public facilities be used to finance only those facilities that serve economic development purposes and facilitate the creation and retention of businesses and jobs. This legislation does not impact state funds.

**Providing a Use Tax Exemption for Amusement and Recreation Services Donated to or by Nonprofit Organizations or State or Local Governmental Entities – \$231,000 General Fund-State Revenue Decrease**

Chapter 155, Laws of 2004 (SSB 6115), exempts the use of amusement and recreation facilities from the use tax when such use is donated to a nonprofit organization or school. This legislation decreases state general fund revenues by \$231,000 and local revenues by \$59,000 in fiscal years 2004 and 2005.

**Clarifying the Property Taxation of Vehicles Carrying Exempt Licenses – No General Fund-State Revenue Impact**

Chapter 156, Laws of 2004 (SB 6141), provides an explicit property tax exemption for the vehicles of disabled veterans, honored veterans, and former prisoners of war and their spouses. The exemption obviates the prospective requirement to pay \$31,000 in property taxes on the vehicles in fiscal year 2005.

**Authorizing Special License Plates to Honor Law Enforcement Officers Killed in the Line of Duty – No General Fund-State Revenue Impact**

Chapter 221, Laws of 2004 (SSB 6148), establishes a law enforcement memorial special license plate. This legislation does not impact the state general fund but increases fee-related revenues to the Motor Vehicle Account by \$18,000 in fiscal year 2005 and to the Law Enforcement Memorial Account in future years.

**Modifying Tax Incentive Provisions for Rural Counties – \$15.8 million General Fund-State Revenue Decrease**

Chapter 25, Laws of 2004 (SSB 6240), extends the sales and use tax deferral program for persons engaged in manufacturing, research and development, or computer service businesses in rural counties from July 1, 2004, to July 1, 2010. Accountability provisions are added that require deferral recipients to submit annual reports and that make taxpayer tax credit information available to the public upon request. A B&O tax credit for computer software job creation of \$1,000 per new job is authorized for businesses engaged in computer software manufacturing or programming in rural counties. A B&O tax credit of 100 percent of the B&O tax on the services is authorized for businesses that provide information technology help desk services to third parties when the business is located in a rural county. Both credits expire January 1, 2011. Island County is added as an eligible rural area under the sales tax deferral and B&O credit programs, as well as under the job creation B&O tax credit and the job training B&O tax credit. This legislation decreases state general fund revenues by \$15.8 million and local revenues by \$4.4 million in fiscal year 2005.

**Extending the Restriction on Local Government Taxation of Internet Services – No General Fund-State Revenue Impact**

Chapter 154, Laws of 2004 (SB 6259), extends the prohibition on a city or town imposing new taxes or fees on Internet service providers to July 1, 2006. This legislation does not impact state funds but reduces local taxing capacity.

**Providing Tax Relief for Aluminum Smelters – \$1.7 Million General Fund-State Revenue Decrease**

Chapter 24, Laws of 2004 (2SSB 6304), provides tax incentives to the aluminum industry. The B&O tax rate for manufacturing and wholesaling is reduced for aluminum smelters from 0.484 percent to 0.2904 percent through 2006. Aluminum smelters may take a credit against the B&O tax for property taxes paid through 2006. Through 2006, aluminum smelters may take a credit for state sales and use taxes paid on personal property used at the smelter or incorporated into buildings, and on associated labor and services. Through 2006, aluminum smelters are exempt from the use tax on brokered natural gas. Businesses that sell electricity, natural, or manufactured gas to aluminum smelters receive a credit against their tax liability if the price of the electricity or gas is reduced by the tax savings. The legislation provides for accountability reporting and a review of the incentives. This legislation decreases state general fund revenues by \$1.7 million in fiscal year 2005.

**Revising the Fee for Birth Certificates Suitable for Display – No General Fund-State Revenue Impact**

Chapter 53, Laws of 2004 (SB 6337), changes the fee for obtaining a birth certificate other than the original certificate. The fee is to be set by the Washington Council for the Prevention of Child Abuse and Neglect to maximize revenue for the Children's Trust Fund. This legislation does not impact the state general fund but will increase revenues to the Children's Trust Fund by an amount depending on the level of the fee set by the Council.

**Concerning the Licensing of Cosmetologists and Others under Chapter 18.16 RCW – \$373,000 General Fund-State Revenue Increase**

Chapter 51, Laws of 2004 (SSB 6341), extends to June 30, 2005, the grace period provided to former licensees in good standing for the purpose of renewing an expired license in certain cosmetology-related professions or of obtaining an additional license in barbering, manicuring, or esthetics without taking the applicable examination. Persons who hold a license in good standing in one of these professions may now elect to receive an inactive license status. This legislation increases state general fund revenues by \$373,000 in fiscal years 2004 and 2005 as a result of the acquisition of new and renewed licenses.

**Transferring Collection of Certain Telephone Excise Taxes from the Department of Social and Health Services to the Department of Revenue – No General Fund-State Revenue Impact**

Chapter 254, Laws of 2004 (SB 6448), transfers responsibility of setting rates for and collecting the telecommunications relay service excise tax and the telephone assistance excise tax from the Department of Social and Health Services to the Department of Revenue (DOR). Because DOR has a more complete database of taxpayers, this legislation will increase revenues to the Telephone Assistance Account and the Telecommunications Devices for the Hearing and Speech Impaired Account by \$278,000 in fiscal year 2005.

**Governing Class 1 Racing Associations' Authority to Participate in Pari-Mutuel Wagering – No General Fund-State Revenue Impact**

Chapter 274, Laws of 2004 (ESSB 6481), allows the Washington Horse Racing Commission (HRC) to authorize a class 1 racing association to conduct pari-mutuel wagering on imported simulcast races at satellite locations. In addition, until October 1, 2007, HRC may authorize a class 1 racing association or its contractor to conduct advance deposit wagering, in which an individual deposits funds to pay for wagers made in person, by telephone, or through communication by other electronic means. Through an expected increase in horse racing wagering, this legislation will increase revenues to the Horse Racing Commission Account by \$260,000 in fiscal year 2005.

**Exempting Fuel Cells from Sales and Use Taxes – \$121,000 General Fund-State Revenue Decrease**

Chapter 152, Laws of 2004 (SB 6490), extends the use tax exemption for the acquisition of machinery or equipment that is used to generate at least 200 watts of electricity to include fuel cells as a principal power source. This legislation decreases state general fund revenues by \$121,000 and local revenues by \$35,000 in fiscal year 2005.

**Correcting Errors in and Omissions from Chapter 168, Laws of 2003, Which Implemented Portions of the Streamlined Sales and Use Tax Agreement – \$7.9 Million General Fund-State Revenue Decrease**

Chapter 153, Laws of 2004 (SB 6515), restores sales tax exemptions inadvertently removed in 2003 legislation and makes further technical corrections. This legislation decreases state general fund revenues by \$7.9 million and local revenues by \$2.3 million in fiscal year 2005.

**Regulating Authorized Representatives of Beer and Wine Manufacturers and Distributors – No General Fund-State Revenue Impact**

Chapter 160, Laws of 2004 (SSB 6655), requires authorized representatives for breweries and wineries outside of Washington to obtain a certificate of approval from the Liquor Control Board to sell beer or wine in Washington. The Board is directed to set the fee for a certificate of approval to cover the cost of regulating certificate holders. This legislation does not impact the state general fund but increases revenues to the Liquor Revolving Account by \$385,000 in fiscal year 2005.

**Modifying Promoter Requirements for Vendor Tax Registration – No General Fund-State Revenue Impact**

Chapter 253, Laws of 2004 (SB 6663), provides that a good faith effort is sufficient for promoters of special events such as trade fairs when collecting vendor information for DOR. This legislation does not impact state funds.

**Permitting Transfer of License Plates – No General Fund-State Revenue Impact**

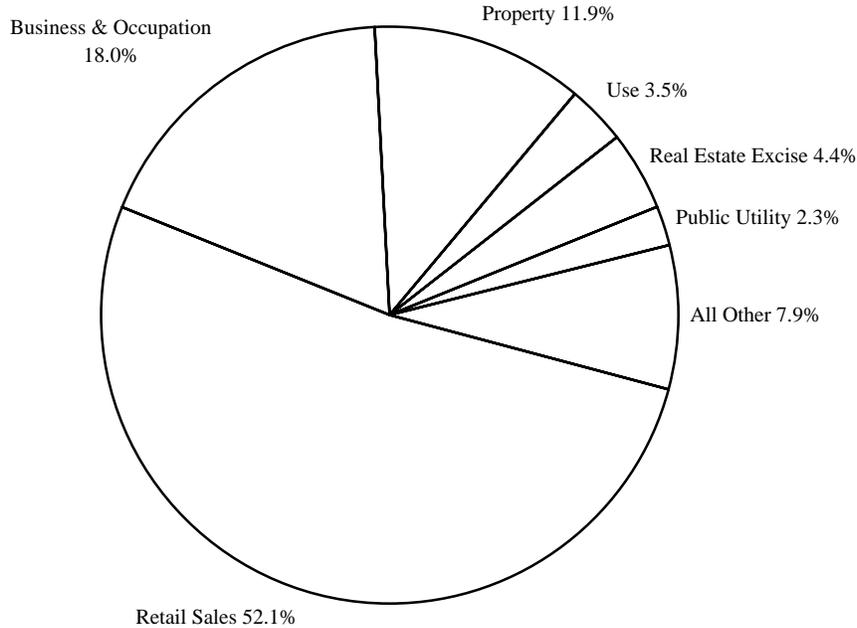
Chapter 223, Laws of 2004 (SSB 6676), allows transfer of general issue license plates and increases the transfer fee for license plates to \$10. This legislation does not impact the state general fund but increases fee-related revenues to the Motor Vehicle Account by \$93,000 in fiscal years 2004 and 2005.

**Authorizing a Special “Helping Kids Speak” License Plate – No General Fund-State Revenue Impact**

Chapter 48, Laws of 2004 (SSB 6688), establishes a “Helping Kids Speak” special license plate series to benefit speech therapy programs for children. This legislation does not impact the state general fund but increases fee-related revenues to the Motor Vehicle Account by \$48,000 in fiscal year 2005 and to the Helping Kids Speak Account in future years.

**Washington State Revenue Forecast - February 2004**  
**2003-05 General Fund-State Revenues by Source**

(Dollars in Millions)



<b>Sources of Revenue</b>	
Retail Sales	11,923.8
Business & Occupation	4,126.4
Property	2,714.4
Use	790.4
Real Estate Excise	999.0
Public Utility	527.5
All Other	1,815.8
<b>Total *</b>	<b>22,897.3</b>

\* The state levy forecast reflects only the General Fund portion. The portion of the state levy that is transferred to the Student Achievement Account by Initiative 728 is excluded.

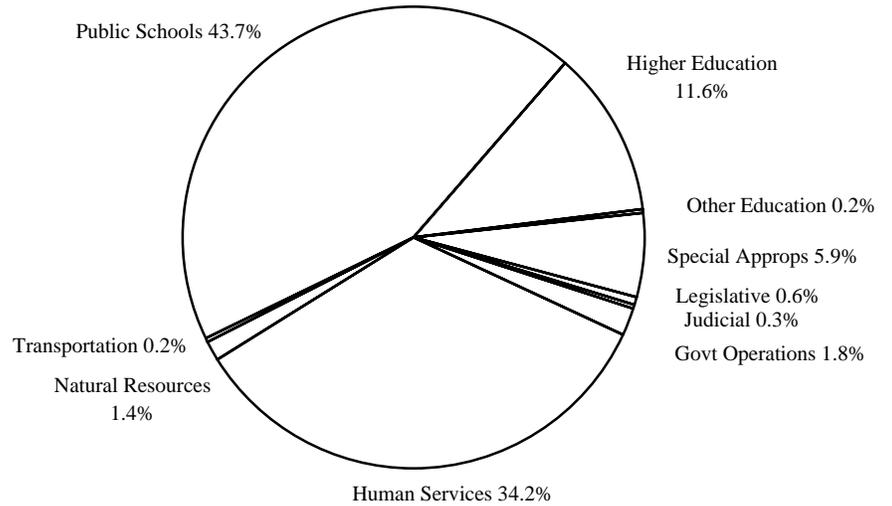
Note: Reflects the February 2004 Revenue Forecast (Cash Basis).

# Omnibus Operating Budget Comparisons

(Dollars in Thousands)

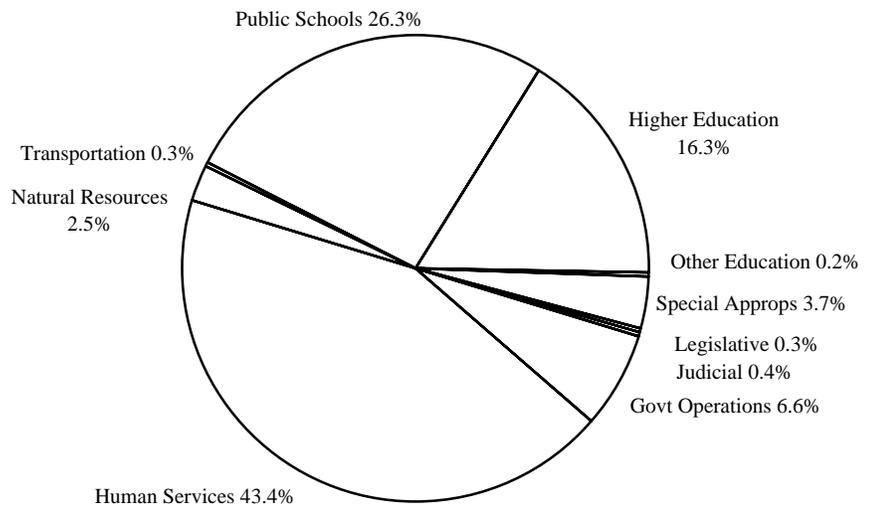
## General Fund - State

Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
Human Services	7,960,037
Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



## Total All Funds

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
Human Services	19,753,001
Natural Resources	1,149,662
Transportation	125,500
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### TOTAL STATE

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	<u>Orig 03-05</u>	<u>2004 Supp</u>	<u>Rev 03-05</u>	<u>Orig 03-05</u>	<u>2004 Supp</u>	<u>Rev 03-05</u>
Legislative	129,628	350	129,978	136,394	350	136,744
Judicial	78,492	1,044	79,536	162,179	5,477	167,656
Governmental Operations	411,360	8,601	419,961	2,726,495	263,401	2,989,896
Other Human Services	1,328,153	78,474	1,406,627	3,629,216	132,913	3,762,129
DSHS	6,605,069	-51,659	6,553,410	15,840,269	150,603	15,990,872
Natural Resources	297,097	35,917	333,014	1,104,638	45,024	1,149,662
Transportation	48,834	392	49,226	123,957	1,543	125,500
Total Education	12,811,776	92,465	12,904,241	19,406,702	97,454	19,504,156
Public Schools	10,104,649	60,238	10,164,887	11,906,608	61,713	11,968,321
Higher Education	2,667,195	32,227	2,699,422	7,400,500	35,741	7,436,241
Other Education	39,932	0	39,932	99,594	0	99,594
Special Appropriations	<u>1,370,972</u>	<u>-877</u>	<u>1,370,095</u>	<u>1,665,908</u>	<u>1,480</u>	<u>1,667,388</u>
<b>Statewide Total</b>	<b>23,081,381</b>	<b>164,707</b>	<b>23,246,088</b>	<b>44,795,758</b>	<b>698,245</b>	<b>45,494,003</b>

*Note: Includes only appropriations from the Omnibus Operating Budget enacted through the 2004 legislative session and appropriations contained in other legislation shown on page 16.*

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### LEGISLATIVE AND JUDICIAL

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	Orig 03-05	2004 Supp	Rev 03-05	Orig 03-05	2004 Supp	Rev 03-05
House of Representatives	56,342	75	56,417	56,387	75	56,462
Senate	45,174	75	45,249	45,219	75	45,294
Jt Leg Audit & Review Committee	3,344	250	3,594	3,344	250	3,594
LEAP Committee	3,455	-50	3,405	3,455	-50	3,405
Office of the State Actuary	0	0	0	2,616	0	2,616
Joint Legislative Systems Comm	13,507	0	13,507	15,320	0	15,320
Statute Law Committee	7,806	0	7,806	10,053	0	10,053
<b>Total Legislative</b>	<b>129,628</b>	<b>350</b>	<b>129,978</b>	<b>136,394</b>	<b>350</b>	<b>136,744</b>
Supreme Court	11,127	68	11,195	11,127	68	11,195
State Law Library	4,095	4	4,099	4,095	4	4,099
Court of Appeals	25,257	197	25,454	25,257	197	25,454
Commission on Judicial Conduct	1,828	0	1,828	1,828	0	1,828
Office of Administrator for Courts	34,635	775	35,410	105,927	4,820	110,747
Office of Public Defense	1,550	0	1,550	13,945	388	14,333
<b>Total Judicial</b>	<b>78,492</b>	<b>1,044</b>	<b>79,536</b>	<b>162,179</b>	<b>5,477</b>	<b>167,656</b>
<b>Total Legislative/Judicial</b>	<b>208,120</b>	<b>1,394</b>	<b>209,514</b>	<b>298,573</b>	<b>5,827</b>	<b>304,400</b>

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### GOVERNMENTAL OPERATIONS

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	Orig 03-05	2004 Supp	Rev 03-05	Orig 03-05	2004 Supp	Rev 03-05
Office of the Governor	7,549	235	7,784	12,543	235	12,778
Office of the Lieutenant Governor	1,098	0	1,098	1,098	0	1,098
Public Disclosure Commission	3,561	0	3,561	3,561	0	3,561
Office of the Secretary of State	41,428	0	41,428	81,907	25,944	107,851
Governor's Office of Indian Affairs	467	0	467	467	0	467
Asian-Pacific-American Affrs	388	0	388	388	0	388
Office of the State Treasurer	0	0	0	13,149	314	13,463
Office of the State Auditor	1,403	100	1,503	45,133	100	45,233
Comm Salaries for Elected Officials	240	64	304	240	64	304
Office of the Attorney General	8,166	345	8,511	182,263	1,881	184,144
Caseload Forecast Council	1,277	63	1,340	1,277	63	1,340
Dept of Financial Institutions	0	0	0	28,442	0	28,442
Dept Community, Trade, Econ Dev	122,260	6,111	128,371	396,606	39,006	435,612
Economic & Revenue Forecast Council	1,037	0	1,037	1,037	0	1,037
Office of Financial Management	25,045	447	25,492	75,318	17,871	93,189
Office of Administrative Hearings	0	0	0	24,669	2,364	27,033
Department of Personnel	0	0	0	42,575	0	42,575
State Lottery Commission	0	0	0	705,818	0	705,818
Washington State Gambling Comm	0	0	0	27,284	0	27,284
WA State Comm on Hispanic Affairs	408	0	408	408	0	408
African-American Affairs Comm	397	0	397	397	0	397
Personnel Appeals Board	0	0	0	1,725	0	1,725
Department of Retirement Systems	0	0	0	48,572	731	49,303
State Investment Board	100	0	100	13,362	0	13,362
Public Printer	0	0	0	0	66,000	66,000
Department of Revenue	164,560	120	164,680	175,679	256	175,935
Board of Tax Appeals	2,129	90	2,219	2,129	90	2,219
Municipal Research Council	0	0	0	4,621	0	4,621
Minority & Women's Business Enterp	0	0	0	1,990	0	1,990
Dept of General Administration	468	0	468	129,245	2,646	131,891
Department of Information Services	2,000	650	2,650	207,447	1,100	208,547
Office of Insurance Commissioner	0	0	0	32,938	902	33,840
State Board of Accountancy	0	0	0	1,985	0	1,985
Forensic Investigations Council	0	0	0	274	0	274
Washington Horse Racing Commission	0	0	0	4,609	0	4,609
WA State Liquor Control Board	2,909	0	2,909	159,608	1,461	161,069
Utilities and Transportation Comm	0	0	0	29,481	786	30,267
Board for Volunteer Firefighters	0	0	0	733	0	733
Military Department	16,709	335	17,044	185,462	100,657	286,119
Public Employment Relations Comm	4,758	41	4,799	7,300	41	7,341
LEOFF 2 Retirement Board	0	0	0	0	889	889
Growth Management Hearings Board	3,003	0	3,003	3,003	0	3,003
State Convention and Trade Center	0	0	0	71,752	0	71,752
<b>Total Governmental Operations</b>	<b>411,360</b>	<b>8,601</b>	<b>419,961</b>	<b>2,726,495</b>	<b>263,401</b>	<b>2,989,896</b>

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### HUMAN SERVICES

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	Orig 03-05	2004 Supp	Rev 03-05	Orig 03-05	2004 Supp	Rev 03-05
WA State Health Care Authority	0	0	0	538,159	4,361	542,520
Human Rights Commission	4,775	0	4,775	6,384	0	6,384
Bd of Industrial Insurance Appeals	0	0	0	30,149	0	30,149
Criminal Justice Training Comm	0	0	0	18,686	75	18,761
Department of Labor and Industries	11,723	285	12,008	472,499	1,143	473,642
Indeterminate Sentence Review Board	1,960	0	1,960	1,960	0	1,960
Home Care Quality Authority	671	1,530	2,201	671	1,530	2,201
Department of Health	118,367	-168	118,199	729,616	49,487	779,103
Department of Veterans' Affairs	21,576	75	21,651	78,593	233	78,826
Department of Corrections	1,164,069	76,752	1,240,821	1,199,364	72,096	1,271,460
Dept of Services for the Blind	3,534	0	3,534	19,685	0	19,685
Sentencing Guidelines Commission	1,478	0	1,478	1,478	0	1,478
Department of Employment Security	0	0	0	531,972	3,988	535,960
<b>Total Other Human Services</b>	<b>1,328,153</b>	<b>78,474</b>	<b>1,406,627</b>	<b>3,629,216</b>	<b>132,913</b>	<b>3,762,129</b>

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### DEPARTMENT OF SOCIAL & HEALTH SERVICES

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	Orig 03-05	2004 Supp	Rev 03-05	Orig 03-05	2004 Supp	Rev 03-05
Children and Family Services	464,034	-14,674	449,360	910,037	-14,286	895,751
Juvenile Rehabilitation	146,792	-1,733	145,059	204,951	-7,535	197,416
Mental Health	674,685	-16,299	658,386	1,229,646	20,267	1,249,913
Developmental Disabilities	678,562	-1,235	677,327	1,291,739	26,454	1,318,193
Long-Term Care	1,128,314	-11,869	1,116,445	2,314,357	27,041	2,341,398
Economic Services Administration	815,547	68,141	883,688	2,059,185	67,140	2,126,325
Alcohol & Substance Abuse	80,640	540	81,180	232,354	3,713	236,067
Medical Assistance Payments	2,450,197	-82,544	2,367,653	7,256,903	4,152	7,261,055
Vocational Rehabilitation	20,382	-19	20,363	106,625	873	107,498
Administration/Support Svcs	61,894	5,108	67,002	108,456	18,532	126,988
Payments to Other Agencies	84,022	2,925	86,947	126,016	4,252	130,268
<b>Total DSHS</b>	<b>6,605,069</b>	<b>-51,659</b>	<b>6,553,410</b>	<b>15,840,269</b>	<b>150,603</b>	<b>15,990,872</b>
<b>Total Human Services</b>	<b>7,933,222</b>	<b>26,815</b>	<b>7,960,037</b>	<b>19,469,485</b>	<b>283,516</b>	<b>19,753,001</b>

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### NATURAL RESOURCES

(Dollars in Thousands)

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	General Fund-State			Total All Funds		
	<u>Orig 03-05</u>	<u>2004 Supp</u>	<u>Rev 03-05</u>	<u>Orig 03-05</u>	<u>2004 Supp</u>	<u>Rev 03-05</u>
Columbia River Gorge Commission	684	0	684	1,347	0	1,347
Department of Ecology	66,727	5,012	71,739	316,611	6,705	323,316
WA Pollution Liab Insurance Program	0	0	0	1,894	0	1,894
State Parks and Recreation Comm	59,962	87	60,049	103,146	1,049	104,195
Interagency Comm for Outdoor Rec	2,502	125	2,627	24,260	250	24,510
Environmental Hearings Office	1,883	49	1,932	1,883	49	1,932
State Conservation Commission	4,479	0	4,479	6,641	250	6,891
Dept of Fish and Wildlife	81,632	552	82,184	277,840	2,157	279,997
Department of Natural Resources	64,540	26,203	90,743	280,145	30,358	310,503
Department of Agriculture	14,688	3,889	18,577	90,871	4,206	95,077
<b>Total Natural Resources</b>	<b>297,097</b>	<b>35,917</b>	<b>333,014</b>	<b>1,104,638</b>	<b>45,024</b>	<b>1,149,662</b>

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### TRANSPORTATION

(Dollars in Thousands)

---

	General Fund-State			Total All Funds		
	<u>Orig 03-05</u>	<u>2004 Supp</u>	<u>Rev 03-05</u>	<u>Orig 03-05</u>	<u>2004 Supp</u>	<u>Rev 03-05</u>
Washington State Patrol	38,860	0	38,860	88,373	1,581	89,954
Department of Licensing	9,974	392	10,366	35,584	-38	35,546
<b>Total Transportation</b>	<b>48,834</b>	<b>392</b>	<b>49,226</b>	<b>123,957</b>	<b>1,543</b>	<b>125,500</b>

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### EDUCATION

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	Orig 03-05	2004 Supp	Rev 03-05	Orig 03-05	2004 Supp	Rev 03-05
OSPI & Statewide Programs	41,538	484	42,022	129,190	6,782	135,972
General Apportionment	7,945,276	19,880	7,965,156	7,945,276	19,880	7,965,156
Pupil Transportation	411,917	23,436	435,353	411,917	23,436	435,353
School Food Services	6,200	0	6,200	383,061	-19,941	363,120
Special Education	861,198	665	861,863	1,270,835	17,478	1,288,313
Educational Service Districts	7,075	1	7,076	7,075	1	7,076
Levy Equalization	329,309	-682	328,627	329,309	-682	328,627
Elementary/Secondary School Improv	0	0	0	46,198	-3,381	42,817
Institutional Education	37,688	-1,305	36,383	37,688	-1,305	36,383
Ed of Highly Capable Students	13,211	41	13,252	13,211	41	13,252
Student Achievement Program	0	0	0	398,203	11,439	409,642
Education Reform	74,767	1,359	76,126	204,129	-877	203,252
Transitional Bilingual Instruction	101,853	2,875	104,728	148,162	1,110	149,272
Learning Assistance Program (LAP)	129,436	-2,141	127,295	436,614	-7,997	428,617
Compensation Adjustments	145,181	15,625	160,806	145,740	15,729	161,469
<b>Total Public Schools</b>	<b>10,104,649</b>	<b>60,238</b>	<b>10,164,887</b>	<b>11,906,608</b>	<b>61,713</b>	<b>11,968,321</b>

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### PUBLIC SCHOOLS

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	Orig 03-05	2004 Supp	Rev 03-05	Orig 03-05	2004 Supp	Rev 03-05
Higher Education Coordinating Board	312,297	12,848	325,145	329,640	12,862	342,502
University of Washington	631,212	6,084	637,296	3,624,733	6,084	3,630,817
Washington State University	375,219	1,093	376,312	864,579	1,093	865,672
Eastern Washington University	83,044	437	83,481	160,199	437	160,636
Central Washington University	81,156	900	82,056	181,036	900	181,936
The Evergreen State College	46,449	442	46,891	90,620	442	91,062
Spokane Intercol Rsch & Tech Inst	2,822	0	2,822	2,922	0	2,922
Western Washington University	109,182	590	109,772	254,158	590	254,748
Community/Technical College System	<u>1,025,814</u>	<u>9,833</u>	<u>1,035,647</u>	<u>1,892,613</u>	<u>13,333</u>	<u>1,905,946</u>
<b>Total Higher Education</b>	<b>2,667,195</b>	<b>32,227</b>	<b>2,699,422</b>	<b>7,400,500</b>	<b>35,741</b>	<b>7,436,241</b>
State School for the Blind	9,255	0	9,255	10,590	0	10,590
State School for the Deaf	15,137	0	15,137	15,369	0	15,369
Work Force Trng & Educ Coord Board	3,282	0	3,282	57,571	0	57,571
Washington State Arts Commission	4,500	0	4,500	5,526	0	5,526
Washington State Historical Society	4,867	0	4,867	7,647	0	7,647
East Wash State Historical Society	<u>2,891</u>	<u>0</u>	<u>2,891</u>	<u>2,891</u>	<u>0</u>	<u>2,891</u>
<b>Total Other Education</b>	<b>39,932</b>	<b>0</b>	<b>39,932</b>	<b>99,594</b>	<b>0</b>	<b>99,594</b>
<b>Total Education</b>	<b>12,811,776</b>	<b>92,465</b>	<b>12,904,241</b>	<b>19,406,702</b>	<b>97,454</b>	<b>19,504,156</b>

# Washington State Omnibus Operating Budget

## 2004 Supplemental Budget

### SPECIAL APPROPRIATIONS

(Dollars in Thousands)

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	General Fund-State			Total All Funds		
	<u>Orig 03-05</u>	<u>2004 Supp</u>	<u>Rev 03-05</u>	<u>Orig 03-05</u>	<u>2004 Supp</u>	<u>Rev 03-05</u>
Bond Retirement and Interest	1,249,251	-12,348	1,236,903	1,439,607	-645	1,438,962
Special Approps to the Governor	18,249	16,737	34,986	81,015	12,195	93,210
Sundry Claims	18	64	82	383	94	477
State Employee Compensation Adjust	48,284	-4,820	43,464	89,733	-9,654	80,079
Contributions to Retirement Systems	<u>55,170</u>	<u>-510</u>	<u>54,660</u>	<u>55,170</u>	<u>-510</u>	<u>54,660</u>
<b>Total Special Appropriations</b>	<b>1,370,972</b>	<b>-877</b>	<b>1,370,095</b>	<b>1,665,908</b>	<b>1,480</b>	<b>1,667,388</b>

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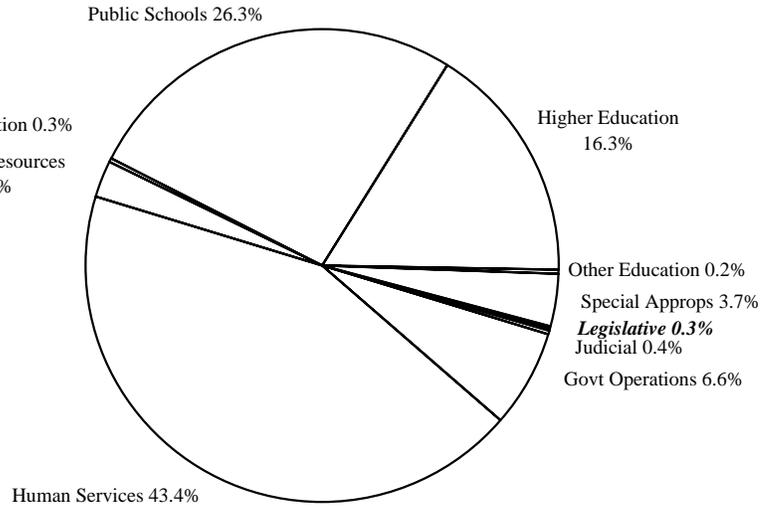


# Legislative

Supplemental appropriations for legislative agencies did not authorize any ongoing program enhancements.

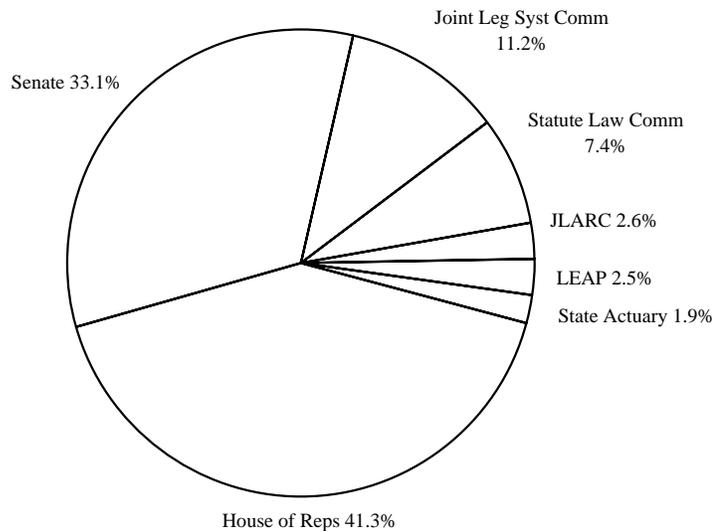
**2003-05 Washington State Operating Budget**  
**Total Budgeted Funds**  
(Dollars in Thousands)

<b>Legislative</b>	<b>136,744</b>
Judicial	167,656
Governmental Operations	2,989,896
Human Services	19,753,001
Natural Resources	1,149,662
Transportation	125,500
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



**Washington State**

House of Representatives	56,462
Senate	45,294
Jt Leg Systems Comm	15,320
Statute Law Committee	10,053
Jt Leg Audit & Rev Comm	3,594
LEAP Committee	3,405
State Actuary	2,616
<b>Legislative</b>	<b>136,744</b>

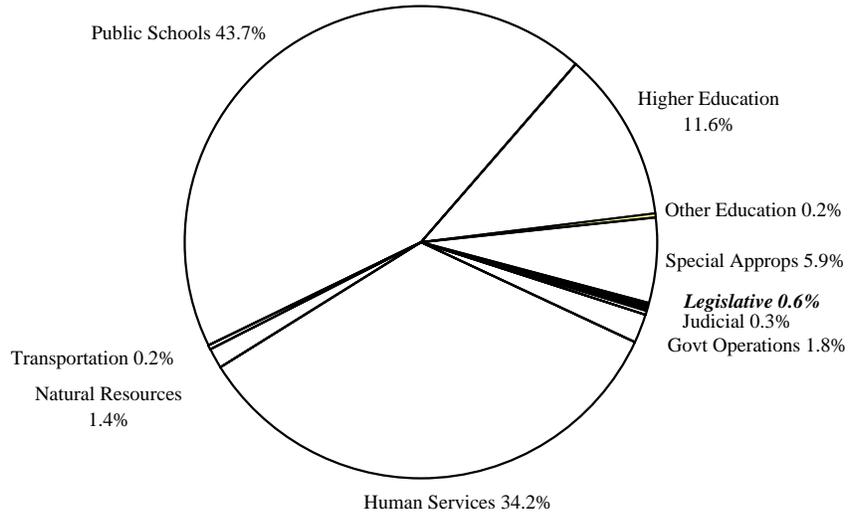


**Legislative**

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

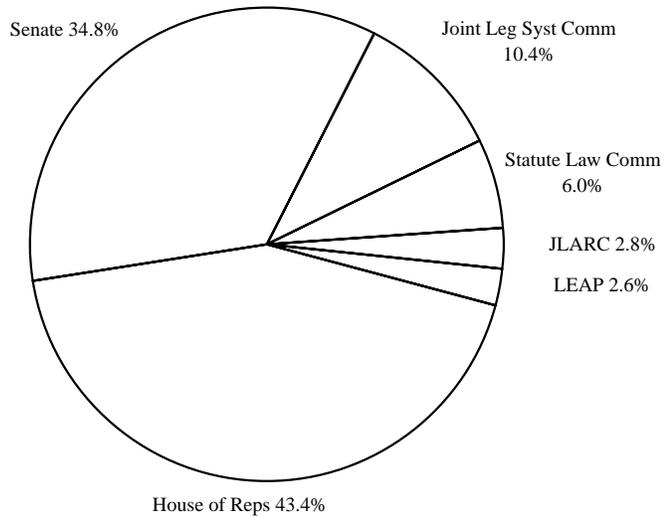
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<b>Legislative</b>	<b>129,978</b>
Judicial	79,536
Governmental Operations	419,961
Human Services	7,960,037
Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



**Washington State**

House of Representatives	56,417
Senate	45,249
Jt Leg Systems Comm	13,507
Statute Law Committee	7,806
Jt Leg Audit & Rev Comm	3,594
LEAP Committee	3,405
<b>Legislative</b>	<b>129,978</b>



**Legislative**

**House of Representatives**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>56,342</b>	<b>45</b>	<b>56,387</b>
<b>Policy Changes</b>			
1. National Conference of Legislatures	<u>75</u>	<u>0</u>	<u>75</u>
<b>Total Policy Changes</b>	<b>75</b>	<b>0</b>	<b>75</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>56,417</b>	<b>45</b>	<b>56,462</b>
Fiscal Year 2004 Total	28,109	0	28,109
Fiscal Year 2005 Total	28,308	45	28,353

**Comments:**

- National Conference of Legislatures** - One-time start-up funding is provided for the costs associated with the Legislature's hosting of the 2005 National Conference of State Legislatures in Seattle. This amount will be repaid from sponsorship revenue.

**Senate**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>45,174</b>	<b>45</b>	<b>45,219</b>
<b>Policy Changes</b>			
1. National Conference of Legislatures	<u>75</u>	<u>0</u>	<u>75</u>
<b>Total Policy Changes</b>	<b>75</b>	<b>0</b>	<b>75</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>45,249</b>	<b>45</b>	<b>45,294</b>
Fiscal Year 2004 Total	22,001	0	22,001
Fiscal Year 2005 Total	23,248	45	23,293

**Comments:**

- National Conference of Legislatures** - One-time start-up funding is provided for the costs associated with the Legislature's hosting of the 2005 National Conference of State Legislatures in Seattle. This amount will be repaid from sponsorship revenue.

## Joint Legislative Audit & Review Committee

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>3,344</b>	<b>0</b>	<b>3,344</b>
<b>Policy Changes</b>			
1. Developmental Disability Prevalence	50	0	50
2. Fire Suppression Policy Study	150	0	150
3. Gambling Revenue Distribution Study	25	0	25
4. Govt Accountability (3ESHB 1053)	150	0	150
5. Contractor Licensing Study	25	0	25
6. Alternative Learning Study	100	0	100
7. Bus Replacement Study	25	0	25
8. Governor Veto	-275	0	-275
<b>Total Policy Changes</b>	<b>250</b>	<b>0</b>	<b>250</b>
<b>2003-05 Revised Appropriations</b>	<b>3,594</b>	<b>0</b>	<b>3,594</b>
Fiscal Year 2004 Total	1,627	0	1,627
Fiscal Year 2005 Total	1,967	0	1,967

**Comments:**

1. **Developmental Disability Prevalence** - Funding is provided for a study of the prevalence of developmental disabilities. This item was vetoed by the Governor (see Governor Veto item).
2. **Fire Suppression Policy Study** - Expenditures charged for direct fire suppression costs have averaged \$31.0 million per year for the past three years. During the ten years prior to this period, fire suppression costs averaged \$11.0 million per year and only once exceeded \$20.0 million. Although forest health issues may be contributing to the higher cost of fire suppression, it is not likely to explain such a sudden increase. Funding is provided for a program performance audit of the policies and practices of the state wildfire suppression program.
3. **Gambling Revenue Distribution Study** - Funding is provided for a study of current distributions of gambling revenues in Washington and other states. This item was vetoed by the Governor (see Governor Veto item).
4. **Govt Accountability (3ESHB 1053)** - Funding is provided for performance audits, contingent on the enactment of 3ESHB 1053 (Government Accountability). This bill failed to be enacted and was therefore vetoed by the Governor (see Governor Veto item).
5. **Contractor Licensing Study** - One-time funding is provided for a study of the licensing and testing requirements for heating, ventilation, and air conditioning contractors. This item was vetoed by the Governor (see Governor Veto item).
6. **Alternative Learning Study** - Funding is provided for the Joint Legislative Audit and Review Committee (JLARC) and the State Auditor's Office to conduct a legal and financial review of alternative learning experience programs. The topics for review include: (1) the numbers of students served, variations in program types, and funding patterns for alternative learning experience programs, including digital curriculum and

online courses; (2) the adequacy of current rules, regulations, and procedures to safeguard against the misuse of public resources based on any deficiencies identified in the State Auditor's audit of alternative learning experience programs due to be completed in May 2004; (3) identification of policy and administrative options to address and correct such identified deficiencies; and (4) the potential fiscal impacts of any proposed options for changes to alternative learning experience programs. JLARC will submit an interim report of their findings and recommendations by February 1, 2005, and a final report by July 1, 2005.

7. **Bus Replacement Study** - Funding is provided to study current and potential methods of bidding and purchasing school buses for home-to-school transportation. The purpose of the study is to recommend methods and systems for obtaining competitive prices for state reimbursement purposes and for district purchasing purposes while at the same time allowing local school district control over decisions concerning the management of pupil transportation systems and the make up of bus fleets. The study shall examine bidding and purchasing methods and procedures used in other states and compare the results of those methods with the results of current and past methods employed by the Office of the Superintendent of Public Instruction, purchasing organizations, and school districts in this state. A preliminary report, including recommendations, shall be available by December 2004. This item was vetoed by the Governor (see Governor Veto item).
8. **Governor Veto** - The Governor vetoed Section 103(2), (3), (4), (6), and (7) of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which provided funding for the developmental disability prevalence, school bus replacement, contractor licensing, and gambling revenue distribution studies, as well as for implementation of 3ESHB 1053 (Government Accountability). Therefore, funding in the amount of \$275,000 lapses (see preceding items).

## Legislative Evaluation & Accountability Program

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	3,455	0	3,455
<b>Policy Changes</b>			
1. Regional Cost-of-Living Index	-50	0	-50
<b>Total Policy Changes</b>	<b>-50</b>	<b>0</b>	<b>-50</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>3,405</b>	<b>0</b>	<b>3,405</b>
Fiscal Year 2004 Total	1,631	0	1,631
Fiscal Year 2005 Total	1,774	0	1,774

**Comments:**

1. **Regional Cost-of-Living Index** - Funding provided in the 2003-05 biennial budget for the Committee to develop a regional cost-of-living index for each region served by an Educational Service District of the K-12 system is removed.



# Judicial

## **Judicial Salary Increases**

The supplemental operating budget provides a total of \$497,000 General Fund-State for increased salaries for the Superior Court judges, the Court of Appeals judges, and the Supreme Court justices. These salary increases were recommended by the Washington Citizens' Commission on Salaries for Elected Officials and are effective September 1, 2004. Pursuant to Amendment 78 of the Washington State Constitution, once approved by the Commission, the salary increases go into effect unless repealed by the voters.

## **New Superior Court Judges**

The supplemental operating budget provides \$364,000 General Fund-State for half the salaries and 100 percent of the benefits for new Superior Court judge positions authorized by Chapter 96, Laws of 2003 (HB 1292). The bill authorized one new Superior Court judge position in Kitsap, Benton-Franklin, and Kittitas Counties and two new Superior Court judge positions in Clark County.

## **Workload Increases**

The supplemental operating budget provides a total of \$559,000 from the state general fund and Public Safety and Education Account to address workload issues at the Supreme Court, Court of Appeals, and the Office of Public Defense. For the Supreme Court, funding is provided for additional staff support to meet increased workload and responsibilities in the Office of Reporter of Decisions and additional meeting costs for the expanded Capital Counsel Panel. For the Court of Appeals, funding is provided to meet additional workload requirements of Division II, which includes Thurston County. This funding will assist in addressing a workload increase of 9 percent since 2001 without a resulting staffing increase. Funding is also provided for the Office of Public Defense to cover additional workload and to provide expenditure authority for belated claims.

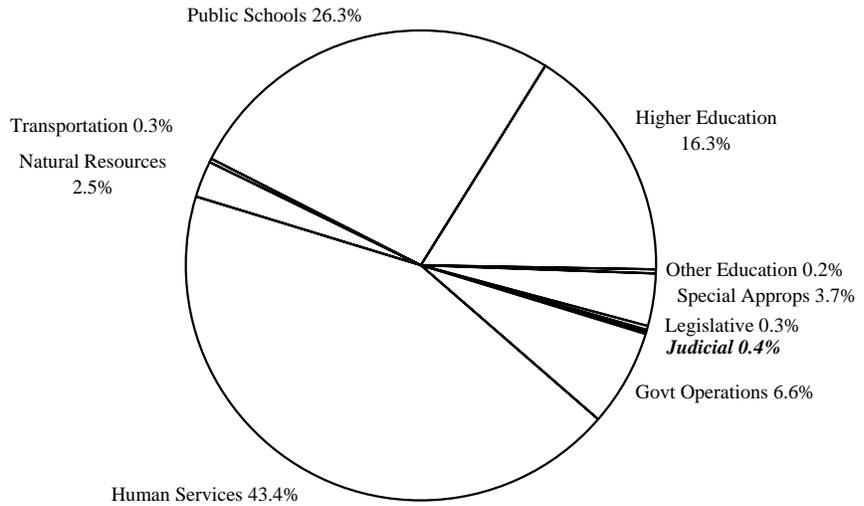
## **Judicial Information System**

The supplemental operating budget provides funding of \$3.9 million from the state Judicial Information System Account to the Office of the Administrator for the Courts for continued work on the Judicial Information System (JIS). Of the total, \$1.1 million is provided for disaster recovery planning, equipment, backup systems, and testing for JIS. The remainder of the funding is provided for migration phases II and III.

## 2003-05 Washington State Operating Budget Total Budgeted Funds

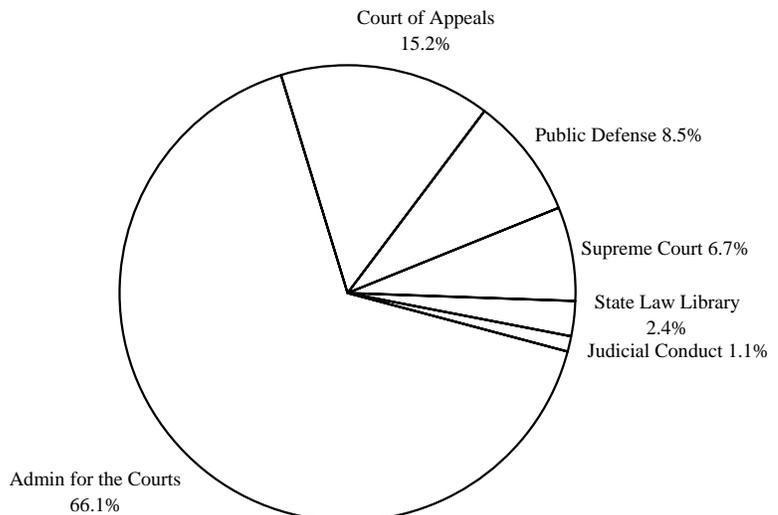
(Dollars in Thousands)

Legislative	136,744
<b>Judicial</b>	<b>167,656</b>
Governmental Operations	2,989,896
Human Services	19,753,001
Natural Resources	1,149,662
Transportation	125,500
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



### Washington State

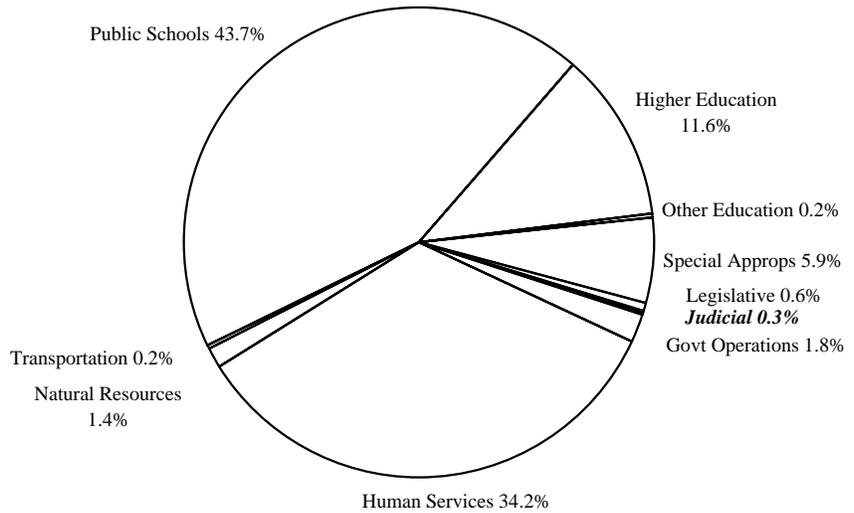
Admin for the Courts	110,747
Court of Appeals	25,454
Office of Public Defense	14,333
Supreme Court	11,195
State Law Library	4,099
Judicial Conduct Comm	1,828
<b>Judicial</b>	<b>167,656</b>



### Judicial

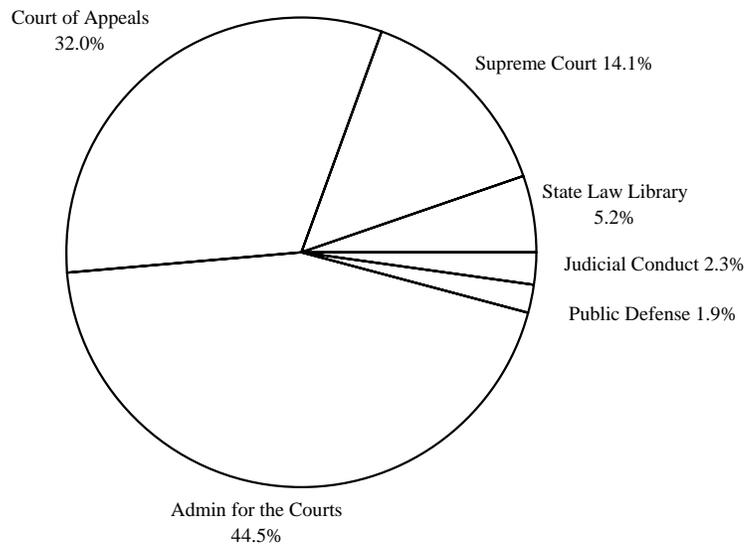
**2003-05 Washington State Operating Budget**  
**General Fund-State**  
(Dollars in Thousands)

Legislative	129,978
<b>Judicial</b>	<b>79,536</b>
Governmental Operations	419,961
Human Services	7,960,037
Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



**Washington State**

Admin for the Courts	35,410
Court of Appeals	25,454
Supreme Court	11,195
State Law Library	4,099
Judicial Conduct Comm	1,828
Office of Public Defense	1,550
<b>Judicial</b>	<b>79,536</b>



**Judicial**

**Supreme Court**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>11,127</b>	<b>0</b>	<b>11,127</b>
<b>Total Maintenance Changes</b>	<b>40</b>	<b>0</b>	<b>40</b>
<b>Policy Changes</b>			
1. Capital Panel/Personnel Items	28	0	28
<b>Total Policy Changes</b>	<b>28</b>	<b>0</b>	<b>28</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>11,195</b>	<b>0</b>	<b>11,195</b>
Fiscal Year 2004 Total	5,475	0	5,475
Fiscal Year 2005 Total	5,720	0	5,720

**Comments:**

1. **Capital Panel/Personnel Items** - Funding is provided for the following: (1) travel and meeting costs for the Capital Counsel Panel, which recruits and maintains a list of attorneys qualified for death penalty trials, appeals, and personal restraint petitions; (2) additional staff support to meet increased workload in the Office of Reporter of Decisions; and (3) reclassification and a salary increase to the Reporter of Decisions position. Although the Reporter of Decisions has similar responsibilities to other Supreme Court department heads, this position's salary is not in line with other department heads.

**State Law Library**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>4,095</b>	<b>0</b>	<b>4,095</b>
<b>Total Maintenance Changes</b>	<b>4</b>	<b>0</b>	<b>4</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>4,099</b>	<b>0</b>	<b>4,099</b>
Fiscal Year 2004 Total	2,049	0	2,049
Fiscal Year 2005 Total	2,050	0	2,050

**Comments:**

There were no policy level changes.

### Court of Appeals

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>25,257</b>	<b>0</b>	<b>25,257</b>
<b>Total Maintenance Changes</b>	<b>54</b>	<b>0</b>	<b>54</b>
<b>Policy Changes</b>			
1. Division II Workload	<u>143</u>	<u>0</u>	<u>143</u>
<b>Total Policy Changes</b>	<b>143</b>	<b>0</b>	<b>143</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>25,454</b>	<b>0</b>	<b>25,454</b>
Fiscal Year 2004 Total	12,523	0	12,523
Fiscal Year 2005 Total	12,931	0	12,931

**Comments:**

1. **Division II Workload** - Funding is provided to meet additional workload requirements of Division II of the Court of Appeals, which includes Thurston County. Since 2001, the Division's workload has increased about 9 percent, although its staffing level has remained relatively constant. The additional staff will keep workload to staffing ratios for Division II in line with previous biennia and prevent further delays in resolution of cases.

**Office of the Administrator for the Courts**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>34,635</b>	<b>71,292</b>	<b>105,927</b>
<b>Total Maintenance Changes</b>	<b>775</b>	<b>49</b>	<b>824</b>
<b>Policy Changes</b>			
1. Disaster Recovery	0	1,100	1,100
2. JIS Migration Phase II Extension	0	1,400	1,400
3. JIS Migration Phase III	0	1,400	1,400
4. Continuing Education General Rule	0	96	96
<b>Total Policy Changes</b>	<b>0</b>	<b>3,996</b>	<b>3,996</b>
<b>2003-05 Revised Appropriations</b>	<b>35,410</b>	<b>75,337</b>	<b>110,747</b>
Fiscal Year 2004 Total	17,374	39,341	56,715
Fiscal Year 2005 Total	18,036	35,996	54,032

**Comments:**

1. **Disaster Recovery** - Funding is provided to cover costs for disaster recovery planning, equipment, backup systems, and testing for the Judicial Information System (JIS). JIS is the state repository for criminal and judicial records and links the courts, Washington State Patrol, Department of Corrections, Department of Licensing, and local governments. The goal of disaster planning is to ensure that criminal records and JIS applications can be recovered in less than 48 hours after a major service interruption, such as a natural or man-made disaster. (Judicial Information Systems Account-State)
  
2. **JIS Migration Phase II Extension** - Funding is provided to continue implementation of JIS projects authorized in previous budget cycles. Revenue uncertainties during the 2001-03 biennium caused the Office of the Administrator for the Courts to delay the implementation of JIS Migration Phase II. (Judicial Information Systems Account-State)
  
3. **JIS Migration Phase III** - Funding is provided to fully implement Phase III of the JIS Migration Plan. Phase III will migrate the current district court information system from an outdated legacy platform to a web-based platform in accordance with recommendations of the Washington Integrated Justice Information Board. (Judicial Information Systems Account-State)
  
4. **Continuing Education General Rule** - Funding is provided for implementation of Supreme Court General Rule (GR) 26 enacted in July 2002. GR 26 requires 45 continuing education hours every three years for all judicial officers. The level of funding provided will add courses for 150 judges and 50 court commissioners or magistrates. (Public Safety and Education Account-State)

**Office of Public Defense**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>1,550</b>	<b>12,395</b>	<b>13,945</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>388</b>	<b>388</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>1,550</b>	<b>12,783</b>	<b>14,333</b>
Fiscal Year 2004 Total	666	6,615	7,281
Fiscal Year 2005 Total	884	6,168	7,052

**Comments:**

There were no policy level changes.

# Governmental Operations

## **Litigation**

The supplemental operating budget provides funding for legal costs associated with defending the state in several lawsuits:

- \$818,000 of state Legal Services Revolving Account funds to defend a lawsuit claiming prior owners and lessors of the former site of a wood-treating company are liable for cleanup of hazardous substances on the property under the State Model Toxics Control Act. Although a tentative settlement has been reached in the case, in the event that the settlement is not agreed upon by all parties, funding is provided for legal preparation prior to a trial date.
- \$114,000 of state general funds to defend a lawsuit brought by Spokane County claiming it was owed reimbursement for various statutory requirements.
- \$231,000 of state Legal Services Revolving Account funds to defend the violent video game statute, Chapter 365, Laws of 2003 (ESHB 1009), which prohibits the sale or rental of video or computer games to minors where the player causes physical harm to a human form depicted as a law enforcement officer.

## **Digital Learning Commons**

The supplemental operating budget provides \$650,000 in state general funds for the Digital Learning Commons to expand the pilot project in the 2004-05 school year to serve additional students and teachers. In its first year of operation, the Digital Learning Commons is providing services to 5,000 students and 500 teachers in 17 schools. The expansion will also provide additional resources for parents and increase parent participation in the second year of the project.

## **Studies**

The supplemental operating budget provides funding for several studies at the Office of Financial Management:

- \$252,000 to study land use and local government finance;
- \$15,000 to review the Department of Social and Health Services' Medical Assistance Administration budget development practices;
- \$75,000 for a Task Force on Non-Economic Damages to study non-economic damages in actions for injuries resulting from health care; and
- \$40,000 to evaluate the costs and benefits of additional efforts aimed at encouraging K-12 employee collective bargaining units to elect coverage under Public Employees Benefits Board administered health care plans.

## **Legislative Building Security**

The supplemental operating budget provides a one-time appropriation of \$770,000 General Administration Services Account-State to the Department of General Administration for security staff for the Legislative Building, per recommendations of the Legislative Building Security Committee. The new security measures are expected to include security screening of persons and packages entering the building.

## **Office of the Secretary of State**

### *Elections*

The supplemental operating budget provides the authority to spend the state Help America Vote Act (HAVA) match (provided in Special Appropriations to the Governor) of \$3.14 million as well as the authority to spend an estimated \$20 million that the state expects to receive in federal HAVA funding. These state and federal funds are provided to: (1) develop a statewide voter registration database; (2) obtain direct recording electronic equipment or other disability access devices to allow people with disabilities to vote unassisted; (3) replace punch card voting equipment; and (4) implement a Local Government Grant program to pass through funds to counties.

The supplemental operating budget reduces the General Fund-State appropriation by \$6.038 million as a result of Chapter 1, Laws of 2003, 3<sup>rd</sup> Special Session (HB 2297), which cancelled the presidential primary that was to be held in 2004. *The Governor vetoed this item.*

#### *Security Microfilm*

The supplemental operating budget provides a total of \$423,000 in spending authority from the Archives and Records Management Account-State and the Local Government Archives Account-State for several activities related to security microfilm, which holds backup copies of essential state and local government records. Due to the growing volume of records, spending authority is provided for additional staff to inspect the microfilm upon receipt; to construct a new vault within the State Archives building; and to conduct reparation work on a sample of poor quality security microfilm to assess a range of problems and determine appropriate treatment for all impaired film in the Archives' holdings. In funding these activities, it is assumed that revolving fund charges will not be increased and the existing fund balance will be used.

### **Department of Community, Trade, and Economic Development**

#### *Increases*

The supplemental operating budget provides increased funding for a variety of programs:

- \$2.0 million for increased civil legal services for low-income people who cannot afford to obtain legal counsel;
- \$2.0 million for housing-based supportive services for homeless families;
- \$163,000 for community voice mail contractors to provide free, personalized voice mail services to people in crisis and transition; and
- \$99,000 to restore funding to the fiscal year 2002 level for the Retired Senior Volunteer program, which puts thousands of retirees to work in a variety of voluntary settings.

#### *Youth Assessment Center*

The budget also provides \$300,000 for start-up and initial operation of a youth assessment center in Pierce County. This funding will leverage an equal amount of funding from private sources and will support activities related to reducing the rate of incarceration of juvenile offenders.

### **Military Department**

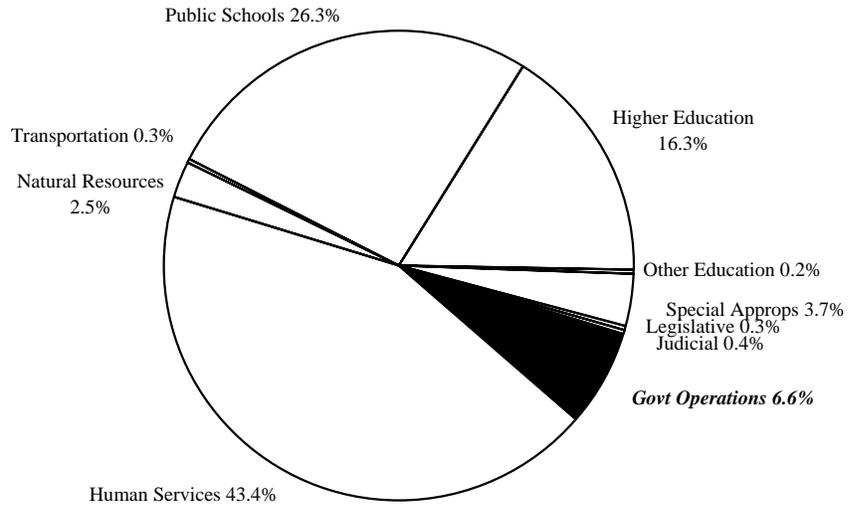
The federal fiscal year 2004 budget includes \$60.4 million in grants to the Washington State Military Department, with at least 80 percent required to be passed through to local governments. Funding includes: \$33.4 million for equipment, exercises, training, and planning; \$16.4 million for the Urban Area Security Initiative for the city of Seattle; \$9.9 million in terrorism prevention and deterrence funding; and \$694,000 for the Citizen Corps and Community Emergency Response Team programs.

Funding of \$6.7 million from the Federal Emergency Management Agency and required state matching funds are provided to the Washington State Military Department to cover response and recovery expenses for the October 2003 floods.

## 2003-05 Washington State Operating Budget Total Budgeted Funds

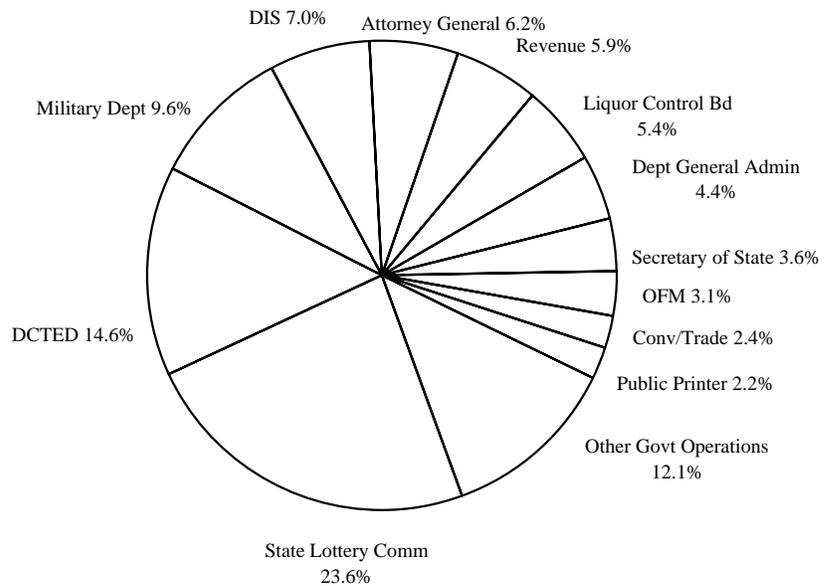
(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
<b>Governmental Operations</b>	<b>2,989,896</b>
Human Services	19,753,001
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### Washington State

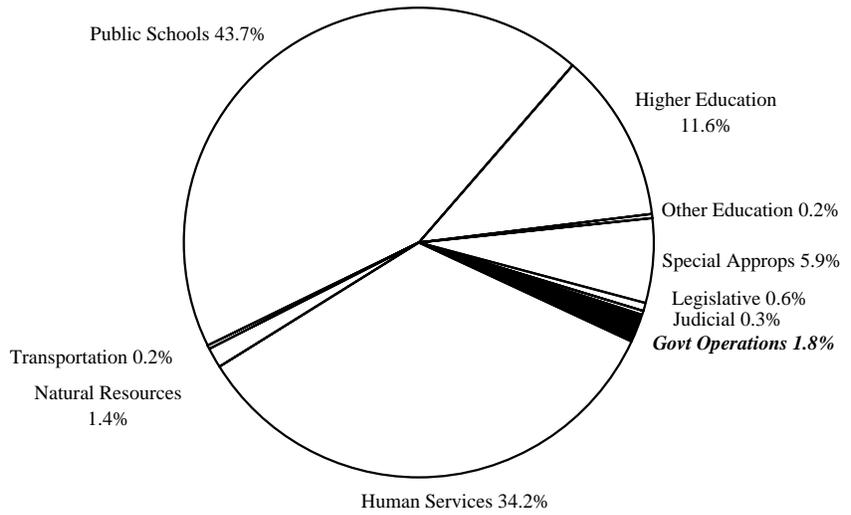
Lottery Commission	705,818
Comm/Trade/Econ Dev	435,612
Military Department	286,119
Dept Information Services	208,547
Attorney General	184,144
Revenue	175,935
Liquor Control Board	161,069
Dept General Administration	131,891
Secretary of State	107,851
Office of Financial Mgmt	93,189
Convention & Trade Center	71,752
Public Printer	66,000
Other Govt Operations	361,969
<b>Governmental Operations</b>	<b>2,989,896</b>



### Governmental Operations

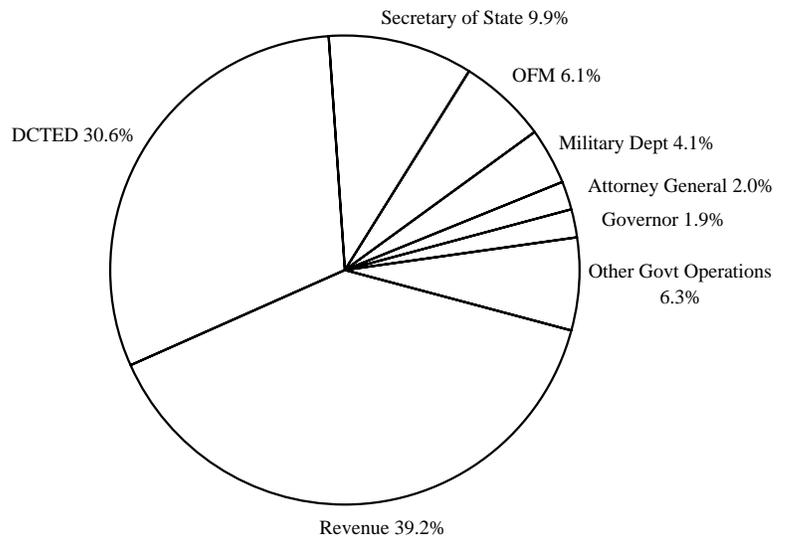
**2003-05 Washington State Operating Budget**  
**General Fund-State**  
(Dollars in Thousands)

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Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



**Washington State**

Revenue	164,680
Comm/Trade/Econ Dev	128,371
Secretary of State	41,428
Office of Financial Mgmt	25,492
Military Department	17,044
Attorney General	8,511
Office of the Governor	7,784
Other Govt Operations	26,651
<b>Governmental Operations</b>	<b>419,961</b>



**Governmental Operations**

**Office of the Governor**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>7,549</b>	<b>4,994</b>	<b>12,543</b>
<b>Policy Changes</b>			
1. Hood Canal Early Actions	100	0	100
2. Governor's Transition Team	135	0	135
<b>Total Policy Changes</b>	<b>235</b>	<b>0</b>	<b>235</b>
<b>2003-05 Revised Appropriations</b>	<b>7,784</b>	<b>4,994</b>	<b>12,778</b>
Fiscal Year 2004 Total	3,773	2,492	6,265
Fiscal Year 2005 Total	4,011	2,502	6,513

**Comments:**

1. **Hood Canal Early Actions** - In early October 2003, thousands of fish, shrimp, and crabs were found dead in waters from Annas Bay to Hoodsport. This is the second time in two years that large fish kills have been reported in the canal. A preliminary scientific study and assessment has indicated that the primary cause of the kills is low levels of dissolved oxygen in Hood Canal. The Puget Sound Action Team is currently detailing the causes contributing to low dissolved oxygen levels in a report and expects recommendations for early corrective actions to be available by March 2004. Funding is provided to begin implementation of early corrective action projects to reduce and/or prevent major sources of human-related pollution and nutrients from entering the canal.
2. **Governor's Transition Team** - Funding is provided to cover the costs of the new governor's transition team for the period of November 2004 through January 2005.

## Office of the Secretary of State

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>41,428</b>	<b>40,479</b>	<b>81,907</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>625</b>	<b>625</b>
<b>Policy Changes</b>			
1. Savings - 2004 Presidential Primary	-6,038	0	-6,038
2. Eastern Regional/Digital Archive	0	1,756	1,756
3. Security Microfilm Inspection	0	125	125
4. Security Microfilm Storage Vault	0	100	100
5. Security Microfilm Repairation	0	198	198
6. Help America Vote Act Compliance	0	23,140	23,140
7. Governor Veto	6,038	0	6,038
<b>Total Policy Changes</b>	<b>0</b>	<b>25,319</b>	<b>25,319</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>41,428</b>	<b>66,423</b>	<b>107,851</b>
Fiscal Year 2004 Total	24,336	51,393	75,729
Fiscal Year 2005 Total	17,092	15,030	32,122

**Comments:**

1. **Savings - 2004 Presidential Primary** - Chapter 1, Laws of 2003, 3rd sp.s (HB 2297), cancelled the presidential primary that was to be held in 2004. As a result, the state will save \$6.038 million because counties will not need to be reimbursed for election administration costs.
2. **Eastern Regional/Digital Archive** - The new Eastern Regional Archives and Digital Archive facility will open in spring 2004. Funds are provided for additional facility capital costs, digital archive technology architecture costs, and additional digital archive staff and operational costs. Building plan changes, required as a result of building code changes and additional site preparation, necessitate additional capital costs. It is assumed that the Office of the Secretary of State will not increase revolving fund charges and will use the existing fund balance for the additional staff. (Archives and Records Management Account-State, Local Government Archives Account-State)
3. **Security Microfilm Inspection** - Backup copies of essential state and local government records are maintained on security microfilm. This film must be inspected when it is received to ensure that it meets archival standards. Because of the growing volume of these records, spending authority is provided for additional staff to perform these inspections. It is assumed that the Office of the Secretary of State will not increase revolving fund charges and will use the existing fund balance for the additional staff. (Archives and Records Management Account-State, Local Government Archives Account-State)
4. **Security Microfilm Storage Vault** - For preservation purposes, security microfilm must be stored in a temperature-controlled facility. Spending authority is provided to construct a new vault within the State Archives building for the growing volume of local government security microfilm. It is assumed that the Office of the Secretary of State will not increase revolving fund charges and will use the existing fund balance to construct the vault. (Local Government Archives Account-State)
5. **Security Microfilm Repairation** - Repairation work is needed on a significant amount of older security microfilm. Spending authority is provided to conduct this work on a sample of poor quality security microfilm to assess a range of problems and determine appropriate treatment for all impaired film in the Archives' holdings. It is assumed that the Office of the Secretary of State will not increase revolving fund charges and will use the existing fund balance to conduct this work. (Local Government Archives Account-State)
6. **Help America Vote Act Compliance** - Congress passed the Help America Vote Act (HAVA) in 2002 to improve election administration, voter outreach, and education. Washington is eligible to receive up to \$62.8 million in federal funding during the 2003-05 biennium to help the state meet the new HAVA mandates. These payments require a state match of 5 percent, or \$3.14 million, which is provided in the Special Appropriations agency budget. This match, and \$20.0 million of federal spending authority, are provided to: (1) develop a statewide voter registration database; (2) obtain direct recording electronic equipment or other disability access devices to allow people with disabilities to vote unassisted; (3) replace punch card voting equipment; and (4) implement a Local Government Grant program to pass through funds to counties. (Elections Account-State, Elections Account-Federal)
7. **Governor Veto** - The Governor partially vetoed Section 111 of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which eliminated the savings associated with the cancellation of Washington's 2004 presidential primary. The primary was cancelled by Chapter 1, Laws of 2003, 3rd sp.s (HB 2297).

**Office of the State Treasurer**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>13,149</b>	<b>13,149</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>314</b>	<b>314</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>13,463</b>	<b>13,463</b>
Fiscal Year 2004 Total	0	6,718	6,718
Fiscal Year 2005 Total	0	6,745	6,745

**Comments:**

There were no policy level changes.

**Office of the State Auditor**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>1,403</b>	<b>43,730</b>	<b>45,133</b>
<b>Policy Changes</b>			
1. Forest Fire Studies	100	0	100
<b>Total Policy Changes</b>	<b>100</b>	<b>0</b>	<b>100</b>
<b>2003-05 Revised Appropriations</b>	<b>1,503</b>	<b>43,730</b>	<b>45,233</b>
Fiscal Year 2004 Total	701	21,905	22,606
Fiscal Year 2005 Total	802	21,825	22,627

**Comments:**

- Forest Fire Studies** - Funding is provided for a review of emergency fire suppression costs in the Department of Natural Resources.

### Citizens' Commission on Salaries for Elected Officials

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>240</b>	<b>0</b>	<b>240</b>
<b>Policy Changes</b>			
1. Office Operations	29	0	29
2. Evaluate Elected Positions	35	0	35
<b>Total Policy Changes</b>	<b>64</b>	<b>0</b>	<b>64</b>
<b>2003-05 Revised Appropriations</b>	<b>304</b>	<b>0</b>	<b>304</b>
Fiscal Year 2004 Total	112	0	112
Fiscal Year 2005 Total	192	0	192

**Comments:**

1. **Office Operations** - Additional funds are provided to the Office of the Citizens' Commission on Salaries for Elected Officials for operations and staffing to ensure sufficient office coverage during the Commission's slow season. This additional funding will allow the Office to maintain office hours from 8 a.m. to 4 p.m., Monday through Friday, during FY 2004.
2. **Evaluate Elected Positions** - Funding is provided to conduct a point factor job evaluation of the positions of legislator, Supreme Court Justice, and judges of the Court of Appeals, Superior Court, and District Court. The resulting information will be used by future commissions in setting elected officials' salary schedules.

**Office of the Attorney General**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>8,166</b>	<b>174,097</b>	<b>182,263</b>
<b>Policy Changes</b>			
1. Pacific Sound Resources Litigation	0	818	818
2. Violent Video Games Litigation	231	0	231
3. Return of Office Relocation Funding	0	-179	-179
4. Licensing Caseload Increases	0	600	600
5. Hallett Case	0	40	40
6. Homicide Investigative Tracking	0	187	187
7. Correctional Industries	0	70	70
8. Spokane County Litigation	114	0	114
<b>Total Policy Changes</b>	<b>345</b>	<b>1,536</b>	<b>1,881</b>
<b>2003-05 Revised Appropriations</b>	<b>8,511</b>	<b>175,633</b>	<b>184,144</b>
Fiscal Year 2004 Total	4,345	87,831	92,176
Fiscal Year 2005 Total	4,166	87,802	91,968

**Comments:**

1. **Pacific Sound Resources Litigation** - Pacific Sound Resources and the Port of Seattle filed suit against the state of Washington, the Department of Natural Resources, and other parties claiming prior owners and lessors of the former site of a wood-treating company are liable for cleanup of hazardous substances on the property under the State Model Toxics Control Act. A tentative settlement has been reached. In the event that the settlement is not agreed upon by all parties, funding is provided for legal preparation prior to a trial date. (Legal Services Revolving Account-State)
2. **Violent Video Games Litigation** - In 2003, the Legislature enacted the violent video game statute, Chapter 365, Laws of 2003 (ESHB 1009), which prohibits the sale or rental of video or computer games to minors where the player causes physical harm to a human form depicted as a law enforcement officer. The Video Software Dealers Association filed a lawsuit in U.S. District Court challenging the statute as unconstitutional. Funding is provided for legal research, briefing, evidence gathering, and working with potential witnesses. A trial, if necessary, is scheduled for June 2004.
3. **Return of Office Relocation Funding** - In the 2003-05 biennial budget, the Office of the Attorney General received funding to relocate the Torts Division. Savings of \$179,000 are realized because the relocation will not be achieved in the current biennium. (Legal Services Revolving Account-State)
4. **Licensing Caseload Increases** - The Department of Licensing's driver license cases have increased significantly over the past several years and are expected to continue increasing. This increase is due to driving under the influence (DUI) implied consent and administrative DUI caseloads, including an increase of cases in the appellate courts. Funding is provided for additional attorney time to address these cases. (Legal Services Revolving Account-State)
5. **Hallett Case** - Funding is provided to pay legal costs incurred for the Hallett class action lawsuit prior to settlement in November 2003. In August 2002, the U.S. Court of Appeals remanded sections of the Hallett class action lawsuit back to the U.S. District Court for further litigation. The lawsuit was originally brought in 1993 and alleged that inadequacies in health care at the Washington Corrections Center for Women violated the inmates' protection against cruel and unusual punishment. (Legal Services Revolving Account-State)
6. **Homicide Investigative Tracking** - Funding is provided for two investigators to increase the timely collection of data and to provide training for local jurisdictions and assistance to law enforcement agencies related to the Homicide Investigative Tracking System (HITS). HITS is the statewide central repository for information related to violent crimes against persons. Data from more than 7,500 murder cases and 7,700 sexual assault cases have been collected and are used to assist local law enforcement in investigating these types of crimes. (Public Safety and Education Account-State)
7. **Correctional Industries** - Funding is provided to implement Chapter 167, Laws 2004 (E2SSB 6489), which revises requirements pertaining to the operation of correctional industries inmate work programs. (Legal Services Revolving Account-State)
8. **Spokane County Litigation** - In January 2004, Spokane County sued the state, claiming it was owed reimbursement under RCW 43.135.060 for various statutory requirements. Funding is provided for legal costs associated with defending the case.

## Caseload Forecast Council

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	1,277	0	1,277
<b>Total Maintenance Changes</b>	32	0	32
<b>Policy Changes</b>			
1. Retirement Buyout Costs	31	0	31
<b>Total Policy Changes</b>	31	0	31
<hr/>			
<b>2003-05 Revised Appropriations</b>	1,340	0	1,340
Fiscal Year 2004 Total	669	0	669
Fiscal Year 2005 Total	671	0	671

**Comments:**

1. **Retirement Buyout Costs** - One-time funding is provided for transitional costs related to the Council's anticipated change in management. This includes vacation and sick leave buyout costs for the retiring director and one month of salary overlap for cross-training purposes.

## Department of Community, Trade, & Economic Development

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>122,260</b>	<b>274,346</b>	<b>396,606</b>
<b>Policy Changes</b>			
1. Military Base Reviews	500	0	500
2. Federal Programs Increase	0	22,977	22,977
3. Private/Local Programs Increase	0	4,501	4,501
4. Developmental Disability Endow Fund	0	-208	-208
5. 7E7 Project Implementation	614	0	614
6. Homeless Families	2,000	150	2,150
7. Small Bus Incubator (ESHB 2784)	150	0	150
8. Annexation	60	0	60
9. Mobile Home Relocation Assistance	0	300	300
10. Weatherization Assistance Increase	0	5,000	5,000
11. Public Works Loans	0	175	175
12. Civil Indigent Legal Services	2,000	0	2,000
13. Agricultural Land Study (SB 6488)	75	0	75
14. Youth Assessment Center	300	0	300
15. Community Voice Mail	163	0	163
16. Northwest Orthopaedic Institute	150	0	150
17. Retired Senior Volunteer Program	99	0	99
18. BRE Adjustment	0	0	0
<b>Total Policy Changes</b>	<b>6,111</b>	<b>32,895</b>	<b>39,006</b>
<b>2003-05 Revised Appropriations</b>	<b>128,371</b>	<b>307,241</b>	<b>435,612</b>
Fiscal Year 2004 Total	61,805	150,060	211,865
Fiscal Year 2005 Total	66,566	157,181	223,747

**Comments:**

1. **Military Base Reviews** - Funding is provided to support the activities of state agencies and local communities related to the 2005 round of military base realignments and closures. Of the funding, \$350,000 is provided for grants to one organization each within Island, Kitsap, Pierce, Snohomish, and Spokane Counties. The remaining funding is provided for the Department of Community, Trade, and Economic Development (DCTED) to develop and implement criteria and procedures, such as the types of activities that can be funded by the grants, and requirements for local matching funds, and to support the related activities of state agencies as identified by the Governor.
  
2. **Federal Programs Increase** - The federal appropriation level for DCTED is increased due to additional funding from the following federal sources: Low-Income Home Energy Assistance Program which provides payments to utility companies on behalf of low-income households who cannot afford to pay energy bills; the Community Development Block Grant, which provides competitive grants to communities for projects including housing development, facility maintenance, etc.; Services\*Training\*Officers\*Prosecutors Grant, which provides funds and technical assistance to local law enforcement, prosecutors, and victim services to improve the criminal justice system's response to violence against women; the HOME program, which distributes funds for tenant-based rental assistance, first-time homebuyers, new construction, etc.; and six competitive special projects awards under the State Energy Program Grant program for the Puget Sound Clean Cities Coalition; the Washington Industries of the Future Project, assessing and ensuring compliance with the Washington Energy Code; a Rebuild America Project to improve schools and public housing; Regional Combined Cooling, Heating, and Power Application Centers; and a Fuel Cell Public Education and Technology Promotion Project. (General Fund-Federal)
  
3. **Private/Local Programs Increase** - DCTED has received increased funding from private and local sources. The Pierce County Alliance of Tacoma increased its contract with DCTED by \$267,000 (one-time) to fund local methamphetamine initiatives through the Community Mobilization program. The Sound Transit Authority awarded \$75,000 (one-time) to survey historic properties that may be impacted by the development of the mass transportation plan for King County. The Bond Cap Allocation program requires an additional \$108,000 to administer the Program, which is increasing at a rate of \$5.0 million to \$6.0 million each year. The Economic Development Training and Education program, which provides comprehensive professional development to communities, is increased by \$550,000. Through an agreement with the Bonneville Power Administration and Energy Northwest, the Energy Facility Siting Evaluation Council received a one-time award of \$3.5 million to conduct off-site mitigation. (General Fund-Private/Local)
  
4. **Developmental Disability Endow Fund** - Enrollments in the Developmental Disabilities Endowment Fund are below initial

## Department of Community, Trade, & Economic Development

- estimates. As a result, fee income is insufficient to support the program. One-time funding is provided from the Developmental Disabilities Endowment Trust Account-State to provide the necessary minimum administrative support for the program, and the appropriation from the Community and Economic Development Fee Account-State is decreased in accordance with the reduced amount of fees collected. Fees are anticipated to be sufficient in the 2005-07 biennium to support the program. (Developmental Disabilities Endowment Trust Account-State, Community and Economic Development Fee Account-State)
5. **7E7 Project Implementation** - Funding is provided for staff to coordinate the state's role in siting Boeing's 7E7 Dreamliner final assembly plant, which was awarded to Washington in December 2003.
  6. **Homeless Families** - A one-time General Fund-State appropriation is made to the Homeless Families Services Fund-Non-Appropriated to provide state matching funds for housing-based supportive services for homeless families. Of the state general fund appropriation, \$150,000 (one-time) is provided to set up the administrative functions necessary to administer the requirements of the bill, including choosing a contractor to administer the program after the 2003-05 biennium. (General Fund-State, Homeless Families Services Fund-State)
  7. **Small Bus Incubator (ESHB 2784)** - Pursuant to Chapter 237, Laws of 2004 (ESHB 2784), funding is provided to create a small business incubator program to provide start-up and operating assistance to qualified small business incubators.
  8. **Annexation** - Funding is provided to study the progress in each of the buildable lands counties toward achieving annexation or incorporation of urban growth areas. A report is due to the Legislature by December 1, 2004.
  9. **Mobile Home Relocation Assistance** - One-time spending authority is provided for relocation assistance to approximately 60 families in two mobile home parks in Wenatchee whose homes will be dislocated when the parks close. The current appropriation does not provide sufficient authority to relocate these parks and assist the original number of families projected in the 2003-05 biennial budget. (Mobile Home Park Relocation Account-State)
  10. **Weatherization Assistance Increase** - The Low-Income Weatherization Assistance program works to improve the energy efficiency and affordability of low-income housing through energy conservation measures in homes, including insulation, air sealing, space and water heating system modification, and energy conservation education. DCTED is provided with the authority to spend the remaining account balance. (Low-Income Weatherization Assistance Account-State)
  11. **Public Works Loans** - Spending authority is provided for additional staff to support an increased number of public works projects and to design a new financing database system that will replace a 6-year-old contract management system. The Public Works Board makes loans to local governments for infrastructure improvements and currently has 1,300 contracts in the program's loan portfolio. (Public Works Assistance Account-State)
  12. **Civil Indigent Legal Services** - Funding is provided for increased civil legal services for low-income people who cannot afford to hire legal counsel. This funding will allow more people to access representation in civil matters. Of this funding, \$100,000 is provided for a general farm organization with members in every county of the state to develop and administer an alternative dispute resolution system to resolve disputes between farmworkers and farmers.
  13. **Agricultural Land Study (SB 6488)** - Pursuant to Chapter 209, Laws of 2004 (SB 6488), funding is provided to study the designation of agricultural lands with long-term commercial significance in King, Chelan, Lewis, and Yakima Counties. A report is due to the Legislature by December 1, 2004.
  14. **Youth Assessment Center** - One-time funding is provided for start-up and initial operation of a Youth Assessment Center in Pierce County. This funding will leverage an equal amount from private sources and will support youth assessment center program activities related to reducing the rate of incarceration of juvenile offenders.
  15. **Community Voice Mail** - One-time funding is provided to community voice mail agencies in order to provide people in crisis and transition free, personalized voice mail services.
  16. **Northwest Orthopaedic Institute** - One-time funding is provided to the Northwest Orthopaedic Institute to develop additional organizational infrastructure to assist its community-based musculoskeletal health research.
  17. **Retired Senior Volunteer Program** - Funding for the Retired Senior Volunteer program is increased to restore funding to the FY 2002 appropriation level.
  18. **BRE Adjustment** - Funding is shifted from FY 2004 to FY 2005 to account for a delay in selecting projects to be funded for the Business Retention and Expansion (BRE) program. Shifting the funding reflects the actual budget and expenditure plans of the projects selected for funding.

## Office of Financial Management

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>25,045</b>	<b>50,273</b>	<b>75,318</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>17,424</b>	<b>17,424</b>
<b>Policy Changes</b>			
1. Permit Assistance Integration	0	0	0
2. Land Use & Local Govt Finance Study	252	0	252
3. Medicaid Forecasting	15	0	15
4. Task Force on Non-Econ Damages	75	0	75
5. Regulatory Improvement Project	50	0	50
6. K-12 Health Care Benefit Study	40	0	40
7. Lapse - 2SSB 6217	-50	0	-50
8. Transfer Collective Bargaining	65	0	65
<b>Total Policy Changes</b>	<b>447</b>	<b>0</b>	<b>447</b>
<b>2003-05 Revised Appropriations</b>	<b>25,492</b>	<b>67,697</b>	<b>93,189</b>
Fiscal Year 2004 Total	12,630	33,766	46,396
Fiscal Year 2005 Total	12,862	33,931	46,793

**Comments:**

1. **Permit Assistance Integration** - The 2003-05 biennial budget included funds for the Office of Financial Management's (OFM's) Permit Assistance Center to implement Chapter 245, Laws of 2003 (2SSB 5694), which established an integrated environmental permit system through a pilot project of economic development significance. To date, no projects have met the criteria for this pilot. Funding is transferred from FY 2004 to FY 2005 in order to be available once a project is selected.
2. **Land Use & Local Govt Finance Study** - One-time funding is provided for a study of land use and local government finance. The study shall include recommendations for state and local government fiscal partnerships to encourage cooperation between jurisdictions in meeting the goals of the Growth Management Act (GMA) and how the state and local government fiscal structure can better meet the responsibilities of providing services to citizens and meeting the goals of GMA.
3. **Medicaid Forecasting** - Funding is provided for a project team comprised of legislative and executive branch fiscal staff to review the Department of Social and Health Services' (DSHS) Medical Assistance Administration (MAA) budget development practices. The review team will utilize a contractor to assist in making recommendations to improve the fiscal information necessary for budgeting, forecasting, and monitoring the MAA budget. The recommendation must be submitted for executive branch and legislative fiscal committee approval by July 2004.
4. **Task Force on Non-Econ Damages** - Funding is provided for travel expenses and a contract for technical expertise for a Task Force on Non-Economic Damages. This Task Force will determine the feasibility of creating an advisory schedule of non-economic damages to increase the predictability of settlements and for awards for non-economic damages in actions for injuries resulting from health care.
5. **Regulatory Improvement Project** - Funding is provided to implement 2SSB 6217 (Regulatory Improvement Center), which establishes the Washington Regulatory Improvement Project. This is a collaborative effort of private industry, state universities, and government to streamline environmental permit processes. Existing funding provided in the biennial budget for integrating permit processes will also be used for this project. See Lapse item.
6. **K-12 Health Care Benefit Study** - Funding is provided for OFM to contract for an evaluation of the costs and benefits of additional efforts aimed at encouraging K-12 employee collective bargaining units to elect coverage under Public Employees Benefits Board administered health care plans. OFM will report regarding the results of this study to the Governor and the fiscal committees of the Legislature by December 1, 2004.
7. **Lapse - 2SSB 6217** - Because 2SSB 6217 (Regulatory Improvement Center) failed to pass, \$50,000 from General Fund-State for FY 2005 lapses. (See the Regulatory Improvement Project item.)
8. **Transfer Collective Bargaining** - In accordance with Chapter 3, Laws of 2004 (ESHB 2933), responsibility for collective bargaining with individual providers of home care services is transferred to the Governor's Office on Labor Relations. In addition to the funding provided in Chapter 278, Laws of 2004 (EHB 1777), a corresponding amount of federal Medicaid funds will be expended by DSHS.

### Office of Administrative Hearings

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>24,669</b>	<b>24,669</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>1,687</b>	<b>1,687</b>
<b>Policy Changes</b>			
1. DSHS-APS Fair Hearings	0	677	677
<b>Total Policy Changes</b>	<b>0</b>	<b>677</b>	<b>677</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>27,033</b>	<b>27,033</b>
Fiscal Year 2004 Total	0	13,267	13,267
Fiscal Year 2005 Total	0	13,766	13,766

**Comments:**

1. **DSHS-APS Fair Hearings** - In January 2003, the King County Superior Court ordered the Department of Social and Health Services (DSHS) to provide an administrative fair hearing to an individual home care worker terminated from employment as a result of a substantiated Adult Protective Services (APS) finding. As of October 1, 2003, DSHS began providing due process hearings for individuals with substantiated APS findings of abuse, abandonment, neglect, and/or financial exploitation of a vulnerable adult. It is estimated that 180 APS investigations per year will require such administrative fair hearings. (Administrative Hearings Revolving Account-State)

## Department of Revenue

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>164,560</b>	<b>11,119</b>	<b>175,679</b>
<b>Policy Changes</b>			
1. Senior Citizen Property (SB 5034)	120	0	120
2. Timber Taxation (ESHB 2693)	0	136	136
<b>Total Policy Changes</b>	<b>120</b>	<b>136</b>	<b>256</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>164,680</b>	<b>11,255</b>	<b>175,935</b>
Fiscal Year 2004 Total	82,644	5,560	88,204
Fiscal Year 2005 Total	82,036	5,695	87,731

**Comments:**

1. **Senior Citizen Property (SB 5034)** - Funding is provided for Chapter 270, Laws of 2004 (SB 5034), for county reimbursement and filing notices of deferral.
  
2. **Timber Taxation (ESHB 2693)** - Timber Tax Distribution Account funding is provided to implement Chapter 177, Laws of 2004 (ESHB 2693). (Timber Tax Distribution Account-State)

**Board of Tax Appeals**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>2,129</b>	<b>0</b>	<b>2,129</b>
<b>Policy Changes</b>			
1. Restoration of Budget Cut	90	0	90
<b>Total Policy Changes</b>	<b>90</b>	<b>0</b>	<b>90</b>
<b>2003-05 Revised Appropriations</b>	<b>2,219</b>	<b>0</b>	<b>2,219</b>
Fiscal Year 2004 Total	1,186	0	1,186
Fiscal Year 2005 Total	1,033	0	1,033

**Comments:**

- Restoration of Budget Cut** - The amount of \$90,000 and 1.1 FTEs are provided to restore the Board of Tax Appeals staff to 11 employees.

**Department of General Administration**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>468</b>	<b>128,777</b>	<b>129,245</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>1,876</b>	<b>1,876</b>
<b>Policy Changes</b>			
1. Legislative Building Security	<u>0</u>	<u>770</u>	<u>770</u>
<b>Total Policy Changes</b>	<b>0</b>	<b>770</b>	<b>770</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>468</b>	<b>131,423</b>	<b>131,891</b>
Fiscal Year 2004 Total	235	65,518	65,753
Fiscal Year 2005 Total	233	65,905	66,138

**Comments:**

1. **Legislative Building Security** - One-time funding is provided for security staff for the Legislative Building, per recommendations of the Legislative Building Security Committee. The Legislative Building will be reopened by the 2005 session, and new security measures are expected to include security screening of persons and packages entering the building. To the extent possible, the Department of General Administration (GA) is encouraged to utilize contracted staff where appropriate and cost effective. It is assumed that GA will not increase revolving fund charges in the 2003-05 biennium and will use the existing fund balance to hire the additional staff. (General Administration Services Account-State)

## Department of Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>48,572</b>	<b>48,572</b>
<b>Policy Changes</b>			
1. LEOFF 2 Disability Benefits	0	188	188
2. LEOFF 2 Duty Death Benefits	0	7	7
3. State Patrol Death Benefits	0	5	5
4. Public Safety Employees	0	403	403
5. \$1,000 Minimum Benefit in Plans 1	0	128	128
<b>Total Policy Changes</b>	<b>0</b>	<b>731</b>	<b>731</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>49,303</b>	<b>49,303</b>
Fiscal Year 2004 Total	0	26,265	26,265
Fiscal Year 2005 Total	0	23,038	23,038

**Comments:**

1. **LEOFF 2 Disability Benefits** - Funding is provided for administrative costs associated with paying disability benefits to members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF Plan 2) pursuant to Chapter 4, Laws of 2004 (HB 2418). (Department of Retirement Systems Expense Fund-State)
  
2. **LEOFF 2 Duty Death Benefits** - Funding is provided for administrative costs associated with paying line-duty death benefits to members of the LEOFF Plan 2 pursuant to Chapter 5, Laws of 2004 (HB 2419). (Department of Retirement Systems Expense Fund-State)
  
3. **State Patrol Death Benefits** - Funding is provided for administrative costs associated with paying line-duty death benefits to members of the Washington State Patrol Retirement System pursuant to Chapter 170, Laws of 2004 (HB 2534). (Department of Retirement Systems Expense Fund-State)
  
4. **Public Safety Employees** - Funding is provided for administrative costs associated with creating the Public Safety Employees' Retirement System for specified members of the Public Employees' Retirement System Plans 2 and 3, pursuant to Chapter 242, Laws of 2004 (HB 2537). (Department of Retirement Systems Expense Fund-State)
  
5. **\$1,000 Minimum Benefit in Plans 1** - Funding is provided for administrative costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538). (Department of Retirement Systems Expense Fund-State)

## Department of Information Services

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>2,000</b>	<b>205,447</b>	<b>207,447</b>
<b>Policy Changes</b>			
1. Small Agency Information Technology	0	450	450
2. Digital Learning	650	0	650
<b>Total Policy Changes</b>	<b>650</b>	<b>450</b>	<b>1,100</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>2,650</b>	<b>205,897</b>	<b>208,547</b>
Fiscal Year 2004 Total	1,000	102,748	103,748
Fiscal Year 2005 Total	1,650	103,149	104,799

**Comments:**

1. **Small Agency Information Technology** - Funding is provided for Phase II of the Small Agency Initiative to continue addressing information technology and facility requirements of small agencies. (Data Processing Revolving Account-Non-Appropriated)
  
2. **Digital Learning** - The Digital Learning Commons is a nonprofit corporation that provides a web-based portal where students, parents, and teachers have access to resources, learning tools, and on-line classes. In its first year of operation, the Digital Learning Commons is providing services to 5,000 students and 500 teachers in 17 schools. Funding is provided to expand the pilot project in the 2004-05 school year to serve additional students and teachers. The expansion also will provide additional resources for parents and increase parent participation in the second year of the project.

**Office of the Insurance Commissioner**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>32,938</b>	<b>32,938</b>
<b>Policy Changes</b>			
1. Compliance/Enforcement Program	0	139	139
2. Economic Analysis	0	94	94
3. HP 3000 Computer Replacement	0	469	469
4. Liability Insurance Markets	0	200	200
<b>Total Policy Changes</b>	<b>0</b>	<b>902</b>	<b>902</b>
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>33,840</b>	<b>33,840</b>
Fiscal Year 2004 Total	0	16,515	16,515
Fiscal Year 2005 Total	0	17,325	17,325

**Comments:**

1. **Compliance/Enforcement Program** - Funding is provided for the Office of the Insurance Commissioner's (OIC's) Legal Affairs Division to address its enforcement caseload, which has increased significantly over the past 18 months. (Insurance Commissioner's Regulatory Account-State)
2. **Economic Analysis** - Funding is provided to conduct economic impact analyses as a result of rule changes and an increased number of rules due for review. (Insurance Commissioner's Regulatory Account-State)
3. **HP 3000 Computer Replacement** - Funding is provided to replace the OIC's Hewlett Packard 3000 mainframe computer, which will no longer be supported by the manufacturer after December 2006. (Insurance Commissioner's Regulatory Account-State)
4. **Liability Insurance Markets** - Funding is provided to assess conditions in the liability insurance markets in Washington. OIC will develop and provide information to stakeholders to assist them in obtaining liability insurance coverage. (Insurance Commissioner's Regulatory Account-State)

## Washington State Liquor Control Board

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>2,909</b>	<b>156,699</b>	<b>159,608</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>283</b>	<b>283</b>
<b>Policy Changes</b>			
1. Additional Security Cameras	0	793	793
2. Beer/Wine Manufacturers (SSB 6655)	0	385	385
<b>Total Policy Changes</b>	<b>0</b>	<b>1,178</b>	<b>1,178</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>2,909</b>	<b>158,160</b>	<b>161,069</b>
Fiscal Year 2004 Total	1,454	78,710	80,164
Fiscal Year 2005 Total	1,455	79,450	80,905

**Comments:**

1. **Additional Security Cameras** - Expenditure authority is provided for the purchase and installation of digital security camera systems in liquor stores in order to increase customer and employee safety, deter armed robberies, reduce shoplifting, and provide evidence when crimes occur. (Liquor Revolving Fund-State)
  
2. **Beer/Wine Manufacturers (SSB 6655)** - Appropriation authority is provided for Chapter 160, Laws of 2004 (SSB 6655). (Liquor Revolving Fund-State)

## Utilities and Transportation Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>29,481</b>	<b>29,481</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>101</b>	<b>101</b>
<b>Policy Changes</b>			
1. National Energy Policy Development	0	60	60
2. Additional Workload-QPAP	0	625	625
<b>Total Policy Changes</b>	<b>0</b>	<b>685</b>	<b>685</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>30,267</b>	<b>30,267</b>
Fiscal Year 2004 Total	0	15,199	15,199
Fiscal Year 2005 Total	0	15,068	15,068

**Comments:**

1. **National Energy Policy Development** - Funding is provided to further the state's interest in national energy policy development in Congress. The Commission has been involved with public officials from Washington, the Pacific Northwest, and elsewhere in the nation to oppose initiatives to restructure the electricity industry in ways damaging to Washington's electricity consumers. One-time appropriation authority is provided for these efforts and to monitor and research a variety of federal legislative and regulatory issues related to electricity regulation. (Public Service Revolving Account-State)
  
2. **Additional Workload-QPAP** - Funding is provided for the additional workload created by the Federal Communications Commission's (FCC's) requirements for performance standards and elimination of market entry barriers for residential and business customers. Monetary penalties paid by Qwest for noncompliance with FCC requirements as part of the Qwest Performance Assurance Plan (QPAP) are available to the Commission to meet these obligations. (Public Service Revolving Account-State)

## Military Department

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>16,709</b>	<b>168,753</b>	<b>185,462</b>
<b>Total Maintenance Changes</b>	<b>45</b>	<b>25,645</b>	<b>25,690</b>
<b>Policy Changes</b>			
1. October 2003 Floods	0	6,659	6,659
2. Search and Rescue Reimbursements	90	0	90
3. Emergency Management Perform Grant	200	2,513	2,713
4. Homeland Security	0	60,434	60,434
5. National Guard Firefighter Training	0	197	197
6. Natl Guard Enviro Pgm Increase	0	676	676
7. Winter 2004 Storm Damage	0	4,198	4,198
<b>Total Policy Changes</b>	<b>290</b>	<b>74,677</b>	<b>74,967</b>
<b>2003-05 Revised Appropriations</b>	<b>17,044</b>	<b>269,075</b>	<b>286,119</b>
Fiscal Year 2004 Total	8,578	126,626	135,204
Fiscal Year 2005 Total	8,466	142,449	150,915

**Comments:**

1. **October 2003 Floods** - Funding is provided for response and recovery efforts by state agencies and the Federal Emergency Management Agency (FEMA) for the October 2003 floods. The Washington State Military Department will provide the entire required federal match for state projects and half of the required federal match for local projects. The total cost through FY 2009 is projected to be \$18.0 million, including \$12.5 million in federal funding, \$4.0 million in state funding, and \$1.5 million in local funding. (Disaster Response Account-State, Disaster Response Account-Federal)
2. **Search and Rescue Reimbursements** - One-time funding is provided to reimburse three extraordinary claims for emergency workers. Under Chapter 28.52 RCW, the Washington State Military Department provides protection and cost reimbursement for volunteers supporting emergency management activities, including search and rescue. Routine claims, generally ranging from \$25 to \$1,500, include such items as fuel reimbursement, damaged or lost personal property, and medical expenses. In November 2003, the Department received three extraordinary claims for emergency management volunteers, including surgery, hospitalization, and funeral expenses. These types of claims are very infrequent and sufficient funding is not available in the agency's current appropriation.
3. **Emergency Management Perform Grant** - Additional federal grant funding is provided for disaster and emergency preparedness. Of the total, \$1.2 million will be passed through to local jurisdictions. The remaining federal funds and the required state match of \$200,000 will be used for state emergency management training, exercises, planning, and program support to local jurisdictions. (General Fund-State, General Fund-Federal)
4. **Homeland Security** - The federal FY 2004 budget includes \$60.4 million in grants to the Washington State Military Department, with at least 80 percent required to be passed through to local governments. Funding includes: \$33.4 million for equipment, exercises, training, and planning; \$16.4 million for the Urban Area Security Initiative for the city of Seattle; \$9.9 million in Terrorism Prevention and Deterrence funds; and \$694,000 for the Citizen Corps and Community Emergency Response Team programs. (General Fund-Federal)
5. **National Guard Firefighter Training** - One-time funding is provided for Wildland Firefighter Level II training for 250 Washington National Guard members. Many of the Guard members who were already trained have been deployed to active military duty. Providing additional trained members will ensure timely deployment to firefighting, and providing the training in advance costs less than training members at the outset of a fire emergency. (Disaster Response Account-State)
6. **Natl Guard Enviro Pgm Increase** - Funding is provided to reflect an increase in the federal award for projects in the National Guard environmental program. (General Fund-Federal)
7. **Winter 2004 Storm Damage** - Funding was provided in anticipation of a federal disaster declaration for the winter 2004 storm in Clark and Skamania Counties. As of April 2004, FEMA has denied the Governor's request for a disaster declaration. If FEMA grants funding, up to \$3.5 million in federal funding could be available to reimburse local jurisdictions for damages, with an expected \$700,000 in state matching funds and \$576,000 in local matching funds. If the appeal is denied, the federal funding will not be available and the state funding will remain in the Disaster Response State Account fund balance. (Disaster Response Account-State, Disaster Response Account-Federal)

## Public Employment Relations Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>4,758</b>	<b>2,542</b>	<b>7,300</b>
<b>Policy Changes</b>			
1. Charter Schools	41	0	41
<b>Total Policy Changes</b>	<b>41</b>	<b>0</b>	<b>41</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>4,799</b>	<b>2,542</b>	<b>7,341</b>
Fiscal Year 2004 Total	2,362	1,274	3,636
Fiscal Year 2005 Total	2,437	1,268	3,705

**Comments:**

1. **Charter Schools** - Funding is provided for the implementation of Chapter 22, Laws of 2004 (E2SHB 2295), which authorizes the establishment of a limited number of charter schools. It is anticipated that the Public Employees' Relations Commission will have additional certification, mediation, and hearing workload as a result of new bargaining units associated with new charter schools and as a result of variances from existing collective bargaining agreements in existing schools that convert to charter schools.

**Public Printer**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>66,000</b>	<b>66,000</b>
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>66,000</b>	<b>66,000</b>
Fiscal Year 2004 Total	0	33,000	33,000
Fiscal Year 2005 Total	0	33,000	33,000

**Comments:**

At the beginning of the 2003-05 biennium, the non-appropriated Printing Plant Revolving Account was changed from non-allotted to allotted status. This supplemental budget item reflects a technical change to place existing dollars and FTEs in the budget database. No new staff or funding are added, and the account remains non-appropriated. (Printing Plant Revolving Account-Non-Appropriated)

## LEOFF 2 Retirement Board

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>889</b>	<b>889</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>889</b>	<b>889</b>
Fiscal Year 2004 Total	0	383	383
Fiscal Year 2005 Total	0	506	506

**Comments:**

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System Plan 2 Board was established by Initiative 790 in 2002. The Board was effective at the beginning of the 2003-05 biennium. This item represents costs for the initial activities of the new Board. (Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Expense Account-Non-Appropriated)



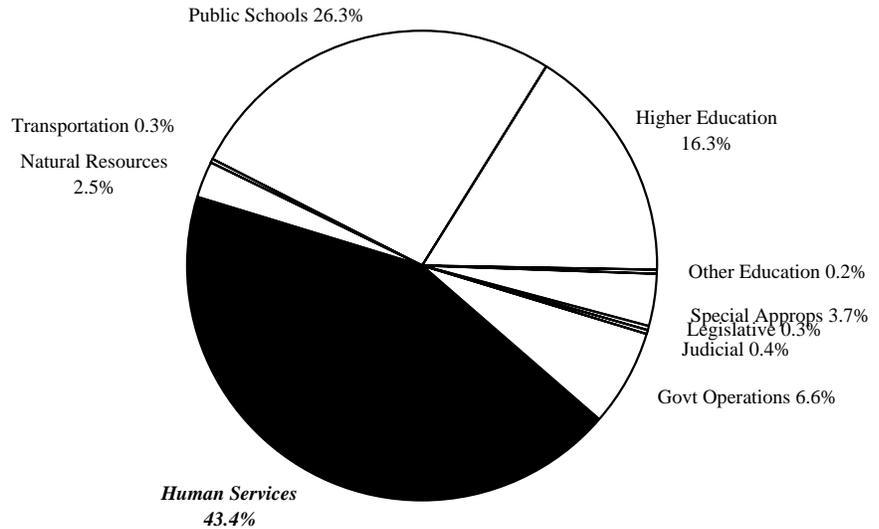
# Human Services

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

## 2003-05 Washington State Operating Budget Total Budgeted Funds

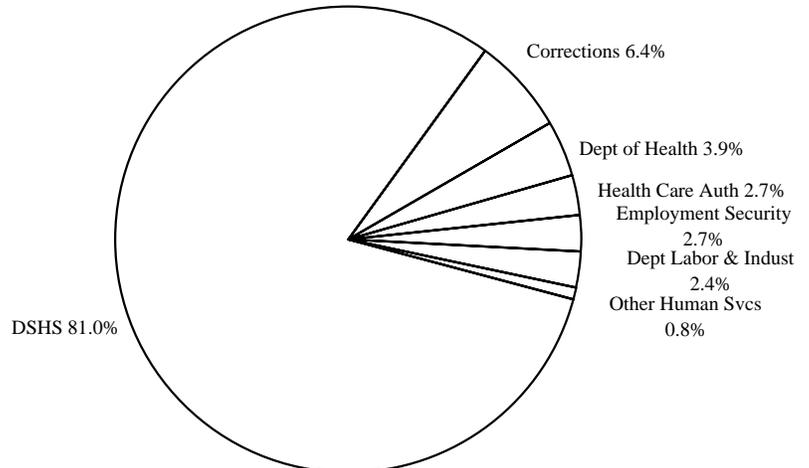
(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
<b>Human Services</b>	<b>19,753,001</b>
Natural Resources	1,149,662
Transportation	125,500
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



### Washington State

DSHS	15,990,872
Dept of Corrections	1,271,460
Dept of Health	779,103
Health Care Authority	542,520
Employment Security	535,960
Dept of Labor & Indust	473,642
Other Human Svcs	159,444
<b>Human Services</b>	<b>19,753,001</b>

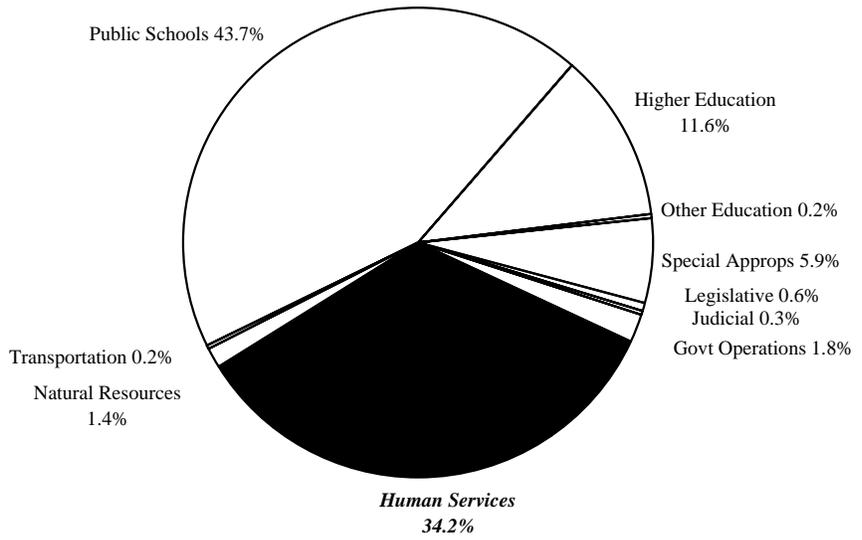


### Human Services

**2003-05 Washington State Operating Budget  
General Fund-State**

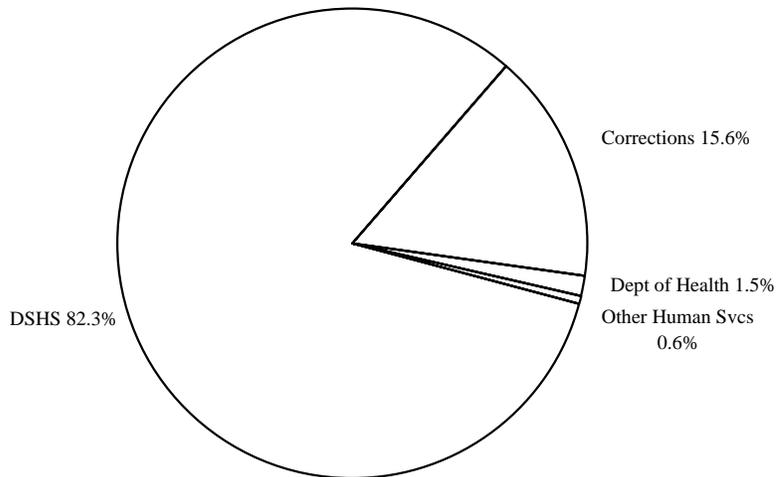
(Dollars in Thousands)

Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
<b>Human Services</b>	<b>7,960,037</b>
Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



**Washington State**

DSHS	6,553,410
Dept of Corrections	1,240,821
Dept of Health	118,199
Other Human Svcs	47,607
<b>Human Services</b>	<b>7,960,037</b>



**Human Services**



# Department of Social & Health Services

## **Home Care Worker Collective Bargaining Agreement**

Chapter 278, Laws of 2004 (EHB 1777), provides a total of \$44.4 million to the Department of Social and Health Services' (DSHS) Children and Family Services, Developmental Disabilities, and Aging and Adult Services programs to implement the compensation-related provisions of the collective bargaining agreement between the Home Care Quality Authority and the exclusive bargaining representative of individual home care providers.

The agreement increases the wages of individual providers from \$8.43 per hour to \$8.93 per hour on October 1, 2004; provides worker's compensation benefits effective October 1, 2004; and provides contributions of \$400 per month for health care benefits through a Taft-Hartley trust for eligible individual home care providers, effective January 1, 2005.

In addition to the funding provided to DSHS, \$1.4 million is provided to the Home Care Quality Authority and to the Office of Financial Management for the administrative and employer relations costs associated with implementing the terms of the collective bargaining agreement and for the purposes of implementing Chapter 3, Laws of 2004 (ESHB 2933).

## **Children and Family Services**

The budget provides an additional \$2 million in state funds per year for domestic violence (DV) programs. DV shelters are experiencing increased workloads due to greater awareness of DV issues. In 2003, nearly 35,000 requests for DV services could not be met.

Funding is provided to implement the first phase of a program improvement plan to respond to the recent federal Child and Family Services Review. Additional resources are also provided to implement family case conferences (Chapter 147, Laws of 2004 [ESSB 6642]) and to expedite enhancements to the Case and Management Information System (CAMIS), which supports case worker activities.

## **Juvenile Rehabilitation Administration**

The 2004 supplemental budget passed by the Legislature reduced total state and federal funding by \$9.7 million, which was primarily due to the transfer of \$7.7 million and the Office of Juvenile Justice from the Juvenile Rehabilitation Administration (JRA) program to the Administration and Support Services program. The budget also reduced funding by \$2.2 million in total funds to reflect caseload-related changes in the juvenile offender population. Based upon the February 2004 caseload forecast adopted by the Caseload Forecast Council, the residential population is forecasted to be 44 beds lower than was assumed in the initial 2003-05 budget, a reduction of 5 percent. Funding was also provided to reflect the transfer of Department of Corrections (DOC) inmates under the age of 18 to JRA facilities. The transfer will allow DOC to utilize a 99-bed unit for adult offenders, reducing the need to rent such beds from out of state and saving the state \$2.3 million.

The final enacted version of the 2004 supplemental budget reflects the Governor's partial veto of Section 203 of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which includes all supplemental budget adjustments to JRA's fiscal year 2005 state general fund appropriation. While the veto restores \$2.1 million to JRA for fiscal year 2005, the Governor directed DSHS to place \$1.1 million of these funds into unallotted status.

## **Mental Health**

The operating budget provides \$5.7 million in total funds to return Medicaid payment rates for community mental health services to the level originally budgeted for the biennium. Rates would otherwise be reduced by 1.7 percent in the second year of the biennium.

In addition, funding is provided in the Special Appropriations to the Governor section of the operating budget for the Joint Legislative and Executive Task Force on Mental Health.

Funding is provided to the City of Seattle for mitigation costs associated with siting a Secure Community Transition Facility for sexually violent predators transitioning from the DSHS Special Commitment Center on McNeil Island. The funding will be used for improved street lighting, law enforcement training, victim counseling, and an additional detective at the Seattle Police Department.

### **Developmental Disabilities**

Total funding for services to individuals with developmental disabilities increased by \$26.4 million (2.0 percent) over the level originally budgeted for the 2003-05 biennium. State spending was relatively unchanged from the original 2003-05 budget appropriations due to one-time Medicaid assistance from the federal government. Through the end of the first year of the biennium, the federal government will pay approximately 53 percent of total Medicaid costs, rather than the 50 percent initially budgeted. The change is expected to reduce state and increase federal expenditures for persons with developmental disabilities by about \$11.5 million.

A total of \$3.8 million is provided for at least 49 new community residential placements. Twenty of those placements are designated for community protection clients, including those who are: being diverted or discharged from the state psychiatric hospitals; participating in the dangerous mentally ill offender or community protection program; or utilizing mental health crisis diversion outplacement beds. The remaining 29 community residential placements are prioritized for children aging out of other services, clients in crisis or at risk of institutionalization, or current home- and community-based waiver program clients.

Other expenditure enhancements include the following:

- \$1.3 million in total funding for young adults with developmental disabilities who need employment opportunities and assistance after high school graduation;
- \$6.2 million in total funding (\$3.0 million state general fund) for a vendor rate increase of 2.4 percent to residential service providers; and
- \$2.5 million in total funding to improve the consistency of client assessments used to determine service needs for individuals with developmental disabilities. The Department will modify and automate the Comprehensive Assessment Reporting Evaluation tool currently used by the Aging and Adult Services Administration.

### **Long-Term Care Services**

A total of \$2.34 billion is appropriated for DSHS to provide long-term care services to an average of 48,000 elderly and disabled adults per month. This is \$256 million (12 percent) more than was expended on such services last biennium and roughly \$27 million (1.2 percent) more than was originally budgeted for the 2003-05 biennium.

The supplemental budget includes adjustments to long-term care provider payment rates and funding for Area Agency on Aging (AAA) programs, including:

- \$19.3 million to provide nursing homes, boarding homes, adult family homes, and adult residential centers with an inflationary vendor rate increase of 2.4 percent on July 1, 2004;
- \$3.9 million to increase compensation for agency home care workers by 50 cents per hour, plus associated administrative costs, effective October 2004;
- \$4.6 million for AAAs to enhance case management and nurse oversight for persons who receive in-home long-term care services; and
- An additional \$500,000 to assist grandparents and other persons who are caring for a child with access to counseling, support groups, respite care, and other support services.

Additionally, funding is provided for two lawsuit settlements negotiated by DSHS. A total of \$1.4 million is provided for a settlement that grants 200 medically-needy clients, whose incomes exceed eligibility standards for community-based care but not for nursing home care, with Medicaid-funded in-home care services. Another \$834,000 is provided for a settlement that will require the Department to provide an opportunity for administrative fair hearings for individual home care workers against whom Adult Protective Services has made a substantiated finding of abuse, abandonment, neglect, and/or financial exploitation of a vulnerable adult.

**Economic Services Administration**

The operating budget provides \$1.3 million for the Limited English Proficiency program, which provides specialized employment services to refugees and other families and individuals with limited English proficiency.

The amount of \$500,000 is provided for a Working Connections Child Care subsidy rate increase for child care providers in urban areas of Region 1.

**Alcohol and Substance Abuse**

State funding of \$250,000 is provided for the Washington State Mentoring Partnership, a prevention network targeting children and youth. The goal of the partnership is to obtain 1,000 new mentors per year and to increase the societal awareness regarding the benefits of mentoring. To achieve the goal, state funding will be supplemented by private sector donations.

**Medical Assistance**

Total state and federal spending for the Medical Assistance program is now budgeted to exceed the 2001-03 biennium level by \$959 million, or 15.8 percent. While total funding is essentially unchanged from the 15.7 percent spending increase originally budgeted for the 2003-05 biennium, the 2004 supplemental includes several service enhancements and reduces state fund appropriations by almost \$120 million from the level originally budgeted. The reduction in state fund spending is due in large part to two temporary increases in federal funding:

- On a one-time basis, through the end of the first year of the biennium and in order to help states cope with the economic recession, the federal government will pay approximately 53 percent of total Medicaid costs, rather than the 50 percent initially budgeted. The change is expected to reduce state and increase federal expenditures on the Medical Assistance program by about \$73 million.
- For most of the 2003-05 biennium, the federal government will cover 65 percent, rather than 50 percent of the cost of providing Medicaid coverage for children with family incomes between 150 and 200 percent of the poverty level. The change is expected to reduce state and increase federal expenditures on the Medical Assistance program by about \$22 million.

In addition, both the number of persons enrolled in state medical assistance programs, and the cost per person covered are now projected to grow less rapidly than initially budgeted. As a result, state fund expenditures are budgeted to grow by about \$57 million less than originally budgeted. The 2004 supplemental applies part of these savings to the following program enhancements:

- \$20.7 million in state funding is provided to lower families' monthly premium responsibilities. As shown in the following table, families with incomes greater than 150 percent of the poverty level will pay substantially less than originally budgeted to cover a child under state medical programs and premium requirements are eliminated for those families with incomes between 100 and 150 percent of the poverty level.

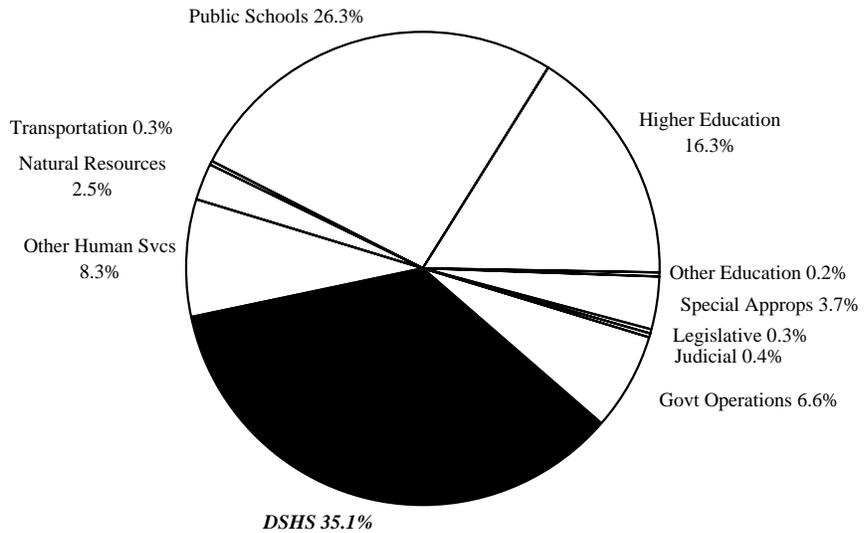
<b>Monthly Premium per Child</b>		
<b>Monthly Family Income</b>	<b>2003-05 Budget</b>	<b>2004 Supplemental</b>
100 to 150% of Poverty Level	\$15	\$0
151 to 200% of Poverty Level	\$20	\$10
201 to 250% of Poverty Level	\$25	\$15
Start Date	April 2004	July 2004

- State funds for grants and transfer payments to assist hospitals with the cost of uncompensated care are increased by \$15.7 million.

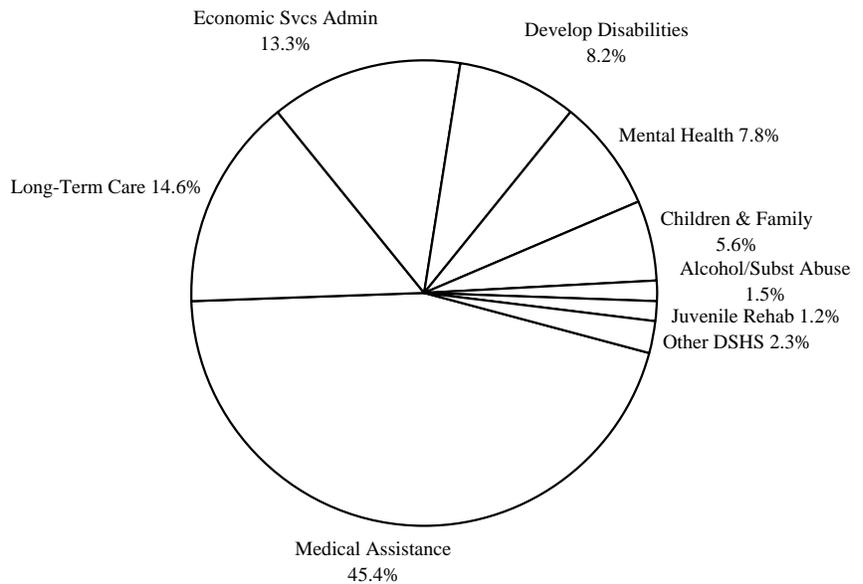
## 2003-05 Washington State Operating Budget Total Budgeted Funds

(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
<b>DSHS</b>	<b>15,990,872</b>
Other Human Services	3,762,129
Natural Resources	1,149,662
Transportation	125,500
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



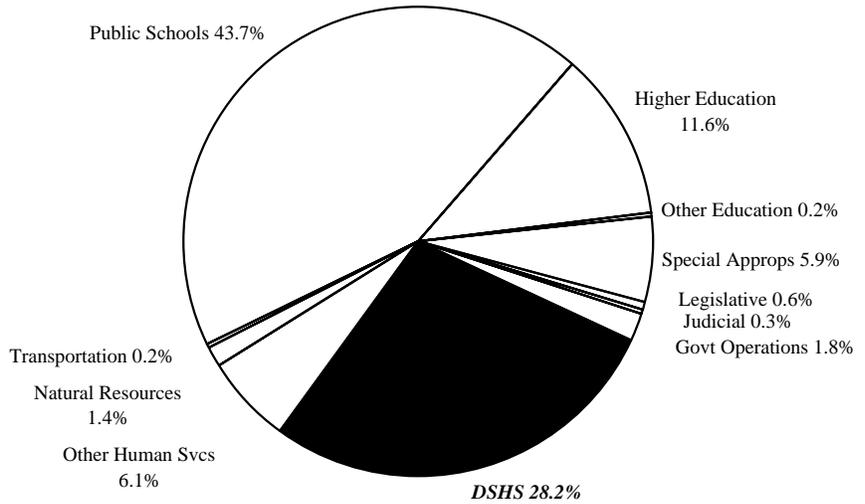
Medical Assistance	7,261,055
Long-Term Care	2,341,398
Economic Services Admin	2,126,325
Developmental Disabilities	1,318,193
Mental Health	1,249,913
Children & Family Svcs	895,751
Alcohol/Subst Abuse	236,067
Juvenile Rehabilitation	197,416
Other DSHS	364,754
<b>DSHS</b>	<b>15,990,872</b>



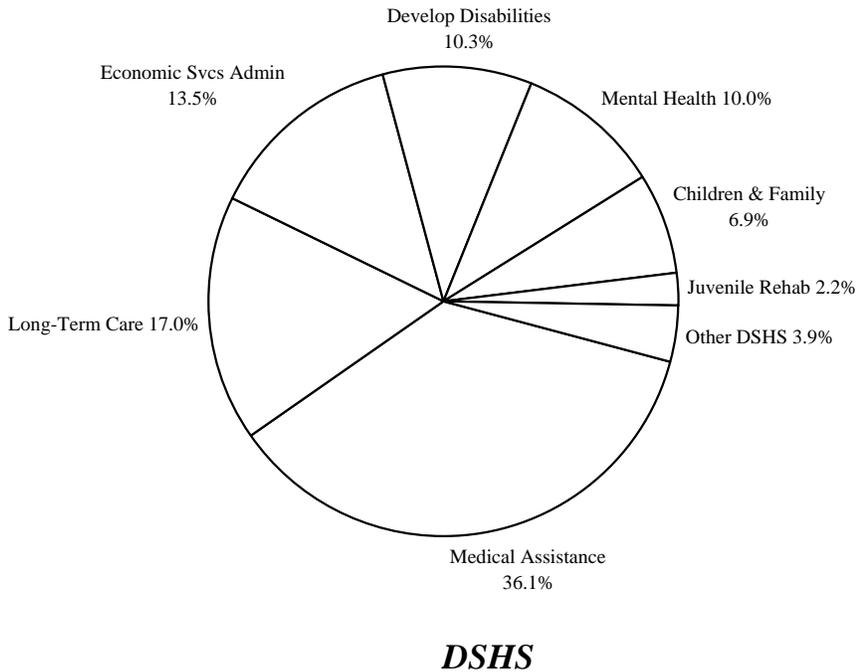
**DSHS**

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

Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
<b>DSHS</b>	<b>6,553,410</b>
Other Human Services	1,406,627
Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



Medical Assistance	2,367,653
Long-Term Care	1,116,445
Economic Services Admin	883,688
Developmental Disabilities	677,327
Mental Health	658,386
Children & Family Svcs	449,360
Juvenile Rehabilitation	145,059
Other DSHS	255,492
<b>DSHS</b>	<b>6,553,410</b>



**Department of Social and Health Services  
Children & Family Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>464,034</b>	<b>446,003</b>	<b>910,037</b>
<b>Total Maintenance Changes</b>	<b>-18,448</b>	<b>6,346</b>	<b>-12,102</b>
<b>Policy Changes</b>			
1. Domestic Violence Activities	2,000	0	2,000
2. Family Policy Council Transfer	-12	-6,584	-6,596
3. Child Support For DD Children	-132	-50	-182
4. Program Improvement Plan	1,773	531	2,304
5. Home Care Worker's Contr (EHB 1777)	145	145	290
<b>Total Policy Changes</b>	<b>3,774</b>	<b>-5,958</b>	<b>-2,184</b>
<b>2003-05 Revised Appropriations</b>	<b>449,360</b>	<b>446,391</b>	<b>895,751</b>
Fiscal Year 2004 Total	219,291	221,767	441,058
Fiscal Year 2005 Total	230,069	224,624	454,693

**Comments:**

- Domestic Violence Activities** - An additional \$2.0 million is provided for shelters and other services for victims of domestic violence. These services shall be provided as a part of the Victim Assistance program, which provides support for community-based shelters, emergency counseling, and legal advocacy to children and families who have experienced domestic violence. The majority of funds will be distributed according to the Department's formula, with at least \$65,000 in operating funds provided to Mason County to support capital expenditures.
- Family Policy Council Transfer** - The Family Policy Council is transferred from the Children's Administration to the Administration and Supporting Services budget. (General Fund-State, Public Safety and Education Account-State, Violence Reduction and Education Account-State)
- Child Support For DD Children** - Savings are assumed in recognition of Chapter 183, Laws of 2004 (ESHB 2554). This agency request legislation allows the Division of Child Support to collect child support for some, but not all, developmentally delayed (DD) children in foster care. (General Fund-State, General Fund-Federal)
- Program Improvement Plan** - The amount of \$2.3 million is provided for foster care system improvements in response to the recently released federal Child and Family Services Review and for implementation of Chapter 147, Laws of 2004 (ESSB 6642). Funding is available to implement family team meetings at initial placement and placement moves, which is expected to improve outcomes for children by increasing the capability and support of families to stay intact when appropriate. Funding is also provided for case conferences and to expedite improvements to the Case and Management Information System. (General Fund-State, General Fund-Federal)
- Home Care Worker's Contr (EHB 1777)** - Chapter 278, Laws of 2004 (EHB 1777), provides funding for the purposes of implementing the renegotiated collective bargaining agreement between the Home Care Quality Authority and the exclusive bargaining representative of individual home care workers. The collective bargaining agreement increases individual provider wages by 50 cents per hour, from \$8.43 per hour to \$8.93 per hour on October 1, 2004; provides workers' compensation benefits effective October 1, 2004; and provides contributions of \$400 per month for health care benefits through a Taft-Hartley trust for eligible individual home care providers, effective January 1, 2005. Initiative 775 provided individual home care workers with collective bargaining rights under the Public Employees' Collective Bargaining Law. (General Fund-State, General Fund-Federal)

**Department of Social & Health Services  
Children and Family Services**

**Workloads History  
By Fiscal Year**

	1996	1997	1998	1999	2000	2001	2002	2003	Estimated	
									2004	2005
<b>Foster Care <sup>(1)</sup></b>										
Avg # Children Served Monthly	8,333	8,283	8,297	8,219	8,127	8,130	8,193	8,177	7,957	7,937
% Change from prior year		-0.6%	0.2%	-0.9%	-1.1%	0.0%	0.8%	-0.2%	-2.7%	-0.3%
<b>Child Care <sup>(2)</sup></b>										
Avg # Children Served Monthly	4,672	4,422	4,435	4,563	4,909	5,253	5,284	5,150	5,150	5,150
% Change from prior year		-5.4%	0.3%	2.9%	7.6%	7.0%	0.6%	-2.5%	0.0%	0.0%
<b>Child Protective Services</b>										
Avg CPS Referrals Monthly	6,241	6,319	6,477	6,214	6,351	6,375	6,461	6,288	6,500	6,500
% Change from prior year		1.2%	2.5%	-4.1%	2.2%	0.4%	1.3%	-2.7%	3.4%	0.0%
<b>Adoption Support</b>										
Avg # Served Monthly	3,678	4,040	4,683	5,455	6,318	7,247	8,049	8,704	9,691	10,522
% Change from prior year		9.8%	15.9%	16.5%	15.8%	14.7%	11.1%	8.1%	11.3%	8.6%
<b>Caseload Ratio</b>										
Avg Cases Per Worker <sup>(3)</sup>	36:1	36:1	33:1	29:1	29:1	29:1	24:1	24:1	24:1	24:1

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

(2) Includes the following child care services: CPS/CWS, Therapeutic/Medicaid Treatment, and Foster Parent Employment. Prior to FY 2004, the monthly average also included adoption support child care. Prior to FY 2002, the monthly average also included teen parent and seasonal child care.

(3) Combined average number of open cases per worker for Child Protective Services, Child Welfare Services, and Family Reconciliation Services.

Data Source :

FY 1996 through FY 2003 actuals for Child Care and Child Protective Services provided by the DSHS Budget Division.

FY 1996 through FY 2003 actuals for Foster Care and Adoption Support provided by the Caseload Forecast Council.

FY 2004 through FY 2005 estimates for Child Care and Child Protective Services provided by the DSHS Budget Division.

FY 2004 through FY 2005 estimates for Foster Care and Adoption Support provided by the Caseload Forecast Council.

**Department of Social and Health Services  
 Juvenile Rehabilitation**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>146,792</b>	<b>58,159</b>	<b>204,951</b>
<b>Total Maintenance Changes</b>	<b>-1,933</b>	<b>-310</b>	<b>-2,243</b>
<b>Policy Changes</b>			
1. Youthful Offender Program	312	0	312
2. Transfer Office of Juvenile Justice	-2,244	-5,492	-7,736
3. Governor Veto	2,132	0	2,132
<b>Total Policy Changes</b>	<b>200</b>	<b>-5,492</b>	<b>-5,292</b>
<b>2003-05 Revised Appropriations</b>	<b>145,059</b>	<b>52,357</b>	<b>197,416</b>
Fiscal Year 2004 Total	72,362	26,333	98,695
Fiscal Year 2005 Total	72,697	26,024	98,721

**Comments:**

- Youthful Offender Program** - The Juvenile Justice Act allows for the prosecution and sentencing of certain violent juvenile offenders as adults. The Department of Corrections (DOC) has transferred some of these youthful offenders to facilities managed by the Department of Social and Health Services Juvenile Rehabilitation Administration (JRA) under Chapter 72.01 RCW. Funding is adjusted to reflect the transfer of the remaining youthful offenders from the Clallam Bay Corrections Center to JRA facilities. As of February 2004, an average of 13 youthful offenders are being housed in a close-custody unit at the Clallam Bay Corrections Center. The transfer will allow DOC to utilize those beds for adult offenders, reducing the need to rent such beds from out of state. Offenders transferred to JRA will remain under the jurisdiction of DOC. The transfer will not change their sentences or time spent in total confinement, and the inmates will return to DOC facilities after their eighteenth birthday. Net state general fund savings when combined with the reduction in DOC are \$2.3 million.
- Transfer Office of Juvenile Justice** - The Office of Juvenile Justice (OJJ) is transferred from JRA to the Administration and Support Services program. The OJJ provides staff support to the Governor's Juvenile Justice Advisory Committee and administers a variety of state and federal juvenile justice and violence prevention grant programs. (General Fund-State, General Fund-Federal)
- Governor Veto** - The Governor partially vetoed Section 203 of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which reflected supplemental budget adjustments to JRA's FY 2005 general fund appropriation. While the veto restores \$2.132 million in state general fund moneys to JRA for FY 2005, the Governor directed the Department to place \$1.076 million of these funds into unallotted status.

**Department of Social & Health Services  
Juvenile Rehabilitation**

**WORKLOAD HISTORY**  
By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	Estimated	
									2004	2005 <sup>(1)</sup>
<b>Community Residential <sup>(2)</sup></b>										
Avg Daily Population/Month	359	362	305	239	209	194	173	172	155	176
% Change from prior year		0.8%	-15.7%	-21.6%	-12.6%	-7.2%	-10.8%	-0.5%	-10.0%	13.5%
<b>Institutions</b>										
Avg Daily Population/Month	1,007	1,028	1,048	996	984	987	937	797	754	729
% Change from prior year		2.1%	1.9%	-5.0%	-1.2%	0.3%	-5.1%	-14.9%	-5.4%	-3.3%
<b>Parole <sup>(3)</sup></b>										
Avg Daily Population/Month	917	949	1,002	768	1,023	1,062	1,006	847	829	853
% Change from prior year		3.5%	5.6%	-23.4%	33.3%	3.8%	-5.3%	-15.8%	-2.1%	2.9%

(1) FY 2005 estimates reflect caseloads budgeted in the initial 2003-05 operating budget due to the Governor's veto of a portion of Section 203 of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which included all supplemental budget adjustments to the Juvenile Rehabilitation Administration's FY 2005 state general fund appropriation.

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

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

Data Source :

FY 1996 through FY 2003 from DSHS Juvenile Rehabilitation Administration.

FY 2004 through FY 2005 data from legislative fiscal staff.

**Department of Social and Health Services  
Mental Health**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>674,685</b>	<b>554,961</b>	<b>1,229,646</b>
<b>Total Maintenance Changes</b>	<b>-8,724</b>	<b>17,542</b>	<b>8,818</b>
<b>Policy Changes</b>			
1. Additional DSH Funding	-12,114	12,114	0
2. Acute Care Plan	53	47	100
3. Children's Medical Premiums	778	945	1,723
4. Restore RSN Ratable Reduction	2,849	2,849	5,698
5. Offender Collaborative Treatment	164	36	200
6. SCHIP Match	-2,509	2,509	0
7. CSTC Patient Care	316	336	652
8. Staff Training Requirement	284	124	408
9. Legal Fees	1,780	0	1,780
10. SCTF Mitigation (King Co)	245	0	245
11. Hospital Billing Systems Compliance	579	64	643
<b>Total Policy Changes</b>	<b>-7,575</b>	<b>19,024</b>	<b>11,449</b>
<b>2003-05 Revised Appropriations</b>	<b>658,386</b>	<b>591,527</b>	<b>1,249,913</b>
Fiscal Year 2004 Total	319,176	298,304	617,480
Fiscal Year 2005 Total	339,210	293,223	632,433

**Comments:**

- Additional DSH Funding** - Because Congress has increased the amount of federal Disproportionate Share Hospital (DSH) funding available to the state, more federal and less state funding is required to support operation of the state psychiatric hospitals. (General Fund-State, General Fund-Federal)
- Acute Care Plan** - Funding is provided for development of a plan for maintaining and increasing the number of beds available for treatment of persons experiencing acute psychiatric emergencies. The plan is to provide an estimate of the number of acute care facilities needed to serve different areas of the state and to estimate the construction and operating cost of meeting that need under alternative operating arrangements (for example, state hospital-based versus community hospital-based versus free-standing; publicly-versus privately-operated). (General Fund-State, General Fund-Federal)
- Children's Medical Premiums** - The federal government has approved the state's proposal to charge monthly premiums for medical, dental, and mental health coverage of children whose family incomes are above the poverty level. The budget provides additional state funds so that monthly premiums will be lowered for those families with incomes between 150 and 250 percent of the federal poverty level and will be eliminated for those with incomes between 100 and 150 percent of the federal poverty level. The new premiums are to be \$10 per child per month for families with incomes between 150 and 200 percent of poverty, rather than \$20 per month as originally budgeted, and \$15 per month, rather than \$25, for families with incomes between 200 and 250 percent of poverty. The maximum amount due from any family will remain capped at the total for three children per household, and premium implementation is delayed until July 2004. (General Fund-State, General Fund-Federal)
- Restore RSN Ratable Reduction** - Funding is provided to return Medicaid payment rates for Regional Support Networks (RSN) for community mental health services to the level originally budgeted for the biennium. Rates would otherwise be reduced by 1.7 percent in the second year of the biennium in order to implement the Governor's veto of the legislative provision that community mental health administrative costs be limited to 10 percent of public spending. (General Fund-State, General Fund-Federal)
- Offender Collaborative Treatment** - Chapter 166, Laws of 2004, Partial Veto (E2SSB 6358), seeks to improve information-sharing and collaborative treatment when offenders under supervision by the Department of Corrections (DOC) are also subject to court-ordered mental health or chemical dependency treatment. Funding is provided to: (1) develop and train community mental health and chemical dependency treatment providers in the information-sharing and collaborative treatment methods required by the legislation; and (2) conduct additional risk assessments before a person who has been admitted from a correctional facility and who has a history of violent acts is discharged from a state hospital. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
- SCHIP Match** - A recent federal law allows states to use unspent State Children's Health Insurance Program (SCHIP)

## Department of Social and Health Services Mental Health

funds to match Medicaid expenditures for children with family incomes over 150 percent of the federal poverty level. Because the federal matching funds rate is higher for SCHIP expenditures than for the regular Medicaid program, this reduces required state funding. This is a one-time savings, as the federal statutory provision is due to expire in September 2005. (General Fund-State, General Fund-Federal)

patient utilization review and billing documentation. An independent review of the hospitals' systems has identified weaknesses in these areas that could jeopardize the continued availability of non-state revenues that support hospital operations. (General Fund-State, General Fund-Private/Local)

### *Governor's Vetoes:*

The Governor vetoed Section 204(2)(d) of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which directed the Department to maintain existing capacity at the state psychiatric hospitals until sufficient community resources were in place and the reduction had been approved by the Legislature.

7. **CSTC Patient Care** - Funding is provided to employ six additional direct care staff at the Child Study and Treatment Center (CSTC). The additional staffing is needed to provide safe and appropriate care for an increasingly disturbed and assaultive adolescent population. (General Fund-State, General Fund-Federal)
8. **Staff Training Requirement** - Funding is provided for the Mental Health Division to provide consultation and specialized training for all supervisory staff at the state hospitals in the identification, prevention, and effective response to sexual harassment in the workplace. Such training is necessary to resolve organizational problems at the state hospitals, such as those identified in a recent lawsuit at Western State Hospital. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
9. **Legal Fees** - Funding is provided to increase the payment rate to counties for hourly prosecution and defense costs for sexually violent predator civil commitment. The Department of Social and Health Services (DSHS) currently pays attorneys a maximum allowable rate of \$49.41 per hour, a rate established 13 years ago in the Washington Administrative Code and not increased. Defense attorneys have recently argued before the courts that the low reimbursement rate negatively affects the defense work for their clients and may impair their clients' constitutional right to counsel. The additional funding assumes that the hourly prosecution and defense attorney payment rates are increased to \$65 per hour. Funding is also provided to provide investigators with an increase from \$20.66 per hour to \$30 per hour.
10. **SCTF Mitigation (King Co)** - Funding is provided for mitigation costs to the city of Seattle for the siting of the Secure Community Transition Facility (SCTF) on Spokane Street. The SCTF provides a less restrictive alternative for persons civilly committed as sexually violent predators who are transitioning from the Special Commitment Center on McNeil Island. This funding will provide training for law enforcement, utility costs for improved lighting, an additional detective at the Seattle Police Department, victims counseling, and meeting costs for an advisory committee of community stakeholders. Total mitigation funding for this facility is \$385,000. Of this amount, \$140,000 was assumed in the 2003-05 enacted budget and is provided at maintenance level; the resulting additional funding is \$245,000.
11. **Hospital Billing Systems Compliance** - Funding is provided for additional nurses and health records technicians to improve Western State Hospital business operations in the areas of

**Department of Social & Health Services  
Mental Health**

**WORKLOAD HISTORY**  
By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	Estimated		
								2003	2004	2005
<b>State Hospitals <sup>(1)</sup></b>										
Avg Daily Population/Month	1,278	1,276	1,311	1,354	1,358	1,359	1,342	1,235	1,222	1,222
% Change from prior year		-0.2%	2.7%	3.3%	0.3%	0.1%	-1.2%	-8.0%	-1.1%	0.0%
Avg Daily Census/Month	1,246	1,243	1,275	1,317	1,343	1,343	1,328	1,231	1,218	1,218
% Change from prior year		-0.2%	2.6%	3.3%	1.9%	0.0%	-1.2%	-7.3%	-1.1%	0.0%
<b>Community Outpatient Services</b>										
	<b>38,482</b>	<b>39,861</b>	<b>41,328</b>	<b>43,882</b>	<b>45,132</b>	<b>48,254</b>	<b>51,201</b>	<b>53,830</b>	<b>55,580</b>	<b>56,659</b>
% Change from prior year		3.6%	3.7%	6.2%	2.8%	6.9%	6.1%	5.1%	3.3%	1.9%
Avg Adults Served per Month	28,077	28,853	30,024	31,840	32,876	35,239	36,938	37,347	39,945	41,197
% Change from prior year		2.8%	4.1%	6.0%	3.3%	7.2%	4.8%	1.1%	7.0%	3.1%
Avg Children Served per Month	10,405	11,008	11,304	12,042	12,256	13,015	14,268	14,700	14,661	15,166
% Change from prior year		5.8%	2.7%	6.5%	1.8%	6.2%	9.6%	3.0%	-0.3%	3.4%
<b>Special Commitment Center - Main Facility</b>										
Avg Monthly Population	33	43	57	79	105	130	151	171	192	220
% Change from prior year		30.3%	32.6%	38.6%	32.9%	24.0%	15.9%	13.3%	12.3%	14.6%
<b>Special Commitment Center - Less Restrictive Alternatives <sup>(2)</sup></b>										
Avg Monthly Population	2	2	2	3	5	5	7	9	12	18
% Change from prior year		0.0%	0.0%	50.0%	66.7%	3.3%	29.0%	35.0%	33.3%	50.0%

(1) Includes: Eastern State Hospital, Western State Hospital (WSH), WSH Program for Adaptive Living Skills (PALS), and Child Study and Treatment Center. Prior to FY 1995, also includes Program Offering Rehabilitation and Training in Adult Living (PORTAL).

(2) Includes persons in less restrictive alternative placements on McNeil Island and other locations.

Data Sources :

FY 1996 through FY 2003 actuals are from DSHS Division of Research and Data Analysis reports.

FY 2004 and FY 2005 estimates are from legislative fiscal committees.

**Department of Social and Health Services  
Developmental Disabilities**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>678,562</b>	<b>613,177</b>	<b>1,291,739</b>
<b>Total Maintenance Changes</b>	<b>-16,427</b>	<b>13,040</b>	<b>-3,387</b>
<b>Policy Changes</b>			
1. Community Protection Placements	826	832	1,658
2. Employment and Day Programs	1,000	300	1,300
3. Residential Vendor Rate Increase	3,227	2,986	6,213
4. Agency Provider Increase	312	290	602
5. Agency Provider Health Benefits	0	-134	-134
6. SCHIP Match	-545	545	0
7. Comprehensive Assessment Tool	1,241	1,258	2,499
8. Expand Community Services	1,035	1,041	2,076
9. Home Care Worker's Contr (EHB 1777)	8,096	7,531	15,627
<b>Total Policy Changes</b>	<b>15,192</b>	<b>14,649</b>	<b>29,841</b>
<b>2003-05 Revised Appropriations</b>	<b>677,327</b>	<b>640,866</b>	<b>1,318,193</b>
Fiscal Year 2004 Total	320,815	318,326	639,141
Fiscal Year 2005 Total	356,512	322,540	679,052

**Comments:**

- 1. Community Protection Placements** - Funding is provided for expanded community services for 20 clients who are: (1) being diverted or discharged from the state psychiatric hospitals; (2) participants in the Dangerous Mentally Ill Offender program; (3) participants in the Community Protection program; or (4) mental health crisis diversion outplacements. In order to increase the number of clients served and ensure the cost-effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)
- 2. Employment and Day Programs** - Funding is provided for employment and day services to clients with developmental disabilities. Priority consideration for this new ongoing funding shall be young adults with developmental disabilities living with their family who need employment opportunities and assistance after high school graduation. Services shall be provided proportionately between home- and community-based waiver program clients and non-waiver clients. Federal funds may be used to enhance this funding to the extent that a client is already receiving services from a home- and community-based waiver program. (General Fund-State, General Fund-Federal)
- 3. Residential Vendor Rate Increase** - Funding is provided for residential providers, including supported living, group homes, adult family homes, adult residential centers, and out-of-home voluntary placement program providers, to receive an inflationary vendor rate increase of 2.4 percent on July 1, 2004. (General Fund-State, General Fund-Federal)
- 4. Agency Provider Increase** - Funding is provided to increase compensation for direct care workers employed by home care agencies by an average of 50 cents per hour, effective October 2004. The total amount provided also includes: (1) the employer share of payroll taxes on the increased compensation; and (2) ten cents per direct service hour to address the impact of this and of the October 2003 compensation increase on the cost of sick leave, annual leave, and travel time for direct care workers. (General Fund-State, General Fund-Federal)
- 5. Agency Provider Health Benefits** - Currently, contracted agency home care workers who work at least 20 hours per week receive subsidized health care coverage through the Basic Health Plan (BHP) or through alternative plans with substantially equivalent benefits. Premium payments for substantially equivalent plans in 2005 are projected to be as much as 61 percent more expensive than for BHP. Funding is adjusted under the assumption that agency providers will increase their participation in BHP or purchase substantially equivalent health care benefits that have substantially equivalent premium payments. (Health Services Account-State, General Fund-Federal)
- 6. SCHIP Match** - A recent federal law allows states to use unspent State Children's Health Insurance Program (SCHIP) funds to match Medicaid expenditures for children with family incomes over 150 percent of the federal poverty level. Because the federal matching funds rate is higher for SCHIP expenditures than for the regular Medicaid program, this reduces required state funding. This is a one-time savings, as

## Department of Social and Health Services Developmental Disabilities

the federal statutory provision is due to expire in September 2005. (General Fund-State, General Fund-Federal)

7. **Comprehensive Assessment Tool** - Funding is provided to modify and expand the Comprehensive Assessment Reporting Evaluation (CARE) tool for use in all client assessments for individuals with developmental disabilities. A recent Joint Legislative Audit and Review Committee study of the Division of Developmental Disabilities (DDD) found that a consistent assessment instrument was not being used by the Department to determine client service needs. Currently, all adult clients with developmental disabilities who are eligible for Medicaid Personal Care (MPC) are being assessed with the CARE instrument. Implementation of the modified assessment will occur in three phases: (1) use of the current CARE tool on children while developing help screens with age appropriate information; (2) modification of the CARE assessment tool for children, development of a mini-assessment, and the use of the CARE tool for adults who are not currently on MPC; and (3) completion of the modified children and adult CARE assessment tool. A total of \$3.7 million will be required through FY 2006, of which \$2.6 million is for one-time costs. Six FTEs are added through FY 2006 to support the new system. (General Fund-State, General Fund-Federal)
8. **Expand Community Services** - Funding is provided for community residential and support services for a minimum of 29 clients. Priority consideration for these placements shall be as follows: (1) children who are aging out of other state services; (2) clients without residential services who are in crisis or immediate risk of needing an institutional placement; and (3) current waiver clients who have been assessed as having an immediate need for residential services or increased support services. In order to increase the number of clients served and ensure the cost-effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)
9. **Home Care Worker's Contr (EHB 1777)** - Chapter 278, Laws of 2004 (EHB 1777), provides funding for the purposes of implementing the renegotiated collective bargaining agreement between the Home Care Quality Authority and the exclusive bargaining representative of individual home care workers. The collective bargaining agreement increases individual provider wages by 50 cents per hour, from \$8.43 per hour to \$8.93 per hour on October 1, 2004; provides workers' compensation benefits effective October 1, 2004; and provides contributions of \$400 per month for health care benefits through a Taft-Hartley trust for eligible individual home care providers, effective January 1, 2005. Initiative 775 provided individual home care workers with collective bargaining rights under the Public Employees' Collective Bargaining Law. (General Fund-State, General Fund-Federal)

**Department of Social & Health Services  
Developmental Disabilities**

**WORKLOAD HISTORY**  
By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	<u>Estimated</u>	
									2004	2005
<b>Institutions</b> <sup>(1)</sup>										
Avg Monthly Population	1,295	1,262	1,228	1,189	1,139	1,116	1,093	1,044	1,028	980
% change from prior year		-2.5%	-2.7%	-3.2%	-4.2%	-2.0%	-2.0%	-4.5%	-1.5%	-4.7%
<b>Community Residential Programs</b> <sup>(2)</sup>										
Avg Month End Contracted Beds	3,740	3,819	3,742	3,747	3,920	3,957	4,010	4,005	4,030	4,092
% change from prior year		2.1%	-2.0%	0.1%	4.6%	0.9%	1.3%	-0.1%	0.6%	1.5%
<b>Employment &amp; Day Programs</b> <sup>(5)</sup>										
Avg Monthly Number Served	7,571	7,954	8,455	8,567	9,193	9,636	10,186	10,751	10,777	10,838
% change from prior year		5.1%	6.3%	1.3%	7.3%	4.8%	5.7%	5.5%	0.2%	0.6%
<b>Family Support</b> <sup>(3)</sup>										
Number of Clients Served	2,659	3,637	3,985	4,658	5,247	6,256	6,929	7,149	7,333	7,507
% change from prior year		36.8%	9.6%	16.9%	12.6%	19.2%	10.8%	3.2%	2.6%	2.4%
<b>Adult Personal Care</b> <sup>(4)</sup>										
Number of Clients Served	3,525	3,951	4,199	4,730	5,015	5,630	6,212	6,758	7,199	7,528
% change from prior year		10.8%	5.9%	11.2%	5.7%	10.9%	9.4%	8.1%	6.1%	4.4%

(1) Funded capacity at the Residential Habilitation Centers from FY 2000 through FY 2003 was 1,231 clients.

(2) Includes Alternate Living (clients served), Group Homes, intermediate care facilities for the mentally retarded (IMRs), Tenant Support (clients served), and State Operated Living Alternatives (SOLA).

(3) Family Support includes Children's Personal Care.

(4) Adult Personal Care includes Medicaid Personal Care and Chore Services. Prior to FY 1990, Developmental Disabilities' clients enrolled in these programs were counted in the Long-Term Care program totals.

(5) \$1.3 million in funding was provided for employment and day services to youth graduating from high school. The exact number of clients who will use these funds is indeterminate and is not included in the workload numbers.

Data Sources:

FY 1992 through FY 2003 from the DSHS Executive Management Information System workload database except FY 1993 through FY 1997 Community Residential is from DSHS Division of Developmental Disabilities due to a change in reporting methodology.

FY 2004 through FY 2005 are budget estimates from legislative fiscal staff.

**Department of Social and Health Services  
Long-Term Care**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>1,128,314</b>	<b>1,186,043</b>	<b>2,314,357</b>
<b>Total Maintenance Changes</b>	<b>-41,143</b>	<b>10,484</b>	<b>-30,659</b>
<b>Policy Changes</b>			
1. In-Home Care Legal Settlement	696	696	1,392
2. APS Fair Hearings	513	321	834
3. Residential Vendor Rate Increase	9,762	9,583	19,345
4. Agency Provider Increase	1,952	1,941	3,893
5. Agency Provider Health Benefits	-433	-433	-866
6. Estate Adjudication Provisions	-200	-200	-400
7. AAA Nursing/Case Mgmt Services	2,205	2,347	4,552
8. Kinship Caregivers	500	0	500
9. Home Care Worker's Contr (EHB 1777)	14,279	14,171	28,450
<b>Total Policy Changes</b>	<b>29,274</b>	<b>28,426</b>	<b>57,700</b>
<b>2003-05 Revised Appropriations</b>	<b>1,116,445</b>	<b>1,224,953</b>	<b>2,341,398</b>
Fiscal Year 2004 Total	523,896	605,914	1,129,810
Fiscal Year 2005 Total	592,549	619,039	1,211,588

**Comments:**

- In-Home Care Legal Settlement** - In *Townsend v. Quasim*, the U.S. Court of Appeals for the Ninth Circuit found that the state is legally obligated to participate in the cost of community-based long-term care for persons whose incomes are too high to qualify for such services under the regular Medicaid program, but who would receive Medicaid-funded assistance if they were to enter a nursing home. Rather than appealing this ruling, the Department agreed to a settlement under which 200 persons will receive Medicaid-funded in-home care and medical assistance services. (General Fund-State, General Fund-Federal)
- APS Fair Hearings** - In response to a Superior Court order and a settlement agreement reached upon appeal, the Department of Social and Health Services (DSHS) now provides an administrative fair hearing opportunity to persons against whom Adult Protective Services (APS) has made a substantiated finding of abuse, abandonment, neglect, and/or financial exploitation of a vulnerable adult. It is estimated that an administrative hearing will need to be conducted in approximately 10 percent (180) of the annual APS investigations in which there is a substantiated finding, and that approximately one-third of the cases heard will subsequently be appealed. This item provides funding for APS staff to prepare and present the findings at hearing and appeal, and for programming of an electronic registry so that information about substantiated cases will be available to potential employers. In addition to the funds provided here, approximately \$1 million (\$0.5 million state) is provided in the Department's Administration and Supporting Services program and \$677,000 is provided to the Office of Administrative Hearings for review judges to conduct hearings and appeals. (General Fund-State, General Fund-Federal)
- Residential Vendor Rate Increase** - Funding is provided for adult family homes, adult residential centers, and assisted living facilities to receive an inflationary vendor rate increase of 2.4 percent on July 1, 2004. Additionally, nursing facilities will receive a corresponding 2.4 percent increase to non-capital payment rates, increasing average nursing home payments from \$144.93 per day to \$148.11 per day in FY 2005. (General Fund-State, General Fund-Federal)
- Agency Provider Increase** - Funding is provided to increase payments to agency providers of home care services from \$14.27 per hour to \$14.93 per hour, effective October 1, 2004. As a result of these changes, compensation for direct care workers employed by home care agencies will be increased by \$0.50 per hour. Another \$0.10 per direct service hour is added to address the impact of this and of the October 2003 compensation increase on the cost of sick leave, annual leave, and travel time for direct care workers. (General Fund-State, General Fund-Federal)
- Agency Provider Health Benefits** - Currently, contracted agency home care workers who work at least 20 hours per week receive subsidized health care coverage through the Basic Health Plan (BHP) or through alternative plans with substantially equivalent benefits. Premium payments for substantially equivalent plans in 2005 are projected to be as much as 61 percent more expensive than for the BHP. Funding is adjusted under the assumption that agency providers will increase their participation in the BHP or purchase substantially equivalent health care benefits that have substantially equivalent

## Department of Social and Health Services Long-Term Care

premium payments. (General Fund-State, General Fund-Federal)

6. **Estate Adjudication Provisions** - In accordance with Chapter 193, Laws of 2004 (SHB 2904), savings are achieved by requiring that notices of estate adjudications for deceased clients who received publicly-funded long-term care and medical assistance services be sent to the Department of Social and Health Services (DSHS) and that heirs of such estates wait four months after providing notice of adjudication before being released from liability for assets transferred from the estate. These changes will allow DSHS to increase the number of claims (approximately 20 additional claims per year) against the estates of deceased elderly and disabled clients who received services from the Department, as required by federal and state statutes. The changes to the probate code close a loophole in the law that allows for the premature distribution of assets and provide the Department an opportunity to make claims for payments from the estates of former clients when no personal representative has been appointed to administer the estate. (General Fund-State, General Fund-Federal)
7. **AAA Nursing/Case Mgmt Services** - State funding for Area Agencies on Aging (AAAs) is increased by 15 percent above previously budgeted levels, beginning July 2004. The state contracts with the AAAs to provide case management and nurse oversight for persons who receive in-home long-term care. A recent study indicates that such an increase is needed to support AAAs in meeting contracted requirements for client assessment, service implementation/coordination, and monitoring of client care. (General Fund-State, General Fund-Federal)
8. **Kinship Caregivers** - Funding is provided to assist grandparents and other individuals who are caring for a child to gain access to counseling, support groups, respite care, and other support services. These services shall be provided by AAAs, or organizations that contract with them. The AAAs shall give priority to kinship caregivers who, in the absence of such services, are at the greatest risk of no longer being able to maintain the primary caregiving role.
9. **Home Care Worker's Contr (EHB 1777)** - Chapter 278, Laws of 2004 (EHB 1777), provides funding for the purposes of implementing the renegotiated collective bargaining agreement between the Home Care Quality Authority and the exclusive bargaining representative of individual home care workers. The collective bargaining agreement increases individual provider wages by 50 cents per hour, from \$8.43 per hour to \$8.93 per hour on October 1, 2004; provides workers' compensation benefits effective October 1, 2004; and provides contributions of \$400 per month for health care benefits through a Taft-Hartley trust for eligible individual home care providers, effective January 1, 2005. Initiative 775 provided individual home care workers with collective bargaining rights under the Public Employees' Collective Bargaining Law. (General Fund-State, General Fund-Federal)

**Department of Social & Health Services**  
**Long-Term Care Services**

**WORKLOAD HISTORY**  
 By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	<u>Estimated</u>	
									2004	2005
<b>Nursing Homes</b>										
# FTE Clients	15,905	14,992	14,645	14,081	13,783	13,529	13,135	12,930	12,630	12,379
% Change from prior year		-5.7%	-2.3%	-3.9%	-2.1%	-1.8%	-2.9%	-1.6%	-2.3%	-2.0%
<b>Community Care *</b>										
# Clients Served	20,876	23,119	25,675	27,567	29,319	30,919	32,213	33,727	34,924	36,190
% Change from prior year		10.7%	11.1%	7.4%	6.4%	5.5%	4.2%	4.7%	3.5%	3.6%

\* Includes Chore Services, Community Options Program Entry Services (COPES), Adult Residential, and Medicaid Personal Care.

Data Source :

Community Care for FY 1996 from DSHS Aging and Disability Services Administration.  
 All other data is from the Caseload Forecast Council and legislative fiscal staff.

**Department of Social and Health Services  
 Economic Services Administration**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>815,547</b>	<b>1,243,638</b>	<b>2,059,185</b>
<b>Total Maintenance Changes</b>	<b>66,682</b>	<b>-689</b>	<b>65,993</b>
<b>Policy Changes</b>			
1. Distribution of Child Support	-423	-411	-834
2. Child Care Subsidy Rate Increase	500	0	500
3. Child Support For DD Children	36	72	108
4. LEP Pathway Program	1,250	0	1,250
5. Food Assistance	96	27	123
<b>Total Policy Changes</b>	<b>1,459</b>	<b>-312</b>	<b>1,147</b>
<b>2003-05 Revised Appropriations</b>	<b>883,688</b>	<b>1,242,637</b>	<b>2,126,325</b>
Fiscal Year 2004 Total	445,968	620,443	1,066,411
Fiscal Year 2005 Total	437,720	622,194	1,059,914

**Comments:**

1. **Distribution of Child Support** - Savings are assumed in recognition of HB 2553. This agency request legislation allows the Department to consider income levels when distributing past-due child support collections for cases enforced on behalf of another state or jurisdiction. (General Fund-State, General Fund-Federal) Note: HB 2553 failed to pass the Legislature and was not enacted into law.
2. **Child Care Subsidy Rate Increase** - Funding is provided for a Working Connections Child Care subsidy rate increase for child care providers in urban areas of Region One.
3. **Child Support For DD Children** - This item reflects child support enforcement costs related to Chapter 183, Laws of 2004 (ESHB 2554). This agency request legislation allows the Division of Child Support to collect child support for some, but not all, developmentally delayed (DD) children in foster care. Funding is provided for one additional collections officer to handle the increased collections caseload. (General Fund-State, General Fund-Federal)
4. **LEP Pathway Program** - Funding is provided to continue specialized employment services through the WorkFirst Limited-English-Proficient (LEP) Pathway program for refugees and LEP families and individuals that receive Temporary Assistance for Needy Families, State Family Assistance, or Refugee Cash Assistance benefits. Services include, but are not limited to, English as a second language training, job placement assistance, and work support services. LEP services are provided through contracts with governmental agencies, voluntary refugee resettlement agencies, local community colleges, and community-based organizations involved in the resettlement of refugees and immigrants in Washington State.
5. **Food Assistance** - Funding is provided to implement Chapter 54, Laws of 2004 (ESB 6411). (General Fund-State, General Fund-Federal, General Fund-Private/Local)

**Department of Social & Health Services  
Economic Services Administration**

**WORKLOAD HISTORY**

By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	Estimated	
									2004	2005
<b>General Assistance <sup>(1)</sup></b>										
Avg Monthly Caseload	18,074	18,155	17,657	17,129	16,416	17,857	19,934	19,483	18,517	21,858
% Change from prior year		0.4%	-2.7%	-3.0%	-4.2%	8.8%	11.6%	-2.3%	-5.0%	18.0%
<b>TANF Cases <sup>(2)</sup></b>										
Avg Monthly Caseload	101,136	97,309	84,685	67,475	58,796	54,758	55,068	53,710	53,329	53,298
% Change from prior year		-3.8%	-13.0%	-20.3%	-12.9%	-6.9%	0.6%	-2.5%	-0.7%	-0.1%
<b>Child Care</b>										
Avg # Children Served/Month	30,636	33,309	41,707	51,187	58,786	67,454	71,893	71,017	71,917	73,252
% Change from prior year		8.7%	25.2%	22.7%	14.8%	14.7%	6.6%	-1.2%	1.3%	1.9%

(1) FY 1996 through FY 2000 includes General Assistance-Unemployable (GA-U), General Assistance-Unemployable with expedited medical (GA-X), and General Assistance for children living with legal guardians (GA-H). Starting in FY 2001 GA-H cases are covered by Temporary Assistance to Needy Families (TANF) funding and are moved out of the General Assistance estimate into the TANF Cases estimate. Data collection changed to the Caseload Analysis and Reporting Database (CARD) system in FY 1998. To provide comparable data, monthly caseload data from FY 1996 and FY 1997 have been adjusted to reflect the CARD system, which is 7.05 percent higher on average than the previous Average Grant method.

(2) Includes General Assistance-Pregnant Woman (GA-S) cases and GA-H cases starting in FY 2001 (see note above). To provide comparable data, monthly caseload data from FY 1996 and FY 1997 have been adjusted to reflect the CARD system, which is 7.05 percent higher on average than the previous Average Grant method.

Data Sources :

FY 1996 through FY 2002 General Assistance actuals provided by the Caseload Forecast Council.

FY 1996 through FY 2003 TANF Cases and Child Care actuals provided by the DSHS Budget Division and the Office of Financial Management.

FY 2004 through FY 2005 estimates represent legislative budget assumptions, based upon forecasts provided by the Caseload Forecast Council and the Office of Financial Management.

**Department of Social and Health Services  
 Alcohol & Substance Abuse**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>80,640</b>	<b>151,714</b>	<b>232,354</b>
<b>Total Maintenance Changes</b>	<b>-510</b>	<b>3,473</b>	<b>2,963</b>
<b>Policy Changes</b>			
1. Fund Shifts	300	-300	0
2. Treatment for Problem Gambling	0	500	500
3. Washington State Mentoring Partners	250	0	250
4. Adjust TASC Funding Level	500	0	500
5. Lapse	0	-500	-500
<b>Total Policy Changes</b>	<b>1,050</b>	<b>-300</b>	<b>750</b>
<b>2003-05 Revised Appropriations</b>	<b>81,180</b>	<b>154,887</b>	<b>236,067</b>
Fiscal Year 2004 Total	39,979	77,692	117,671
Fiscal Year 2005 Total	41,201	77,195	118,396

**Comments:**

- Fund Shifts** - Funds are shifted between accounts in order to balance the state Public Safety and Education Account. (General Fund-State, Public Safety and Education Account-State, Violence Reduction and Drug Enforcement Account-State) and the \$500,000 transfer from the Gambling Revolving Account to the Problem Gambling Treatment Account lapse.
- Treatment for Problem Gambling** - E2SHB 2776, which was not enacted, would have: (1) created the Problem Gambling Treatment Account; and (2) established a study group to develop recommendations for a permanent funding source for treatment of problem gambling. In anticipation of the bill's passage, the budget included: (1) a one-time transfer of \$500,000 from the state Gambling Revolving Account to the state Problem Gambling Treatment Account; and (2) a \$500,000 appropriation from the new account for treatment of problem gambling. However, because E2SHB 2776 was not enacted, this funding shall lapse (see Lapse item below).
- Washington State Mentoring Partners** - Funding is provided for the Washington State Mentoring Partnership, a program that provides mentoring relationships and support to youth. The partnership serves as a network to expand the field of mentoring throughout the state, to advocate prevention benefits, and to provide support services. This state investment is expected to leverage funds by encouraging private-sector participation.
- Adjust TASC Funding Level** - The Treatment Accountability for Safe Communities (TASC) program connects the criminal justice and chemical dependency treatment systems, providing assessment, case management, treatment referral, and urinalysis monitoring services. Funding is provided to ensure the program is ongoing.
- Lapse** - Because E2SHB 2776 failed to pass, the \$500,000 appropriation from the Problem Gambling Treatment Account

**Department of Social & Health Services**  
**Division of Alcohol and Substance Abuse**

**WORKLOAD HISTORY**  
 By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	<u>Estimated</u>	
									2004	2005
<b>ADATSA - Assessment</b>										
Avg Monthly Assessments	1,284	1,199	1,194	1,162	1,167	1,112	1,176	1,126	1,168	1,168
% Change from prior year		-6.6%	-0.4%	-2.7%	0.4%	-4.7%	5.8%	-4.3%	3.7%	0.0%
<b>ADATSA - Outpatient Treatment</b>										
Avg Monthly Admissions	325	308	322	340	351	357	386	381	389	389
% Change from prior year		-5.2%	4.5%	5.6%	3.2%	1.7%	8.1%	-1.3%	2.1%	0.0%
<b>ADATSA - Residential</b>										
Avg Monthly Admissions	610	631	673	633	574	596	575	569	559	559
% Change from prior year		3.4%	6.7%	-5.9%	-9.3%	3.8%	-3.5%	-1.0%	-1.8%	0.0%

*The Alcoholism and Drug Addiction Treatment and Support Act (ADATSA) was established in 1987.  
 Workloads in ADATSA services are limited to openings available.*

Data Sources:

*FY 1996 through FY 2003 actuals provided by the DSHS Budget Division.  
 FY 2004 through FY 2005 estimates are from legislative fiscal committees.*

**Department of Social and Health Services  
Medical Assistance Payments**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>2,450,197</b>	<b>4,806,706</b>	<b>7,256,903</b>
<b>Total Maintenance Changes</b>	<b>-78,894</b>	<b>-47,203</b>	<b>-126,097</b>
<b>Policy Changes</b>			
1. Premera Law Suit Settlement	1,187	1,188	2,375
2. Additional Federal DSH Funding	0	42,584	42,584
3. Medically Indigent Hospital Grants	0	10,000	10,000
4. Increased Hospital DSH Grants	0	6,607	6,607
5. Teaching Hospitals Federal Match	0	20,000	20,000
6. In-Home Care Legal Settlement	180	180	360
7. Home Care Referral Registry	0	155	155
8. MMIS Replacement	1,817	16,354	18,171
9. Children's Medical Premiums	0	43,621	43,621
10. State Drug Pricing Program	-3,910	-4,003	-7,913
11. Improve Drug Rebate Collections	-2,744	-2,867	-5,611
12. SCHIP Match	-130	130	0
13. Estate Adjudication Provisions	-50	-50	-100
<b>Total Policy Changes</b>	<b>-3,650</b>	<b>133,899</b>	<b>130,249</b>
<b>2003-05 Revised Appropriations</b>	<b>2,367,653</b>	<b>4,893,402</b>	<b>7,261,055</b>
Fiscal Year 2004 Total	1,119,073	2,431,108	3,550,181
Fiscal Year 2005 Total	1,248,580	2,462,294	3,710,874

**Comments:**

- 1. Premera Law Suit Settlement** - The Department of Social and Health Services (DSHS) agreed on December 18, 2003, to settle a lawsuit that Premera Blue Cross filed on May 22, 2000. Under the settlement, the Department will pay Premera \$2,375,000. This payment will cover all of Premera's claims related to clients enrolled in their managed care plan who were subsequently determined to have been eligible for Supplemental Security Income payments for the time period beginning October 1, 1996, and ending June 30, 2000. (General Fund-State, General Fund-Federal)
- 2. Additional Federal DSH Funding** - Congress has increased by approximately \$36.0 million the amount of federal Disproportionate Share Hospital (DSH) revenue that will be available to the state this biennium. The budget uses \$12.0 million of the new revenue to support operation of the state psychiatric hospitals. Of the remainder, \$6.6 million is provided in direct transfers to public hospital districts, and the balance will be used to support the Basic Health Plan, children's Medicaid coverage, hospital grants, and other programs funded through the Health Services Account. (Health Services Account-State, General Fund-Federal)
- 3. Medically Indigent Hospital Grants** - Funding is provided to increase grants to hospitals serving a large number of patients who are uninsured or underinsured. (Health Services Account-State)
- 4. Increased Hospital DSH Grants** - This represents the amount of increased federal DSH funding that will be directly retained by public hospital districts. (Health Services Account-State)
- 5. Teaching Hospitals Federal Match** - Additional federal Medicaid funding is available to offset the cost of uncompensated care at Harborview Medical Center and at the the University of Washington Hospital. The hospitals will use state appropriations and tuition revenue to provide the required non-federal match. (General Fund-Federal, General Fund-Local)
- 6. In-Home Care Legal Settlement** - The Ninth Circuit Court of Appeals has found that the state is legally obligated to participate in the cost of community-based long-term care for persons whose incomes are too high to qualify for such services under the regular Medicaid program, but who would receive Medicaid-funded assistance if they were to enter a nursing home. The decision was not appealed, and the Department instead entered a settlement under which up to 200 persons will receive Medicaid-funded in-home care and medical services. Continuing these services in the 2005-07 biennium will cost an estimated \$3.1 million in state funds. (General Fund-State, General Fund-Federal)
- 7. Home Care Referral Registry** - Increased state expenditures by the Home Care Quality Authority to develop a referral registry of individual providers of home care services will be matched with federal Medicaid funds. (General Fund-Federal)

## Department of Social and Health Services Medical Assistance Payments

8. **MMIS Replacement** - Funding is provided to complete requirements analysis, systems specifications, contractor selection, and initial design and development work on a replacement Medicaid Management Information System (MMIS). The MMIS is the automated, federally-required system that pays approximately 29 million medical billings, totaling about \$3.5 billion, per year. The current system is over 20 years old and is inefficient, subject to frequent break-downs, difficult to adapt to changes in policy, and does not provide timely and integrated data for budget and policy planning. Additionally, the federal government, which pays 90 percent of the cost of system development and 75 percent of the cost of ongoing operation, has notified the state that the contract for operation of the current MMIS cannot be extended beyond December 2006. (General Fund-State, General Fund-Federal)
9. **Children's Medical Premiums** - The federal government has approved the state's proposal to charge monthly premiums for medical, dental, and mental health coverage of children whose family incomes are above the poverty level. The budget provides additional state funds, so that families' monthly premium responsibilities will be lower for those families with incomes greater than 150 percent of the poverty level, and will be eliminated for those with incomes between 100 and 150 percent of the poverty level. The new premium levels are to be \$10 per child per month for families with incomes between 150 and 200 percent of poverty, rather than \$20 per month as originally budgeted; and \$15 per month, rather than \$25, for families with incomes between 200 and 250 percent of poverty. The maximum amount due from any family will remain capped at three children per household, and premium implementation is delayed until July 2004. (Health Services Account-State, General Fund-Federal)
10. **State Drug Pricing Program** - Additional staff are authorized in order to increase the number of multi-source drug classes that are researched and priced at lower levels through the state maximum allowable cost process. The net savings result from purchasing more classes of drugs at prices closer to their actual acquisition cost, rather than at prices based on national guidelines that are often outdated. (General Fund-State, General Fund-Federal)
11. **Improve Drug Rebate Collections** - Funding is provided to assign four additional staff to collection of rebates due to the state under the Medicaid prescription drug program. The staff will reduce a backlog of approximately \$7.0 million of claims currently under dispute with the manufacturers and initiate a number of process improvements that will result in faster recovery of rebates for a broader array of drugs in the future. (General Fund-State, General Fund-Federal)
12. **SCHIP Match** - A recent federal law allows states to use unspent State Children's Health Insurance Program (SCHIP) funds to match Medicaid expenditures for children with family incomes over 150 percent of the federal poverty level. Because the federal matching funds rate is higher for SCHIP expenditures than for the regular Medicaid program, this reduces required state funding. This is a one-time savings, as the federal statutory provision is due to expire in September 2005. (General Fund-State, General Fund-Federal, Health Services Account-State)
13. **Estate Adjudication Provisions** - In accordance with Chapter 193, Laws of 2004 (SHB 2904), savings are achieved by requiring that notices of estate adjudications for deceased clients who received publicly-funded long-term care and medical assistance services be sent to the Department of Social and Health Services (DSHS) and that heirs of such estates wait four months after providing notice of adjudication before being released from liability for assets transferred from the estate. These changes will allow DSHS to increase the number of claims (approximately 20 additional claims per year) against the estates of deceased elderly and disabled clients who received services from the Department, as required by federal and state statutes. The changes to the probate code close a loophole in the law that allows for the premature distribution of assets and provide the Department an opportunity to make claims for payments from the estates of former clients when no personal representative has been appointed to administer the estate. (General Fund-State, General Fund-Federal)

**Department of Social & Health Services**  
**Medical Assistance Payments**

**WORKLOAD HISTORY**  
By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	Estimated	
									2004	2005
<b>Categorically Needy</b>	<b>653,083</b>	<b>697,456</b>	<b>704,900</b>	<b>691,838</b>	<b>718,286</b>	<b>766,349</b>	<b>788,931</b>	<b>825,437</b>	<b>838,736</b>	<b>865,118</b>
AFDC/TANF	320,540	310,247	286,965	254,023	249,938	268,785	272,388	276,656	283,896	288,974
Elderly	38,716	42,050	45,047	47,336	50,408	51,757	53,091	54,096	55,126	56,111
Disabled	94,848	94,962	95,010	96,640	100,187	106,870	114,587	118,309	123,099	127,133
Non-AFDC Children	162,748	211,707	239,487	254,069	276,272	293,904	319,793	344,547	343,306	357,770
Non-AFDC Pregnant Women	19,043	20,853	21,430	21,851	21,702	22,353	23,937	25,832	26,283	27,628
Undocumented Children	13,000	13,468	13,050	13,297	15,328	18,100	0	0	0	0
Medicare Beneficiaries	4,188	4,169	3,911	4,622	4,451	4,580	5,036	5,734	6,601	6,953
Breast & Cervical Cancer							69	121	187	209
Medicaid Buy-In							30	142	238	340
<b>Medically Needy</b>	<b>11,395</b>	<b>10,245</b>	<b>11,059</b>	<b>11,596</b>	<b>12,566</b>	<b>13,465</b>	<b>14,528</b>	<b>16,061</b>	<b>17,195</b>	<b>19,146</b>
AFDC-Related	1,433	0	0	0	0	0	0	0	0	0
Elderly	4,295	4,341	4,625	4,822	5,158	5,642	6,005	6,437	6,772	7,493
Disabled	5,576	5,765	6,356	6,650	7,299	7,752	8,523	9,624	10,423	11,653
All Others	91	139	78	124	109	71	0	0	0	0
<b>Children's Health Insurance Program</b>				2	355	3,378	6,049	7,347	8,747	10,300
<b>General Assistance/ADATSA</b>										
# Persons/Month	11,786	12,997	13,179	12,911	11,716	11,987	11,671	10,429	10,997	11,333
<b>State Medically Indigent</b>										
# Persons/Month	2,060	2,003	2,284	2,271	2,457	2,690	3,331	3,997	0	0
<b>Refugees</b>										
# Persons/Month	1,411	1,064	1,353	1,319	1,004	1,135	933	677	743	725
<b>Total Eligibles per Month</b>	<b>679,735</b>	<b>723,765</b>	<b>732,775</b>	<b>719,935</b>	<b>746,384</b>	<b>799,004</b>	<b>825,443</b>	<b>863,948</b>	<b>876,418</b>	<b>906,622</b>
% Change from prior year		6.5%	1.2%	-1.8%	3.7%	7.0%	3.3%	4.7%	1.4%	3.4%

Data Sources:

Caseload Forecast Council and legislative fiscal committees.

**Department of Social and Health Services  
Vocational Rehabilitation**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>20,382</b>	<b>86,243</b>	<b>106,625</b>
<b>Total Maintenance Changes</b>	<b>-19</b>	<b>892</b>	<b>873</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>20,363</b>	<b>87,135</b>	<b>107,498</b>
Fiscal Year 2004 Total	10,172	42,550	52,722
Fiscal Year 2005 Total	10,191	44,585	54,776

**Comments:**

There were no policy level changes.

**Department of Social and Health Services  
Administration & Supporting Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>61,894</b>	<b>46,562</b>	<b>108,456</b>
<b>Total Maintenance Changes</b>	<b>2,698</b>	<b>1,210</b>	<b>3,908</b>
<b>Policy Changes</b>			
1. APS Fair Hearings	154	126	280
2. Family Policy Council Transfer	12	6,596	6,608
3. Transfer Office of Juvenile Justice	2,244	5,492	7,736
<b>Total Policy Changes</b>	<b>2,410</b>	<b>12,214</b>	<b>14,624</b>
<b>2003-05 Revised Appropriations</b>	<b>67,002</b>	<b>59,986</b>	<b>126,988</b>
Fiscal Year 2004 Total	37,620	29,473	67,093
Fiscal Year 2005 Total	29,382	30,513	59,895

**Comments:**

- 1. APS Fair Hearings** - In January 2003, the King County Superior Court ordered the Department of Social and Health Services (DSHS) to provide an administrative fair hearing to an individual home care worker terminated from employment as a result of a substantiated Adult Protective Services (APS) finding. As of October 1, 2003, DSHS began providing due process hearings for individuals with substantiated APS findings of abuse, abandonment, neglect, and/or financial exploitation of a vulnerable adult. It is estimated that 180 APS investigations per year will require such administrative fair hearings. (General Fund-State, General Fund-Federal)
- 2. Family Policy Council Transfer** - The Family Policy Council is transferred from DSHS' Children's Administration budget to the Administration and Supporting Services budget. (General Fund-State, Public Safety and Education Account-State, Violence Reduction and Drug Education Account-State)
- 3. Transfer Office of Juvenile Justice** - The Office of Juvenile Justice (OJJ) is transferred from DSHS' Juvenile Rehabilitation Administration to the Administration and Supporting Services program. The OJJ provides staff support to the Governor's Juvenile Justice Advisory Committee and administers a variety of state and federal juvenile justice and violence prevention grant programs. (General Fund-State, General Fund-Federal)

**Department of Social and Health Services  
 Payments to Other Agencies**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>84,022</b>	<b>41,994</b>	<b>126,016</b>
<b>Total Maintenance Changes</b>	<b>2,552</b>	<b>1,023</b>	<b>3,575</b>
<b>Policy Changes</b>			
1. APS Fair Hearings	373	304	677
<b>Total Policy Changes</b>	<b>373</b>	<b>304</b>	<b>677</b>
<b>2003-05 Revised Appropriations</b>	<b>86,947</b>	<b>43,321</b>	<b>130,268</b>
Fiscal Year 2004 Total	43,454	21,636	65,090
Fiscal Year 2005 Total	43,493	21,685	65,178

**Comments:**

- 1. APS Fair Hearings** - In January 2003, the King County Superior Court ordered the Department of Social and Health Services (DSHS) to provide an administrative fair hearing to an individual home care worker terminated from employment as a result of a substantiated Adult Protective Services (APS) finding. As of October 1, 2003, DSHS began providing due process hearings for individuals with substantiated APS findings of abuse, abandonment, neglect, and/or financial exploitation of a vulnerable adult. It is estimated that 180 APS investigations per year will require such administrative fair hearings. Funding is provided to reimburse the Office of the Attorney General for costs associated with these hearings. (General Fund-State, General Fund-Federal)

## Other Human Services

### **Department of Labor and Industries**

Based on recommendations in a finding from the State Auditor's Office, state general and other funds are provided for the Department of Labor and Industries to revise the manner in which it charges certain funding sources for the costs of indirect or administrative services. This revised cost allocation methodology will reduce expenditures from the Medical Aid and Accident Accounts.

The budget appropriates an additional \$653,000 in state Accident Account funds for cholinesterase medical monitoring of certain farm workers. Of that amount, \$453,000 is provided to reimburse agricultural employers for the costs of training, recordkeeping, and travel related to testing. The remaining funding is provided to pay providers for the cost of medical testing.

Funding is provided to conduct a feasibility study on using an electronic data interchange to collect and report on claims data for self-insured employers in Washington. The \$214,000 will be funded through a self-insured employer assessment.

The supplemental operating budget provides an additional \$498,000 of state Medical Aid and Accident Account funding for fraud investigators and auditors. These staff will pursue cases of worker and employer fraud to identify and collect unpaid premiums.

### **Home Care Quality Authority**

The supplemental budget provides \$160,000 to complete the development of a computerized referral registry of individual home care providers, as required by Initiative 775. The Home Care Quality Authority (HCQA) and the Department of Social and Health Services (DSHS) will submit to the Legislature options for operating the regional and local components of the registry through cooperative agreements with Area Agencies on Aging and/or the DSHS Home and Community Services offices.

Chapter 278, Laws of 2004 (EHB 1777), provides a total of \$1.4 million for administrative and employer relations costs associated with implementing the terms of the collective bargaining agreement between HCQA and the exclusive bargaining representative of individual home care providers.

### **Department of Health**

An additional \$2.7 million of state funding is provided to purchase federally-recommended vaccines for all the state's children, at no cost to their families. The state funding increase is needed to offset a reduction in direct federal assistance for the program.

The budget provides \$2.1 million from a variety of sources to increase efforts to assure the safety of the state's drinking water. The funding will support a 50 percent increase in technical assistance and training for operators of small water systems and approximately 20 percent increases in quality assurance activities with larger systems, while reducing some of the amount by which state general fund support exceeds federal matching requirements.

A total of \$424,000 in state funds are provided to ensure rapid identification, response, and prevention of emerging diseases transmitted from insects and animals to humans such as West Nile virus, St. Louis encephalitis, and Monkeypox.

The budget includes \$300,000 in state funds to increase the number of retired providers served through the Volunteer Retired Provider program. The program pays some or all of professional licensing and malpractice insurance costs for retired providers who volunteer their services in nonprofit clinics.

A total of \$250,000 is provided for a family outreach pilot program in eastern Washington. The project will target family planning services to low-income women and men who are not likely to qualify for Medicaid services through DSHS.

### **Department of Corrections**

The supplemental budget appropriates a total of \$1.3 billion to the Department of Corrections (DOC). This is \$123 million (11 percent) more than expended on corrections last biennium and \$72 million (6 percent) more than was originally budgeted for the 2003-05 biennium. The primary causes of this growth include an increase in the projected inmate population of 741 offenders and an increase of 5,677 offenders on community supervision.

The DOC budget includes \$3.1 million to continue to supervise about 1,400 offenders sentenced under the special Drug Offender Sentencing Alternative (DOSA) at fiscal year 2003 levels. The Department initiated a number of changes to its supervision policies that would have reduced the level of supervision provided to these offenders. These changes could have reduced DOSA utilization by the courts, resulting in longer prison sentences and increased incarceration costs.

Growth in corrections spending is mitigated through the implementation of two savings strategies:

- First, savings in the amount of \$2.6 million are achieved by transferring offenders under the age of 18 to DSHS Juvenile Rehabilitation Administration (JRA) facilities. The net savings to the state, when combined with costs to JRA, are \$2.3 million. The transfer will allow DOC to utilize a 99-bed unit for adult offenders, reducing the need to rent such beds from out of state. Offenders transferred to JRA are to be returned to DOC after their eighteenth birthday.
- Second, the budget assumed savings of \$1.5 million by applying the same supervision criteria to offenders convicted of misdemeanors as are applied to offenders convicted of felonies. However, the legislation necessary to accomplish this change was not enacted. Therefore, DOC will continue to supervise low- to moderate-risk misdemeanants sentenced in Superior Court.

## Washington State Health Care Authority

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>538,159</b>	<b>538,159</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>1,561</b>	<b>1,561</b>
<b>Policy Changes</b>			
1. Community Clinic Grants	0	2,500	2,500
2. Innovative Clinic Model	0	50	50
3. Pharmacy Connections Adjustment	0	250	250
<b>Total Policy Changes</b>	<b>0</b>	<b>2,800</b>	<b>2,800</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>542,520</b>	<b>542,520</b>
Fiscal Year 2004 Total	0	276,971	276,971
Fiscal Year 2005 Total	0	265,549	265,549

**Comments:**

1. **Community Clinic Grants** - Funding is provided for an approximately 25 percent increase in direct state grant support to low-income community clinics. (Health Services Account-State)
  
2. **Innovative Clinic Model** - Funding is provided to support the operation of an innovative clinic model in an urban underserved area. The model is to operate as a department or subsidiary of a hospital and to rely upon mid-level practitioners, volunteers, and students to offer services, including group visits for common conditions. (Health Services Account-State)
  
3. **Pharmacy Connections Adjustment** - Funding is provided to enhance the capacity of the Pharmacy Connections program to respond to the many questions seniors are expected to have as they review their prescription drug coverage options in light of the federal Medicare Prescription Drug Act of 2003. (Health Services Account-State)

# Washington State Health Care Authority

## WORKLOAD HISTORY

By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	Estimated	
									2004	2005
<b>Basic Health Plan</b>										
Subsidized & HCW *	61,773	124,348	127,582	129,873	130,995	132,667	123,730	128,937	104,918	101,335
% Change from prior year		101.3%	2.6%	1.8%	0.9%	1.3%	-6.7%	4.2%	-18.6%	-3.4%
Regular Enrollees	61,590	123,555	126,472	128,610	129,530	131,111	122,250	127,603	103,583	100,000
% Change from prior year		100.6%	2.4%	1.7%	0.7%	1.2%	-6.8%	4.4%	-18.8%	-3.5%
Subsidized Homecare Workers	184	792	1,110	1,263	1,464	1,556	1,481	1,335	1,335	1,335
% Change from prior year		331.2%	40.1%	13.8%	15.9%	6.3%	-4.8%	-9.9%	0.0%	0.0%

\* State subsidy for "regular" enrollees is provided through the Health Care Authority budget. State and federal subsidy for homecare worker (HCW) enrollees is provided in the DSHS Long-Term Care and Developmental Disabilities budgets.

Data Source :

FY 1994 through FY 2003 from the Health Care Authority.

FY 2004 and FY 2005 estimates from the legislative fiscal staff.

## Department of Labor and Industries

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>11,723</b>	<b>460,776</b>	<b>472,499</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>-222</b>	<b>-222</b>
<b>Policy Changes</b>			
1. Other Fund Adjustments	285	-285	0
2. Cholinesterase	0	653	653
3. Self-Insurance Elec Data Intrchnge	0	214	214
4. Preventing Workers Comp Fraud	0	498	498
<b>Total Policy Changes</b>	<b>285</b>	<b>1,080</b>	<b>1,365</b>
<b>2003-05 Revised Appropriations</b>	<b>12,008</b>	<b>461,634</b>	<b>473,642</b>
Fiscal Year 2004 Total	5,863	235,387	241,250
Fiscal Year 2005 Total	6,145	226,247	232,392

**Comments:**

1. **Other Fund Adjustments** - Based on recommendations in a finding from the State Auditor's Office, the Department of Labor and Industries (L&I) is revising the manner in which it charges certain funding sources for the costs of providing indirect or administrative services. L&I has developed a two-phase methodology to reallocate the indirect costs of support to L&I direct service programs. Funding and expenditure authority are provided for the first phase of this reallocation. (General Fund-State, various other funds)
  
2. **Cholinesterase** - Funding is increased to contract with providers for cholinesterase medical monitoring of certain farm workers. Funding is provided to reimburse agricultural employers for training, recordkeeping, and travel related to cholinesterase medical monitoring of certain farm workers. (Accident Account-State)
  
3. **Self-Insurance Elec Data Intrchnge** - Spending authority is provided to conduct a feasibility study on using an electronic data interchange to collect and report on claims data for self-insured employers in Washington. Currently there is no mechanism for self-insured employers to receive data on their performance and outcomes. It is assumed that L&I will fund this item with the self-insured employer administrative assessment. (Accident Account-State, Medical Aid Account-State)
  
4. **Preventing Workers Comp Fraud** - Spending authority is provided to hire additional auditors and investigators to combat fraud in the industrial insurance or workers' compensation system. The auditors will pursue cases of worker and employer fraud and the investigators will identify additional unpaid premiums. The Department is expected to use funding from the ergonomics rule implementation to supplement the costs of the fraud investigators. (Accident Account-State, Medical Aid Account-State)

**Department of Veterans' Affairs**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>21,576</b>	<b>57,017</b>	<b>78,593</b>
<b>Total Maintenance Changes</b>	<b>75</b>	<b>158</b>	<b>233</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>21,651</b>	<b>57,175</b>	<b>78,826</b>
Fiscal Year 2004 Total	11,499	28,043	39,542
Fiscal Year 2005 Total	10,152	29,132	39,284

**Comments:**

There were no policy level changes.

## Home Care Quality Authority

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>671</b>	<b>0</b>	<b>671</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Policy Changes</b>			
1. Home Care Referral Registry	160	0	160
2. Collective Bargaining Transfer	-65	0	-65
3. Payment System Operations	590	0	590
4. Workers Compensation Administrator	571	0	571
5. Additional Home Care Worker Trng	252	0	252
6. Dispute Resolution & Legal Costs	22	0	22
<b>Total Policy Changes</b>	<b>1,530</b>	<b>0</b>	<b>1,530</b>
<b>2003-05 Revised Appropriations</b>	<b>2,201</b>	<b>0</b>	<b>2,201</b>
Fiscal Year 2004 Total	454	0	454
Fiscal Year 2005 Total	1,747	0	1,747

**Comments:**

1. **Home Care Referral Registry** - One-time funding is provided to complete the design and development of a computerized system through which persons in need of in-home care will be able to locate individual providers of that service in their area. The referral registry is required by Initiative 775 and is expected to be completed by the end of the current biennium.
2. **Collective Bargaining Transfer** - In accordance with Chapter 3, Laws of 2004 (ESHB 2933), responsibility for collective bargaining with individual providers of home care services is transferred to the Governor's Office on Labor Relations. In addition to the funding provided in Chapter 278, Laws of 2004 (EHB 1777), a corresponding amount of federal Medicaid funds will be expended by the Department of Social and Health Services (DSHS).
3. **Payment System Operations** - The collective bargaining agreement between the Home Care Quality Authority (HCQA) and the union representing individuals who contract with the state to provide home care services requires DSHS to pay and to make withholding deductions for workers' compensation, medical benefits, and union dues. Funding is provided in Chapter 278, Laws of 2004 (EHB 1777), for the Authority to reimburse DSHS for the cost of developing, operating, and maintaining the necessary revisions to its electronic payment systems. In addition to the funding provided here, an approximately equal amount of federal Medicaid funds will be expended by DSHS.
4. **Workers Compensation Administrator** - In accordance with Chapter 278, Laws of 2004 (EHB 1777), and the collective bargaining agreement between HCQA and the exclusive representative of individual providers, funding is provided for the Authority to contract with a third party administrator to perform workers' compensation claims reporting, workplace safety promotion, and return-to-work efforts on behalf of the 24,000 individuals who contract with the state to perform home care services. In addition to the funding provided here, an approximately equal amount of federal Medicaid funds will be expended by DSHS.
5. **Additional Home Care Worker Trng** - Funding is provided in Chapter 278, Laws of 2004 (EHB 1777), to pay an estimated one-half of the individuals who contract with the state to provide home care services to participate in four hours of workplace safety training. The training is expected to reduce avoidable injuries and associated workers' compensation costs. These training sessions will also provide the 30 minutes of paid attendance at a union organized event required by the collective bargaining agreement. In addition to the funding provided here, an approximately equal amount of federal Medicaid funds will be provided by DSHS.
6. **Dispute Resolution & Legal Costs** - Funding is provided in Chapter 278, Laws of 2004 (EHB 1777), for various new administrative costs required for implementation of the collective bargaining agreement. Such costs include legal consultation on the state's roles and responsibilities with regard to the medical benefits trust; the employers' share of anticipated grievance and interest arbitration; and payment for union members to attend discussions and meetings with the Authority. In addition to the funding provided here, an approximately equal amount of federal Medicaid funds will be expended by DSHS.

## Department of Health

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>118,367</b>	<b>611,249</b>	<b>729,616</b>
<b>Total Maintenance Changes</b>	<b>-337</b>	<b>7,684</b>	<b>7,347</b>
<b>Policy Changes</b>			
1. Children's Health Collaborative	25	0	25
2. Drinking Water Protection	-830	2,902	2,072
3. Federal Grants Spending Authority	0	36,181	36,181
4. Eastern WA Family Outreach Pilot	250	0	250
5. Methamphetamine Control	0	188	188
6. Volunteer Retired Providers	300	0	300
7. Federal Vaccine Funding Shortfall	0	2,700	2,700
8. Zoonotic Disease Program	424	0	424
<b>Total Policy Changes</b>	<b>169</b>	<b>41,971</b>	<b>42,140</b>
<b>2003-05 Revised Appropriations</b>	<b>118,199</b>	<b>660,904</b>	<b>779,103</b>
Fiscal Year 2004 Total	57,853	315,287	373,140
Fiscal Year 2005 Total	60,346	345,617	405,963

**Comments:**

1. **Children's Health Collaborative** - Funding is provided to develop and implement best practices in preventative health care for children. The Department of Health (DOH) and the Kids Get Care program of Public Health - Seattle and King County will work in collaboration with local health care agencies to disseminate strategic interventions that are focused on evidence-based best practices for improving health outcomes in children and saving health care expenditures. DOH will provide a report by June 30, 2005, on the program's effectiveness and cost savings. This funding will be matched by an equal amount of local funding.
2. **Drinking Water Protection** - Additional funding is available from a variety of sources to increase efforts to assure the safety of the state's drinking water. As approved by the Public Works Board, \$325,000 is appropriated from the Drinking Water State Revolving Fund Loan Fee Account to administer the growing number of open capital loans funded through the account. An additional \$420,000 is appropriated from the Waterworks Operator Certification Account to test and certify the operators of very small water systems, as required by a recent change in federal law. Finally, the availability of a new federal grant, together with unspent federal funds from prior years, will support a 50 percent increase in technical assistance and training for the operators of very small water systems and approximately 20 percent increases in quality assurance activities with larger systems while reducing some of the amount by which state general fund support exceeds federal matching requirements. (General Fund-State, Waterworks Operator Certification Account-State, Drinking Water Assistance Administrative Account-State, Drinking Water Assistance Account-Federal)
3. **Federal Grants Spending Authority** - Additional federal appropriation authority is provided due to the receipt of federal funds greater than anticipated in the base level budget, including: \$27.0 million for the Women, Infants, and Children Nutrition program; \$2.6 million for childhood immunization operations; \$1.9 million for maternal and child health programs; \$1.7 million for sexually-transmitted disease projects; \$1.5 million for chronic disease prevention, \$569,000 for HIV prevention and education; and \$814,000 for other public health efforts. (General Fund-Federal)
4. **Eastern WA Family Outreach Pilot** - Funding is provided for a family planning pilot project in Yakima County. The project will target services to low-income women and men who are not likely to qualify for Medicaid services through the Department of Social and Health Services. The pilot project shall be designed to improve family planning services for an additional 1,000 people in an area of the state with a large underserved population.
5. **Methamphetamine Control** - Funding is provided to implement the provisions of Chapter 52, Laws of 2004 (ESSB 6478), which gives DOH and the Board of Pharmacy additional authority to prevent wholesale and retail transactions of excessive quantities of ephedrine products, for potential use in the illegal production of methamphetamine. Data suggests that some convenience stores are acquiring massive quantities of these products, far exceeding any plausible demand for legitimate consumption. The funds will be used for periodic on-site inspections and for tracking of data on unusual sales patterns. (Health Professions Account-State)
6. **Volunteer Retired Providers** - The Volunteer Retired Provider program pays some or all of their professional licensing and malpractice insurance costs for retired health care professionals who volunteer their services in nonprofit clinics serving low-income and other underserved populations. Funding is provided

## Department of Health

to more than triple the number of retired providers assisted through the program, to approximately 300 per year.

7. **Federal Vaccine Funding Shortfall** - Funds are provided to offset a reduction of federal funds budgeted for the immunization program. Under the Title 317 Program, the Centers for Disease Control and Prevention provides both financial and direct assistance discretionary grants to support state immunization services including the purchase of vaccines. It is projected that funding received through the Title 317 Direct Assistance program will be lower by \$2.7 million than originally assumed in the 2003-05 operating budget. (Health Services Account-State)
8. **Zoonotic Disease Program** - The recent emergence of zoonotic diseases (diseases transmitted from insects and animals to humans), such as West Nile virus, St. Louis encephalitis, and Monkeypox, has greatly increased the demands on DOH. Additional funding will help ensure rapid identification, response, and prevention of these diseases in Washington.

## Department of Corrections

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>1,164,069</b>	<b>35,295</b>	<b>1,199,364</b>
<b>Total Maintenance Changes</b>	<b>77,716</b>	<b>-4,656</b>	<b>73,060</b>
<b>Policy Changes</b>			
1. Transfer Youthful Offender Program	-2,633	0	-2,633
2. Drug Offender Sentencing Altern	3,077	0	3,077
3. Apply New Criteria to Misdemeanors	-1,478	0	-1,478
4. Correctional Industries	70	0	70
<b>Total Policy Changes</b>	<b>-964</b>	<b>0</b>	<b>-964</b>
<b>2003-05 Revised Appropriations</b>	<b>1,240,821</b>	<b>30,639</b>	<b>1,271,460</b>
Fiscal Year 2004 Total	609,447	15,353	624,800
Fiscal Year 2005 Total	631,374	15,286	646,660

**Comments:**

- 1. Transfer Youthful Offender Program** - The Juvenile Justice Act allows for the prosecution and sentencing of certain violent juvenile offenders as adults. The Department of Corrections (DOC) has transferred some of these youthful offenders to facilities managed by the Department of Social and Health Services Juvenile Rehabilitation Administration (JRA) under Chapter 72.01 RCW. Funding is reduced to reflect the transfer of the remaining youthful offenders from the Clallam Bay Corrections Center (CBCC) to JRA. As of February 2004, an average of 13 youthful offenders were still being housed in a close-custody unit at CBCC. The transfer will allow DOC to utilize a 99-bed unit for adult offenders, reducing the need to rent such beds from out of state. Offenders transferred to JRA will remain under the jurisdiction of DOC. The transfer will not change their sentences or time spent in total confinement, and the inmates will return to DOC facilities after their eighteenth birthday. If the total number of offenders at CBCC would lead to exceeding available water capacity, DOC may utilize water saving strategies to mitigate total water usage. Net state general fund savings when combined with the costs to JRA are \$2.3 million.
- 2. Drug Offender Sentencing Altern** - Funding is provided to maintain community supervision for about 1,400 offenders convicted under the special Drug Offender Sentencing Alternative (DOSA) at FY 2003 levels. DOC implemented changes to align agency policy with 2003-05 budgeted resources. These policy changes included proposed lower levels of supervision for offenders sentenced under the DOSA program. Courts may reduce the use of DOSA sentencing if supervision is inadequate, which would result in longer sentences and increased prison costs.
- 3. Apply New Criteria to Misdemeanors** - Chapter 379, Laws of 2003 (ESSB 5990), relieved DOC of supervision responsibilities for certain low- to moderate-risk felons but did not change statutory requirements to supervise misdemeanants sentenced in Superior Court. Savings were assumed in accordance with ESB 6290, which would have applied the same supervision criteria to offenders convicted of misdemeanors and gross misdemeanors as are currently applied to persons convicted of felonies. These changes were expected to result in the elimination of community supervision for roughly 2,358 low- to moderate-risk misdemeanants. However, the legislation necessary to accomplish these savings was not enacted by the Legislature. Therefore, the Department will continue to supervise these misdemeanants as required by law.
- 4. Correctional Industries** - Funding is provided to implement Chapter 167, Laws of 2004 (E2SSB 6489), which revises requirements pertaining to the operation of Correctional Industries inmate work programs.

# Department of Corrections

## WORKLOAD HISTORY

By Fiscal Year

	1996	1997	1998	1999	2000	2001	2002	2003	<u>Estimated</u>	
									2004	2005
<b>Community Supervision</b> <sup>(1) (2)</sup>										
# Active (Non-Monetary) Offenders	28,700	28,961	31,173	30,973	30,278	31,323	35,719	37,757	31,945	33,681
% Change from prior year		0.9%	7.6%	-0.6%	-2.2%	3.5%	14.0%	5.7%	-15.4%	5.4%
# of Monetary-Only Offenders	22,284	22,997	23,115	22,979	26,458	27,364	27,145	27,906	0	0
% Change from prior year		3.2%	0.5%	-0.6%	15.1%	3.4%	-0.8%	2.8%		
<b>Work Release</b>										
Avg Daily Pop/Month	604	622	612	636	642	656	654	642	699	699
% Change from prior year		3.0%	-1.6%	3.9%	0.9%	2.2%	-0.4%	-1.8%	8.9%	0.0%
<b>Institutions</b>										
Avg Daily Pop/Month	11,177	11,968	12,694	13,629	13,910	14,386	14,808	15,702	15,995	16,783
% Change from prior year		7.1%	6.1%	7.4%	2.1%	3.4%	2.9%	6.0%	1.9%	4.9%
<b>Average Cost Per Inmate</b> <sup>(3)</sup>										
Annual	23,394	22,906	22,986	22,849	23,775	24,685	25,447	25,924	26,224	26,115
% Change from prior year		-2.1%	0.3%	-0.6%	4.1%	3.8%	3.1%	1.9%	1.2%	-0.4%

(1) Data reflect end-of-year caseloads. Comprehensive sentencing reforms (Chapter 379, Laws of 2003 [ESSB 5990]) enacted during the 2003 legislative session changed the manner in which offenders are supervised in the community. Effective October 1, 2003, the monitoring of offenders whose only supervision requirement is the payment of monetary obligations (i.e., monetary only) is shifted from the Department of Corrections to county clerks through the Office of the Administrator for the Courts.

(2) The estimates assumed the enactment of ESB 6290, which would have reduced caseloads by approximately 2,400 offenders by applying the same supervision criteria to offenders convicted of misdemeanors as are applied to offenders convicted of felonies. This legislation was not enacted. Therefore, the Department will continue to supervise these offenders.

(3) Cost per offender includes institutions, pre-releases, and work-releases.

Data Source :

Caseload Forecast Council, Department of Corrections, and legislative fiscal staff.

## Department of Employment Security

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>531,972</b>	<b>531,972</b>
<b>Policy Changes</b>			
1. Employer Outreach Activities	0	0	0
2. UI Technology Infrastructure	0	3,988	3,988
<b>Total Policy Changes</b>	<b>0</b>	<b>3,988</b>	<b>3,988</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>535,960</b>	<b>535,960</b>
Fiscal Year 2004 Total	0	272,370	272,370
Fiscal Year 2005 Total	0	263,590	263,590

**Comments:**

1. **Employer Outreach Activities** - The amount of \$3.5 million of federal Reed Act funds is appropriated for employer outreach activities, employment service activities, and to prevent, detect, and collect unemployment insurance (UI) benefit overpayments that are currently funded with penalty and interest account funds through the Administrative Contingency Account-State. (Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State)
  
2. **UI Technology Infrastructure** - One-time funding is provided using recent distribution of federal Reed Act funds to replace obsolete unemployment information technology infrastructure, thereby improving customer service capabilities and mitigating the risk of critical system failures. (Unemployment Compensation Administration Account-Federal)

## Washington State Criminal Justice Training Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>18,686</b>	<b>18,686</b>
<b>Policy Changes</b>			
1. Criminal Background Checks	0	50	50
2. Corrections Capacity Support	0	25	25
<b>Total Policy Changes</b>	<b>0</b>	<b>75</b>	<b>75</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>18,761</b>	<b>18,761</b>
Fiscal Year 2004 Total	0	9,436	9,436
Fiscal Year 2005 Total	0	9,325	9,325

**Comments:**

1. **Criminal Background Checks** - Funding is provided to implement Chapter 41, Laws of 2004, Partial Veto (ESHB 2556), which directs the Washington Association of Sheriffs and Police Chiefs (WASPC) to conduct a study on how to improve the criminal background check process and to report its findings and recommendations by December 31, 2004, to a newly-created Joint Task Force on Criminal Background Checks. (Public Safety and Education Account-State)
  
2. **Corrections Capacity Support** - One-time funding is provided for WASPC to coordinate jail and prison capacity and population projects with local governments, the Sentencing Guidelines Commission, and the Department of Corrections. Additionally, WASPC will provide a progress report on options for managing state and local correctional capacity issues to the Legislature by December 1, 2004. (Public Safety and Education Account-State)



# Natural Resources

## **Department of Ecology**

Funding of \$2.5 million from the state general fund is provided for the mediated settlement with Envirotest, the former contractor of the state's vehicle emission testing program. Envirotest filed suit against the state, alleging lost profits due to changes in the vehicle emission testing program that resulted in fewer vehicles being tested.

The operating budget provides \$1.0 million from the state general fund to establish instream flows by rule for main stem rivers and their key tributaries, to work with counties that have existing geographic information systems to map existing water rights and document current ownership, and to assign one water master to a basin that has been adjudicated.

A total of \$325,000 is provided to reduce two persistent bioaccumulative toxins in the environment. Funding of \$166,000 from the state general fund is provided for rulemaking and the development of a chemical action plan for the chemical compound known as polybrominated diphenyl ethers; this compound is commonly used as a fire retardant. Efforts to reduce mercury are enhanced with an increase of \$159,000 from the State Toxics Control Account.

## **Department of Fish and Wildlife**

The operating budget provides \$150,000 from the state general fund to conduct supplemental monitoring and sampling to open the Lake Washington sockeye fishery and one additional eastern Washington recreational fishery during the 2004 season.

## **Department of Natural Resources**

Funding of \$23.5 million from the state general fund is provided for fire suppression costs that were incurred during the 2003 fire season. The Department responded to approximately 920 fires with 12,186 acres burned during the 2003 fire season.

The operating budget provides \$2.0 million from the state general fund, \$2.0 million from the Aquatic Lands Enhancement Account, and \$750,000 from the State Toxics Control Account to settle a toxic cleanup lawsuit filed in King County Superior Court by Pacific Sound Resources and the Port of Seattle against the state of Washington and other defendants.

The operating budget provides an additional \$200,000 from the state general fund to ensure that campsites and trails that are managed by the Department will remain open for public use.

## **Department of Agriculture**

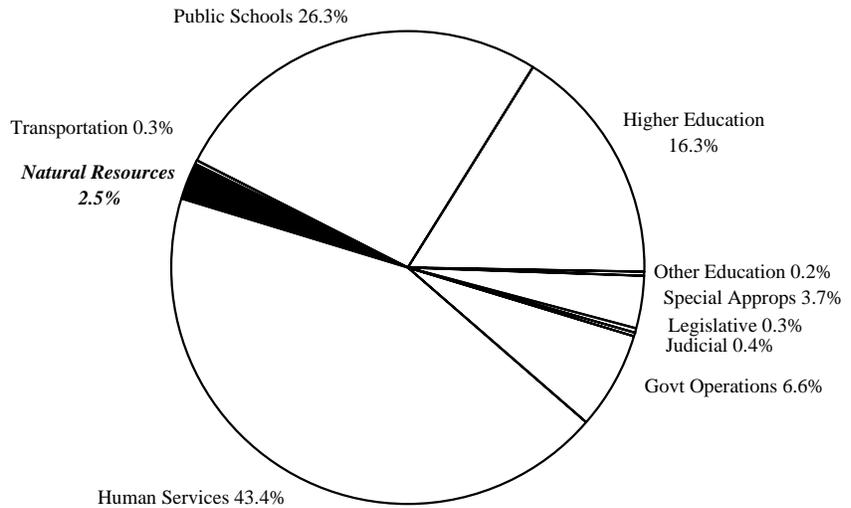
Funding of \$1.8 million from the state general fund is provided to purchase agricultural products packing equipment and to contract with Washington State University for research and development activities related to asparagus harvesting and automation technology.

Funding of \$479,000 from the state general fund is provided to the Department's animal identification, food safety, and commercial feed inspection programs in response to the discovery of a Washington dairy cow infected with Bovine Spongiform Encephalopathy, also known as "mad cow" disease.

## 2003-05 Washington State Operating Budget Total Budgeted Funds

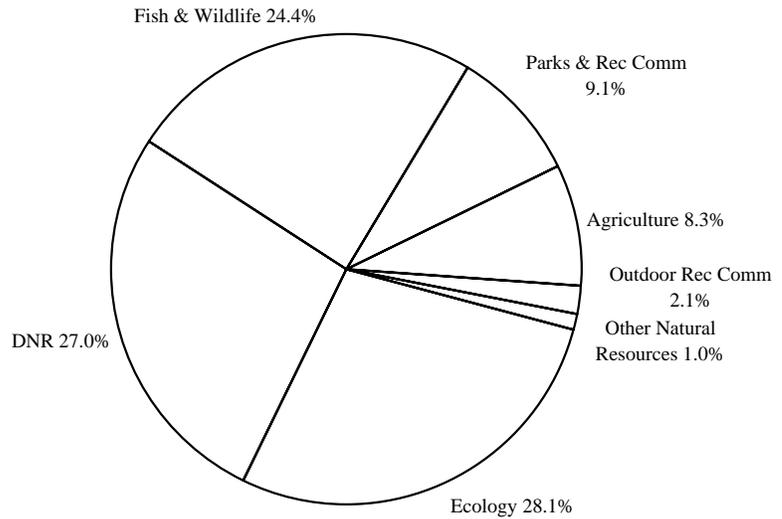
(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
Human Services	19,753,001
<b>Natural Resources</b>	<b>1,149,662</b>
Transportation	125,500
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



### Washington State

Ecology	323,316
Dept of Natural Resources	310,503
Dept of Fish & Wildlife	279,997
Parks & Recreation Comm	104,195
Dept of Agriculture	95,077
Outdoor Recreation	24,510
Other Natural Resources	12,064
<b>Natural Resources</b>	<b>1,149,662</b>

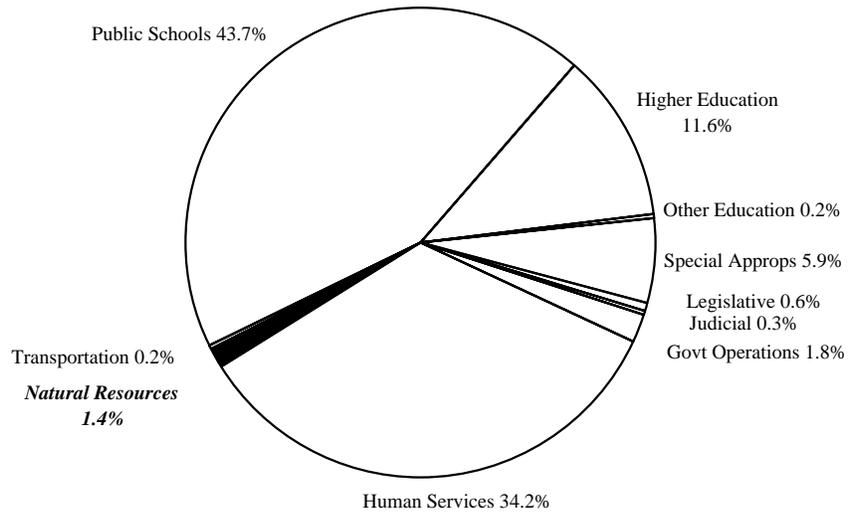


### Natural Resources

## 2003-05 Washington State Operating Budget General Fund-State

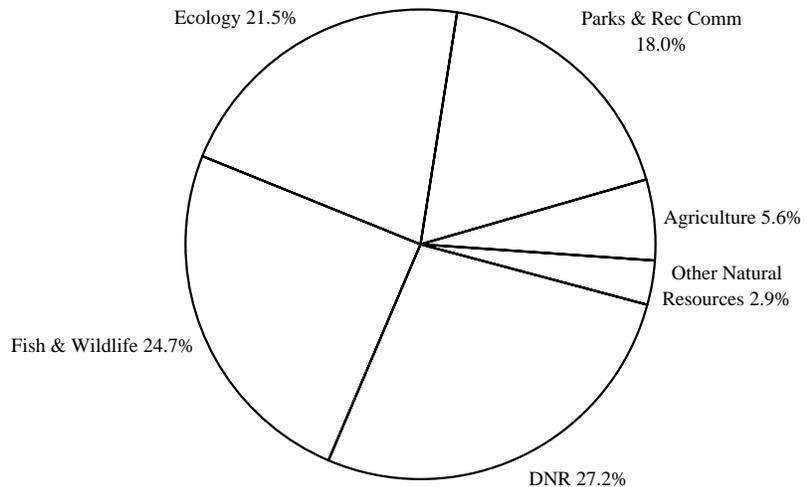
(Dollars in Thousands)

Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
Human Services	7,960,037
<b>Natural Resources</b>	<b>333,014</b>
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



### Washington State

Dept of Natural Resources	90,743
Dept of Fish & Wildlife	82,184
Ecology	71,739
Parks & Recreation Comm	60,049
Dept of Agriculture	18,577
Other Natural Resources	9,722
<b>Natural Resources</b>	<b>333,014</b>



### Natural Resources

## Department of Ecology

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>66,727</b>	<b>249,884</b>	<b>316,611</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Policy Changes</b>			
1. Electronic Products (ESHB 2488)	65	0	65
2. Instream Flow	1,043	0	1,043
3. Loan Tracking System Enhancements	0	41	41
4. Flood Control Emergency Grant Funds	0	140	140
5. Envirotest Settlement	2,500	0	2,500
6. Mercury/Rule/Chemical Action Plans	166	159	325
7. Hazardous Waste Mgmt Liability	0	350	350
8. Drought Response	0	323	323
9. Tribal Water Rights Mediation	300	0	300
10. Mitigation Bank	120	0	120
11. Rathdrum Prairie Aquifer Study	100	0	100
12. Oil Spill Prevention (SSB 6641)	0	144	144
13. Stormwater Permits (ESSB 6415)	0	536	536
14. Water Data Quality (E2SSB 5957)	218	0	218
15. Restore Water Rights Processing	500	0	500
<b>Total Policy Changes</b>	<b>5,012</b>	<b>1,693</b>	<b>6,705</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>71,739</b>	<b>251,577</b>	<b>323,316</b>
Fiscal Year 2004 Total	35,828	127,286	163,114
Fiscal Year 2005 Total	35,911	124,291	160,202

**Comments:**

1. **Electronic Products (ESHB 2488)** - Funding is provided for the Department to establish a subcommittee under the Solid Waste Advisory Committee to evaluate pilot projects and to develop recommendations for a statewide system for collecting, recycling, and reusing electronic products, pursuant to Chapter 194, Laws of 2004 (ESHB 2488).
2. **Instream Flow** - The Department of Ecology (DOE) may establish instream flow requirements by rule. Once established, such a flow is a water right with a date of priority that is the date the rule establishing it becomes effective. Funding is provided to DOE for: (1) establishing instream flows by rule for main stem rivers and their key tributaries; (2) working with counties that have existing geographic information systems to map existing water rights and document current ownership and evaluating alternative administrative systems for determining existing water rights; and (3) assigning one water master to a basin that has been adjudicated.
3. **Loan Tracking System Enhancements** - Beginning in the 1999-01 biennium, the Department received funding to develop and implement a water quality loan tracking system to better manage approximately \$400.0 million in water quality loans. Funding is provided for system compatibility with Windows XP and the Office of Financial Management's Accounting and Fiscal Report System (AFRS) changes and to address data transfer issues from Crystal Reports to Excel. (Water Pollution Control Revolving Account-State, Water Pollution Control Revolving Account-Federal)
4. **Flood Control Emergency Grant Funds** - The Department provides grants and technical assistance to local governments for flood damage reduction projects and comprehensive flood hazard management plans. For the current biennium, grant funding was reduced from approximately \$4.0 million to \$2.0 million. To address local emergency flood control projects, the remaining \$140,000 of the one-time fund balance is provided for grants to local governments. (Flood Control Assistance Account-State)
5. **Envirotest Settlement** - Funding is provided to settle the *Envirotest v. Department of Ecology* lawsuit. Envirotest, the former contractor of the state's vehicle emission testing program, filed a breach of contract suit against the state in February 2002 alleging lost profits due to legislative changes in the vehicle emission testing program. The parties reached a mediated settlement. One-time funding of \$2.5 million is provided to settle all claims.
6. **Mercury/Rule/Chemical Action Plans** - One-time funding of \$166,000 from the state general fund is provided for rulemaking and the development of a chemical action plan for the chemical compound known as polybrominated diphenyl ethers. One-time State Toxics Control Account funding in the amount of \$84,000 is provided to complete a memorandum of understanding with the Washington State Hospital Association and the Auto Recyclers of Washington for the safe disposal of products containing mercury, and \$75,000 of ongoing State Toxics Control Account funding is provided for coordinating

## Department of Ecology

fluorescent lamp recycling. (State Toxics Control Account-State, General Fund-State)

7. **Hazardous Waste Mgmt Liability** - When hazardous waste management facilities are abandoned or go bankrupt, they leave property owners, customers, or the public with the responsibility of paying for cleaning up and removing waste safely. Cleanup costs range from several hundred thousand to millions of dollars. Funding is provided for rulemaking to require closure plans, liability coverage, and financial assurances for such facilities. In addition, a one-time contract for financial assurance expertise will be used to supplement the rule process and to develop technical assistance materials, assess and recommend pooled liability insurance options to lower costs for businesses, and assist in the review and approval of facility financial assurance documents. (Hazardous Waste Assistance Account-State)
8. **Drought Response** - One-time funding is provided for drought relief grants that will only be utilized if a drought is officially declared by the Governor. (State Drought Preparedness Account-State, State Emergency Water Projects Revolving Account-State)
9. **Tribal Water Rights Mediation** - At the request of the Lummi Nation, the federal government has filed for a declaration of the Lummi's water rights in federal court. DOE and the Office of the Attorney General have received support from the United States Department of the Interior to seek a mediated settlement of the water right claims of the Lummi Nation. One-time funding of \$200,000 is provided for mediation efforts with the Lummi Nation. In addition, \$100,000 of ongoing funding is provided for coordination and staff support for the Nisqually River Council Watershed Initiative program.
10. **Mitigation Bank** - One-time funding is provided for the Department to work with representatives from involved state agencies, the Army Corps of Engineers, business, mitigation banking organizations, and environmental organizations to develop and implement a wetland banking rule. The Department shall report to the appropriate committees of the Legislature on the progress of the pilot rule by December 2004.
11. **Rathdrum Prairie Aquifer Study** - The Spokane Valley-Rathdrum Prairie (SVRP) aquifer represents the sole source of drinking water for over 400,000 residents in Spokane County, Washington and Kootenai County, Idaho. Recent and projected urban, suburban, and industrial/commercial growth has raised concerns about potential future impacts on water availability and water quality in the SVRP aquifer. The states of Washington and Idaho are partnering with the U.S. Geological Survey (USGS) to study the aquifer. One-time funding is provided to match federal and Idaho State funding to support the initial phase of the federal USGS study of the SVRP aquifer.
12. **Oil Spill Prevention (SSB 6641)** - Ongoing funding is provided to implement Chapter 226, Laws of 2004 (SSB 6641). The bill requires the Department to adopt rules for ship refueling and bunkering, transfers of oil between facilities and a tank vessel, and the development of a "zero spill" strategy to prevent the release of oil or hazardous substances into marine waters. Funding is provided for rule development and additional staff for inspection of oil transfers. (Oil Spill Prevention Account-State)
13. **Stormwater Permits (ESSB 6415)** - Ongoing funding is provided to implement the provisions of Chapter 225, Laws of 2004 (ESSB 6415). The bill authorizes the Department to issue stormwater general permits for industrial and construction dischargers within federal requirements. (Water Quality Permit Account-State)
14. **Water Data Quality (E2SSB 5957)** - Ongoing funding is provided to implement the provisions of Chapter 228, Laws of 2004 (E2SSB 5957). The bill requires the Department to adopt rules and procedures that ensure water quality decisions are based on data that meet certain quality standards.
15. **Restore Water Rights Processing** - Ongoing funding is restored for reducing the backlog of applications for water rights changes and transfers. The 2001 Legislature enacted a law allowing the Department to provide priority processing for water right changes and provided a budget increase that more than doubled the number of staff dedicated to processing water rights. The 2003-05 biennial budget reduced that funding by \$500,000 per year. This adjustment restores that funding for FY 2005.

## State Parks and Recreation Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>59,962</b>	<b>43,184</b>	<b>103,146</b>
<b>Total Maintenance Changes</b>	<b>87</b>	<b>140</b>	<b>227</b>
<b>Policy Changes</b>			
1. Digital Government	0	72	72
2. Grants and Donations	0	750	750
<b>Total Policy Changes</b>	<b>0</b>	<b>822</b>	<b>822</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>60,049</b>	<b>44,146</b>	<b>104,195</b>
Fiscal Year 2004 Total	30,015	20,921	50,936
Fiscal Year 2005 Total	30,034	23,225	53,259

**Comments:**

1. **Digital Government** - State Parks recently replaced its network server. Funding is provided to replace outdated software, improve computer security, and utilize statewide applications such as the Travel Voucher System. Funding for a combination of one-time costs (\$66,400) and ongoing technical support (\$5,600) is provided. (Parks Renewal and Stewardship Account-State)
  
2. **Grants and Donations** - State Parks periodically receives unrestricted donations as well as grants for specific park-related purposes. State law provides for donations to be deposited in the Parks Renewal and Stewardship Account-State. Expenditure authority is provided so the agency can expend these donations. (Parks Renewal and Stewardship Account-State, Parks Renewal and Stewardship Account-Private/Local)

## Interagency Committee for Outdoor Recreation

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>2,502</b>	<b>21,758</b>	<b>24,260</b>
<b>Policy Changes</b>			
1. Biodiversity Strategy	125	125	250
<b>Total Policy Changes</b>	<b>125</b>	<b>125</b>	<b>250</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>2,627</b>	<b>21,883</b>	<b>24,510</b>
Fiscal Year 2004 Total	1,246	10,859	12,105
Fiscal Year 2005 Total	1,381	11,024	12,405

**Comments:**

1. **Biodiversity Strategy** - Funding is provided to begin implementing the recommendations contained in the Washington Biodiversity Conservation Strategic Report (October 2003), including the development of a state biodiversity strategy. This strategy is intended to replace existing single-species or single-resource protection programs with a more holistic approach. Work shall include identifying elements for a comprehensive biodiversity strategy, developing incentives for private landowners to protect biodiversity, enhancing state agency assessments of ecoregions, and increasing efforts to conserve biodiversity on state lands. State funds will be matched by private funding to begin implementing the Biodiversity Committee's recommendations. (General Fund-State, General Fund-Private/Local)

**Environmental Hearings Office**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>1,883</b>	<b>0</b>	<b>1,883</b>
<b>Total Maintenance Changes</b>	<b>15</b>	<b>0</b>	<b>15</b>
<b>Policy Changes</b>			
1. Water Rights Permit Backlog	34	0	34
<b>Total Policy Changes</b>	<b>34</b>	<b>0</b>	<b>34</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>1,932</b>	<b>0</b>	<b>1,932</b>
Fiscal Year 2004 Total	934	0	934
Fiscal Year 2005 Total	998	0	998

**Comments:**

- Water Rights Permit Backlog** - Last biennium, the Department of Ecology received funding to eliminate the backlog of water right change permits. In addition, the Environmental Hearings Office received funding for one additional appeals judge to review the appeals of these additional decisions. This water right change appeals judge is increased from working only 60 percent time to working 80 percent time to provide an independent review of these appeals.

**State Conservation Commission**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>4,479</b>	<b>2,162</b>	<b>6,641</b>
<b>Policy Changes</b>			
1. Education/Tech Assistance for CAFO	<u>0</u>	<u>250</u>	<u>250</u>
<b>Total Policy Changes</b>	<b>0</b>	<b>250</b>	<b>250</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>4,479</b>	<b>2,412</b>	<b>6,891</b>
Fiscal Year 2004 Total	2,234	1,076	3,310
Fiscal Year 2005 Total	2,245	1,336	3,581

**Comments:**

- 1. Education/Tech Assistance for CAFO** - One-time funding is provided for grants to conservation districts for education, outreach, and technical assistance programs to assist owners and operators of Concentrated Animal Feeding Operations (CAFO) with compliance issues related to federal CAFO requirements and the Department of Agriculture's livestock nutrient management program. (Water Quality Account-State)

## Department of Fish and Wildlife

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>81,632</b>	<b>196,208</b>	<b>277,840</b>
<b>Total Maintenance Changes</b>	<b>140</b>	<b>-407</b>	<b>-267</b>
<b>Policy Changes</b>			
1. Contract Management System	150	150	300
2. Hunter Education	0	43	43
3. Oyster Reserve	0	274	274
4. Select Fishery-Lake Wash & E. WA	0	150	150
5. Razor Clam License (SHB 2621)	0	16	16
6. Dungeness Crab Card (SHB 2431)	0	417	417
7. Commercial License Buyback	112	0	112
8. Fish Acclimation Pond Study	50	0	50
9. Mitigate Hatchery Reduction	50	0	50
10. Habitat Mitigation Agreements	0	200	200
11. Lease Payments & Facility Plan	50	0	50
12. Critical Wildlife Disease Testing	0	180	180
13. Wildfire	0	416	416
14. Access Area Maintenance	0	166	166
<b>Total Policy Changes</b>	<b>412</b>	<b>2,012</b>	<b>2,424</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>82,184</b>	<b>197,813</b>	<b>279,997</b>
Fiscal Year 2004 Total	41,600	96,380	137,980
Fiscal Year 2005 Total	40,584	101,433	142,017

**Comments:**

1. **Contract Management System** - The current contract management system within the Department tracks approximately 1,300 contracts and amendments annually. The Department has developed the first phase of a revised system and seeks to complete the system. This item provides one-time funding for completion of the financial reporting components of the system to provide timely and relevant management information about projects and funding. It is assumed that future operations and maintenance needs for the system are to be absorbed by the Department. (General Fund-State, Wildlife Account-State)
2. **Hunter Education** - Increasing demand for hunter education has limited the Department's ability to provide an adequate number of courses to the public and to retain a sufficient number of qualified volunteer instructors. This item provides one-time funding of \$30,000 for instructor training and recognition costs and an increase of \$13,000 in ongoing funding for classroom materials and out-of-pocket instructor costs. (Wildlife Account-State)
3. **Oyster Reserve** - During the 2001-03 biennium, revenues from the oyster reserve program exceeded initial projections by roughly \$160,000. The success of the program requires additional work to maintain existing revenues and to expand the program to increase revenues in future years. Initial authority allowed the Department to use 40 percent of the revenue to administer the program, to return 10 percent to the state general fund, and to transfer 50 percent to the Puget Sound Action Team for distribution as grants to improve septic systems in coastal areas of southwest Washington. This item provides an increase of \$274,000 to continue and expand current activities and brings the total spending to \$411,000 per biennium. (Oyster Reserve Lands Account-State)
4. **Select Fishery-Lake Wash & E. WA** - Preliminary forecasts indicate a Lake Washington Sockeye Salmon return of roughly 600,000 fish. To open this additional recreational fishing opportunity to the public, the Department must increase fishery monitoring and sampling to ensure that fish listed under the Endangered Species Act are adequately protected. This item provides one-time funding to conduct supplemental monitoring and sampling to open the Lake Washington Sockeye Fishery and one additional eastern Washington recreational fishery during the 2004 season. (Recreational Fisheries Enhancement Account-State, Wildlife Account-State)
5. **Razor Clam License (SHB 2621)** - Funding is provided to administer a new razor clam license as outlined in Chapter 248, Laws of 2004 (SHB 2621). The bill establishes an annual and a 3-day razor clam license, eliminates the 2-day personal use shellfish and seaweed license, and limits the ability of the Department to collect personal information from an applicant. The 3-day razor clam license is \$3.50 for both residents and non-residents and the annual razor clam license costs \$5.50 for a Washington resident and \$11.00 for a non-resident. In addition, razor clam licenses are assessed a surcharge for biotoxin testing and monitoring. (Wildlife Account-State)

## Department of Fish and Wildlife

6. **Dungeness Crab Card (SHB 2431)** - Funding is provided to implement Chapter 107, Laws of 2004 (SHB 2431). The bill requires the Department to use revenue from the sale of Dungeness catch record cards for sampling and monitoring of the harvest associated with the Dungeness crab recreational fisheries. The bill requires a catch record card endorsement for Puget Sound recreational fishers to take or possess Dungeness crab. Endorsements may not exceed \$3.00. (Wildlife Account-State)
7. **Commercial License Buyback** - One-time funding is provided to buyback purse seine fishing licenses as part of a commercial license buyback program. This program allows salmon fishers the opportunity to sell their licenses back to the state and exit from salmon fisheries.
8. **Fish Acclimation Pond Study** - One-time funding is provided for a feasibility study for an acclimation pond at or near the Chelan fish hatchery.
9. **Mitigate Hatchery Reduction** - Ongoing funding is provided to restore budget reductions that threatened hatchery production and public education opportunities at the Issaquah facility.
10. **Habitat Mitigation Agreements** - Funding for upland habitat mitigation agreements in the Snake River region is transferred from the capital budget to the operating budget. The \$500,000 capital appropriation from the Wildlife Account-State for this purpose is deleted. Instead, \$500,000 from the Wildlife Account-State is transferred to the Special Wildlife Account-State to be available for appropriations for habitat mitigation agreements over multiple biennia. (Special Wildlife Account-State, Special Wildlife Account-Local)
11. **Lease Payments & Facility Plan** - Funding is provided for lease payments for the hatchery manager's residence at the Vancouver facility. One-time funding is also included for design work for an environmental education facility in cooperation with the Columbia Springs Environmental Education Center.
12. **Critical Wildlife Disease Testing** - In the 2002 supplemental budget, the Department received \$180,000 in FY 2003 to help control wildlife disease, such as Chronic Wasting Disease (CWD) in deer and elk, and to document sources of swan lead poisoning. However, the supplemental funding was not fully recognized in the 2003-05 budget. This item fully funds these activities in the second year. Of the amount provided, \$115,000 is to continue CWD testing in deer and elk, and \$65,000 is provided to document the extent of lead poisoning in swans and to begin the process of environmental cleanup. (Wildlife Account-State)
13. **Wildfire** - Wildfires burned in excess of 6,250 acres of Department lands during the summer of 2003. Funding is provided for fire suppression costs and rehabilitation costs on agency lands. The Department will reimburse \$122,000 of these funds to the Department of Natural Resources for fire suppression costs on Department of Fish and Wildlife lands.
- Rehabilitation includes erosion control, restoring native perennial vegetation, and limiting the spread of noxious weeds. Additional funding in the amount of \$166,000 is provided for restoration of deer, elk, and boundary fencing on agency lands destroyed by wildfires. (Wildlife Account-State)
14. **Access Area Maintenance** - Increased use of access sites has resulted in steady deterioration of boat ramps, signs, fences, and restrooms as well as an erosion of the Department's weed control efforts at these sites. Funding is provided from the sale of vehicle use permits at access sites to support the Department's maintenance and weed control activities. (Wildlife Account-State)

## Department of Natural Resources

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>64,540</b>	<b>215,605</b>	<b>280,145</b>
<b>Total Maintenance Changes</b>	<b>19</b>	<b>58</b>	<b>77</b>
<b>Policy Changes</b>			
1. NRCA Fire Damage Restoration	60	0	60
2. Pacific Sound Resources Litigation	300	0	300
3. Emergency Fire Suppression	23,516	1,307	24,823
4. Marina Rent Study	0	40	40
5. Recreation Site & Trail Maintenance	200	0	200
6. Mapping of Gravel & Stone Deposits	108	0	108
7. Pacific Sound Resources Settlement	2,000	2,750	4,750
<b>Total Policy Changes</b>	<b>26,184</b>	<b>4,097</b>	<b>30,281</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>90,743</b>	<b>219,760</b>	<b>310,503</b>
Fiscal Year 2004 Total	54,189	118,440	172,629
Fiscal Year 2005 Total	36,554	101,320	137,874

**Comments:**

1. **NRCA Fire Damage Restoration** - One-time funding is provided for habitat restoration in the Department-managed Loomis Natural Resource Conservation Area (NRCA), which sustained damage as a result of fighting the Farewell Creek fire during the summer of 2003. Restoration work for this conservation area will meet a higher standard than restoration on non-conservation lands and will include reshaping slopes to the natural contour and the replanting of a fire road with native vegetation.
2. **Pacific Sound Resources Litigation** - One-time funding is provided for legal defense costs related to a toxic-cleanup lawsuit filed in King County Superior Court by Pacific Sound Resources and the Port of Seattle against the state of Washington, the Department of Natural Resources (DNR), and other defendants.
3. **Emergency Fire Suppression** - One-time funding is provided for incurred and anticipated emergency fire suppression costs during FY 2004 in excess of the Department's existing fire suppression appropriations. Funding includes \$1.0 million in anticipated fire suppression costs. Funding is also provided in the appropriations for the Department of Fish and Wildlife (WDFW) to offset costs incurred by DNR for fire suppression on the WDFW lands. Emergency fire suppression funding is not provided for indirect and administrative costs within the Department. (General Fund-State, General Fund-Federal)
4. **Marina Rent Study** - One-time funding is provided for DNR to calculate the rent for DNR-leased marinas to be based on a percentage of a marina's income and to recommend an appropriate formula to the 2005 Legislature. (Aquatic Lands Enhancement Account-State)
5. **Recreation Site & Trail Maintenance** - Ongoing funding is provided to avoid closures of campsites and trails maintained by the Department. This additional funding, along with increases provided in the biennial budget from the Off-Road Vehicle Account-State, restores 2003-05 reductions in General Fund-State support for campsites and trails. If additional funding is required to avoid closures to campsites and trails during the 2003-05 biennium, the Department is directed to reduce expenditures for agency administration by 5 percent and redeploy those general fund resources to the recreation program prior to closing any campsites or trails.
6. **Mapping of Gravel & Stone Deposits** - One-time funding is provided for mapping of gravel and stone resources for Clark and Yakima Counties. The project should produce electronic geologic maps with databases that estimate the thickness and volumes of the deposits.
7. **Pacific Sound Resources Settlement** - Funding is provided to settle the *Pacific Sound Resources v. Burlington Northern Santa Fe et al.* lawsuit. Pacific Sound Resources (PSR) and other now defunct wood treatment companies previously operated at the PSR site at Seattle's Harbor Island while the site was owned by the state. During wood-treatment operations, the soil and groundwater at the site were contaminated with wood treating chemicals. The Port of Seattle, which is the site's current owner, and PSR filed a lawsuit in King County Superior Court against the State, DNR, and other defendants to recover amounts claimed to have been spent in cleaning up the site. One-time funding of \$4.75 million is provided for settlement costs and is contingent upon the signing of a final settlement agreement between the Port of Seattle, PSR, and DNR. (State Toxics Control Account-State, Aquatic Lands Enhancement Account-State, General Fund-State)

## Department of Agriculture

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>14,688</b>	<b>76,183</b>	<b>90,871</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>232</b>	<b>232</b>
<b>Policy Changes</b>			
1. BSE Ongoing Response	329	0	329
2. Animal Disease Emergency Response	150	0	150
3. Agricultural Economic Development	630	0	630
4. Agriculture Industry Assistance	1,500	0	1,500
5. Asparagus Technology Study	330	0	330
6. Spartina Eradication	0	85	85
7. Hop Commission Assistance	400	0	400
8. Herbicide Study	50	0	50
9. Noxious Weed Control	500	0	500
<b>Total Policy Changes</b>	<b>3,889</b>	<b>85</b>	<b>3,974</b>
<b>2003-05 Revised Appropriations</b>	<b>18,577</b>	<b>76,500</b>	<b>95,077</b>
Fiscal Year 2004 Total	7,636	37,612	45,248
Fiscal Year 2005 Total	10,941	38,888	49,829

**Comments:**

1. **BSE Ongoing Response** - Ongoing funding is provided in response to the discovery of a Washington dairy cow infected with Bovine Spongiform Encephalopathy (BSE), also known as "mad cow" disease. This funding will enhance the agency's animal identification, food safety, and commercial feed inspection programs.
2. **Animal Disease Emergency Response** - The discovery of BSE in a Washington dairy cow set off an incident response by the Washington State Department of Agriculture and other state agencies. As a result, additional one-time staffing and funding is provided to cover estimated overtime and legal costs.
3. **Agricultural Economic Development** - Ongoing funding is provided to continue five agricultural promotion programs whose funding would otherwise expire, or be reduced, during the 2003-05 biennium. "From the Heart of Washington" produces articles, advertisements, and events to "buy Washington," thereby promoting Washington agriculture. A Southeast Asia/China trade representative assists international sales of Washington products to those areas of the world. The Small Farm and Direct Marketing Program connects small farmers directly with consumers, and the Department's domestic marketing and food and agricultural industry security programs are also enhanced.
4. **Agriculture Industry Assistance** - One-time funding is provided to the Department for the purchase of agricultural products packing equipment. The Department shall negotiate an appropriate agreement with the agricultural industry for the use of the equipment.
5. **Asparagus Technology Study** - Ongoing funding is provided to the Department to contract with Washington State University for research and development activities related to asparagus harvesting and automation technology.
6. **Spartina Eradication** - Spartina is a noxious aquatic weed. One-time funding is provided for spartina eradication efforts in Willapa Bay and Grays Harbor. (Aquatic Lands Enhancement Account-State)
7. **Hop Commission Assistance** - One-time funding is provided for the Hop Commission to research and develop new harvesting technologies.
8. **Herbicide Study** - Irrigation Districts must obtain national pollutant discharge elimination system permits from the Department of Ecology for their application of aquatic herbicides that keep canals free of weeds and algae. To obtain these permits, aquatic herbicides must be studied in order to determine their impact on water quality. One-time funding is provided to assist the Washington State Water Resources Association in their study of the aquatic herbicide Xylene.
9. **Noxious Weed Control** - Ongoing funding is provided for the control of Japanese knotweed in southwest Washington. This bamboo-like plant was introduced to Europe in the mid-nineteenth century as an ornamental plant and has spread throughout Europe and into many states in the U.S. Japanese knotweed is a noxious weed that rapidly spreads through its root system and through new stems from the parent plant. The plant has infested approximately 26 counties in Washington State and disturbs upland and riparian areas by out-shading native vegetation.



# Transportation

The majority of funding for transportation services is included in the transportation budget, not in the omnibus appropriations act. The omnibus appropriations act includes only a portion of the funding for the Department of Licensing and the Washington State Patrol. Therefore, the notes contained in this section are limited. For additional information on transportation funding, please see the Transportation Budget Section of this document.

## **Washington State Patrol**

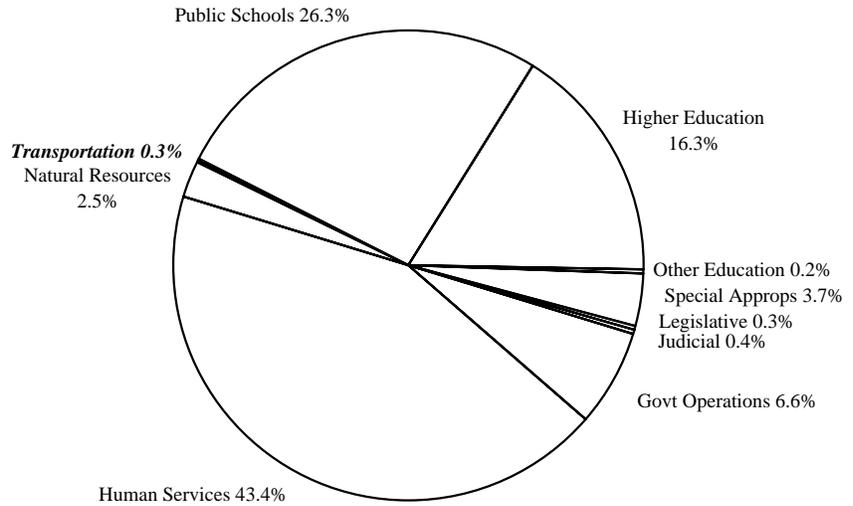
Funding of \$276,000 from the Fingerprint Identification Account is provided for the implementation of Chapter 187, Laws of 2004 (SHB 2532), which establishes new requirements for commercial driver's license applicants and school bus drivers.

Ongoing funding of \$376,000 from the Public Safety and Education Account is provided for DNA kits and related supplies to keep up with the demand for DNA casework services. Since the Crime Laboratory Division has implemented the use of the Short Tandem Repeats method of DNA analysis, which allows testing of very small quantities of evidence, demand has exceeded available supplies.

## 2003-05 Washington State Operating Budget Total Budgeted Funds

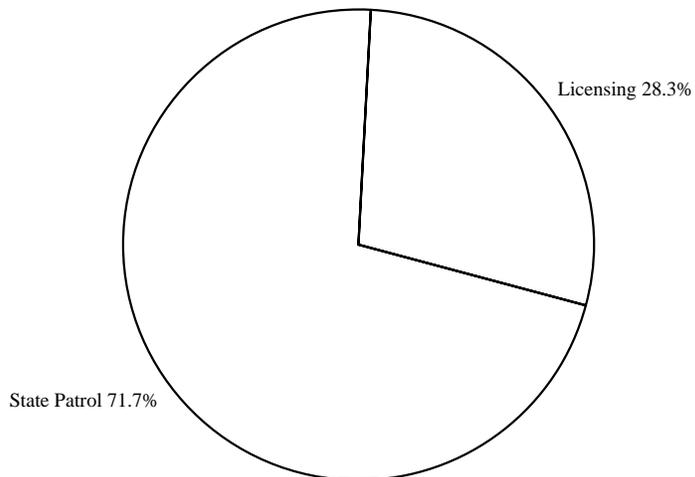
(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
Human Services	19,753,001
Natural Resources	1,149,662
<b>Transportation</b>	<b>125,500</b>
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



### Washington State

Washington State Patrol	89,954
Dept of Licensing	35,546
<b>Transportation</b>	<b>125,500</b>

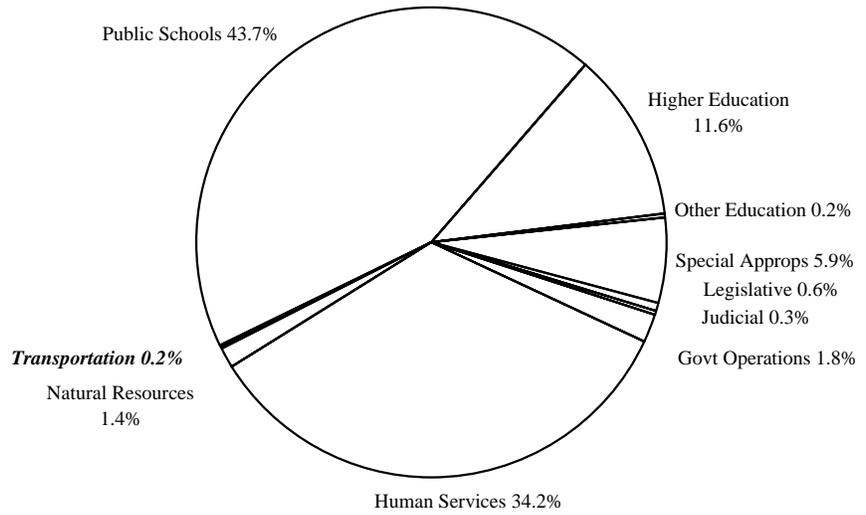


### *Transportation*

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

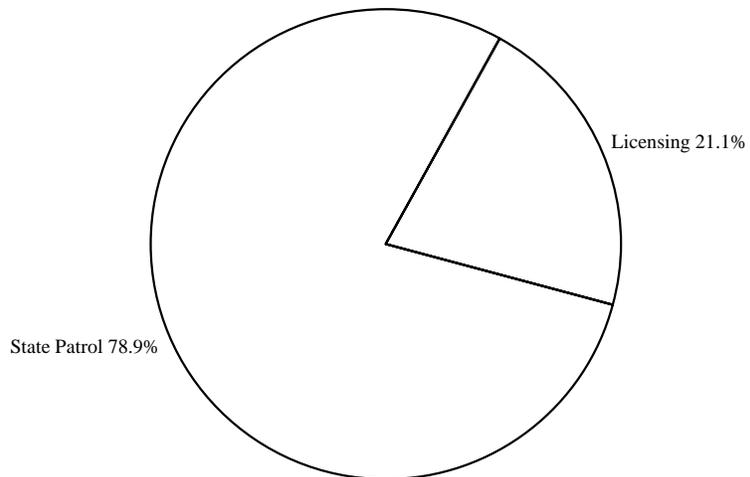
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Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
Human Services	7,960,037
Natural Resources	333,014
<b>Transportation</b>	<b>49,226</b>
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



**Washington State**

Washington State Patrol	38,860
Dept of Licensing	10,366
<b>Transportation</b>	<b>49,226</b>



**Transportation**

## Department of Licensing

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>9,974</b>	<b>25,610</b>	<b>35,584</b>
<b>Total Maintenance Changes</b>	<b>74</b>	<b>-430</b>	<b>-356</b>
<b>Policy Changes</b>			
1. Licensing Cosmetologists (SSB 6341)	318	0	318
<b>Total Policy Changes</b>	<b>318</b>	<b>0</b>	<b>318</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>10,366</b>	<b>25,180</b>	<b>35,546</b>
Fiscal Year 2004 Total	5,141	12,731	17,872
Fiscal Year 2005 Total	5,225	12,449	17,674

**Comments:**

1. **Licensing Cosmetologists (SSB 6341)** - Funding is provided to implement Chapter 51, Laws of 2004 (SSB 6341), which requires the Department of Licensing (DOL) to notify licensees (cosmetologists, manicurists, estheticians, and barbers) in good standing or in an inactive status of future statutory and regulatory changes concerning certification and renewal requirements.

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

## Washington State Patrol

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>38,860</b>	<b>49,513</b>	<b>88,373</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>712</b>	<b>712</b>
<b>Policy Changes</b>			
1. Commercial License Compliance	0	276	276
2. Equip Maintenance/Software Licenses	0	217	217
3. Fund Switch Crime Lab	0	0	0
4. Fund Switch Investigative Assist	0	0	0
5. DNA Kits	0	376	376
<b>Total Policy Changes</b>	<b>0</b>	<b>869</b>	<b>869</b>
<b>2003-05 Revised Appropriations</b>	<b>38,860</b>	<b>51,094</b>	<b>89,954</b>
Fiscal Year 2004 Total	20,005	25,863	45,868
Fiscal Year 2005 Total	18,855	25,231	44,086

**Comments:**

1. **Commercial License Compliance** - Funding is provided for processing an additional 10,900 criminal history records pursuant to Chapter 187, Laws of 2004 (SHB 2532), which establishes new requirements for commercial driver license applicants and school bus drivers. The changes will bring the state into compliance with new regulations promulgated by the Federal Motor Carrier Administration and the Transportation Security Administration. (Fingerprint Identification Account-State)
  
2. **Equip Maintenance/Software Licenses** - Funding is provided to cover increased vendor maintenance costs for the Washington State Identification System and Washington Crime Information Center, or "W2," computer system. (Public Safety and Education Account-State)
  
3. **Fund Switch Crime Lab** - Projected revenues in the Federal Seizure Account are not sufficient to cover allocated expenditures for the State Patrol's Crime Laboratory Division. Funding for this activity is shifted to the Public Safety and Education Account. (Public Safety and Education Account-State, Federal Seizure Account)
  
4. **Fund Switch Investigative Assist** - Projected revenues in the Federal Seizure Account are not sufficient to cover allocated expenditures for the State Patrol's Special Weapons and Tactics team. Funding for this activity is shifted to the Public Safety and Education Account. (Public Safety and Education Account-State, Federal Seizure Account)
  
5. **DNA Kits** - Funding is provided to the Crime Laboratory Division for the increasing demand for Deoxyribonucleic Acid (DNA) casework services. DNA kits are needed for an increased number of DNA analysis cases due to using a more advanced method which permits analysis of trace evidence. (Public Safety and Education Account-State)

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



# Public Schools

## **Health Benefit Rate Parity/Increase – \$9.5 Million General Fund-State, \$44,000 General Fund-Federal**

In the original 2003-05 budget, the K-12 health benefit funding rate was \$481.31 per employee per month for the 2003-04 school year and \$570.74 per employee per month for the 2004-05 school year. The supplemental budget provides funding to increase the 2004-05 school year rate to \$582.47 per employee per month. The new rate provides parity with state employees. The only difference between the K-12 and state employee funding rates is that the K-12 rate does not include the \$2.11 that is in the state employee rate for the settlement of a lawsuit. The state employee funding rate is expected to result in no increase in the average employee co-premium from 2004 to 2005. K-12 health benefits, including employee premiums and co-pays, are bargained locally.

## **Classified Staff Salary Increase – \$5.5 Million General Fund-State, \$23,000 General Fund-Federal**

The budget provides funding for a 1 percent salary increase for classified school employees for the 2004-05 school year.

## **Levy Base Calculations – \$3.6 Million General Fund-State**

Chapter 21, Laws of 2004 (SSB 6211), increases the maximum amount districts can collect in excess levies and the state's levy equalization allocations to districts for calendar years 2005 through 2007. Levy equalization allocations are projected to increase by \$6.6 million in calendar year 2005 and by \$3.6 million in fiscal year 2005.

## **Washington Assessment of Student Learning Changes – \$869,000 General Fund-State**

The Office of the Superintendent of Public Instruction (OSPI) will offer high school students the opportunity to retake the Washington Assessment of Student Learning in the spring and fall of each year, develop options for alternate assessments and/or an appeals procedure, and review the alignment between the assessments and our learning standards, as provided by Chapter 19, Laws of 2004 (3ESHB 2195).

## **Digital Learning Commons – \$650,000 General Fund-State**

The Digital Learning Commons is a nonprofit corporation that provides a web-based portal where students, parents, and teachers have access to resources, learning tools, and on-line classes. In its first year of operation, the Digital Learning Commons is providing services to 5,000 students and 500 teachers in 17 schools. Funding is provided through the Department of Information Services to expand the pilot project in the 2004-05 school year to serve additional students and teachers. The expansion will also provide additional resources for parents and increase parent participation in the second year of the project.

## **Charter Schools – \$637,000 General Fund-State**

Funding is provided for the implementation of Chapter 22, Laws of 2004 (E2SHB 2295), which provides for the establishment of a limited number of charter schools. Most of the fiscal impact comes from an anticipated increase in public charter school enrollment from home-schooled students and students currently attending private schools (\$401,000). Funding is also provided for the Washington State Institute for Public Policy (WSIPP) to evaluate the effectiveness of charter schools (\$65,000). Funding is also provided to the Public Employee Relations Commission (\$41,000) and OSPI (\$130,000) for implementation.

## **Mathematics Initiative – \$575,000 General Fund-State**

The budget provides funding for OSPI to disseminate information on essential components of comprehensive, school-based mathematics programs and evaluate mathematics textbooks and other instructional materials to determine the extent to which they are aligned with the state standards. In addition, OSPI will work with mentor teachers from around the state to develop guidelines for eligibility, training, and professional development for mathematics mentor teachers. Finally, the Washington Professional Educator Standards Board (WPESB) will submit a report regarding specific implementation strategies to strengthen the mathematics initiative by improving teacher knowledge and skill development.

**Alternative Routes to Certification – \$340,000 General Fund-State**

Funding is provided for the Washington Professional Educator Standards Board to expand the Alternative Routes to Certification program to provide more teacher certification opportunities in areas of the state without current access to an alternative route program. The expansion will add 40 additional internships to the Alternative Route to Certification program building upon a federal grant to establish regional teacher preparation centers.

**Reading and Math Software – \$250,000 General Fund-State**

Funding is provided for the purchase of reading and math software in the Tukwila and Selah school districts. The software will be used in conjunction with other research-based reading and math intervention programs.

**K-12 Studies – \$165,000 General Fund-State**

Funding is provided for three K-12 related studies:

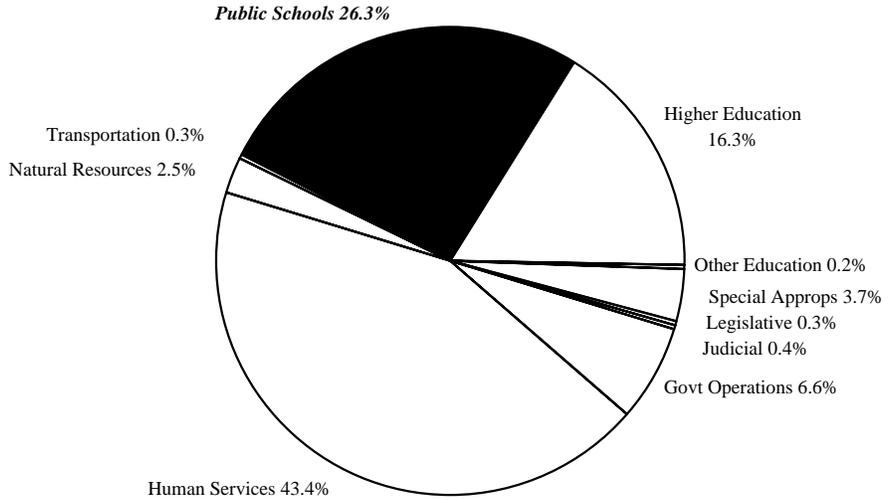
- the Office of Financial Management will evaluate the costs and benefits of encouraging K-12 employee bargaining units to elect coverage under plans administered by the Public Employees Benefits Board;
- WSIPP will examine issues related to the Transitional Bilingual Education program; and
- the Joint Legislative Audit and Review Committee (JLARC) and the State Auditor’s Office will conduct a legal and financial review of alternative learning experience programs.

The Legislature had originally provided funding for two additional studies, but these studies were vetoed by the Governor. The Governor vetoed funding and language directing JLARC to study methods of bidding and purchasing school buses and state and school district expenditures of federal Title II (professional development) monies.

## 2003-05 Washington State Operating Budget Total Budgeted Funds

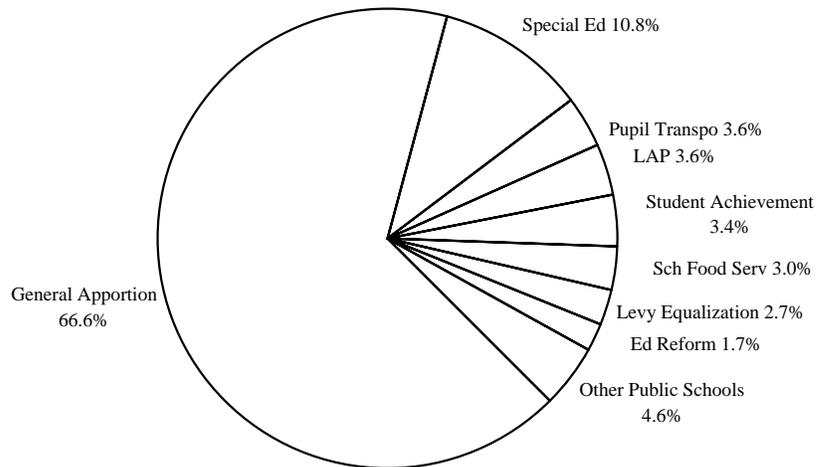
(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
Human Services	19,753,001
Natural Resources	1,149,662
Transportation	125,500
<b>Public Schools</b>	<b>11,968,321</b>
Higher Education	7,436,241
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



### Washington State

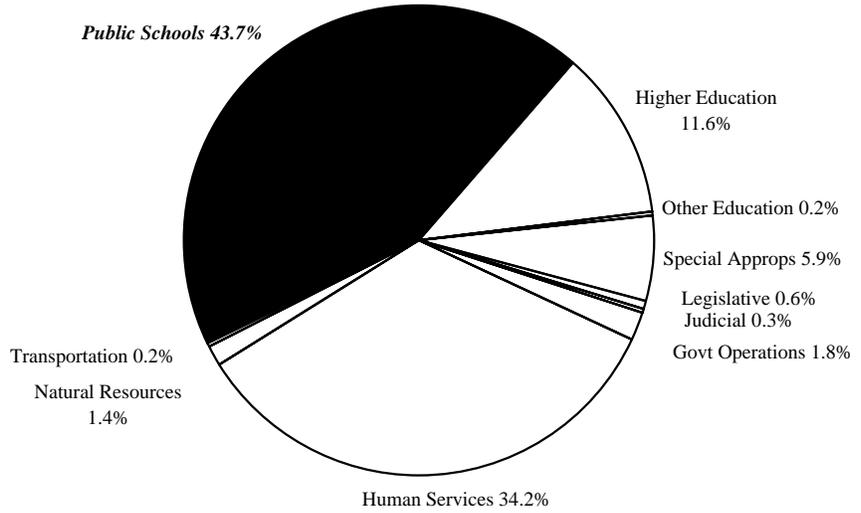
General Apportionment	7,965,156
Special Education	1,288,313
Pupil Transportation	435,353
Learning Assist Pgm (LAP)	428,617
Student Achievement	409,642
School Food Services	363,120
Levy Equalization	328,627
Education Reform	203,252
Other Public Schools	546,241
<b>Public Schools</b>	<b>11,968,321</b>



### Public Schools

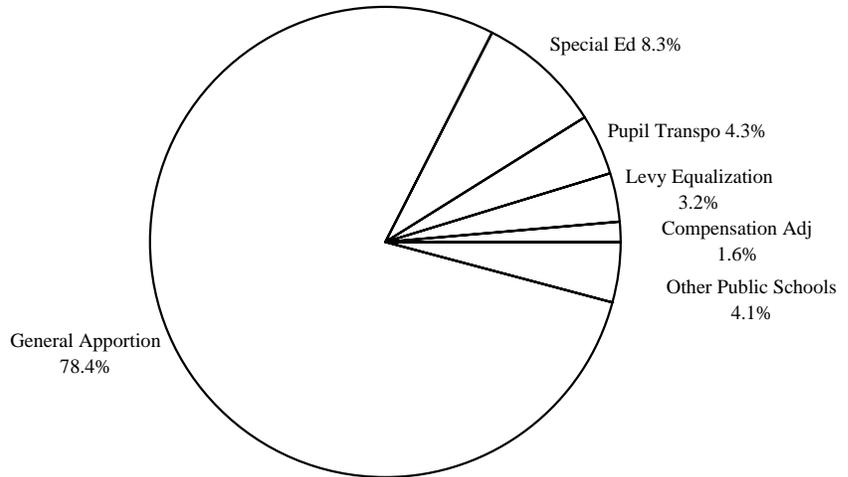
**2003-05 Washington State Operating Budget**  
**General Fund-State**  
(Dollars in Thousands)

Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
Human Services	7,960,037
Natural Resources	333,014
Transportation	49,226
<b>Public Schools</b>	<b>10,164,887</b>
Higher Education	2,699,422
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



**Washington State**

General Apportionment	7,965,156
Special Education	861,863
Pupil Transportation	435,353
Levy Equalization	328,627
Compensation Adjustments	160,806
Other Public Schools	413,082
<b>Public Schools</b>	<b>10,164,887</b>



**Public Schools**

# Public Schools

## WORKLOAD HISTORY

By School Year

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	<b>Estimated</b>	
									2003-04	2004-05
<b>General Apportionment</b>										
FTE Enrollment	904,288	923,467	936,435	946,385	948,485	951,033	956,567	958,846	962,386	965,107
% Change from prior year		2.1%	1.4%	1.1%	0.2%	0.3%	0.6%	0.2%	0.4%	0.3%
<b>Special Education</b>										
Funded Enrollment *	108,185	109,149	111,257	113,249	115,257	116,709	118,519	120,677	121,401	121,608
% Change from prior year		0.9%	1.9%	1.8%	1.8%	1.3%	1.6%	1.8%	0.6%	0.2%
<b>Bilingual Education</b>										
Headcount Enrollment	42,981	46,029	47,975	52,040	55,656	59,514	62,522	66,258	71,048	75,349
% Change from prior year		7.1%	4.2%	8.5%	6.9%	6.9%	5.1%	6.0%	7.2%	6.1%
<b>Learning Assistance Program</b>										
Entitlement Units *	154,867	157,482	159,556	159,481	184,804	177,763	174,275	170,157	163,338	159,675
% Change from prior year		1.7%	1.3%	0.0%	15.9%	-3.8%	-2.0%	-2.4%	-4.0%	-2.2%

\* Beginning in 2002-03, the workload indicators include incorporation of federal funds.

Data Sources :

1995-96 through 2002-03 amounts from the Office of the Superintendent of Public Instruction, the Office of Financial Management, and the Caseload Forecast Council.

2003-04 and 2004-05 estimates from the Caseload Forecast Council and the 2004 Supplemental Budget.

**Public Schools  
OSPI & Statewide Programs**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>41,538</b>	<b>87,652</b>	<b>129,190</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>6,298</b>	<b>6,298</b>
<b>Policy Changes</b>			
1. Mathematics Initiative	60	0	60
2. Alternative Certification Routes	340	0	340
3. Charter Schools	130	0	130
4. Special Services Pilot Project Adj	-290	0	-290
5. Nature and Environmental Education	75	0	75
6. Child Abduction Materials	25	0	25
7. Virtual Classroom Consortium	100	0	100
8. Sexual Misconduct Legislation	44	0	44
<b>Total Policy Changes</b>	<b>484</b>	<b>0</b>	<b>484</b>
<b>2003-05 Revised Appropriations</b>	<b>42,022</b>	<b>93,950</b>	<b>135,972</b>
Fiscal Year 2004 Total	20,291	52,299	72,590
Fiscal Year 2005 Total	21,731	41,651	63,382

**Comments:**

- Mathematics Initiative** - The Washington Professional Educator Standards Board (WPESB) will submit a report regarding specific implementation strategies to strengthen the mathematics initiative by improving teacher knowledge and skill development, including: (1) teacher preparation program approval standard changes; (2) teacher certification requirement changes and the development of new expertise credentials; (3) state-established standards to guide the approval of professional development providers and offerings related to reading and mathematics; and (4) other related recommendations. WPESB will submit the report to the Governor, the Superintendent of Public Instruction, the State Board of Education, and the education and fiscal committees of the Legislature by November 1, 2004.
- Alternative Certification Routes** - Funding is provided for WPESB to expand the alternative certification routes to teacher training programs to provide more teacher certification opportunities in areas of the state without current access to an alternative certification routes to teacher training program. The expansion will add 40 additional internships to the alternative certification routes to teacher training programs, building upon a federal grant to establish regional teacher preparation centers.
- Charter Schools** - Funding is provided for the implementation of Chapter 22, Laws of 2004 (E2SHB 2295), which authorizes the establishment of a limited number of charter schools. Most of the fiscal impact comes from an anticipated increase in funded enrollment due to home-schooled and private school students switching to public charter schools. The Office of the Superintendent of Public Instruction (OSPI) will implement the legislation and monitor the number of charter schools subject to the limits in the legislation.
- Special Services Pilot Project Adj** - Under Chapter 133, Laws of 2003 (2SHB 2012), two districts were selected to provide early intensive reading and language assistance to students who are struggling academically. In FY 2004, to date, the programs have been unable to spend all of the state funds provided for this purpose. An adjustment is made to reflect this under-expenditure.
- Nature and Environmental Education** - Chapter 22, Laws of 2003 (ESHB 1466), established a natural science, wildlife, and environmental education grant program. One-time startup funding is provided to initiate the grant program. After this biennium, it is assumed that donations and other sources of funding will support the grant program.
- Child Abduction Materials** - Funding is provided for the school safety center advisory committee to identify instructional materials and resources for students, parents, and teachers that are designed to prevent the abduction of children.
- Virtual Classroom Consortium** - One-time funding is provided for the Washington Virtual Classroom Consortium that currently includes Adna, Concrete, Eatonville, Ocosta, North Franklin, Quillayute Valley, Quinault Lake, Wapato, Wellpinit, and White Salmon School Districts.
- Sexual Misconduct Legislation** - Funding is provided for staffing to implement Chapter 29, Laws of 2004 (E2SSB 5533), which requires school districts to obtain information regarding job applicants' past sexual misconduct from other districts and from OSPI.

**Public Schools  
 General Apportionment**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>7,945,276</b>	<b>0</b>	<b>7,945,276</b>
<b>Total Maintenance Changes</b>	<b>19,286</b>	<b>0</b>	<b>19,286</b>
<b>Policy Changes</b>			
1. Charter Schools	401	0	401
2. SHB 2538 \$1000 Minimum Benefit	193	0	193
<b>Total Policy Changes</b>	<b>594</b>	<b>0</b>	<b>594</b>
<b>2003-05 Revised Appropriations</b>	<b>7,965,156</b>	<b>0</b>	<b>7,965,156</b>
Fiscal Year 2004 Total	3,976,507	0	3,976,507
Fiscal Year 2005 Total	3,988,649	0	3,988,649

**Comments:**

- 1. Charter Schools** - Funding is provided for the implementation of Chapter 22, Laws of 2004 (E2SHB 2295), which authorizes the establishment of a limited number of charter schools. Most of the fiscal impact comes from an anticipated increase in funded enrollment due to home-schooled and private school students switching to public charter schools. The Office of the Superintendent of Public Instruction will implement the legislation and monitor the number of charter schools subject to the limits in the legislation.
- 2. SHB 2538 \$1000 Minimum Benefit** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538).

**Public Schools  
 Compensation Adjustments**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>145,181</b>	<b>559</b>	<b>145,740</b>
<b>Total Maintenance Changes</b>	<b>705</b>	<b>8</b>	<b>713</b>
<b>Policy Changes</b>			
1. SHB 2538 \$1000 Minimum Benefit	2	0	2
2. Hlth Benefit Rate Parity/Increase	9,495	44	9,539
3. Integrating Federal Funds	-29	29	0
4. Classified Staff Salary Increase	5,452	23	5,475
<b>Total Policy Changes</b>	<b>14,920</b>	<b>96</b>	<b>15,016</b>
<b>2003-05 Revised Appropriations</b>	<b>160,806</b>	<b>663</b>	<b>161,469</b>
Fiscal Year 2004 Total	28,604	62	28,666
Fiscal Year 2005 Total	132,202	601	132,803

**Comments:**

- SHB 2538 \$1000 Minimum Benefit** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538).
- Hlth Benefit Rate Parity/Increase** - In the original 2003-05 budget, the K-12 health benefit funding rate was \$481.31 per employee per month for the 2003-04 school year and \$570.74 per employee per month for the 2004-05 school year. The supplemental budget provides funding to increase the 2004-05 school year rate to \$582.47 per employee per month. The new rate provides parity with state employees. The only difference between the K-12 and state employee funding rates is that the K-12 rate does not include the \$2.11 that is in the state employee rate for the settlement of a lawsuit. The state employee funding rate is expected to result in no increase in the average employee co-premium from 2004 to 2005. K-12 health benefits, including employee premiums and co-pays, are bargained locally. (General Fund-State, General Fund-Federal)
- Integrating Federal Funds** - The budget incorporates a portion of the increase in federal funds to pay for increased costs of the Special Education program. (General Fund-State, General Fund-Federal)
- Classified Staff Salary Increase** - Funding is provided for a 1 percent salary increase for classified school employees. To receive these funds, a district must certify to the Office of Superintendent of Public Instruction that the district has provided a 1 percent salary increase to classified employees. (General Fund-State, General Fund-Federal)

**Public Schools  
Pupil Transportation**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>411,917</b>	<b>0</b>	<b>411,917</b>
<b>Total Maintenance Changes</b>	<b>23,436</b>	<b>0</b>	<b>23,436</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>435,353</b>	<b>0</b>	<b>435,353</b>
Fiscal Year 2004 Total	215,454	0	215,454
Fiscal Year 2005 Total	219,899	0	219,899

**Comments:**

There were no policy level changes.

**Public Schools  
School Food Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>6,200</b>	<b>376,861</b>	<b>383,061</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>-19,941</b>	<b>-19,941</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>6,200</b>	<b>356,920</b>	<b>363,120</b>
Fiscal Year 2004 Total	3,100	174,750	177,850
Fiscal Year 2005 Total	3,100	182,170	185,270

**Comments:**

There were no policy level changes.

**Public Schools  
Special Education**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>861,198</b>	<b>409,637</b>	<b>1,270,835</b>
<b>Total Maintenance Changes</b>	<b>1,604</b>	<b>15,851</b>	<b>17,455</b>
<b>Policy Changes</b>			
1. SHB 2538 \$1000 Minimum Benefit	22	1	23
2. Integrating Federal Funds	-961	961	0
<b>Total Policy Changes</b>	<b>-939</b>	<b>962</b>	<b>23</b>
<b>2003-05 Revised Appropriations</b>	<b>861,863</b>	<b>426,450</b>	<b>1,288,313</b>
Fiscal Year 2004 Total	435,061	209,775	644,836
Fiscal Year 2005 Total	426,802	216,675	643,477

**Comments:**

1. **SHB 2538 \$1000 Minimum Benefit** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538).
2. **Integrating Federal Funds** - The budget incorporates a portion of the increase in federal funds to pay for increased costs of the Special Education program. (General Fund-State, General Fund-Federal)

**Public Schools  
 Educational Service Districts**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>7,075</b>	<b>0</b>	<b>7,075</b>
<b>Policy Changes</b>			
1. SHB 2538 \$1000 Minimum Benefit	<u>1</u>	<u>0</u>	<u>1</u>
<b>Total Policy Changes</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>2003-05 Revised Appropriations</b>	<b>7,076</b>	<b>0</b>	<b>7,076</b>
Fiscal Year 2004 Total	3,538	0	3,538
Fiscal Year 2005 Total	3,538	0	3,538

**Comments:**

- SHB 2538 \$1000 Minimum Benefit** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538).

**Public Schools  
 Levy Equalization**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>329,309</b>	<b>0</b>	<b>329,309</b>
<b>Total Maintenance Changes</b>	<b>-4,315</b>	<b>0</b>	<b>-4,315</b>
<b>Policy Changes</b>			
1. SSB 6211 Levy Equalization	3,633	0	3,633
<b>Total Policy Changes</b>	<b>3,633</b>	<b>0</b>	<b>3,633</b>
<b>2003-05 Revised Appropriations</b>	<b>328,627</b>	<b>0</b>	<b>328,627</b>
Fiscal Year 2004 Total	163,049	0	163,049
Fiscal Year 2005 Total	165,578	0	165,578

**Comments:**

- SSB 6211 Levy Equalization** - Under Chapter 21, Laws of 2004 (SSB 6211), each district's maximum allowable levy revenue and levy equalization allocations will be increased for calendar years 2005 through 2007. The legislation increases each district's levy base by: (1) the difference between the amount the district would have received under Initiative 728 as originally passed by voters and the amount the district actually receives under Initiative 728 as amended in 2003; and (2) the difference between the amount the district would have received under Initiative 732 as originally passed by voters and the amount the district actually receives under Initiative 732 as amended in 2003. The change increases projected state levy equalization allocations by \$3.6 million in FY 2005.

**Public Schools  
 Institutional Education**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>37,688</b>	<b>0</b>	<b>37,688</b>
<b>Total Maintenance Changes</b>	<b>-1,306</b>	<b>0</b>	<b>-1,306</b>
<b>Policy Changes</b>			
1. SHB 2538 \$1000 Minimum Benefit	<u>1</u>	<u>0</u>	<u>1</u>
<b>Total Policy Changes</b>	<b>1</b>	<b>0</b>	<b>1</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>36,383</b>	<b>0</b>	<b>36,383</b>
Fiscal Year 2004 Total	18,207	0	18,207
Fiscal Year 2005 Total	18,176	0	18,176

**Comments:**

- SHB 2538 \$1000 Minimum Benefit** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538).

**Public Schools**  
**Education of Highly Capable Students**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>13,211</b>	<b>0</b>	<b>13,211</b>
<b>Total Maintenance Changes</b>	<b>40</b>	<b>0</b>	<b>40</b>
<b>Policy Changes</b>			
1. SHB 2538 \$1000 Minimum Benefit	<u>1</u>	<u>0</u>	<u>1</u>
<b>Total Policy Changes</b>	<b>1</b>	<b>0</b>	<b>1</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>13,252</b>	<b>0</b>	<b>13,252</b>
Fiscal Year 2004 Total	6,620	0	6,620
Fiscal Year 2005 Total	6,632	0	6,632

**Comments:**

- SHB 2538 \$1000 Minimum Benefit** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538).

**Public Schools**  
**Elementary & Secondary School Improvement**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>46,198</b>	<b>46,198</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>-3,381</b>	<b>-3,381</b>
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>42,817</b>	<b>42,817</b>
Fiscal Year 2004 Total	0	21,092	21,092
Fiscal Year 2005 Total	0	21,725	21,725

**Comments:**

There were no policy level changes.

**Public Schools  
 Education Reform**

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>74,767</b>	<b>129,362</b>	<b>204,129</b>
<b>Total Maintenance Changes</b>	<b>-275</b>	<b>35,685</b>	<b>35,410</b>
<b>Policy Changes</b>			
1. WASL Changes	869	0	869
2. Mathematics Initiative	515	0	515
3. Reading and Math Software	250	0	250
4. Governor Veto	0	-37,921	-37,921
<b>Total Policy Changes</b>	<b>1,634</b>	<b>-37,921</b>	<b>-36,287</b>
<b>2003-05 Revised Appropriations</b>	<b>76,126</b>	<b>127,126</b>	<b>203,252</b>
Fiscal Year 2004 Total	38,417	60,967	99,384
Fiscal Year 2005 Total	37,709	66,159	103,868

**Comments:**

1. **WASL Changes** - The Washington Assessment of Student Learning (WASL) system is augmented to implement the 2008 Certificate of Academic Achievement graduation requirement in accordance with Chapter 19, Laws of 2004 (3ESHB 2195). The Certificate of Academic Achievement will require students to pass the tenth grade WASL in three subject areas (reading, writing, and mathematics) or demonstrate mastery by an alternate method when a standardized assessment is a barrier to demonstrating their mastery of education standards. To prepare for the implementation of the graduation requirement, the Office of the Superintendent of Public Instruction (OSPI) will offer spring and fall WASL retake opportunities for high school students, develop options for alternate assessments and/or an appeals procedure, and review the alignment between the assessments and our learning standards.
2. **Mathematics Initiative** - OSPI will disseminate information on essential components of comprehensive, school-based mathematics programs and evaluate mathematics textbooks and other instructional materials to determine the extent to which they are aligned with the state standards. A scorecard with the analysis will be widely available and will inform school district decision-makers regarding curriculum purchases. In addition, OSPI will work with mentor teachers from around the state to develop guidelines for eligibility, training, and professional development for mathematics mentor teachers.
3. **Reading and Math Software** - One-time funding is provided for the purchase of reading and math software in the Tukwila and Selah school districts. The software will be used in conjunction with other research-based reading and math intervention programs. OSPI will provide a report detailing the outcomes achieved in the two school districts.
4. **Governor Veto** - The Governor vetoed Section 513(18) of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which made the following changes related to federal Title II funds:
  - (1) increased the federal appropriation authority related to Title

II grant by \$37.9 million; and (2) earmarked \$50,000 of the appropriation for the Joint Legislative and Audit Review Committee (JLARC) to conduct a study of state and local school district expenditures of Title II monies. As a result of the Governor's veto, the Title II federal appropriation authority is reduced to the \$87.9 million assumed in the original 2003-05 budget and the JLARC study requirement is eliminated.

**Public Schools  
 Transitional Bilingual Instruction**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>101,853</b>	<b>46,309</b>	<b>148,162</b>
<b>Total Maintenance Changes</b>	<b>2,871</b>	<b>-1,765</b>	<b>1,106</b>
<b>Policy Changes</b>			
1. SHB 2538 \$1000 Minimum Benefit	4	0	4
<b>Total Policy Changes</b>	<b>4</b>	<b>0</b>	<b>4</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>104,728</b>	<b>44,544</b>	<b>149,272</b>
Fiscal Year 2004 Total	50,678	21,943	72,621
Fiscal Year 2005 Total	54,050	22,601	76,651

**Comments:**

- SHB 2538 \$1000 Minimum Benefit** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538).

**Public Schools  
Learning Assistance Program (LAP)**

(Dollars in Thousands)

	<b>GF-S</b>	<b>Other</b>	<b>Total</b>
<b>2003-05 Original Appropriations</b>	<b>129,436</b>	<b>307,178</b>	<b>436,614</b>
<b>Total Maintenance Changes</b>	<b>-2,143</b>	<b>-5,856</b>	<b>-7,999</b>
<b>Policy Changes</b>			
1. SHB 2538 \$1000 Minimum Benefit	2	0	2
<b>Total Policy Changes</b>	<b>2</b>	<b>0</b>	<b>2</b>
<b>2003-05 Revised Appropriations</b>	<b>127,295</b>	<b>301,322</b>	<b>428,617</b>
Fiscal Year 2004 Total	64,366	148,434	212,800
Fiscal Year 2005 Total	62,929	152,888	215,817

**Comments:**

- SHB 2538 \$1000 Minimum Benefit** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain members of the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538).

**Public Schools**  
**Student Achievement Program**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>0</b>	<b>398,203</b>	<b>398,203</b>
<b>Total Maintenance Changes</b>	<b>0</b>	<b>11,439</b>	<b>11,439</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>0</b>	<b>409,642</b>	<b>409,642</b>
Fiscal Year 2004 Total	0	214,107	214,107
Fiscal Year 2005 Total	0	195,535	195,535

**Comments:**

There were no policy level changes.

# Higher Education

## **Enrollment Increases**

The amount of \$17.5 million from the state general fund is provided to increase the budgeted general enrollment capacity of the state's public colleges and universities and to address increasing enrollment demand primarily in high-demand fields.

College access is specifically expanded to support an additional 2,425 full-time equivalent (FTE) student enrollments: 1,223 general enrollments at the community and technical colleges and 828 general enrollments in the baccalaureate institutions; 324 enrollments in a high-demand pool to be allocated by the Higher Education Coordinating Board to the baccalaureate institutions; and 50 enrollments restored to Central Washington University's budgeted enrollment base. In addition, the State Board for Community and Technical Colleges will allocate high-demand and worker retraining pool funding to its colleges. The Board will provide information on the number of student enrollments added at the conclusion of the 2004-05 academic year.

*The Governor vetoed a provision that allows independent four-year institutions to compete for high-demand enrollment funding.*

## **Financial Aid**

A total of \$8.9 million from the state general fund is provided for student financial aid through the State Need Grant, Promise Scholarship, Health Professional, and Washington Center Scholarship programs. State Need Grant funding covers the impact of new state-budgeted, high-demand student enrollments and serves 35 percent of eligible, but unserved students in fiscal year 2005. Additional funding restores the average grant award amount for the Promise Scholarship to approximately 51 percent of community college tuition and fees. The Health Professional Loan Repayment and Scholarship program is expanded to assist with the recruitment and retention of health professionals in underserved areas of the state. And finally, 15 Washington college students will receive scholarships to participate in a full-time, semester-long internship in Washington, D.C.

*The Governor vetoed a provision that limits Promise Scholarship eligibility for the graduating high school class of 2004 to 120 percent of median family income adjusted for family size.*

## **Applied Research**

The amount of \$1.6 million from the state general fund is provided to the University of Washington's School of Medicine for the recruitment of biosciences research faculty and the establishment of a Proteomics Center. A non-state match of \$6.0 million is required. Focused proteomics studies through the Center will combine the interdisciplinary skills of biologists, computer scientists, and biochemists to identify the unique composition of specific proteins to help predict and manage diseases. In addition, \$50,000 is provided to Washington State University to develop alternative control mechanisms for burrowing shrimp.

## **Autism Center**

One-time funding of \$675,000 from the state general fund is provided for the establishment of a satellite facility to the Autism Center at the University of Washington (UW) Medical Center in Seattle at the UW Tacoma campus. The facility will provide clinical services to local families and professional training to school staff, health professionals, and other community agency services providers in the greater Tacoma area.

**Remedial Courses**

The Legislature provided \$300,000 for a project to reduce the need for remedial math courses at institutions of higher education. This project will bring together representatives from the K-12 system, the two-year college system, and the public four-year institutions to align standards and expectations for mathematics, improve math instruction and assessment, and communicate math expectations to students through improved educational advising.

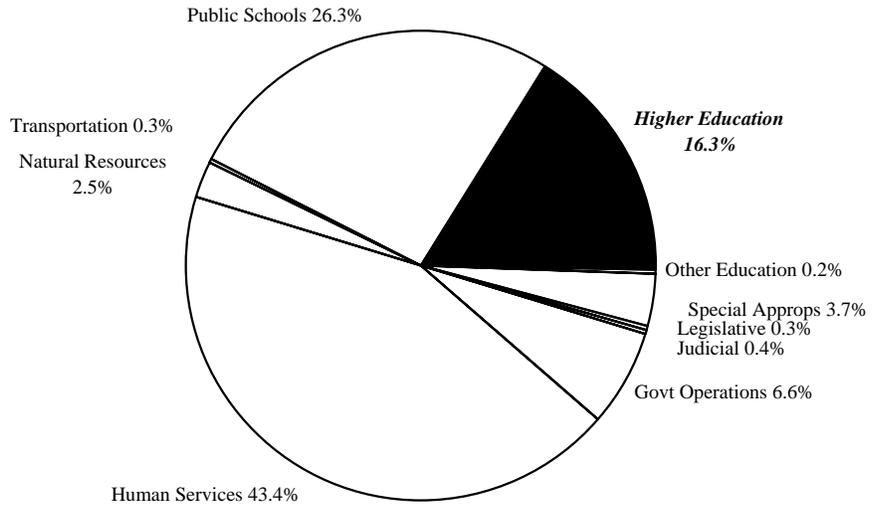
**Family Practice Residency**

The amount of \$1.8 million from the state general fund is provided to the University of Washington for training and support of primary care physicians and primary care providers. The funding is a doubling of the amount passed on to family practice residency to assist with cost increases experienced by the programs, including the rising cost of medical malpractice premiums.

## 2003-05 Washington State Operating Budget Total Budgeted Funds

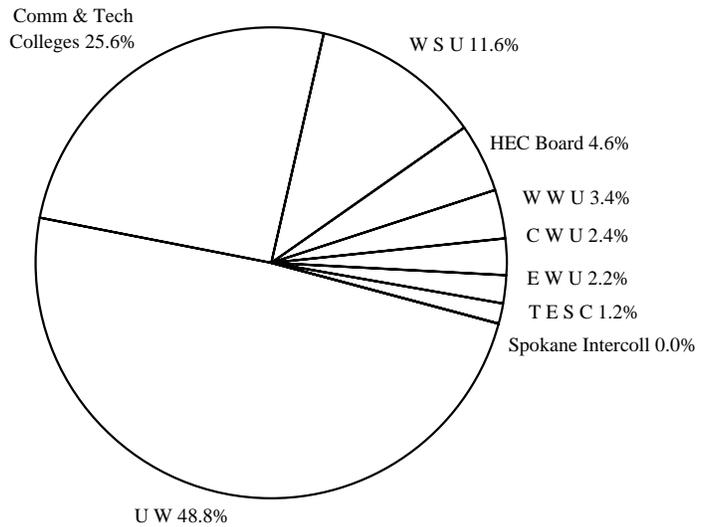
(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
Human Services	19,753,001
Natural Resources	1,149,662
Transportation	125,500
Public Schools	11,968,321
<b>Higher Education</b>	<b>7,436,241</b>
Other Education	99,594
Special Appropriations	1,667,388
<b>Statewide Total</b>	<b>45,494,003</b>



### Washington State

Univ of Washington	3,630,817
Community/Tech Colleges	1,905,946
Washington State Univ	865,672
Higher Ed Coord Bd	342,502
Western Washington Univ	254,748
Central Washington Univ	181,936
Eastern Washington Univ	160,636
The Evergreen State Coll	91,062
Spokane Intercoll	2,922
<b>Higher Education</b>	<b>7,436,241</b>

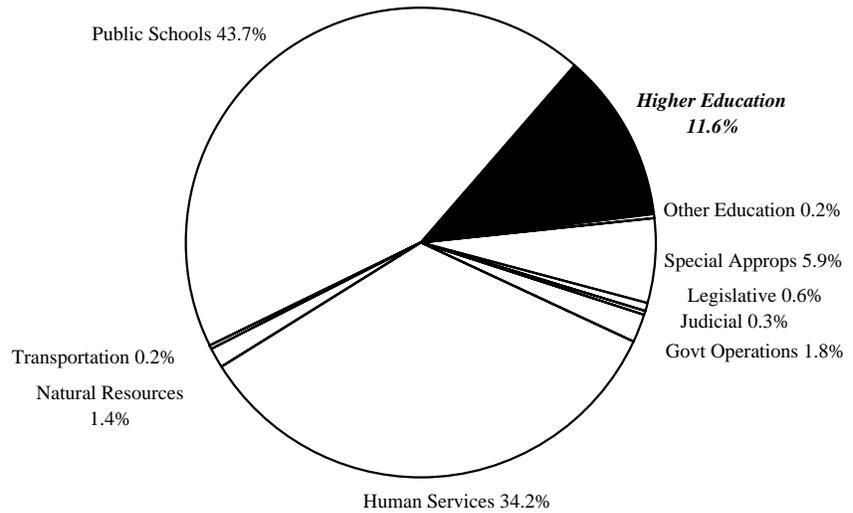


### Higher Education

## 2003-05 Washington State Operating Budget General Fund-State

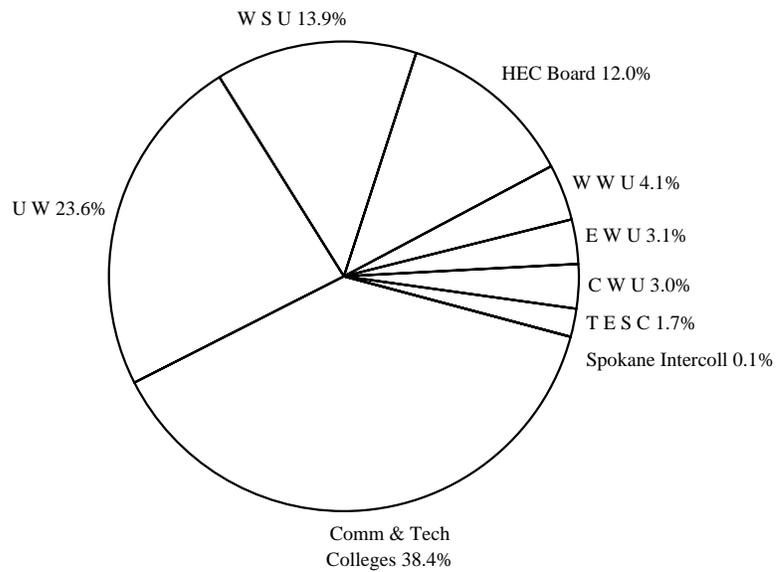
(Dollars in Thousands)

Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
Human Services	7,960,037
Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
<b>Higher Education</b>	<b>2,699,422</b>
Other Education	39,932
Special Appropriations	1,370,095
<b>Statewide Total</b>	<b>23,246,088</b>



### Washington State

Community/Tech Colleges	1,035,647
Univ of Washington	637,296
Washington State Univ	376,312
Higher Ed Coord Bd	325,145
Western Washington Univ	109,772
Eastern Washington Univ	83,481
Central Washington Univ	82,056
The Evergreen State Coll	46,891
Spokane Intercoll	2,822
<b>Higher Education</b>	<b>2,699,422</b>



### Higher Education

**Higher Education**  
**FTE Student Enrollment History**  
 By Academic Year

	Actual Enrollment <sup>(1)</sup>							Budgeted	
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
<b>Community &amp; Technical Colleges</b>	<b>118,653</b>	<b>117,925</b>	<b>121,302</b>	<b>125,131</b>	<b>128,093</b>	<b>133,962</b>	<b>139,753</b>	<b>127,189</b>	<b>128,412</b>
General Enrollment <sup>(2)</sup>	111,129	110,808	114,885	117,623	120,830	124,850	127,604	119,940	121,163
Dislocated Workers <sup>(2)</sup>	7,524	7,117	6,417	7,508	7,263	9,112	12,149	7,219	7,219
Two-plus-Two <sup>(3)</sup>	0	0	0	0	0	0	0	30	30
<b>Four-Year Schools</b>	<b>79,435</b>	<b>80,458</b>	<b>81,814</b>	<b>82,734</b>	<b>84,784</b>	<b>87,969</b>	<b>89,511</b>	<b>86,149</b>	<b>87,645</b>
University of Washington	32,858	33,398	33,592	34,058	34,966	36,647	36,963	35,187	35,525
Washington State University	18,594	18,584	19,148	18,983	19,473	19,955	20,311	19,890	20,097
Eastern Washington University	6,945	6,907	7,244	7,712	8,081	8,421	8,700	8,150	8,228
Central Washington University	7,448	7,474	7,471	7,463	7,287	7,672	8,106	7,809	7,934
The Evergreen State College	3,489	3,728	3,822	3,697	3,786	4,009	4,054	3,871	3,908
Western Washington University	10,101	10,367	10,537	10,821	11,191	11,265	11,377	11,242	11,350
Jr-Class Standing Transfers (OFM) <sup>(4)</sup>	0	0	0	0	0	0	0	0	0
High-Demand Programs (HECB) <sup>(5)</sup>	0	0	0	0	0	0	0	0	603
HECB Timber Workers <sup>(6)</sup>	139	148	177	45	48	0	0	0	0
<b>Total Higher Education</b>	<b>198,227</b>	<b>198,531</b>	<b>203,293</b>	<b>207,910</b>	<b>212,925</b>	<b>221,931</b>	<b>229,264</b>	<b>213,338</b>	<b>216,057</b>

(1) Actual enrollments were greater than budgeted levels in these years. Institutions are permitted to enroll over budgeted levels and to support the additional student FTEs with tuition and fees.

(2) General Enrollment includes technical college and Distressed Economic Community Program enrollments. Since 1997-98, the Community and Technical College System has been authorized to enroll up to 7,200 FTEs in the Dislocated Workers Program. Budgeted levels are corrected going into the 2003-04 academic year to reflect service levels actually supported by the colleges with available funds. The 2003 Legislature appropriated funds to expand access to high-demand training which resulted in 1,019 additional dislocated worker FTEs beyond the 6,200 budgeted service level originally shown for the 2003-04 and 2004-05 academic years. In addition, 100 high-demand FTEs were also allocated to the colleges. The State Board had discretion to assign \$12.6 million of instructional funds to either "general enrollment" or "dislocated worker" categories (or both) for FTE tracking purposes. The 2004 Legislature gave the State Board the discretion to assign an additional \$3.6 million of instructional funds to either "general enrollment" or "dislocated worker" categories (or both) for FTE tracking purposes for the 2004-05 academic year.

(3) Specific funding has been provided since 2000-01 for Olympic Community College to facilitate the delivery of upper division courses by accredited, four-year guest institutions for 30 FTE students. Because the supporting funds do not generate lower division enrollment, there are no actual FTE to report for the two-year college system.

(4) In the 2003-05 operating budget, the Higher Education Coordinating Board was directed to allocate 246 high-demand FTEs to the public baccalaureate institutions for the 2003-04 academic year. These allocations are reflected above in each institutions' 2003-04 budgeted level.

(5) In the 2003-05 operating budget, the Office of Financial Management was directed to allocate 400 junior level transfer FTEs to the public baccalaureate institutions. These allocations are reflected above in each institutions' budgeted levels.

(6) Actual Timber Worker enrollments reported for 1996-97 and 1998-99 include Pullman extended degree students. The program itself was allowed to sunset being replaced by a rural community development grant program at the start of the 2001-03 biennium.

Data Source :

Community and Technical College data from the State Board for Community and Technical Colleges.

Four Year Schools and Timber Worker data from the Higher Education Enrollment Report (HEER) produced by the OFM Forecasting Division.

**Higher Education**  
**Budgeted Enrollment Increases**  
 By Academic Year

	FTE Student Enrollment				
	Budgeted Level 2002-2003	Increase for 2003-2004	Total Budgeted 2003-2004	Increase for 2004-05	Total Budgeted 2004-2005
<b>Community &amp; Technical Colleges</b>	<b>128,222</b>	<b>-1,033</b>	<b>127,189</b>	<b>1,223</b>	<b>128,412</b>
General Enrollments <sup>(1)</sup>	119,672	268	119,940	1,223	121,163
Dislocated Workers <sup>(2)</sup>	8,520	-1,301	7,219	0	7,219
Two-plus-Two	30	0	30	0	30
<b>Four-Year Schools</b>	<b>85,290</b>	<b>859</b>	<b>86,149</b>	<b>1,496</b>	<b>87,645</b>
University of Washington	35,146	41	35,187	338	35,525
Seattle <sup>(3)</sup>	32,427	31	32,458	338	32,796
Bothell <sup>(3)</sup>	1,235	0	1,235	0	1,235
Tacoma <sup>(3)</sup>	1,484	10	1,494	0	1,494
Washington State University <sup>(6)</sup>	19,694	196	19,890	207	20,097
Pullman <sup>(3)</sup>	17,332	147	17,479	207	17,686
Spokane <sup>(3)</sup>	593	23	616	0	616
Tri-Cities <sup>(3)</sup>	616	17	633	0	633
Vancouver <sup>(3)</sup>	1,153	9	1,162	0	1,162
Eastern Washington University	8,017	133	8,150	78	8,228
Central Washington University	7,470	339	7,809	125	7,934
The Evergreen State College	3,837	34	3,871	37	3,908
Western Washington University	11,126	116	11,242	108	11,350
HECB High-Demand Programs <sup>(4)</sup>	0	0	0	603	603
OFM Jr-Class Standing Transfers <sup>(5)</sup>	0	0	0	0	0
<b>Total Higher Education</b>	<b>213,512</b>	<b>-174</b>	<b>213,338</b>	<b>2,719</b>	<b>216,057</b>

(1) The State Board for Community and Technical Colleges allocated an additional 100 FTEs to its colleges in the 2003-04 academic year from the high-demand/worker retraining pool authorized in the 2003-05 operating budget.

(2) The State Board for Community and Technical Colleges is authorized to enroll up to 8,520 FTEs in the Dislocated Workers Program in academic year 2002-03, and not less than 7,219 FTEs per academic year for the 2003-05 biennium. Also see note (2) on the FTE Student Enrollment History page of this document. Of the reduction shown above, 1,320 FTEs reflects 2002 supplemental funds made available on a one-time basis by the Legislature, 1,000 FTEs corrects the budget to reflect actual service expectations when the State Board allocates \$28.7 million annually to the colleges to support seats in training classes and sections of benefit to dislocated workers, and an increase of 1,019 FTEs reflects 2004 high-demand/worker retraining pool funds allocated for dislocated workers.

(3) Subject to reporting requirements, the research universities may reassign budgeted FTEs from a main campus (Seattle, Pullman) to any of its respective branch campuses at the start of an academic year.

(4) In the 2003-05 operating budget, the Higher Education Coordinating Board was directed to allocate 246 high-demand FTEs to the public baccalaureate institutions for the 2003-04 academic year. These allocations are reflected above in each institutions' 2003-04 budgeted level.

(5) In the 2003-05 operating budget, the Office of Financial Management was directed to allocate 400 junior level transfer FTEs to the public baccalaureate institutions. These allocations are reflected above in each institutions' budgeted levels.

(6) In the 2004 supplemental operating budget, Washington State University's Pullman campus enrollment is understated by 16 FTEs in 2004-05. The corrected amount is reflected above.

## Community & Technical College System

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>1,025,814</b>	<b>866,799</b>	<b>1,892,613</b>
<b>Total Maintenance Changes</b>	<b>3,860</b>	<b>0</b>	<b>3,860</b>
<b>Policy Changes</b>			
1. Use of Admin Contingency Account	-3,500	3,500	0
2. Operating Costs/Exist Capital Proj	29	0	29
3. General Enrollments	5,581	0	5,581
4. High Demand Enrollments	3,563	0	3,563
5. Transition Math Project	300	0	300
<b>Total Policy Changes</b>	<b>5,973</b>	<b>3,500</b>	<b>9,473</b>
<b>2003-05 Revised Appropriations</b>	<b>1,035,647</b>	<b>870,299</b>	<b>1,905,946</b>
Fiscal Year 2004 Total	509,539	423,107	932,646
Fiscal Year 2005 Total	526,108	447,192	973,300

**Comments:**

1. **Use of Admin Contingency Account** - Funding for training and related support services for unemployed workers is shifted to the Administrative Contingency Account-State. (General Fund-State, Administrative Contingency Account-State)
2. **Operating Costs/Exist Capital Proj** - Funding is provided for maintenance and operation of the instructional space at the Family Education Center at South Puget Sound Community College. In its 2001-03 capital project request, the State Board for Community and Technical Colleges estimated operating impacts of \$28,052 per year or \$1.60 per square foot for the 17,512 square foot facility. The child care center occupies 19.4 percent of the facility and it is assumed the revenue from child care services will fund the maintenance and operation costs for that portion of the facility. The college will occupy the facility in March 2004.
3. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 1,223 full-time equivalent (FTE) students in FY 2005. New budgeted enrollment for resident students is supported by the state at an average rate of \$4,563 per FTE.
4. **High Demand Enrollments** - Funding is provided solely to expand enrollment in high-demand fields, including the expansion of worker retraining programs. The State Board will manage a competitive process for awarding high-demand resources. State funds are budgeted at an average rate of \$10,000 per FTE for high-demand fields and \$5,000 per FTE for worker retraining.
5. **Transition Math Project** - One-time funding is provided to address the need to reduce remedial math courses taken at institutions of higher education. The project will bring together representatives from the K-12 system, the Community and Technical College System, and public four-year institutions to: (1) align standards and expectations for mathematics so that high school graduates will be prepared to enter college-level math courses; (2) increase student success in completing math

requirements through attention to improved instruction and assessment; and (3) clearly communicate math expectations to students through focused educational advising. The State Board for Community and Technical Colleges will serve as fiscal agent for the project.

## University of Washington

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>631,212</b>	<b>2,993,521</b>	<b>3,624,733</b>
<b>Policy Changes</b>			
1. Burke Museum Educational Outreach	50	0	50
2. Family Practice Residency Programs	1,897	0	1,897
3. General Enrollments	1,862	0	1,862
4. UW-Tacoma Autism Center	675	0	675
5. UW Proteomics Center	1,600	0	1,600
<b>Total Policy Changes</b>	<b>6,084</b>	<b>0</b>	<b>6,084</b>
<b>2003-05 Revised Appropriations</b>	<b>637,296</b>	<b>2,993,521</b>	<b>3,630,817</b>
Fiscal Year 2004 Total	311,628	1,493,485	1,805,113
Fiscal Year 2005 Total	325,668	1,500,036	1,825,704

**Comments:**

1. **Burke Museum Educational Outreach** - Funding is provided for one education coordinator to help teachers meet state and district learning requirements through teacher training programs. In addition, an expanded statewide educational kit program, curriculum development, and digital collections access using web-based technologies are also supported by the appropriation.
2. **Family Practice Residency Programs** - State funding for the training and support of primary care physicians and primary care providers through the network of family practice residency programs is increased. This item will double the amount of funding that is passed on to family practice residency programs to assist with cost increases experienced by the programs, including the rising cost of medical malpractice premiums.
3. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 338 full-time equivalent (FTE) students in FY 2005. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$5,509 per FTE.
4. **UW-Tacoma Autism Center** - One-time funding is provided to establish an Autism Center at the University of Washington (UW) Tacoma campus. The new facility will function as a satellite facility to the Autism Center at the UW Medical Center in Seattle and provide clinical service and professional training. Funding of \$300,000 is provided for facility renovation of leased space adjacent to the Tacoma campus and \$375,000 is provided for staffing.
5. **UW Proteomics Center** - Funding is provided to the UW's School of Medicine for the recruitment of biosciences research faculty and the establishment of a proteomics center. A non-state match of \$6.0 million is required. If matching funds are not received by June 30, 2005, the appropriation will lapse.

**Governor's Vetoes:**

The Governor vetoed Section 603(12) of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which requires the UW Bothell to develop a plan to phase in lower-division courses at the campus.

## Washington State University

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>375,219</b>	<b>489,360</b>	<b>864,579</b>
<b>Policy Changes</b>			
1. General Enrollments	1,043	0	1,043
2. Burrowing Shrimp Research	50	0	50
<b>Total Policy Changes</b>	<b>1,093</b>	<b>0</b>	<b>1,093</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>376,312</b>	<b>489,360</b>	<b>865,672</b>
Fiscal Year 2004 Total	185,265	240,255	425,520
Fiscal Year 2005 Total	191,047	249,105	440,152

**Comments:**

1. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 191 full-time equivalent (FTE) students in FY 2005. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$5,461 per FTE.
2. **Burrowing Shrimp Research** - Funding is provided for research to develop alternative control mechanisms for burrowing shrimp.

**Governor's Vetoes:**

The Governor vetoed Section 604(9) of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which requires Washington State University Vancouver to develop a plan to phase in lower-division courses at the campus.

**Eastern Washington University**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>83,044</b>	<b>77,155</b>	<b>160,199</b>
<b>Policy Changes</b>			
1. General Enrollments	437	0	437
<b>Total Policy Changes</b>	<b>437</b>	<b>0</b>	<b>437</b>
<b>2003-05 Revised Appropriations</b>	<b>83,481</b>	<b>77,155</b>	<b>160,636</b>
Fiscal Year 2004 Total	40,861	37,140	78,001
Fiscal Year 2005 Total	42,620	40,015	82,635

**Comments:**

- General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 78 full-time equivalent (FTE) students in FY 2005. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$5,604 per FTE.

## Central Washington University

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>81,156</b>	<b>99,880</b>	<b>181,036</b>
<b>Total Maintenance Changes</b>	<b>223</b>	<b>0</b>	<b>223</b>
<b>Policy Changes</b>			
1. Enrollment Stabilization & Recovery	266	0	266
2. General Enrollments	411	0	411
<b>Total Policy Changes</b>	<b>677</b>	<b>0</b>	<b>677</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>82,056</b>	<b>99,880</b>	<b>181,936</b>
Fiscal Year 2004 Total	39,765	48,584	88,349
Fiscal Year 2005 Total	42,291	51,296	93,587

**Comments:**

1. **Enrollment Stabilization & Recovery** - Funding is provided to partially restore state-supported full-time equivalent (FTE) student enrollments that were deducted from the budgeted base in 2001, because enrollment has been fully recovered. This funding will provide for 50 additional FTE students during the 2003-05 biennium.
  
2. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 75 FTE students in FY 2005. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$5,480 per FTE.

## The Evergreen State College

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>46,449</b>	<b>44,171</b>	<b>90,620</b>
<b>Policy Changes</b>			
1. Charter School Study	65	0	65
2. General Enrollments	202	0	202
3. Bilingual Education Study	25	0	25
4. Sex Offender Sentencing (ESHB 2400)	150	0	150
<b>Total Policy Changes</b>	<b>442</b>	<b>0</b>	<b>442</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>46,891</b>	<b>44,171</b>	<b>91,062</b>
Fiscal Year 2004 Total	22,856	21,799	44,655
Fiscal Year 2005 Total	24,035	22,372	46,407

**Comments:**

1. **Charter School Study** - Funding is provided for the implementation of Chapter 22, Laws of 2004 (E2SHB 2295), which requires the Washington State Institute for Public Policy (WSIPP) to conduct a study of the effectiveness of charter schools.
  
2. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 37 full-time equivalent (FTE) students in FY 2005. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$5,459 per FTE.
  
3. **Bilingual Education Study** - Funding is provided for WSIPP to examine issues related to the state's Transitional Bilingual Education program. Specifically, the examination will include a review of the following issues: (1) trends in enrollment and average length of stay in the Transitional Bilingual Program; (2) the different types of programs and delivery methods that exist in Washington State and other states; (3) the academic and language acquisition effectiveness of different types of programs and service delivery methods; (4) the cost benefits of these different types of programs and service delivery methods; and (5) potential changes that would result in more effective program delivery and cost-effectiveness.
  
4. **Sex Offender Sentencing (ESHB 2400)** - Funding is provided for the implementation of Chapter 176, Laws of 2004, Partial Veto (ESHB 2400), which directs WSIPP to evaluate the impact and effectiveness of current sex offender sentencing policies, including the Special Sex Offender Sentencing Alternative. WSIPP shall report its findings and recommendations to the Legislature no later than December 31, 2004.

## Western Washington University

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>109,182</b>	<b>144,976</b>	<b>254,158</b>
<b>Policy Changes</b>			
1. General Enrollments	590	0	590
<b>Total Policy Changes</b>	<b>590</b>	<b>0</b>	<b>590</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>109,772</b>	<b>144,976</b>	<b>254,748</b>
Fiscal Year 2004 Total	53,645	71,157	124,802
Fiscal Year 2005 Total	56,127	73,819	129,946

**Comments:**

1. **General Enrollments** - Funding is provided to expand state-supported general enrollment slots by 108 full-time equivalent (FTE) students in FY 2005. New budgeted enrollment for resident undergraduate students is supported by the state at an average rate of \$5,463 per FTE.

## Higher Education Coordinating Board

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>312,297</b>	<b>17,343</b>	<b>329,640</b>
<b>Total Maintenance Changes</b>	<b>99</b>	<b>14</b>	<b>113</b>
<b>Policy Changes</b>			
1. State Need Grant	4,481	0	4,481
2. Promise Scholarship	2,340	0	2,340
3. Washington Center Scholarships	60	0	60
4. Program Assessment and Approval	205	0	205
5. High-Demand Enrollments	3,563	0	3,563
6. Enrollment Growth Evaluation	100	0	100
7. Health Professional Program	2,000	0	2,000
<b>Total Policy Changes</b>	<b>12,749</b>	<b>0</b>	<b>12,749</b>
<b>2003-05 Revised Appropriations</b>	<b>325,145</b>	<b>17,357</b>	<b>342,502</b>
Fiscal Year 2004 Total	150,216	8,456	158,672
Fiscal Year 2005 Total	174,929	8,901	183,830

**Comments:**

1. **State Need Grant** - Funding is provided to cover the impact of new state budgeted, high-demand full-time equivalent (FTE) student enrollments (\$164,000) and to serve 35 percent of unserved State Need Grant eligible students (\$4,317,000) in FY 2005. It is assumed that grants will increase by 7 percent as assumed in the biennial budget for FY 2005. The effective income cutoff for need grants is maintained at 55 percent of the state's median family income.
2. **Promise Scholarship** - Funding is provided to restore the average grant award amount for the Promise Scholarship program to approximately 51 percent of community college tuition and fees. In FY 2005, it is assumed that eligibility for the graduating high school class of 2004 is limited to 120 percent of median family income (MFI) adjusted for family size. The eligibility for the graduating high school class of 2003 is retained at 135 percent of MFI.
3. **Washington Center Scholarships** - Funding is provided for \$4,000 scholarships to 15 Washington college students to participate in full-time, semester-long internships in Washington, D.C. Students will apply to the Washington Center, which will place students in various agencies in Washington, D.C., related to the students' program majors and public sector career interests. These scholarships, distributed by the Higher Education Coordinating Board, ensure that all students are eligible to participate by offsetting housing and living expenses.
4. **Program Assessment and Approval** - Funding is provided to develop a comprehensive and ongoing assessment process to analyze the need for additional degrees and programs, additional service area locations, and consolidation or elimination of programs by four-year institutions, as outlined in Chapter 275, Laws of 2004, Partial Veto (SHB 3103).
5. **High-Demand Enrollments** - The Board will manage a competitive process to award 324 FTE student enrollments in high demand fields. Public baccalaureate and independent four-year institutions are eligible to apply for funding. State funds are budgeted at an average rate of \$11,000 per FTE for instruction.
6. **Enrollment Growth Evaluation** - Funding is provided to evaluate specific policy alternatives with which the Legislature will make key investment decisions for the 2005-07 biennium.
7. **Health Professional Program** - Funding is provided to expand the Health Professional Loan Repayment and Scholarship Program. Funds will assist with the recruitment and retention of credentialed health professionals in underserved areas of the state.

**Governor's Vetoes:**

The Governor partially vetoed Section 609 of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which allows independent four-year colleges to apply for high-demand enrollment funding. In addition, the Governor partially vetoed Section 610, which limits Promise Scholarship eligibility for the graduating high school class of 2004 to 120 percent of MFI adjusted for family size.

# Special Appropriations

## **State Employee Health Care Benefits**

Surplus dollars in the Public Employee Benefits Board (PEBB) Fund are used to reduce the growth in health care premium costs. It is expected that there will be no increase in state employee contributions. Approximately \$28 million in surplus funds are expended in fiscal year 2005 using the current funding proportions, with 16 percent of the surplus used to reduce employee contributions and 84 percent used to reduce state contributions. An additional \$13.4 million in state funds is then spent to further reduce projected average 2005 employee health care contributions. The state's monthly contribution per employee increases to \$584.58 per month rather than \$592.39 per month. The net impact on the 2003-05 biennial budget is a savings of approximately \$9.9 million.

## **Efficiency Reductions and Savings**

The supplemental operating budget makes efficiency reductions and savings in several areas:

- As a result of adjustments to the acquisition strategy for the K-20 Educational Network program, which provides telecommunication services to network participants, the operating budget realizes one-time equipment replacement savings of \$1.2 million.
- Savings of \$1.2 million to the state general fund are projected as a result of governmental liability reform.
- Savings of almost \$4.6 million are projected for self-insurance premiums in dedicated funds. In addition, state general fund savings for fiscal year 2004 are shifted to fiscal year 2005.
- The Legislature directs the Office of Financial Management to reduce allotments for all agencies for equipment, travel, and personal service contracts by 10 percent, or \$11.4 million, in fiscal year 2005.

*The Governor vetoed this item.*

## **Help America Vote Act Match**

The supplemental operating budget provides a General Fund-State appropriation of \$3.14 million to the state Election Account for use as matching funds for federal Help America Vote Act (HAVA) dollars. Washington is eligible to receive up to \$62.8 million in federal funding to help meet the new HAVA mandates. The Office of the Secretary of State will combine the state matching funds with federal HAVA funds to create a statewide voter registration database and to implement the Local Grant program to pass funds through to counties to replace punchcard voting equipment and to comply with HAVA requirements for accommodating voters with disabilities.

## **Extraordinary Criminal Justice Costs**

The supplemental operating budget appropriates \$954,000 to King and Pacific Counties as a result of extraordinary criminal justice costs incurred. As in 2002, more than half of King County's petition for reimbursement of extraordinary criminal justice costs was for costs related to *State v. Ridgway*.

## **Assistance to Counties**

The supplemental operating budget appropriates \$4.0 million of state general funds in fiscal year 2005 to those counties most acutely affected by the loss of Motor Vehicle Excise Tax revenue. This backfill builds up the \$5.0 million in federal funds provided for these counties in the 2003-05 biennial budget.

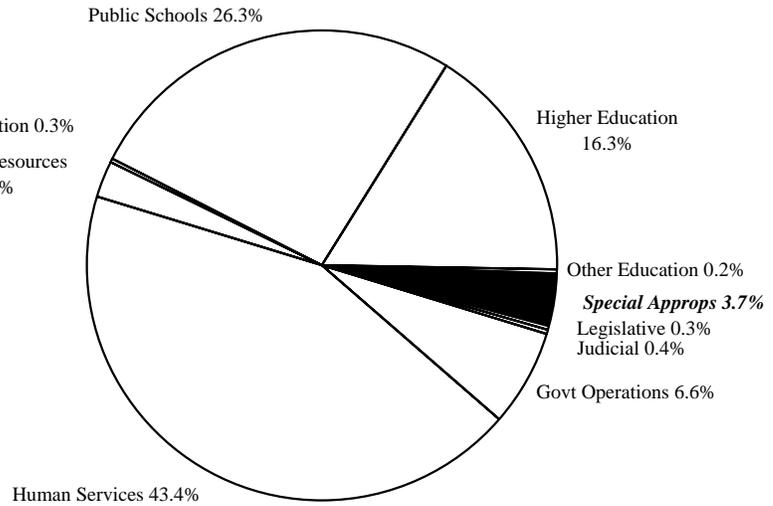
## **Mader et al. v. Health Care Authority and the state of Washington Settlement**

The supplemental operating budget provides \$11.0 million to settle all claims in *Mader et al. v. Health Care Authority and the state of Washington*. Community and technical colleges are required to provide health benefits during the summer months for part-time faculty who have worked half time or more during the academic year. This settlement requires the reimbursement of health care premiums paid by employees prior to 2003. The appropriation is contingent upon the settlement being executed by June 30, 2004.

## 2003-05 Washington State Operating Budget Total Budgeted Funds

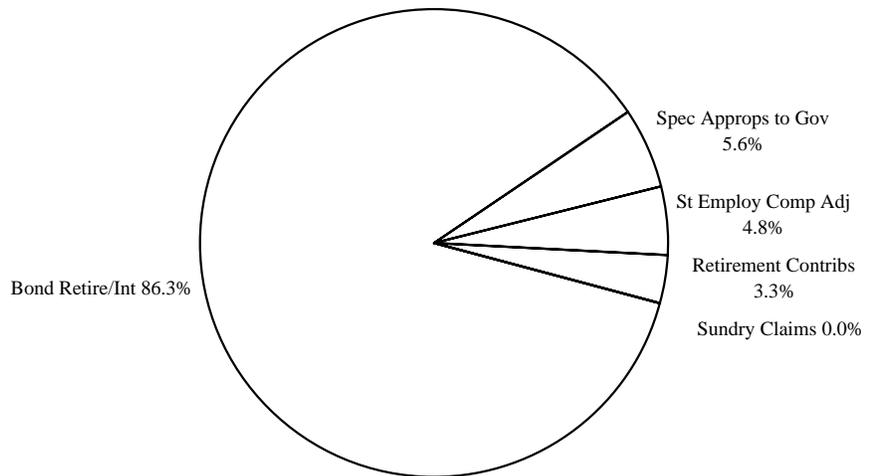
(Dollars in Thousands)

Legislative	136,744
Judicial	167,656
Governmental Operations	2,989,896
Human Services	19,753,001
Natural Resources	1,149,662
Transportation	125,500
Public Schools	11,968,321
Higher Education	7,436,241
Other Education	99,594
<b><i>Special Appropriations</i></b>	<b><i>1,667,388</i></b>
<b>Statewide Total</b>	<b>45,494,003</b>



### Washington State

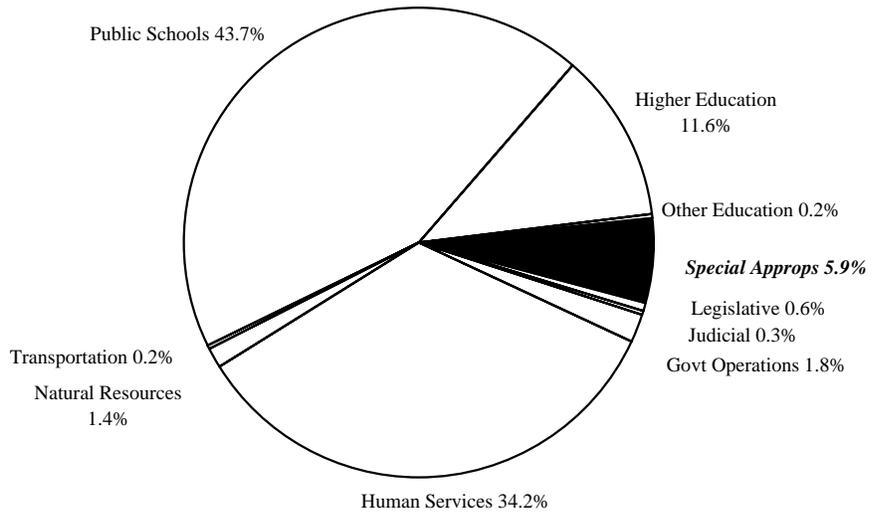
Bond Retire/Int	1,438,962
Spec Approps to Gov	93,210
St Employ Comp Adj	80,079
Retirement Contributions	54,660
Sundry Claims	477
<b><i>Special Appropriations</i></b>	<b><i>1,667,388</i></b>



### *Special Appropriations*

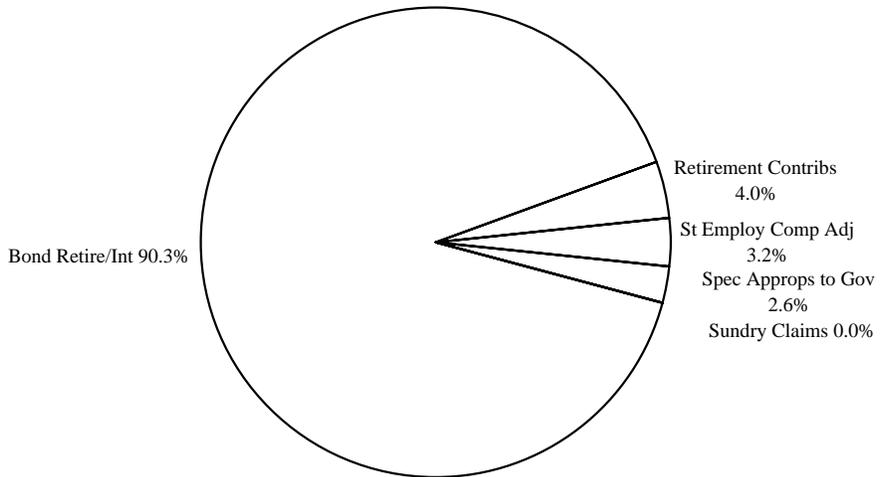
**2003-05 Washington State Operating Budget**  
**General Fund-State**  
(Dollars in Thousands)

Legislative	129,978
Judicial	79,536
Governmental Operations	419,961
Human Services	7,960,037
Natural Resources	333,014
Transportation	49,226
Public Schools	10,164,887
Higher Education	2,699,422
Other Education	39,932
<b><i>Special Appropriations</i></b>	<b><i>1,370,095</i></b>
<b>Statewide Total</b>	<b>23,246,088</b>



**Washington State**

Bond Retire/Int	1,236,903
Retirement Contributions	54,660
St Employ Comp Adj	43,464
Spec Approps to Gov	34,986
Sundry Claims	82
<b><i>Special Appropriations</i></b>	<b><i>1,370,095</i></b>



***Special Appropriations***

**Bond Retirement and Interest**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>1,249,251</b>	<b>190,356</b>	<b>1,439,607</b>
<b>Total Maintenance Changes</b>	<b>-14,300</b>	<b>10,172</b>	<b>-4,128</b>
<b>Policy Changes</b>			
1. Additional Bond Sales	<u>1,952</u>	<u>1,531</u>	<u>3,483</u>
<b>Total Policy Changes</b>	<b>1,952</b>	<b>1,531</b>	<b>3,483</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>1,236,903</b>	<b>202,059</b>	<b>1,438,962</b>
Fiscal Year 2004 Total	682,806	115,344	798,150
Fiscal Year 2005 Total	554,097	86,715	640,812

**Comments:**

- Additional Bond Sales** - Funding is provided for debt service costs and related bond sale expenses for additional authorized general obligation and Gardner-Evans bonds. Projects include high-priority education, public safety, and water resource facilities. (General Fund-State, Gardner-Evans Higher Education Construction Account-State, State Building Construction Account-State)

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

## State Employee Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>48,284</b>	<b>41,449</b>	<b>89,733</b>
<b>Policy Changes</b>			
1. Move Funding from Inactive Account	0	0	0
2. Health Benefits	-11,667	-11,646	-23,313
3. Reduce Employee Hlth Care Premiums	6,697	6,684	13,381
4. Minimum Allowance for TRS/PERS 1	150	128	278
<b>Total Policy Changes</b>	<b>-4,820</b>	<b>-4,834</b>	<b>-9,654</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>43,464</b>	<b>36,615</b>	<b>80,079</b>
Fiscal Year 2004 Total	8,821	7,361	16,182
Fiscal Year 2005 Total	34,643	29,254	63,897

**Comments:**

1. **Move Funding from Inactive Account** - Health insurance funding is transferred from the now defunct Salmon Recovery Account to the Recreation Resources Account.
  
2. **Health Benefits** - The actual cost of health care coverage provided through the Public Employees Benefits Board (PEBB) is less than anticipated in the 2003-05 biennial budget. The resulting surplus in the PEBB Fund is used to hold down health care premium costs. Surplus funds are expended in a manner proportional to current funding practices, with 16 percent of the surplus used to reduce employee contributions and 84 percent used to reduce state contributions. (General Fund-State, various funds)
  
3. **Reduce Employee Hlth Care Premiums** - In addition to distributing the surplus from FY 2004, approximately \$6.7 million in General Fund-State and \$3.2 million in other funds are appropriated to reduce projected employee premiums for calendar year (CY) 2005. Along with the reduction in employee premiums resulting from the distribution of surplus, this will hold the projected average employee premium for CY 2005 to \$78.63 per month, the same level currently projected for CY 2004. Under the 2003-05 biennial budget, the CY 2005 average employee premium was projected to rise to \$110.64 per month. This budget anticipates that the total cost of medical insurance purchased on behalf of current employees will increase by an average of 15 percent and for retirees enrolled in Medicare by 13.9 percent, between CY 2004 and CY 2005. (General Fund-State, various funds)
  
4. **Minimum Allowance for TRS/PERS 1** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain retirees of the Public Employees' Retirement System (PERS) Plan 1 and the Teachers' Retirement System (TRS) Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538). (General Fund-State, General Fund-Federal, General Fund-Private/Local, Retirement Contribution Increase Revolving Account-State)

## Special Appropriations to the Governor

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>18,249</b>	<b>62,766</b>	<b>81,015</b>
<b>Policy Changes</b>			
1. Help America Vote Act	3,140	0	3,140
2. K-20 Telecommunications Network	-1,204	0	-1,204
3. Liability Account	0	-4,572	-4,572
4. County Assistance	4,000	0	4,000
5. Extraordinary Crim Justice Costs	954	0	954
6. Mental Health Task Force	50	30	80
7. Governmental Liability Reform	-1,203	0	-1,203
8. Mader v. HCA Settlement	11,000	0	11,000
9. Travel, Equipment, Contracts	-11,400	0	-11,400
10. Governor Veto	11,400	0	11,400
<b>Total Policy Changes</b>	<b>16,737</b>	<b>-4,542</b>	<b>12,195</b>
<b>2003-05 Revised Appropriations</b>	<b>34,986</b>	<b>58,224</b>	<b>93,210</b>
Fiscal Year 2004 Total	18,537	34,766	53,303
Fiscal Year 2005 Total	16,449	23,458	39,907

**Comments:**

- |   |  |
|---|--|
| <p>1. <b>Help America Vote Act</b> - A General Fund-State appropriation is made to the state Election Account for use as matching funds for federal dollars. The Office of the Secretary of State will combine the state matching funds with federal Help America Vote Act (HAVA) funds to create a statewide voter registration database and to implement the Local Grant program to pass funds through to counties to replace punchcard voting equipment and to comply with HAVA requirements for accommodating voters with disabilities.</p> <p>2. <b>K-20 Telecommunications Network</b> - Adjustments to the acquisition strategy have produced one-time equipment replacement savings for the K-20 Educational Network program, which provides telecommunication services to network participants.</p> <p>3. <b>Liability Account</b> - Savings are projected for self-insurance premiums in dedicated funds. In addition, state general fund savings for FY 2004 are shifted to FY 2005. (General Fund-State, various other funds)</p> <p>4. <b>County Assistance</b> - Funding is provided for distribution to specified counties to mitigate the loss of local revenue following the passage of Initiative 695.</p> <p>5. <b>Extraordinary Crim Justice Costs</b> - Funding is provided to reimburse King and Pacific Counties for extraordinary criminal justice costs.</p> <p>6. <b>Mental Health Task Force</b> - Funding is provided for a joint legislative and executive task force on mental health services delivery and financing. (General Fund-State, General Fund-Federal)</p> | <p>7. <b>Governmental Liability Reform</b> - This item reflects the projected savings to the state general fund from governmental liability reform.</p> <p>8. <b>Mader v. HCA Settlement</b> - Funding is provided to settle all claims in <i>Mader et al. v. Health Care Authority and the state of Washington</i>. Community and technical colleges are required to provide health benefits during the summer months for part-time faculty who have worked half-time or more during the academic year. This settlement requires the reimbursement of health care premiums paid by employees prior to 2003. The appropriation is contingent upon the settlement being executed by June 30, 2004.</p> <p>9. <b>Travel, Equipment, Contracts</b> - Funding is reduced 10 percent for travel, equipment, and personal service contract expenditures in FY 2005. This item was vetoed. See Governor veto item.</p> <p>10. <b>Governor Veto</b> - The Governor vetoed Section 717 of Chapter 276, Laws of 2004, Partial Veto (ESHB 2459), which reduced funding for travel, equipment, and personal services contracts by 10 percent in FY 2005.</p> |
|---|--|

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

**Sundry Claims**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2003-05 Original Appropriations</b>	<b>18</b>	<b>365</b>	<b>383</b>
<b>Policy Changes</b>			
1. Self-Defense Claims	64	0	64
2. Deer and Elk Damage Claims	0	30	30
<b>Total Policy Changes</b>	<b>64</b>	<b>30</b>	<b>94</b>
<b>2003-05 Revised Appropriations</b>	<b>82</b>	<b>395</b>	<b>477</b>
Fiscal Year 2004 Total	82	395	477
Fiscal Year 2005 Total	0	0	0

**Comments:**

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

## Contributions to Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
<b>2003-05 Original Appropriations</b>	<b>55,170</b>	<b>0</b>	<b>55,170</b>
<b>Total Maintenance Changes</b>	<b>-510</b>	<b>0</b>	<b>-510</b>
<hr/>			
<b>2003-05 Revised Appropriations</b>	<b>54,660</b>	<b>0</b>	<b>54,660</b>
Fiscal Year 2004 Total	26,751	0	26,751
Fiscal Year 2005 Total	27,909	0	27,909
<hr/>			

**Comments:**

There were no policy level changes.

# **APPENDIX**

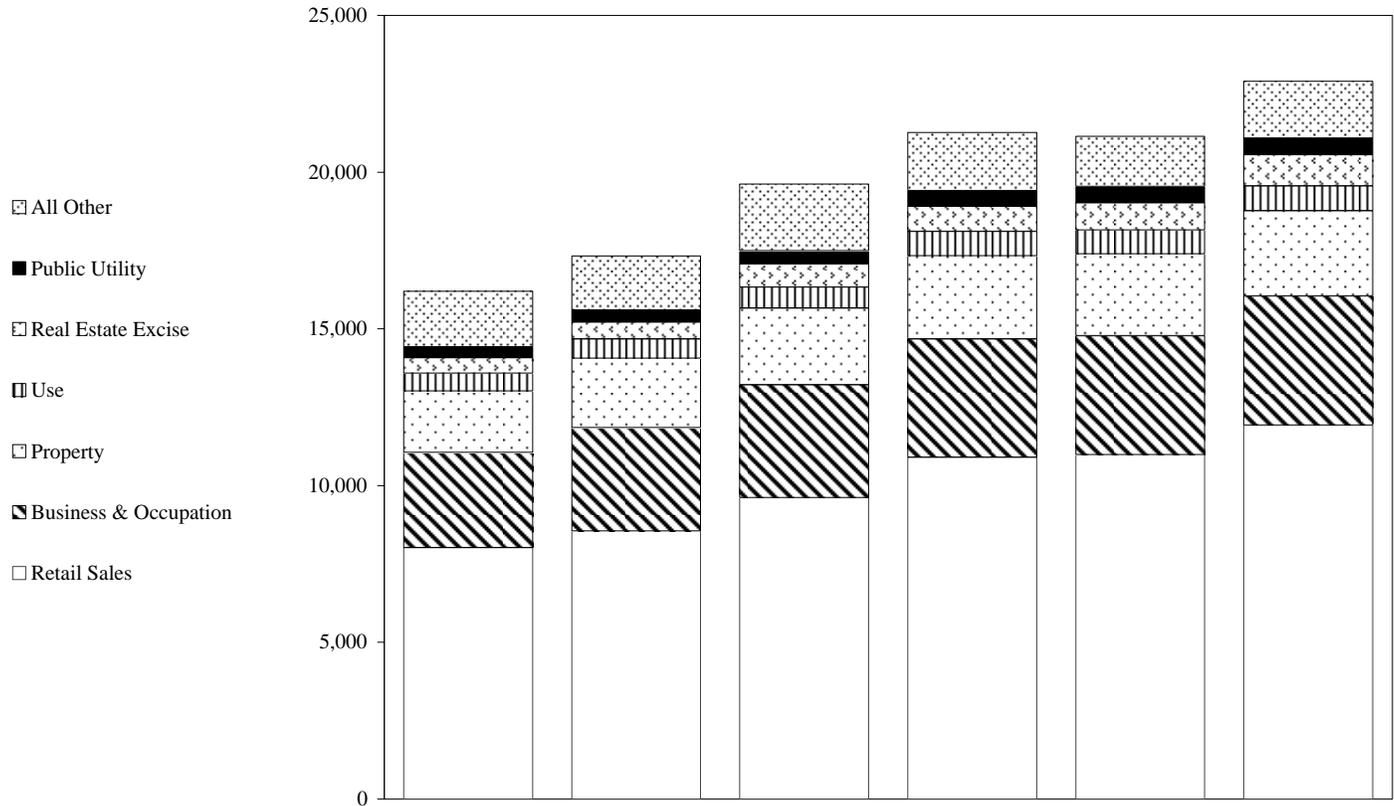
## **Historical Comparisons – Operating Only**

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Historical data displayed on the following pages differ from data displayed in previous Legislative Budget Notes documents. The differences result from the finalization of 2001-03 data. Previously, budgeted data were displayed for 2001-03; the following tables and graphs display actual data for 2001-03.

# Washington State General Fund-State Revenues By Source

(Dollars in Millions)



	<b>1993-95</b>	<b>1995-97</b>	<b>1997-99</b>	<b>1999-01</b>	<b>2001-03</b>	<b>2003-05</b>
Retail Sales	8,020.5	8,541.8	9,609.8	10,903.5	10,987.0	11,923.8
Business & Occupation	3,031.5	3,300.1	3,603.6	3,772.9	3,790.6	4,126.4
Property	1,960.4	2,211.7	2,452.8	2,651.9	2,613.5	2,714.4
Use	569.4	626.1	662.0	779.5	753.1	790.4
Real Estate Excise	493.0	532.6	746.3	801.5	873.1	999.0
Public Utility	345.2	388.1	415.8	495.3	524.1	527.5
All Other	1,780.9	1,729.5	2,129.2	1,857.5	1,599.3	1,815.8
<b>Total</b>	<b>16,200.9</b>	<b>17,329.9</b>	<b>19,619.5</b>	<b>21,262.1</b>	<b>21,140.7</b>	<b>22,897.3</b>

\* The state levy forecast reflects only the General Fund portion. The portion of the state levy that is transferred to the Student Achievement Account by Initiative 728 is excluded.

Note: Data for 2001-03 and 2003-05 reflect the February 2004 Revenue Forecast (Cash Basis).

## Washington State General Fund-State Revenues By Source

### Dollars in Millions

	1993-95	1995-97	1997-99	1999-01	2001-03	2003-05
Retail Sales	8,020.5	8,541.8	9,609.8	10,903.5	10,987.0	11,923.8
Business & Occupation	3,031.5	3,300.1	3,603.6	3,772.9	3,790.6	4,126.4
Property *	1,960.4	2,211.7	2,452.8	2,651.9	2,613.5	2,714.4
Use	569.4	626.1	662.0	779.5	753.1	790.4
Real Estate Excise	493.0	532.6	746.3	801.5	873.1	999.0
Public Utility	345.2	388.1	415.8	495.3	524.1	527.5
All Other	1,780.9	1,729.5	2,129.2	1,857.5	1,599.3	1,815.8
<b>Total</b>	<b>16,200.9</b>	<b>17,329.9</b>	<b>19,619.5</b>	<b>21,262.1</b>	<b>21,140.7</b>	<b>22,897.3</b>

### Percent of Total

Retail Sales	49.5%	49.3%	49.0%	51.3%	52.0%	52.1%
Business & Occupation	18.7%	19.0%	18.4%	17.7%	17.9%	18.0%
Property	12.1%	12.8%	12.5%	12.5%	12.4%	11.9%
Use	3.5%	3.6%	3.4%	3.7%	3.6%	3.5%
Real Estate Excise	3.0%	3.1%	3.8%	3.8%	4.1%	4.4%
Public Utility	2.1%	2.2%	2.1%	2.3%	2.5%	2.3%
All Other	11.0%	10.0%	10.9%	8.7%	7.6%	7.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Percent Change from Prior Biennium

Retail Sales	6.5%	12.5%	13.5%	0.8%	8.5%
Business & Occupation	8.9%	9.2%	4.7%	0.5%	8.9%
Property	12.8%	10.9%	8.1%	-1.5%	3.9%
Use	10.0%	5.7%	17.8%	-3.4%	5.0%
Real Estate Excise	8.0%	40.1%	7.4%	8.9%	14.4%
Public Utility	12.4%	7.1%	19.1%	5.8%	0.7%
All Other	-2.9%	23.1%	-12.8%	-13.9%	13.5%
<b>Total</b>	<b>7.0%</b>	<b>13.2%</b>	<b>8.4%</b>	<b>-0.6%</b>	<b>8.3%</b>

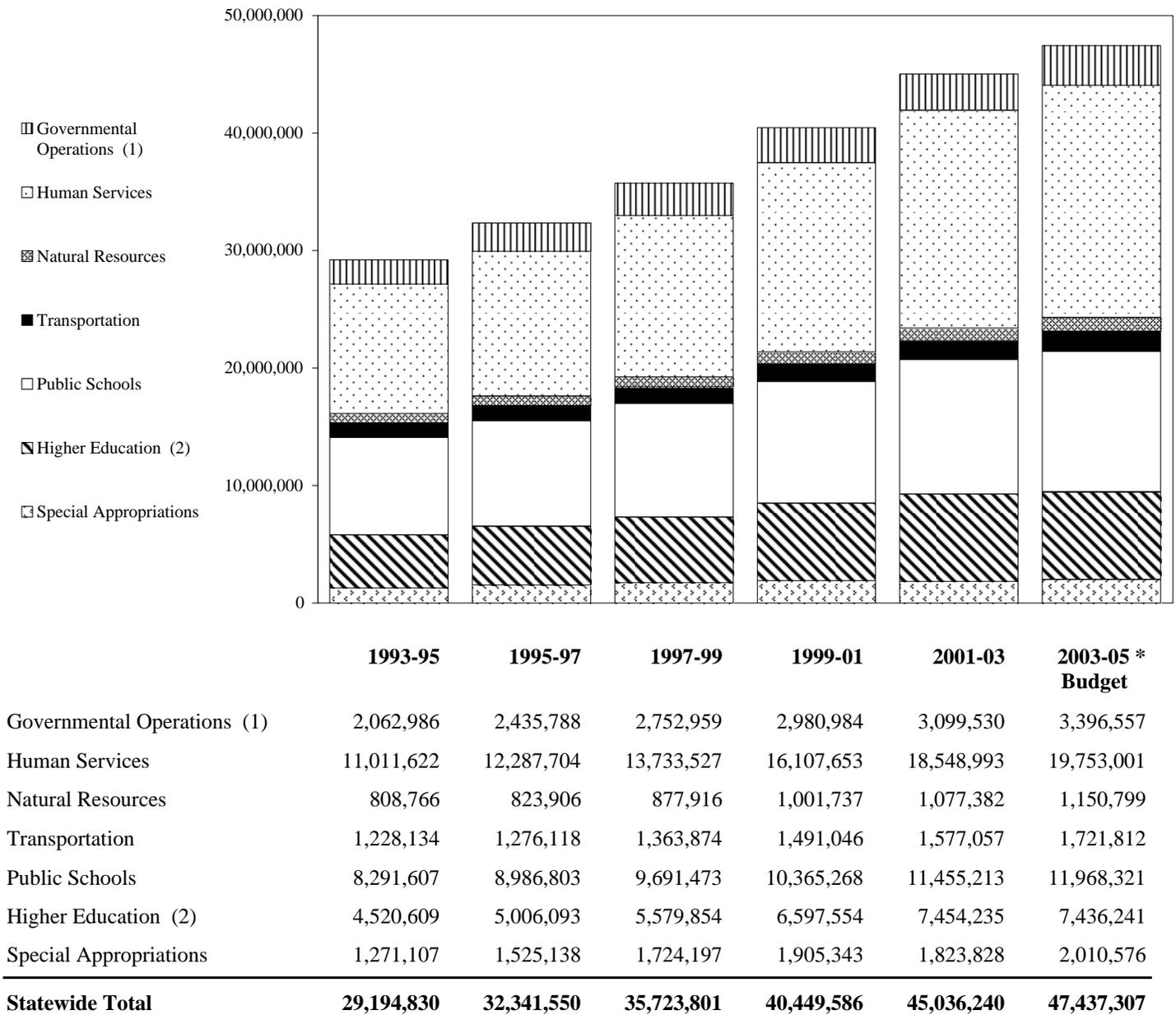
\* The state levy forecast reflects only the General Fund portion. The portion of the state levy that is transferred to the Student Achievement Account by Initiative 728 is excluded.

Note: Data for 2001-03 and 2003-05 reflect the February 2004 Revenue Forecast (Cash Basis).

# Washington State Operating Budget

## Total All Funds

(Dollars in Thousands)



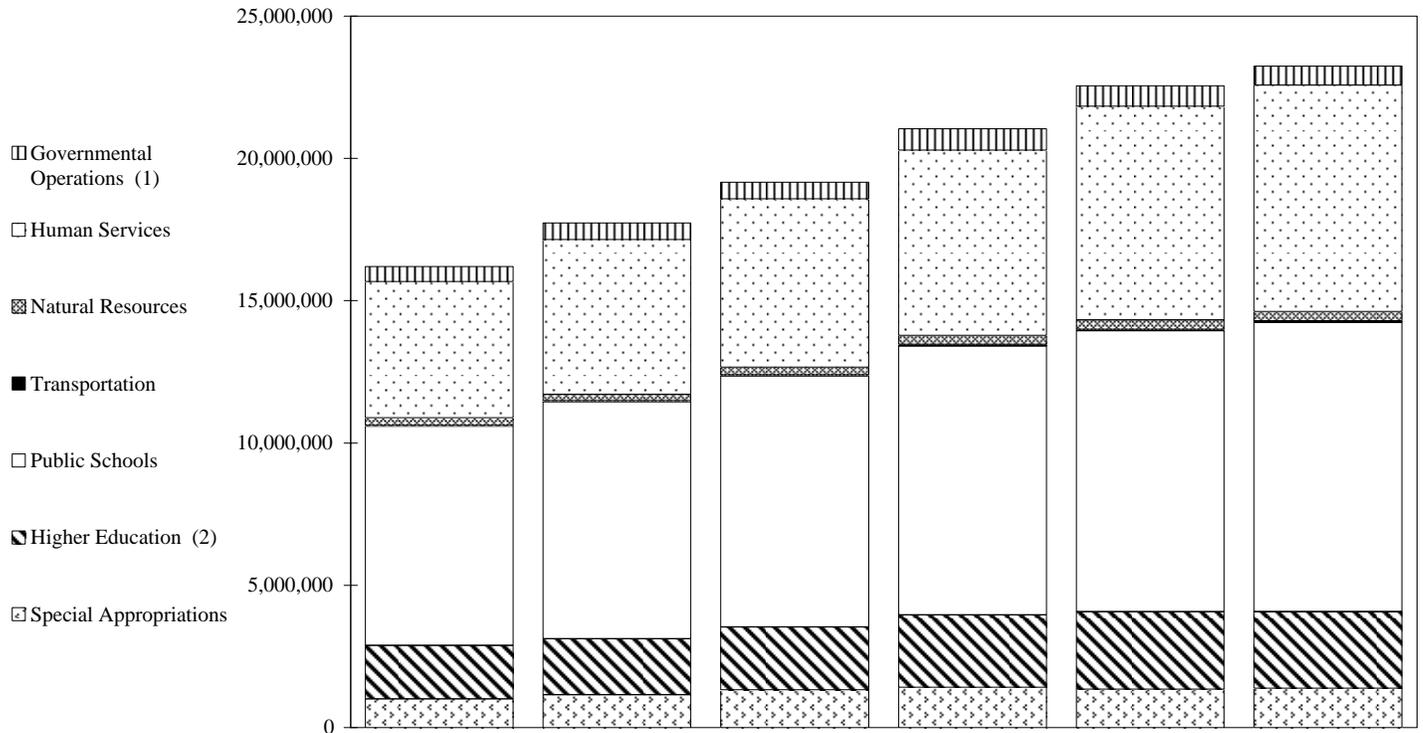
(1) Includes Legislative, Judicial, Other Education, and Governmental Operations agencies.

(2) Includes the Community & Technical College System, Four Year Schools, the Higher Education Coordinating Board, and the Spokane Intercollegiate Research & Technical Institute.

\* The 2003-05 budget includes all operating amounts from both the Omnibus and Transportation Budgets enacted through the 2004 legislative session.

# Washington State Operating Budget General Fund-State

(Dollars in Thousands)



	<b>1993-95</b>	<b>1995-97</b>	<b>1997-99</b>	<b>1999-01</b>	<b>2001-03</b>	<b>2003-05 * Budget</b>
Governmental Operations (1)	537,565	586,709	585,626	759,664	728,144	669,407
Human Services	4,778,094	5,435,453	5,921,886	6,512,449	7,499,555	7,960,037
Natural Resources	275,334	224,377	258,731	317,383	336,033	333,014
Transportation	19,525	29,586	40,995	55,953	41,651	49,226
Public Schools	7,706,082	8,335,497	8,823,837	9,447,098	9,872,280	10,164,887
Higher Education (2)	1,880,198	1,968,836	2,207,042	2,543,226	2,733,469	2,699,422
Special Appropriations	1,002,950	1,149,088	1,320,769	1,410,968	1,337,651	1,370,095
<b>Statewide Total</b>	<b>16,199,747</b>	<b>17,729,545</b>	<b>19,158,885</b>	<b>21,046,741</b>	<b>22,548,782</b>	<b>23,246,088</b>

(1) Includes Legislative, Judicial, Other Education, and Governmental Operations agencies.

(2) Includes the Community & Technical College System, Four Year Schools, the Higher Education Coordinating Board, and the Spokane Intercollegiate Research & Technical Institute.

\* The 2003-05 Budget includes all legislative operating amounts.

## Washington State Operating Budget Total All Funds

Dollars in Thousands

	1993-95	1995-97	1997-99	1999-01	2001-03	Revised * 2003-05
Legislative	105,319	106,005	117,110	142,713	136,361	139,118
Judicial	102,124	111,710	117,533	123,650	139,451	167,656
Governmental Operations	1,781,750	2,141,807	2,436,994	2,625,776	2,714,878	2,990,189
Dept of Social & Health Services	8,993,549	9,862,595	10,960,282	12,894,505	14,955,481	15,990,872
Other Human Services	2,018,073	2,425,110	2,773,245	3,213,149	3,593,513	3,762,129
Natural Resources	808,766	823,906	877,916	1,001,737	1,077,382	1,150,799
Transportation	1,228,134	1,276,118	1,363,874	1,491,046	1,577,057	1,721,812
Total Education	12,886,008	14,069,162	15,352,649	17,051,667	19,018,288	19,504,156
Public Schools	8,291,607	8,986,803	9,691,473	10,365,268	11,455,213	11,968,321
Higher Education	4,520,609	5,006,093	5,579,854	6,597,554	7,454,235	7,436,241
Other Education	73,793	76,266	81,322	88,845	108,840	99,594
Special Appropriations	1,271,107	1,525,138	1,724,197	1,905,343	1,823,828	2,010,576
<b>Statewide Total</b>	<b>29,194,830</b>	<b>32,341,550</b>	<b>35,723,801</b>	<b>40,449,586</b>	<b>45,036,240</b>	<b>47,437,307</b>

### Percent of Total

Legislative	0.4%	0.3%	0.3%	0.4%	0.3%	0.3%
Judicial	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%
Governmental Operations	6.1%	6.6%	6.8%	6.5%	6.0%	6.3%
Dept of Social & Health Services	30.8%	30.5%	30.7%	31.9%	33.2%	33.7%
Other Human Services	6.9%	7.5%	7.8%	7.9%	8.0%	7.9%
Natural Resources	2.8%	2.6%	2.5%	2.5%	2.4%	2.4%
Transportation	4.2%	4.0%	3.8%	3.7%	3.5%	3.6%
Total Education	44.1%	43.5%	43.0%	42.2%	42.2%	41.1%
Public Schools	28.4%	27.8%	27.1%	25.6%	25.4%	25.2%
Higher Education	15.5%	15.5%	15.6%	16.3%	16.6%	15.7%
Other Education	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Special Appropriations	4.4%	4.7%	4.8%	4.7%	4.1%	4.2%
<b>Statewide Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Percent Change from Prior Biennium

Legislative	0.7%	10.5%	21.9%	-4.5%	2.0%
Judicial	9.4%	5.2%	5.2%	12.8%	20.2%
Governmental Operations	20.2%	13.8%	7.8%	3.4%	10.1%
Dept of Social & Health Services	9.7%	11.1%	17.7%	16.0%	6.9%
Other Human Services	20.2%	14.4%	15.9%	11.8%	4.7%
Natural Resources	1.9%	6.6%	14.1%	7.6%	6.8%
Transportation	3.9%	6.9%	9.3%	5.8%	9.2%
Total Education	9.2%	9.1%	11.1%	11.5%	2.6%
Public Schools	8.4%	7.8%	7.0%	10.5%	4.5%
Higher Education	10.7%	11.5%	18.2%	13.0%	-0.2%
Other Education	3.4%	6.6%	9.3%	22.5%	-8.5%
Special Appropriations	20.0%	13.1%	10.5%	-4.3%	10.2%
<b>Statewide Total</b>	<b>10.8%</b>	<b>10.5%</b>	<b>13.2%</b>	<b>11.3%</b>	<b>5.3%</b>

\* Includes all operating amounts from both the Omnibus and Transportation Budgets enacted through the 2004 legislative session.

## Washington State Operating Budget General Fund-State

### Dollars in Thousands

	1993-95	1995-97	1997-99	1999-01	2001-03	Revised * 2003-05
Legislative	98,868	100,427	106,272	117,067	125,564	129,978
Judicial	54,851	55,879	60,118	66,848	75,397	79,536
Governmental Operations	353,635	397,431	383,575	536,602	475,672	419,961
Dept of Social & Health Services	3,974,880	4,535,769	4,886,482	5,363,639	6,225,860	6,553,410
Other Human Services	803,214	899,684	1,035,404	1,148,811	1,273,695	1,406,627
Natural Resources	275,334	224,377	258,731	317,383	336,033	333,014
Transportation	19,525	29,586	40,995	55,953	41,651	49,226
Total Education	9,616,491	10,337,304	11,066,540	12,029,471	12,657,260	12,904,241
Public Schools	7,706,082	8,335,497	8,823,837	9,447,098	9,872,280	10,164,887
Higher Education	1,880,198	1,968,836	2,207,042	2,543,226	2,733,469	2,699,422
Other Education	30,211	32,971	35,661	39,147	51,511	39,932
Special Appropriations	1,002,950	1,149,088	1,320,769	1,410,968	1,337,651	1,370,095
<b>Statewide Total</b>	<b>16,199,747</b>	<b>17,729,545</b>	<b>19,158,885</b>	<b>21,046,741</b>	<b>22,548,782</b>	<b>23,246,088</b>

### Percent of Total

Legislative	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Judicial	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Governmental Operations	2.2%	2.2%	2.0%	2.6%	2.1%	1.8%
Dept of Social & Health Services	24.5%	25.6%	25.5%	25.5%	27.6%	28.2%
Other Human Services	5.0%	5.1%	5.4%	5.5%	5.7%	6.1%
Natural Resources	1.7%	1.3%	1.4%	1.5%	1.5%	1.4%
Transportation	0.1%	0.2%	0.2%	0.3%	0.2%	0.2%
Total Education	59.4%	58.3%	57.8%	57.2%	56.1%	55.5%
Public Schools	47.6%	47.0%	46.1%	44.9%	43.8%	43.7%
Higher Education	11.6%	11.1%	11.5%	12.1%	12.1%	11.6%
Other Education	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Special Appropriations	6.2%	6.5%	6.9%	6.7%	5.9%	5.9%
<b>Statewide Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Percent Change from Prior Biennium

Legislative	1.6%	5.8%	10.2%	7.3%	3.5%
Judicial	1.9%	7.6%	11.2%	12.8%	5.5%
Governmental Operations	12.4%	-3.5%	39.9%	-11.4%	-11.7%
Dept of Social & Health Services	14.1%	7.7%	9.8%	16.1%	5.3%
Other Human Services	12.0%	15.1%	11.0%	10.9%	10.4%
Natural Resources	-18.5%	15.3%	22.7%	5.9%	-0.9%
Transportation	51.5%	38.6%	36.5%	-25.6%	18.2%
Total Education	7.5%	7.1%	8.7%	5.2%	2.0%
Public Schools	8.2%	5.9%	7.1%	4.5%	3.0%
Higher Education	4.7%	12.1%	15.2%	7.5%	-1.3%
Other Education	9.1%	8.2%	9.8%	31.6%	-22.5%
Special Appropriations	14.6%	14.9%	6.8%	-5.2%	2.4%
<b>Statewide Total</b>	<b>9.4%</b>	<b>8.1%</b>	<b>9.9%</b>	<b>7.1%</b>	<b>3.1%</b>

\* Includes all operating appropriations enacted through the 2004 legislative session.

## Washington State Operating Budget Annual FTE Staff

	1993-95	1995-97	1997-99	1999-01	2001-03	Revised * 2003-05
Legislative	824.4	793.8	819.1	839.6	839.3	831.8
Judicial	494.2	513.2	536.6	557.0	576.0	579.7
Governmental Operations	7,001.3	6,903.7	7,001.8	7,202.8	7,290.7	7,638.0
Dept of Social & Health Services	16,525.0	16,842.3	17,788.2	18,286.7	17,844.9	17,821.7
Other Human Services	12,542.7	13,106.3	13,481.8	14,380.2	15,070.8	15,295.5
Natural Resources	6,043.4	5,794.4	5,717.5	5,881.9	6,101.4	5,793.8
Transportation	7,494.7	7,495.3	7,649.6	7,834.5	7,913.3	8,234.9
Total Education	36,900.2	38,538.3	40,733.6	43,178.9	45,419.1	44,411.1
Public Schools	248.3	260.7	271.8	293.8	316.0	285.3
Higher Education	36,388.4	37,992.3	40,158.0	42,587.5	44,723.1	43,805.1
Other Education	263.5	285.3	303.9	297.7	380.1	320.8
<b>Statewide Total</b>	<b>87,825.7</b>	<b>89,987.2</b>	<b>93,728.1</b>	<b>98,161.5</b>	<b>101,055.4</b>	<b>100,606.4</b>

### Percent of Total

Legislative	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%
Judicial	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Governmental Operations	8.0%	7.7%	7.5%	7.3%	7.2%	7.6%
Dept of Social & Health Services	18.8%	18.7%	19.0%	18.6%	17.7%	17.7%
Other Human Services	14.3%	14.6%	14.4%	14.7%	14.9%	15.2%
Natural Resources	6.9%	6.4%	6.1%	6.0%	6.0%	5.8%
Transportation	8.5%	8.3%	8.2%	8.0%	7.8%	8.2%
Total Education	42.0%	42.8%	43.5%	44.0%	44.9%	44.1%
Public Schools	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Higher Education	41.4%	42.2%	42.9%	43.4%	44.3%	43.5%
Other Education	0.3%	0.3%	0.3%	0.3%	0.4%	0.3%
<b>Statewide Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Percent Change from Prior Biennium

Legislative	-3.7%	3.2%	2.5%	0.0%	-0.9%
Judicial	3.8%	4.6%	3.8%	3.4%	0.6%
Governmental Operations	-1.4%	1.4%	2.9%	1.2%	4.8%
Dept of Social & Health Services	1.9%	5.6%	2.8%	-2.4%	-0.1%
Other Human Services	4.5%	2.9%	6.7%	4.8%	1.5%
Natural Resources	-4.1%	-1.3%	2.9%	3.7%	-5.0%
Transportation	0.0%	2.1%	2.4%	1.0%	4.1%
Total Education	4.4%	5.7%	6.0%	5.2%	-2.2%
Public Schools	5.0%	4.2%	8.1%	7.6%	-9.7%
Higher Education	4.4%	5.7%	6.1%	5.0%	-2.1%
Other Education	8.3%	6.5%	-2.0%	27.7%	-15.6%
<b>Statewide Total</b>	<b>2.5%</b>	<b>4.2%</b>	<b>4.7%</b>	<b>3.0%</b>	<b>-0.4%</b>

\* Includes all legislative operating FTEs authorized through the 2004 legislative session.

Note: Does not include Capital FTEs.