

Omnibus Appropriations Act - Agency Detail

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Legislative

The 2011-13 operating budget provides \$140.6 million from the state near general fund and \$146.2 million in total funds for expenses associated with legislative agencies (excluding the Redistricting Commission). This collective level of funding reflects a \$14.9 million (9.6 percent) reduction in Near General Fund-State and a \$12.2 million (7.6 percent) reduction in total funds from funding levels provided in the 2009-11 enacted budget.

Administrative Efficiencies

Legislative agency budgets achieve total savings of \$7.1 million by identifying administrative efficiencies in operations. This can be achieved through leaving vacant positions unfilled and reducing discretionary expenditures such as travel, printing, and goods and services.

Other Reductions

As with all state agencies, employees are subject to a 3 percent salary reduction, which represents cost savings of \$2.5 million for legislative agencies. In addition, House and Senate budgets are further reduced a combined \$486,000 as part of management reforms (e.g., streamlining support functions).

Redistricting Commission

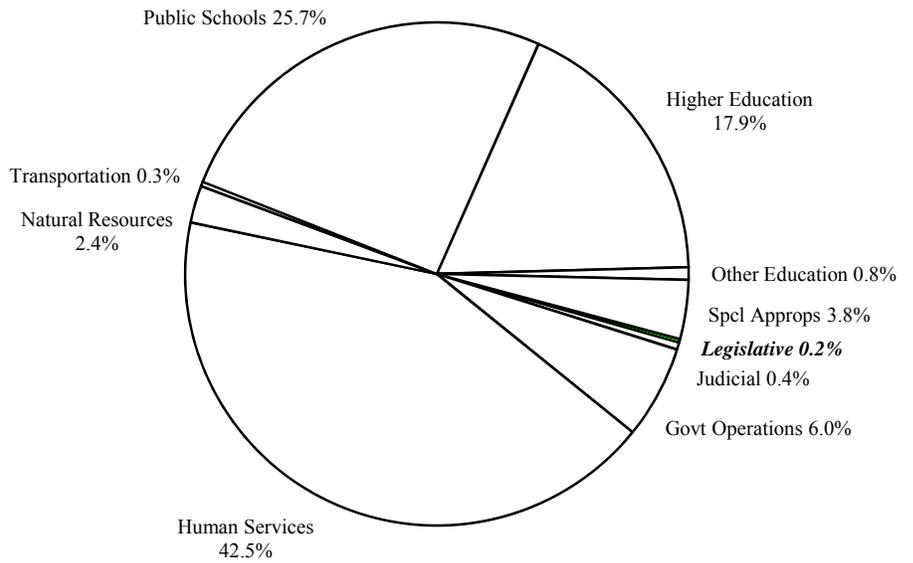
The budget provides \$443,000 in Near General Fund-State to the Redistricting Commission, a bipartisan group that meets every ten years to evaluate how state population shifts will affect legislative and congressional district boundaries based on demographic data collected from the United States Census. Washington State will receive an additional seat in the United States Congress based on population growth indicated from the Census. The additional funding will support the Commission as they reassess and redraw the 49 legislative and now 10 congressional districts.

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

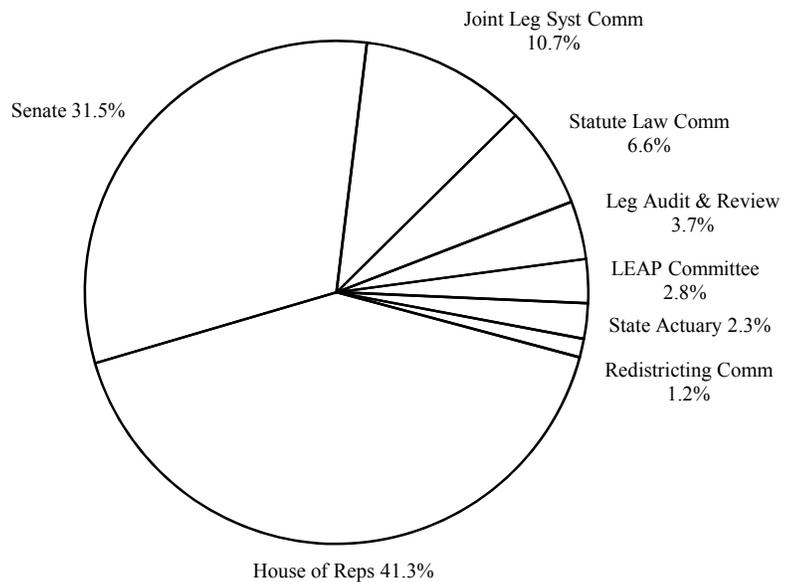
(Dollars in Thousands)

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



Washington State

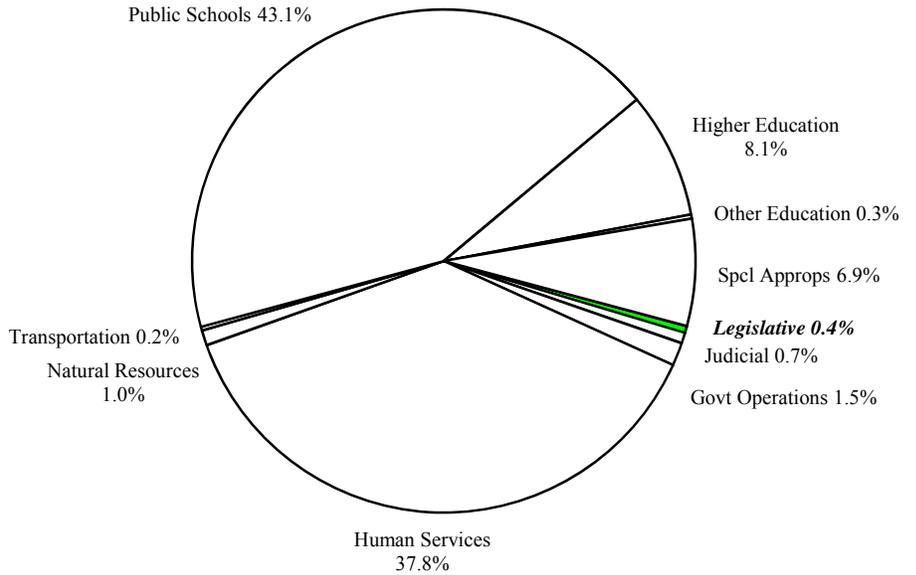
House of Representatives	61,683
Senate	47,040
Jt Leg Systems Comm	15,927
Statute Law Committee	9,795
Jt Leg Audit & Rev Comm	5,591
LEAP Committee	4,220
State Actuary	3,392
Redistricting Commission	1,781
Legislative	149,429



Legislative

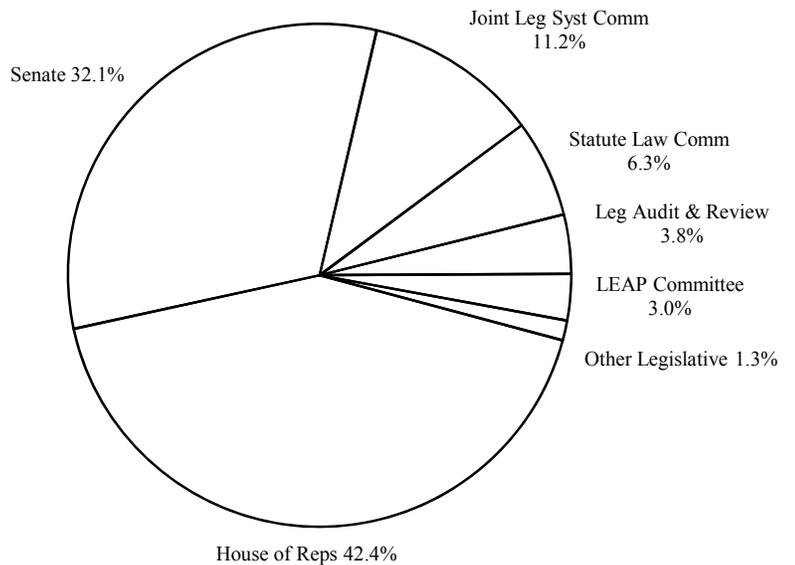
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

House of Representatives	60,367
Senate	45,640
Jt Leg Systems Comm	15,927
Statute Law Committee	8,940
Jt Leg Audit & Rev Comm	5,421
LEAP Committee	4,220
Other Legislative	1,829
Legislative	142,344



Legislative

House of Representatives

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	64,439	0	64,439
2011-13 Maintenance Level	66,394	0	66,394
Policy Changes - Non-Comp			
1. Reductions & Efficiency Measures	-2,704	0	-2,704
2. Transportation Staff	-1,316	1,316	0
3. Interagency Charges - AG	-1	0	-1
4. Management Efficiency	-244	0	-244
Policy -- Non-Comp Total	-4,265	1,316	-2,949
Policy Changes - Comp			
5. Average Final Compensation Adjust	7	0	7
6. 3% Salary Cut for State Employees	-1,068	0	-1,068
7. Suspend Plan 1 Uniform COLA	-697	0	-697
8. Retire-Rehire Changes (State)	-4	0	-4
Policy -- Comp Total	-1,762	0	-1,762
Total 2011-13 Biennium	60,367	1,316	61,683
Fiscal Year 2012 Total	29,923	658	30,581
Fiscal Year 2013 Total	30,444	658	31,102

Comments:

Expenditure decisions of the Legislative Ethics Board, including employment of staff, shall be independent of the Senate and the House of Representatives.

1. **Reductions & Efficiency Measures** - The House of Representatives will achieve savings by identifying administrative efficiencies that will reduce FTE levels, travel expenses, printing costs, and other operating expenditures.
2. **Transportation Staff** - Costs related to the House Transportation Committee staff will be covered by the Motor Vehicle Account. (Motor Vehicle Account-State)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as layering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
5. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced

- compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
6. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 7. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
 8. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement

House of Representatives

Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Senate

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	48,980	0	48,980
2011-13 Maintenance Level	50,814	0	50,814
Policy Changes - Non-Comp			
1. Reductions/Efficiency Measures	-2,125	0	-2,125
2. Transportation Staff	-1,400	1,400	0
3. Management Efficiency	-242	0	-242
Policy -- Non-Comp Total	-3,767	1,400	-2,367
Policy Changes - Comp			
4. Average Final Compensation Adjust	5	0	5
5. 3% Salary Cut for State Employees	-880	0	-880
6. Suspend Plan 1 Uniform COLA	-530	0	-530
7. Retire-Rehire Changes (State)	-2	0	-2
Policy -- Comp Total	-1,407	0	-1,407
Total 2011-13 Biennium	45,640	1,400	47,040
Fiscal Year 2012 Total	21,772	700	22,472
Fiscal Year 2013 Total	23,868	700	24,568

Comments:

Expenditure decisions of the Legislative Ethics Board, including employment of staff, shall be independent of the Senate and the House of Representatives.

Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)

- 1. Reductions/Efficiency Measures** - The Senate will achieve savings by identifying administrative efficiencies that will reduce FTE levels, travel expenses, printing costs, and other operating expenditures.
- 2. Transportation Staff** - Costs related to the Senate Transportation Committee staff will be covered by the Motor Vehicle Account. (Motor Vehicle Account-State)
- 3. Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delaying and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
- 4. Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 -

- 5. 3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
- 6. Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- 7. Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Senate

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

Joint Legislative Audit & Review Committee

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	6,026	0	6,026
2011 Supplemental *	-198	0	-198
Total 2009-11 Biennium	5,828	0	5,828
<hr/>			
2011-13 Maintenance Level	6,014	0	6,014
Policy Changes - Non-Comp			
1. Administrative Reductions	-400	0	-400
2. Interagency Charges - AG	-1	0	-1
3. Workers' Compensation	0	170	170
Policy -- Non-Comp Total	-401	170	-231
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-128	0	-128
5. Suspend Plan 1 Uniform COLA	-64	0	-64
Policy -- Comp Total	-192	0	-192
<hr/>			
Total 2011-13 Biennium	5,421	170	5,591
Fiscal Year 2012 Total	2,680	86	2,766
Fiscal Year 2013 Total	2,741	84	2,825

Comments:

1. **Administrative Reductions** - Funding for the Joint Legislative Audit and Review Committee (JLARC) is reduced by 6.287 percent each fiscal year. This item reduces the number of performance audits and evaluations that may be conducted for the Legislature by approximately four reports in the 2011-13 biennium. This item also reduces two FTE staff.
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
3. **Workers' Compensation** - Funding is provided for JLARC to conduct a scoping study in accordance with Chapter 37, Laws of 2011, 1st sp.s. (EHB 2123). (Accident Account-State, Medical Aid Account-State)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum

benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

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

Legislative Evaluation & Accountability Program

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	3,544	0	3,544
2011-13 Maintenance Level	3,785	0	3,785
Policy Changes - Non-Comp			
1. Reductions/Efficiency Measures	-230	0	-230
2. Education Data Center	750	0	750
Policy -- Non-Comp Total	520	0	520
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	-54	0	-54
4. Suspend Plan 1 Uniform COLA	-31	0	-31
Policy -- Comp Total	-85	0	-85
Total 2011-13 Biennium	4,220	0	4,220
Fiscal Year 2012 Total	2,027	0	2,027
Fiscal Year 2013 Total	2,193	0	2,193

Comments:

1. **Reductions/Efficiency Measures** - The Legislative Evaluation & Accountability Program (LEAP) Committee will achieve savings by identifying administrative efficiencies that will reduce travel expenses, printing costs, and other operating expenditures.
2. **Education Data Center** - Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931), contains a section that transfers the Education Research and Data Center (ERDC) and associated responsibilities from the Office of Financial Management (OFM) to a new ERDC established in LEAP. However, Sections 901 through 909 were vetoed by the Governor, and the ERDC will remain at OFM.
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

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

Office of the State Actuary

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	219	3,305	3,524
2011-13 Maintenance Level	50	3,378	3,428
Policy Changes - Non-Comp			
1. Reduce Health Care Consult to Leg	-2	0	-2
2. LEOFF Merger Study	0	75	75
3. Interagency Charges - AG	0	-3	-3
Policy -- Non-Comp Total	-2	72	70
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	0	-68	-68
5. Suspend Plan 1 Uniform COLA	0	-38	-38
Policy -- Comp Total	0	-106	-106
Total 2011-13 Biennium	48	3,344	3,392
Fiscal Year 2012 Total	24	1,739	1,763
Fiscal Year 2013 Total	24	1,605	1,629

Comments:

1. **Reduce Health Care Consult to Leg** - Funding for external actuarial services to assist in the evaluation of medical benefit proposals is reduced. (General Fund-State, various other funds)
2. **LEOFF Merger Study** - Funding is provided for the State Actuary to study the merger of the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement Plans 1 and 2. The study shall be reported to the Ways and Means Committees of the Legislature by December 15, 2011. (Department of Retirement Systems Expense Account-State)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Joint Legislative Systems Committee

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	17,158	0	17,158
2011 Supplemental *	-535	0	-535
Total 2009-11 Biennium	16,623	0	16,623
2011-13 Maintenance Level	17,351	0	17,351
Policy Changes - Non-Comp			
1. Reductions/Efficiency Measures	-1,070	0	-1,070
Policy -- Non-Comp Total	-1,070	0	-1,070
Policy Changes - Comp			
2. Average Final Compensation Adjust	2	0	2
3. 3% Salary Cut for State Employees	-228	0	-228
4. Suspend Plan 1 Uniform COLA	-128	0	-128
Policy -- Comp Total	-354	0	-354
Total 2011-13 Biennium	15,927	0	15,927
Fiscal Year 2012 Total	8,016	0	8,016
Fiscal Year 2013 Total	7,911	0	7,911

Comments:

1. **Reductions/Efficiency Measures** - The Joint Legislative Systems Committee will achieve savings by identifying administrative efficiencies and through a reduction in maintenance agreements and acquisitions.
2. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum

benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Statute Law Committee

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	9,475	1,072	10,547
2011 Supplemental *	-306	0	-306
Total 2009-11 Biennium	9,169	1,072	10,241
<hr/>			
2011-13 Maintenance Level	9,775	855	10,630
Policy Changes - Non-Comp			
1. Reductions/Efficiency Measures	-598	0	-598
2. Employee Professional Development	14	0	14
Policy -- Non-Comp Total	-584	0	-584
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	-163	0	-163
4. Suspend Plan 1 Uniform COLA	-88	0	-88
Policy -- Comp Total	-251	0	-251
<hr/>			
Total 2011-13 Biennium	8,940	855	9,795
Fiscal Year 2012 Total	4,249	284	4,533
Fiscal Year 2013 Total	4,691	571	5,262

Comments:

1. **Reductions/Efficiency Measures** - The Statute Law Committee will achieve savings by identifying administrative efficiencies and reducing operating expenditures.
2. **Employee Professional Development** - Funding is provided to the Code Reviser's Office for expenses related to professional development and training for bill drafting staff.
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Redistricting Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	992	0	992
2011 Supplemental *	53	0	53
Total 2009-11 Biennium	1,045	0	1,045
<hr/>			
2011-13 Maintenance Level	1,338	0	1,338
Policy Changes - Non-Comp			
1. Legislative Redistricting Support	443	0	443
Policy -- Non-Comp Total	443	0	443
<hr/>			
Total 2011-13 Biennium	1,781	0	1,781
Fiscal Year 2012 Total	1,627	0	1,627
Fiscal Year 2013 Total	154	0	154

Comments:

1. **Legislative Redistricting Support** - One-time funding is provided for the support of legislative redistricting efforts. This funding may be spent only with authorization from the House of Representatives and the Senate.

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

Judicial

Judicial Agencies Efficiency Efforts

Funding is reduced by \$4.6 million in recognition of efficiency efforts by judicial branch agencies. This amount represents an average reduction of 2.4 percent to the maintenance level budgets of judicial branch agencies, excluding salaries for elected officials. Reductions to the agencies are distributed as follows: \$234,000 (5.0 percent) for the Supreme Court, \$1.2 million (5.0 percent) for the Court of Appeals, \$111,000 (5.0 percent) for the Commission on Judicial Conduct, \$432,000 (12.6 percent) for the State Law Library, \$1.5 million (2.0 percent) for the Administrative Office of the Courts, \$531,000 (1.0 percent) for the Office of Public Defense, and \$234,000 (1.0 percent) for the Office of Civil Legal Aid.

Judicial Stabilization Trust Account

Surcharges on court filing fees initially implemented in the 2009-11 biennium are extended for the 2011-13 biennium. Seventy-five percent of the revenue from the surcharges is deposited into the Judicial Stabilization Trust (JST) Account and 25 percent is retained by the county collecting the fee. The surcharges are estimated to raise \$9.0 million in revenues for the JST Account. Funding from the JST Account is used for costs associated with the Administrative Office of the Courts, the Office of Public Defense, and the Office of Civil Legal Aid.

Judicial Information Systems (JIS) Account

Funding of \$16.2 million from the JIS Account is provided for the following:

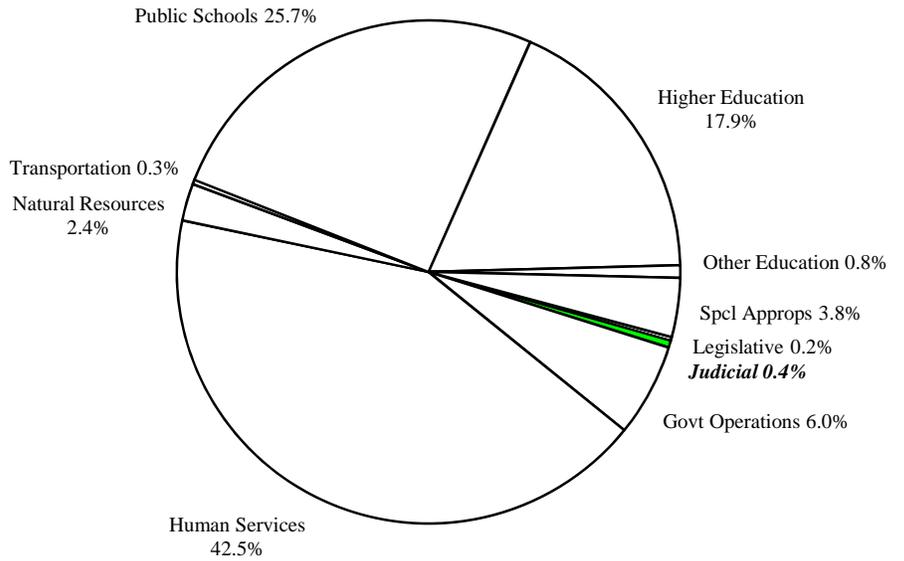
- One-time funding of \$5.0 million to continue planning efforts related to procuring and implementing an integrated calendaring and case management system for the Washington State superior courts;
- One-time funding of \$2.0 million which was shifted from fiscal year 2011 to fiscal year 2012 to continue work on the JIS migration plan;
- One-time funding of \$2.0 million to develop and implement information technology projects that are approved by the Judicial Information Systems Committee;
- One-time funding of \$1.2 million for equipment replacement; and
- A shift of \$6.0 million from General Fund-State to the JIS Account for expenditures within the Information Services Division of the Administrative Office of the Courts.

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

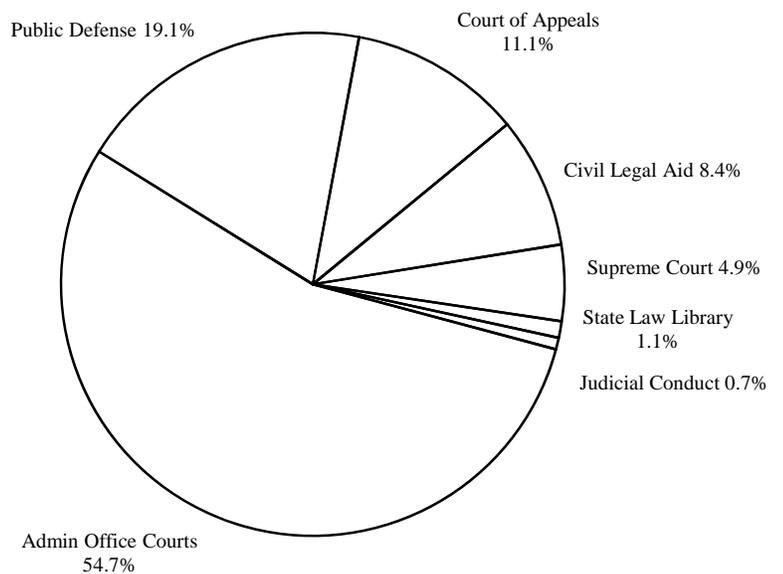
(Dollars in Thousands)

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



Washington State

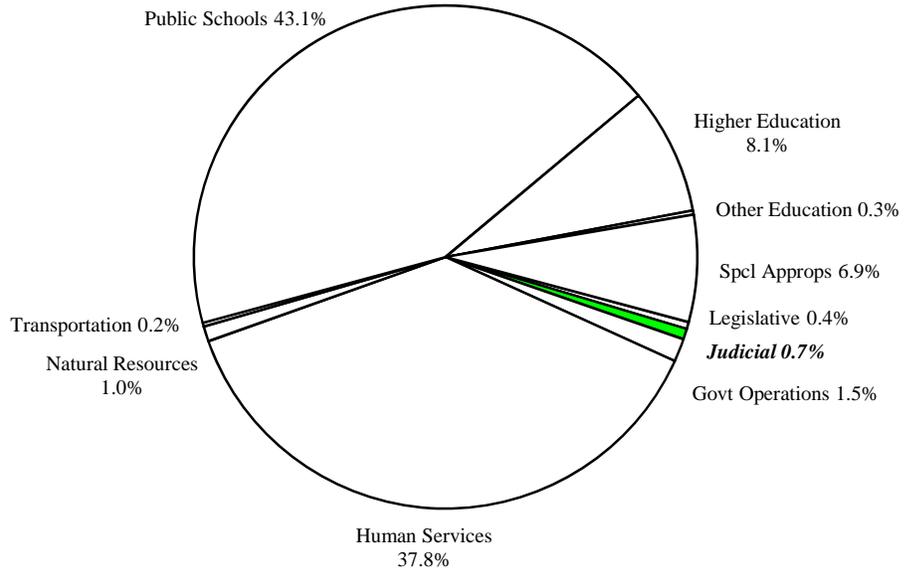
Admin Office Courts	150,389
Office of Public Defense	52,483
Court of Appeals	30,507
Civil Legal Aid	23,179
Supreme Court	13,443
State Law Library	2,938
Judicial Conduct Comm	2,048
Judicial	274,987



Judicial

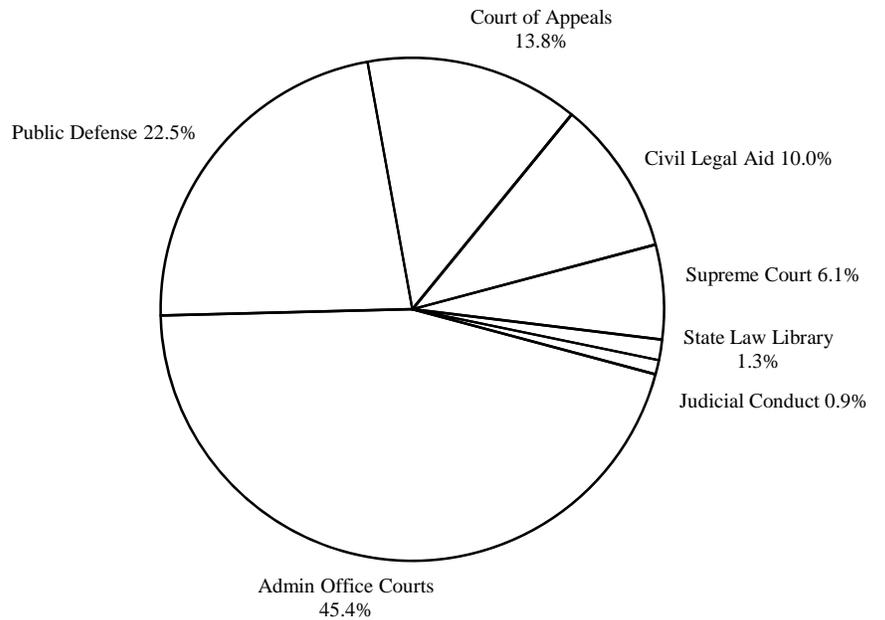
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

Admin Office Courts	100,793
Office of Public Defense	49,993
Court of Appeals	30,507
Civil Legal Aid	22,086
Supreme Court	13,443
State Law Library	2,938
Judicial Conduct Comm	2,048
Judicial	221,808



Judicial

Supreme Court

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	13,756	0	13,756
2011-13 Maintenance Level	14,388	0	14,388
Policy Changes - Non-Comp			
1. Agency Reduction	-542	0	-542
2. Interagency Charges - AG	-3	0	-3
Policy -- Non-Comp Total	-545	0	-545
Policy Changes - Comp			
3. Average Final Compensation Adjust	2	0	2
4. 3% Salary Cut for State Employees	-228	0	-228
5. Suspend Plan 1 Uniform COLA	-174	0	-174
Policy -- Comp Total	-400	0	-400
Total 2011-13 Biennium	13,443	0	13,443
Fiscal Year 2012 Total	6,714	0	6,714
Fiscal Year 2013 Total	6,729	0	6,729

Comments:

1. **Agency Reduction** - Funding is reduced in recognition of efficiency efforts by judicial branch agencies.
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect increased costs for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
3. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum

benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

State Law Library

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	3,517	0	3,517
2011-13 Maintenance Level	3,436	0	3,436
Policy Changes - Non-Comp			
1. Agency Reduction	-432	0	-432
Policy -- Non-Comp Total	-432	0	-432
Policy Changes - Comp			
2. 3% Salary Cut for State Employees	-42	0	-42
3. Suspend Plan 1 Uniform COLA	-24	0	-24
Policy -- Comp Total	-66	0	-66
Total 2011-13 Biennium	2,938	0	2,938
Fiscal Year 2012 Total	1,472	0	1,472
Fiscal Year 2013 Total	1,466	0	1,466

Comments:

1. **Agency Reduction** - Funding is reduced in recognition of efficiency efforts by judicial branch agencies.
2. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
3. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Court of Appeals

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	31,149	0	31,149
2011-13 Maintenance Level	32,579	0	32,579
Policy Changes - Non-Comp			
1. Agency Reduction	-1,208	0	-1,208
Policy -- Non-Comp Total	-1,208	0	-1,208
Policy Changes - Comp			
2. Average Final Compensation Adjust	4	0	4
3. 3% Salary Cut for State Employees	-470	0	-470
4. Suspend Plan 1 Uniform COLA	-396	0	-396
5. Retire-Rehire Changes (State)	-2	0	-2
Policy -- Comp Total	-864	0	-864
Total 2011-13 Biennium	30,507	0	30,507
Fiscal Year 2012 Total	15,227	0	15,227
Fiscal Year 2013 Total	15,280	0	15,280

Comments:

1. **Agency Reduction** - Funding is reduced in recognition of efficiency efforts by judicial branch agencies.
2. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
5. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers'

Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Commission on Judicial Conduct

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	2,107	0	2,107
2011-13 Maintenance Level	2,215	0	2,215
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	8	0	8
2. Agency Reduction	-111	0	-111
3. Interagency Charges - AG	-2	0	-2
Policy -- Non-Comp Total	-105	0	-105
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-40	0	-40
5. Suspend Plan 1 Uniform COLA	-22	0	-22
Policy -- Comp Total	-62	0	-62
Total 2011-13 Biennium	2,048	0	2,048
Fiscal Year 2012 Total	1,057	0	1,057
Fiscal Year 2013 Total	991	0	991

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Agency Reduction** - Funding is reduced in recognition of efficiency efforts by judicial branch agencies.
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Administrative Office of the Courts

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	102,404	40,983	143,387
2011 Supplemental *	-500	0	-500
Total 2009-11 Biennium	101,904	40,983	142,887
<hr/>			
2011-13 Maintenance Level	115,523	28,829	144,352
Policy Changes - Non-Comp			
1. Superior Court Calendar & Case Mgmt	0	4,973	4,973
2. Equipment Replacement & Expansion	0	628	628
3. Internal Equipment Replacement	0	550	550
4. Guardianship Services	265	0	265
5. JIS Multi-Project Funding	0	1,984	1,984
6. Carry-Over Funding for JIS	0	1,999	1,999
7. Pierce County Superior Court Judge	-212	0	-212
8. Information Services Division	-6,011	6,011	0
9. Agency Reduction	-1,500	0	-1,500
10. JST Account Funding	-5,414	5,414	0
11. Interagency Charges - AG	-4	0	-4
Policy -- Non-Comp Total	-12,876	21,559	8,683
Policy Changes - Comp			
12. Average Final Compensation Adjust	13	3	16
13. 3% Salary Cut for State Employees	-546	-512	-1,058
14. Suspend Plan 1 Uniform COLA	-1,314	-281	-1,595
15. Retire-Rehire Changes (State)	-7	-2	-9
Policy -- Comp Total	-1,854	-792	-2,646
<hr/>			
Total 2011-13 Biennium	100,793	49,596	150,389
Fiscal Year 2012 Total	50,619	23,847	74,466
Fiscal Year 2013 Total	50,174	25,749	75,923

Comments:

1. **Superior Court Calendar & Case Mgmt** - One-time funding is provided to continue planning efforts related to procuring and implementing an integrated calendaring and case management system for the Washington State Superior Courts. (Judicial Information Systems Account-State)
2. **Equipment Replacement & Expansion** - One-time funds are provided to replace computer equipment in trial and appellate courts. (Judicial Information Systems Account-State)
3. **Internal Equipment Replacement** - One-time funding is provided to replace computer equipment and to improve the performance of Judicial Information System (JIS) services, including server consolidation, network switches, and additional data warehouse capacity. (Judicial Information Systems Account-State)
4. **Guardianship Services** - One-time funding is provided for the Office of Public Guardianship. This level allows the Administrative Office of the Courts (AOC) to maintain the existing caseload through June 30, 2012, allowing for completion of a program evaluation by the Washington State Institute for Public Policy.
5. **JIS Multi-Project Funding** - One-time funding is provided to develop and implement information technology projects that are approved by the JIS Committee, including funding to combine data into a standardized, validated risk assessment tool for the use of judicial officers at pre-trial stages in order to provide additional information for decision making about release conditions. (Judicial Information Systems Account-State)
6. **Carry-Over Funding for JIS** - Funding is provided to transfer funding for the JIS migration plan from FY 2011 into FY 2012. The funding is provided to continue work on implementing initiatives started in the 2009-11 biennium. (Judicial Information Systems Account-State)
7. **Pierce County Superior Court Judge** - Funding is reduced to reflect savings for the twenty-third superior court judgeship in Pierce County. The judgeship, authorized in 2008, has not been appointed.
8. **Information Services Division** - Funding is provided to shift General Fund-State expenditures for the Information Services Division to the JIS Account. (Judicial Information Systems Account-State)

Administrative Office of the Courts

9. **Agency Reduction** - Funding is reduced in recognition of efficiency efforts by judicial branch agencies.
10. **JST Account Funding** - Funding from the Judicial Stabilization Trust (JST) Account is provided for costs associated with AOC. Revenue deposited in the JST Account comes from a temporary surcharge on certain court filing fees, pursuant to Chapter 44, Laws of 2011, 1st sp.s. (SB 5941). (Judicial Stabilization Trust Account-State)
11. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
12. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
13. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
14. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
15. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Office of Public Defense

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	49,673	2,923	52,596
2011-13 Maintenance Level	53,127	0	53,127
Policy Changes - Non-Comp			
1. Agency Reduction	-531	0	-531
2. JST Account Funding	-2,490	2,490	0
3. Interagency Charges - AG	-1	0	-1
Policy -- Non-Comp Total	-3,022	2,490	-532
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-72	0	-72
5. Suspend Plan 1 Uniform COLA	-40	0	-40
Policy -- Comp Total	-112	0	-112
Total 2011-13 Biennium	49,993	2,490	52,483
Fiscal Year 2012 Total	25,027	1,245	26,272
Fiscal Year 2013 Total	24,966	1,245	26,211

Comments:

1. **Agency Reduction** - Funding is reduced in recognition of efficiency efforts by judicial branch agencies.
2. **JST Account Funding** - Funding from the Judicial Stabilization Trust (JST) Account is provided for costs associated with the Office of Public Defense. Revenue deposited in the JST Account comes from a temporary surcharge on certain court filing fees, pursuant to Chapter 44, Laws of 2011, 1st sp.s. (SB 5941). (Judicial Stabilization Trust Account-State)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Office of Civil Legal Aid

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	21,621	1,155	22,776
2011-13 Maintenance Level	23,418	0	23,418
Policy Changes - Non-Comp			
1. Agency Reduction	-234	0	-234
2. JST Account Funding	-1,098	1,098	0
Policy -- Non-Comp Total	-1,332	1,098	-234
Policy Changes - Comp			
3. Suspend Plan 1 Uniform COLA	0	-5	-5
Policy -- Comp Total	0	-5	-5
Total 2011-13 Biennium	22,086	1,093	23,179
Fiscal Year 2012 Total	11,038	547	11,585
Fiscal Year 2013 Total	11,048	546	11,594

Comments:

1. **Agency Reduction** - Funding is reduced in recognition of efficiency efforts by judicial branch agencies.
2. **JST Account Funding** - Funding from the Judicial Stabilization Trust (JST) Account is provided for costs associated with the Office of Civil Legal Aid. Revenue deposited in the JST Account comes from a temporary surcharge on certain court filing fees, pursuant to Chapter 44, Laws of 2011, 1st sp.s. (SB 5941). (Judicial Stabilization Trust Account-State)
3. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Governmental Operations

Department of Enterprise Services

The Department of General Administration, along with the State Printer, and portions of the Department of Information Services, the Office of Financial Management, and the Department of Personnel will merge into the new Department of Enterprise Services, pursuant to Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931). The new Department of Enterprise Services will handle facilities and lease management, fleet management, purchasing and contracts, information systems, printing, accounting, and human resources, which are all central services provided to all state agencies. A transition team will work on identifying efficiencies by consolidating back-office functions, such as internal human resources, accounting, purchasing, contracts, and facilities management.

Office of the Chief Information Officer and Consolidated Technology Agency

The Office of the Chief Information Officer (OCIO) is created and is responsible for the development and implementation of state strategic information technology (IT) initiatives and oversight of IT resources. The Information Services Board is eliminated, and the staff is transferred to the OCIO. The Technology Services Board is created and is staffed by the OCIO. Delivery of IT services to state agencies is transferred from the Department of Information Services to the newly created Consolidated Technology Services (CTS) agency pursuant to ESSB 5931. Services offered by CTS include mainframe computing, network operations, telecommunications, and managing the consolidated State Data Center.

Consolidated State Data Center

Funds are provided for the infrastructure to set up and operate the new consolidated State Data Center. Once the move is complete, the Department of Information Services' current data center will be decommissioned.

Liquor Control Board

Customer Service Initiatives

Funding is provided to implement customer service initiatives to improve convenience to customers and generate additional revenues. Initiatives include: adding six contract and two new state stores to keep pace with population growth; two high-volume specialty stores; standardizing hours of operation; selling retail gift cards; and providing optional delivery to restaurants and other licensed locations.

Secretary of State

Presidential Primary

Funding for costs associated with the 2012 Presidential Primary are eliminated, and the primary is suspended. No Presidential Primary will be held in Washington in 2012.

State Auditor

Performance Audit Funding

In the 2011-13 biennium, the Performance Audits of Government Account is reduced to allow the shifting of expenditure authority to four audit-related activities: (1) the Division of Fraud Investigations within the Department of Social and Health Services; (2) the Fraud Ombudsman in the State Auditor's Office; (3) school apportionment audits in the State Auditor's Office; and (4) a portion of the enhanced revenue auditor and collection functions of the Department of Revenue.

The Governor vetoed Section 26 of Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5921), which related to creation of the Office of the Fraud Ombudsman in the Office of the State Auditor. The funding for this office was vetoed in Section 123(4) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087).

Department of Commerce

The Department of Commerce (COM) administers a variety of state programs focused on enhancing and promoting sustainable community and economic vitality in Washington. Key activities of COM include support for economic development, affordable housing and homeless programs, growth management, and a variety of services to support local communities. The 2011-13 operating budget provides COM with \$513.7 million in total funds (\$129.8 million General Fund-State) to maintain support for these activities.

Reductions:

The operating budget makes several reductions across various programs of COM. The largest reductions (\$18.4 million) fall in the arena of economic development and include elimination of all state funding for tourism promotion and a 75 percent reduction for grants to support global health technology. There is a reduction of \$8.4 million for support of affordable housing and homelessness programs, which are primarily funded by document recording fees. Funding for a variety of programs that support local communities is reduced by \$3.6 million, including a 50 percent reduction for state drug task forces and a 25 percent reduction for Community Service Block Grants. COM's funding for administration and operation of its programs is reduced by \$1.8 million. Funding for growth management grants is reduced by \$0.8 million.

Increases:

Chapter 36, Laws of 2011, 1st sp.s. (ESHB 2082), directs the termination of the Disability Lifeline-Unemployable (DL-U) program that provides a cash benefit to eligible needy individuals who do not qualify for other federal assistance programs. Effective November 1, 2011, \$64.1 million of funds previously provided for cash grants to DL-U clients is transferred from the Department of Social and Health Services to COM to be used to provide support for essential needs and housing of these individuals. COM shall utilize the funds to provide grants to local governments and community-based organizations. Assistance to individuals will be provided within available resources and cannot be provided in the form of cash grants.

Chapter 58, Laws of 2011 (2SHB 1362), authorizes expenditures of \$14.2 million for COM to implement provisions of the act. COM will use revenues from newly-authorized fees on financial institutions issuing notices of defaults to implement provisions including increasing the number of housing counselors and attorneys available to assist individuals at risk of default and establishing a foreclosure mediation program.

The budget also includes increased federal expenditure authority of \$13.4 million for COM in a variety of areas. The largest of these are authority to expend a \$6.1 million federal grant for a program to install renewable energy systems and energy efficiency technologies and a \$5 million federal grant for a program to stabilize neighborhoods with abandoned homes.

Department of Revenue

Revenue Enhancement

Funding is provided to continue efforts that began in the early action bill in December 2010 to collect additional revenue from out-of-state audits. Funding is also provided and for additional staff in 2011-13 to collect state tax revenues. The additional tax collection staff includes taxpayer account administrators, compliance staff, and auditors. On average, each employee is estimated to bring in \$420,000 per fiscal year in revenue. The continuations of the early action efforts are estimated to generate an additional \$39 million, and the additional staff is estimated to generate \$14.5 million, for a total of \$53.5 million in additional revenues.

Business Licensing Transfer

Expenditure authority of \$14.4 million and the administration of the Master License Service (MLS) program are transferred from the Department of Licensing to the Department of Revenue (DOR). Over 500,000 state and city business licenses and endorsements are issued and renewed annually through a one-page application system via the MLS program. By building upon existing processes to administer the MLS program, DOR is expected to achieve expenditure savings of over \$1 million annually.

Military Department

Enhanced 911

Expenditure authority of nearly \$7 million is provided from the Enhanced 911 Account to continue upgrading the current 911 telephone system. The upgrades support the second of a three-phase process to develop a modern Internet protocol system that allows the 911 dispatchers and authorities to accept information from a wide variety of communication devices during emergencies.

Department of Financial Institutions

Mortgage Fraud Prosecution

Expenditure authority of \$1 million is provided to the Department of Financial Institutions to continue administering the Mortgage Lending Fraud Prosecution Account (MLFPA). Funded by a \$1 surcharge at the recording of a deed of trust, MLFPA is used to reimburse county prosecutors for costs related to the investigation and prosecution of mortgage fraud cases. The program was set to expire in July 2011, but legislation extended MLFPA for five additional years.

Other

Heritage Agencies

The budget redistributes over \$3.5 million from the Washington State Heritage Center Account to supplant all or a portion of the Near General Fund-State support for the Department of Archaeology and Historic Preservation and State Library's operating expenses. The Account consists of fee revenue previously collected for the Heritage Center project, a new facility in the planning stages of construction on the Capitol Campus that would house the State Library and Archives. The redistribution of funds is one-time and ongoing fee revenue remains dedicated to the Heritage Center project.

Juvenile and Adult Sentencing Database and Caseload Forecasts

The Sentencing Guidelines Commission (SGC) and the Sex Offender Policy Board are transferred to the Office of Financial Management. Some SGC functions, managing the adult and juvenile sentencing database and preparing criminal justice fiscal notes, are transferred to the Caseload Forecast Council. The Council will maintain the records database and publish an annual statistical summary for both juvenile dispositions and adult felony sentences, along with adult felony and juvenile sentencing manuals.

Innovate Washington

Chapter 14, Laws of 2011, 1st sp.s., Partial Veto (2ESB 5764), creates Innovate Washington as the successor agency to the Washington Technology Center (WTC) and the Spokane Intercollegiate Research and Technology Institute (SIRTI). Innovate Washington is identified as the primary state agency responding to the technology transfer needs of existing businesses in the state. The role of Innovate Washington includes: facilitating research supportive of state industries; providing mechanisms for collaboration between technology-based industries and higher education institutions; helping businesses secure research funds; developing and integrating technology into new products; offering technology transfer and commercialization training opportunities; serving as the lead entity for coordinating clean energy initiatives; and administering technology and innovation grant and loan programs.

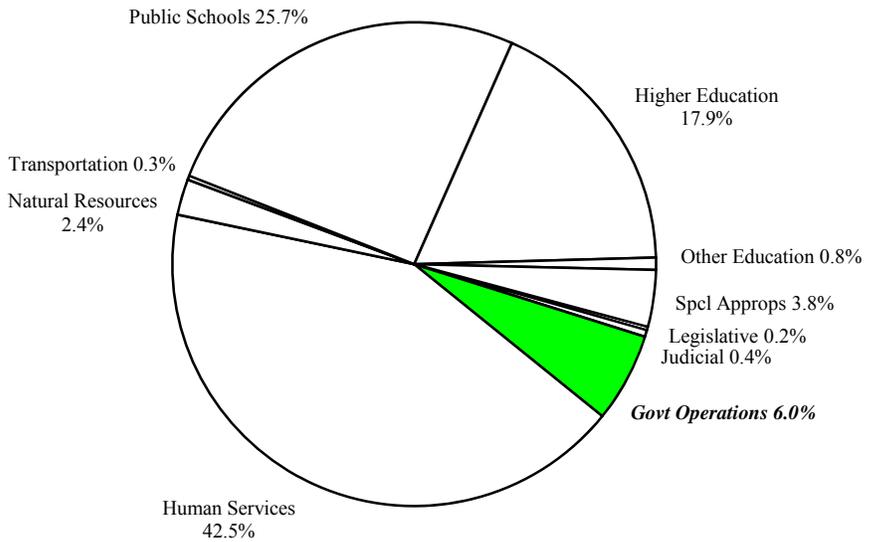
The 2011-13 operating budget provides Innovate Washington with \$8.2 million in total funds (\$6.0 million General Fund-State) to maintain support for these activities. This is a reduction in General Fund-State of \$1.5 million (20 percent) from the prior combined funding levels of WTC and SIRTI.

2011-13 Washington State Omnibus Operating Budget

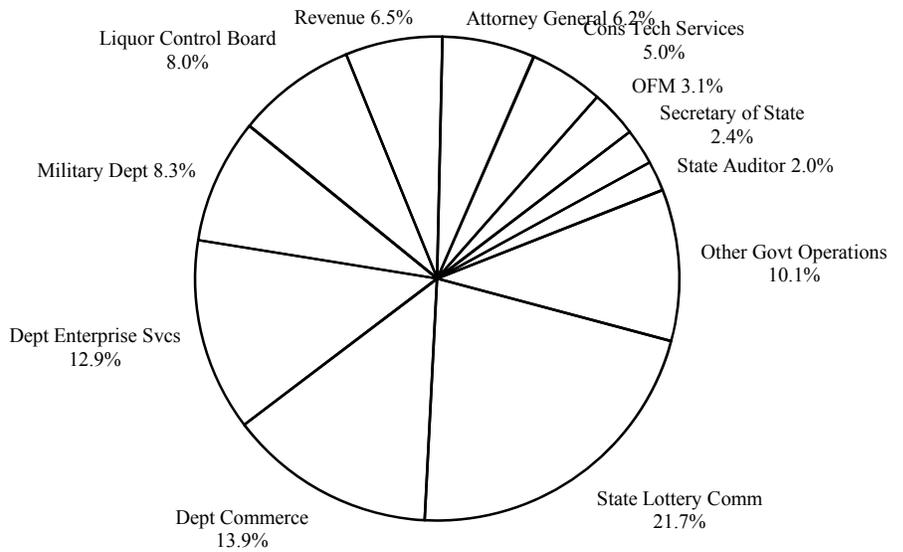
Total Budgeted Funds

(Dollars in Thousands)

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



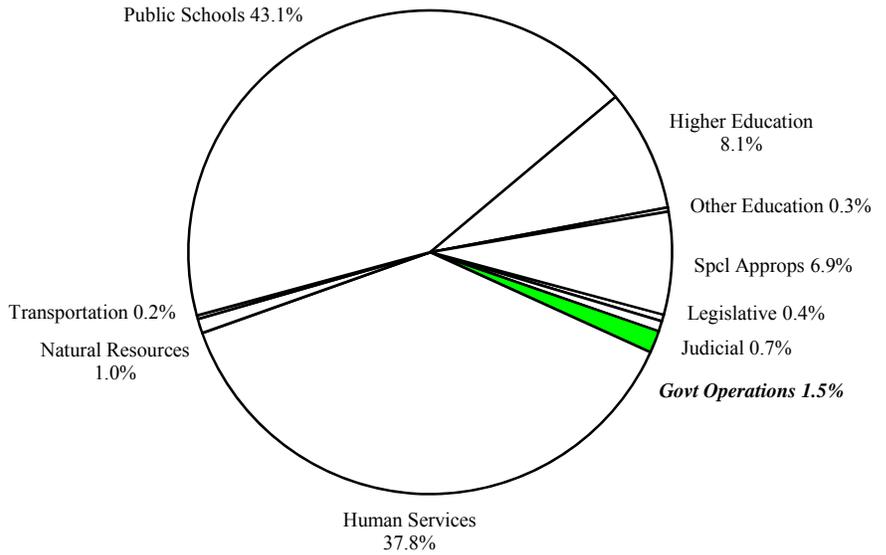
Lottery Commission	802,742
Dept Commerce	513,688
Dept Enterprise Svcs	477,217
Military Department	308,727
Liquor Control Board	296,326
Revenue	240,425
Attorney General	229,237
Cons Tech Services	184,048
OFM	116,142
Secretary of State	88,864
State Auditor	74,333
Other Govt Operations	375,906
Governmental Operations	3,707,655



Governmental Operations

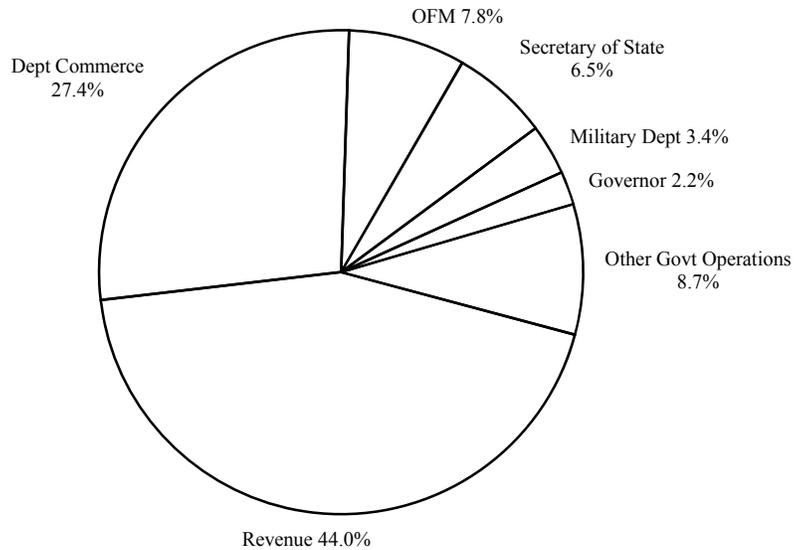
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

Revenue	208,612
Dept Commerce	129,750
OFM	37,135
Secretary of State	30,845
Military Department	16,011
Office of the Governor	10,605
Other Govt Operations	41,290
Governmental Operations	474,248



Governmental Operations

Office of the Governor

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	11,182	1,500	12,682
2011-13 Maintenance Level	11,906	1,500	13,406
Policy Changes - Non-Comp			
1. Staff Reduction	-635	0	-635
2. Reduce Hood Canal Coordination Coun	-20	0	-20
3. Administrative Reduction	-266	0	-266
4. Interagency Charges - AG	-6	0	-6
Policy -- Non-Comp Total	-927	0	-927
Policy Changes - Comp			
5. Average Final Compensation Adjust	2	0	2
6. 3% Salary Cut for State Employees	-236	0	-236
7. Suspend Plan 1 Uniform COLA	-140	0	-140
Policy -- Comp Total	-374	0	-374
Total 2011-13 Biennium	10,605	1,500	12,105
Fiscal Year 2012 Total	5,312	1,500	6,812
Fiscal Year 2013 Total	5,293	0	5,293

Comments:

1. **Staff Reduction** - Funding and FTE authority within the Office of the Governor are reduced. One part-time position in the Governor's Mansion is eliminated. The Offices of the Family and Children Ombudsman and the Education Ombudsman will each eliminate one position. In addition, funding for goods, services, and travel is also reduced.
2. **Reduce Hood Canal Coordination Coun** - Funding for projects, reports, and other activities of the Hood Canal Aquatic Rehabilitation Program under RCW 90.88.030 is reduced by 11 percent.
3. **Administrative Reduction** - Funding for executive operations is reduced. This represents a 3 percent reduction to the General Fund-State administrative budget for the Office of the Governor.
4. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
5. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
6. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
7. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Office of the Lieutenant Governor

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	1,434	95	1,529
2011-13 Maintenance Level	1,582	95	1,677
Policy Changes - Non-Comp			
1. Administrative Reductions	-154	0	-154
Policy -- Non-Comp Total	-154	0	-154
Policy Changes - Comp			
2. 3% Salary Cut for State Employees	-26	0	-26
3. Suspend Plan 1 Uniform COLA	-17	0	-17
Policy -- Comp Total	-43	0	-43
Total 2011-13 Biennium	1,385	95	1,480
Fiscal Year 2012 Total	687	45	732
Fiscal Year 2013 Total	698	50	748

Comments:

1. **Administrative Reductions** - The Office of the Lieutenant Governor will achieve savings by reducing FTE levels and through a reduction in travel, equipment, training and development, goods and services, and other operating expenditures.
2. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
3. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Public Disclosure Commission

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	4,461	0	4,461
2011 Supplemental *	-243	0	-243
Total 2009-11 Biennium	4,218	0	4,218
2011-13 Maintenance Level	4,660	0	4,660
Policy Changes - Non-Comp			
1. Staff Reductions	-412	0	-412
2. State Data Center Rate Increase	32	0	32
3. Campaign Disclosure - ESSB 5021	125	0	125
4. Interagency Charges - AG	-24	0	-24
Policy -- Non-Comp Total	-279	0	-279
Policy Changes - Comp			
5. 3% Salary Cut for State Employees	-92	0	-92
6. Suspend Plan 1 Uniform COLA	-52	0	-52
Policy -- Comp Total	-144	0	-144
Total 2011-13 Biennium	4,237	0	4,237
Fiscal Year 2012 Total	2,107	0	2,107
Fiscal Year 2013 Total	2,130	0	2,130

Comments:

1. **Staff Reductions** - The Public Disclosure Commission (PDC) will achieve savings through a combination of reducing FTE levels and not filling vacancies.
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Campaign Disclosure - ESSB 5021** - Chapter 145, Laws of 2011 (ESSB 5021), enhances election campaign disclosure by lowering thresholds on reporting requirements and changing naming requirements for political committees and their sponsors. Funding is provided to PDC to implement and enforce the provisions of the bill.
4. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
5. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation

expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

6. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Office of the Secretary of State

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	34,800	71,560	106,360
2011 Supplemental *	77	0	77
Total 2009-11 Biennium	34,877	71,560	106,437
2011-13 Maintenance Level	44,880	59,057	103,937
Policy Changes - Non-Comp			
1. Charitable Organization Education	0	300	300
2. Archives Service Reduction	0	-890	-890
3. TVW savings	-993	0	-993
4. Administrative Reduction	-204	0	-204
5. State Library	-1,703	1,028	-675
6. Presidential Primary State Costs	-10,032	0	-10,032
7. Productivity Board	0	-781	-781
8. Interagency Charges - AG	-20	-26	-46
9. Management Efficiency	-144	0	-144
Policy -- Non-Comp Total	-13,096	-369	-13,465
Policy Changes - Comp			
10. Average Final Compensation Adjust	4	0	4
11. 3% Salary Cut for State Employees	-597	-417	-1,014
12. Suspend Plan 1 Uniform COLA	-344	-252	-596
13. Retire-Rehire Changes (State)	-2	0	-2
Policy -- Comp Total	-939	-669	-1,608
Total 2011-13 Biennium	30,845	58,019	88,864
Fiscal Year 2012 Total	16,710	28,807	45,517
Fiscal Year 2013 Total	14,135	29,212	43,347

Comments:

1. **Charitable Organization Education** - Chapter 29, Laws of 2010, 1st sp.s. (2SHB 2576), was enacted to implement a Charitable Organization Education Program supported by the Charitable Organization Education Account. A technical adjustment is made to increase the program's expenditure authority to cover the personal service costs of hiring trainers with expertise in areas of fiduciary responsibility, board management, and other areas of education identified by the charitable and nonprofit community. (Charitable Organization Education Account-State)
2. **Archives Service Reduction** - Funding for the Archives and Records Management Account and FTE authority is reduced. Three FTE staff (one each from the Digital Archives, Records Management, and State Government Archives) are eliminated. Corresponding services to agencies are also reduced. (Archives and Records Management Account-State)
3. **TVW savings** - Funding provided to TVW (Washington State Public Affairs TV Network) is maintained at the 2009-11 biennial funding levels. This represents a 20 percent reduction from 2007-09 funding levels.
4. **Administrative Reduction** - Funding for Executive and Administrative Services is reduced by 3 percent.
5. **State Library** - The General Fund-State appropriation to the State Library is reduced. Funding from the Washington State Heritage Center Account is provided in place of a portion of General Fund-State in the 2011-13 biennium to achieve General Fund-State savings. (Washington State Heritage Account-State)
6. **Presidential Primary State Costs** - Funding for costs associated with the 2012 Presidential Primary are eliminated, pursuant to Chapter 319, Laws of 2011 (SB 5119). No presidential primary will be held in Washington in 2012.
7. **Productivity Board** - Funding is suspended for the Productivity Board for the 2011-13 biennium. (Department of Personnel Service Account-State)
8. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
9. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the

Office of the Secretary of State

biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)

10. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
11. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
12. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
13. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Governor's Office of Indian Affairs

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	537	0	537
2011 Supplemental *	-29	0	-29
Total 2009-11 Biennium	508	0	508
2011-13 Maintenance Level	558	0	558
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	3	0	3
2. Reduce Administrative Expenditures	-22	0	-22
Policy -- Non-Comp Total	-19	0	-19
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	-8	0	-8
4. Suspend Plan 1 Uniform COLA	-5	0	-5
Policy -- Comp Total	-13	0	-13
Total 2011-13 Biennium	526	0	526
Fiscal Year 2012 Total	259	0	259
Fiscal Year 2013 Total	267	0	267

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Reduce Administrative Expenditures** - The Governor's Office of Indian Affairs will achieve savings by identifying efficiencies that will reduce travel expenses, printing costs, and other operating expenditures.
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Washington State Commission on Asian-Pacific-American Affairs

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	452	0	452
2011 Supplemental *	-15	0	-15
Total 2009-11 Biennium	437	0	437
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2011-13 Maintenance Level	478	0	478
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	3	0	3
2. Reduce Administrative Expenditures	-17	0	-17
Policy -- Non-Comp Total	-14	0	-14
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	-8	0	-8
4. Suspend Plan 1 Uniform COLA	-5	0	-5
Policy -- Comp Total	-13	0	-13
<hr/>			
Total 2011-13 Biennium	451	0	451
Fiscal Year 2012 Total	232	0	232
Fiscal Year 2013 Total	219	0	219

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Reduce Administrative Expenditures** - The Commission on Asian-Pacific-American Affairs will achieve savings by identifying efficiencies that will reduce travel expenses, printing costs, and other operating expenditures.
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Office of the State Treasurer

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	14,686	14,686
2011-13 Maintenance Level	0	15,359	15,359
Policy Changes - Non-Comp			
1. Move Costs for Leaving GA Building	0	113	113
2. State Data Center Rate Increase	0	48	48
3. Interagency Charges - AG	0	-25	-25
4. SSB 5181 - Commission on State Debt	0	150	150
Policy -- Non-Comp Total	0	286	286
Policy Changes - Comp			
5. Average Final Compensation Adjust	0	2	2
6. 3% Salary Cut for State Employees	0	-318	-318
7. Suspend Plan 1 Uniform COLA	0	-182	-182
8. Retire-Rehire Changes (State)	0	-1	-1
Policy -- Comp Total	0	-499	-499
Total 2011-13 Biennium	0	15,146	15,146
Fiscal Year 2012 Total	0	7,723	7,723
Fiscal Year 2013 Total	0	7,423	7,423

Comments:

- 1. Move Costs for Leaving GA Building** - Due to the planned elimination of the General Administration (GA) Building on the capitol campus, one-time funding is provided to the Office of the State Treasurer (OST) for moving related expenditures. (State Treasurer's Service Account-State)
- 2. State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
- 3. Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
- 4. SSB 5181 - Commission on State Debt** - Chapter 46, Laws of 2011, 1st sp.s. (SSB 5181), creates a commission to examine the use of debt in Washington State and report findings and recommendations to the State Finance Committee, which is directed to set a working debt limit. Funding is provided to OST to support the commission's work and to implement the provisions of the bill. (State Treasurer's Service Account-State)
- 5. Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
- 6. 3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
- 7. Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- 8. Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement

Office of the State Treasurer

Plan and Post-Retirement Employment). (General Fund-State,
various other funds)

Office of the State Auditor

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	1,439	71,804	73,243
2011 Supplemental *	-79	0	-79
Total 2009-11 Biennium	1,360	71,804	73,164
<hr/>			
2011-13 Maintenance Level	1,461	82,185	83,646
Policy Changes - Non-Comp			
1. Shift Audits to Perf Audit Acct	0	-7,445	-7,445
2. State Data Center Rate Increase	0	80	80
3. Fraud Ombudsman	0	224	224
4. School Audits	-1,461	1,461	0
5. Interagency Charges - AG	0	-36	-36
6. Governor Veto	0	-224	-224
Policy -- Non-Comp Total	-1,461	-5,940	-7,401
Policy Changes - Comp			
7. Average Final Compensation Adjust	0	7	7
8. 3% Salary Cut for State Employees	0	-1,226	-1,226
9. Suspend Plan 1 Uniform COLA	0	-691	-691
10. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-1,912	-1,912
<hr/>			
Total 2011-13 Biennium	0	74,333	74,333
Fiscal Year 2012 Total	0	38,024	38,024
Fiscal Year 2013 Total	0	36,309	36,309

Comments:

- Shift Audits to Perf Audit Acct** - Expenditure authority from the Performance Audits of Government Account is reduced to allow the shifting of expenditure authority to four appropriated audit-related activities: (1) the Division of Fraud Investigations (DFI) within the Department of Social and Health Services (DSHS); (2) the Fraud Ombudsman in the State Auditor's Office created in Chapter 42, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5921); (3) school apportionment audits in the State Auditor's Office; and (4) a portion of the enhanced revenue auditor staffing and collection functions of the Department of Revenue. In separate legislation, ESSB 5921, the Office of the Fraud Ombudsman was eliminated. Therefore, no funding from the Performance Audit of Government Account is provided. (General Fund-State, Performance Audits of Government Account-Non-Appropriated)
- State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
- Fraud Ombudsman** - The Office of the Fraud Ombudsman is created in Chapter 42, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5921). The Fraud Ombudsman is responsible for reviewing and auditing the fraud investigative work done by DFI, or its successor within DSHS. The Fraud Ombudsman also has authority to investigate citizen complaints related to fraud and abuse in the Temporary Assistance for Needy Families program. By November 30, 2012, and biennially thereafter, the Ombudsman must submit a report summarizing its audit activities of DFI to the appropriate committees of the Legislature. The portion of ESSB 5921 related to the Office of the Fraud Ombudsman was vetoed by the Governor and corresponding funding was vetoed in Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087). (Performance Audits of Government Account-State)
- School Audits** - The State Auditor's Office performs select state school district apportionment audits. For the 2011-13 biennium, funding for select state school district apportionment audits will be funded from the Performance Audits of Government Account rather than General Fund-State. (Performance Audit of Government Account-State)
- Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

Office of the State Auditor

6. **Governor Veto** - The Governor vetoed Section 123(4) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided funding for the Office of the Fraud Ombudsman within the Office of the State Actuary. The creation of the Office of the Fraud Ombudsman was vetoed in ESSB 5921.
7. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
8. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
9. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
10. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Citizens' Commission on Salaries for Elected Officials

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	374	0	374
2011 Supplemental *	-13	0	-13
Total 2009-11 Biennium	361	0	361
<hr/>			
2011-13 Maintenance Level	397	0	397
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	3	0	3
2. Reduce Administrative Expenditures	-39	0	-39
3. Interagency Charges - AG	-1	0	-1
Policy -- Non-Comp Total	-37	0	-37
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-6	0	-6
5. Suspend Plan 1 Uniform COLA	-1	0	-1
Policy -- Comp Total	-7	0	-7
<hr/>			
Total 2011-13 Biennium	353	0	353
Fiscal Year 2012 Total	158	0	158
Fiscal Year 2013 Total	195	0	195

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Reduce Administrative Expenditures** - The Citizens' Commission on Salaries for Elected Officials will achieve savings by reducing expenditures for goods and services, travel, and capital outlays.
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public

Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Office of the Attorney General

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	11,004	230,366	241,370
2011 Supplemental *	0	3,614	3,614
Total 2009-11 Biennium	11,004	233,980	244,984
2011-13 Maintenance Level	11,815	230,015	241,830
Policy Changes - Non-Comp			
1. Reduce Agency Legal Billings	0	-14,125	-14,125
2. Eliminate WSCTC, HCQA Billing	0	-146	-146
3. Stormans v DOH Litigation	0	628	628
4. Teck Cominco Metals Litigation	0	500	500
5. Unemployment Insurance ESD IAA	0	516	516
6. University of WA IAA to Base Funds	0	170	170
7. Reduction to Non-Agency Legal Serv	-1,815	0	-1,815
8. State Data Center Rate Increase	0	161	161
9. Juvenile Records	140	0	140
10. Protecting Homeowners	0	656	656
11. Small Business Preference Program	0	62	62
12. Addressing Subpoena Authority	0	96	96
13. Coal-Fired Generation	0	99	99
14. Industrial Insurance - SSB 5801	0	416	416
15. Campaign Disclosure - ESSB 5021	0	31	31
16. Medicaid Fraud Enforcement	-1,460	6,922	5,462
17. Workers Compensation	0	5,924	5,924
18. Management Efficiency	-104	0	-104
19. Governor Veto	0	-2,825	-2,825
Policy -- Non-Comp Total	-3,239	-915	-4,154
Policy Changes - Comp			
20. Average Final Compensation Adjust	2	28	30
21. 3% Salary Cut for State Employees	-360	-5,039	-5,399
22. Suspend Plan 1 Uniform COLA	-192	-2,863	-3,055
23. Retire-Rehire Changes (State)	-1	-14	-15
Policy -- Comp Total	-551	-7,888	-8,439
Total 2011-13 Biennium	8,025	221,212	229,237
Fiscal Year 2012 Total	4,028	109,891	113,919
Fiscal Year 2013 Total	3,997	111,321	115,318

Comments:

- 1. Reduce Agency Legal Billings** - The Office of the Attorney General (AGO) will absorb a reduction in the Legal Services Revolving Account. AGO will work with client agencies to develop and implement stricter policies and best management practices regarding utilization of Attorney General services to achieve lower legal costs. (Legal Services Revolving Account-State)
- 2. Eliminate WSCTC, HCQA Billing** - The Washington State Convention and Trade Center (WSCTC) and Home Care Quality Authority (HCQA) are no longer state agencies in the 2011-13 biennium. AGO billings for these agencies are removed from the Legal Services Revolving Account as a result. (Legal Services Revolving Account-State)
- 3. Stormans v DOH Litigation** - AGO is provided increased billing authority and 1.8 FTEs in the 2011-13 biennium to provide one-time legal services for the Department of Health (DOH) relating to the Stormans v. DOH litigation. At issue is the constitutionality of rules adopted by the Board of Pharmacy concerning access to all prescription medications, as well as liability for attorney fees. (Legal Services Revolving Account-State)
- 4. Teck Cominco Metals Litigation** - Billing authority is provided in the 2011-13 biennium for one-time additional legal services to the Department of Ecology associated with Pakootas, et al. v. Teck Cominco Metals Ltd. litigation. (Legal Services Revolving Account-State)

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5. **Unemployment Insurance ESD IAA** - Interagency agreement (IAA) billing authority and FTEs are provided for legal services associated with unemployment insurance cases in the Employment Security Department (ESD). (Legal Services Revolving Account-State)
6. **University of WA IAA to Base Funds** - Billing authority and FTEs are provided for ongoing legal services associated with the University of Washington's caseload relating to Airlift Northwest and the Real Estate Office for Metro Tract management. (Legal Services Revolving Account-State)
7. **Reduction to Non-Agency Legal Serv** - Savings are assumed through a reduction in the General Fund-State funded programs: Consumer Protection (\$800,000), Homicide Investigation Tracking System (\$500,000), and Criminal Litigation (\$515,000). (Legal Services Revolving Account-State)
8. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
9. **Juvenile Records** - Billing authority is provided for costs associated with Chapter 333, Laws of 2011 (SHB 1793). The legislation provides that a violation of the prohibition against the dissemination of personal information contained in a juvenile record is a violation of the Washington Consumer Protection Act. Funding assumes approximately three cases per year.
10. **Protecting Homeowners** - Billing authority is provided for costs associated with Chapter 58, Laws of 2011 (2SHB 1362). AGO is provided billing authority from the Foreclosure Fairness Account for work required by this legislation under the Consumer Protection Act. (Foreclosure Fairness Account-Non-Appropriated)
11. **Small Business Preference Program** - Billing authority is provided for costs associated with Chapter 358, Laws of 2011, Partial Veto (HB 1770). The Department of General Administration requires increased legal services as a result of this legislation.
12. **Addressing Subpoena Authority** - Billing authority is provided for Chapter 93, Laws of 2011 (SB 5076), which relates to subpoena authority for the Department of Financial Institutions. (Legal Services Revolving Account-State)
13. **Coal-Fired Generation** - Billing authority is provided for implementation of Chapter 180, Laws of 2011 (E2SSB 5769), relating to coal-fired power generation. (Legal Services Revolving Account-State)
14. **Industrial Insurance - SSB 5801** - Billing authority is provided for legal services to the Department of Labor and Industries for implementation of Chapter 6, Laws of 2011 (SSB 5801). (Legal Services Revolving Account-State)
15. **Campaign Disclosure - ESSB 5021** - Billing authority is provided for the legal services costs of the enhanced campaign finance enforcement and reporting requirements of Chapter 145, Laws of 2011 (ESSB 5021), which relates to campaign finance disclosures. (Legal Services Revolving Account-State)
16. **Medicaid Fraud Enforcement** - Funds are provided for implementation of 2SSB 5458 - Medicaid Fraud, which establishes new tools for detection and prosecution of, and new penalties for engaging in, Medicaid fraud. Because this legislation did not pass during the 2011 legislative session, the new dedicated account that was to pay for current and increased fraud detection and enforcement activities was not established. Pending further action with regard to funding and/or the legislation during the next legislative session, the Legislature intends that the agency should continue the current level of fraud detection and enforcement activity. (General Fund-State, Medicaid Fraud Penalty Account-State, General Fund-Federal)
17. **Workers Compensation** - Billing authority is provided for the legal costs associated with the implementation of Chapter 37, Laws of 2011, 1st sp.s. (EHB 2123). (Legal Services Revolving Account-State)
18. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
19. **Governor Veto** - The Governor vetoed the Medicaid Fraud Penalty Account-State appropriation in Section 125 of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087). The legislation to create this account did not pass during the 2011 session.
20. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
21. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost

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savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

22. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
23. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Caseload Forecast Council

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	1,508	0	1,508
2011 Supplemental *	-82	0	-82
Total 2009-11 Biennium	1,426	0	1,426
2011-13 Maintenance Level	1,577	0	1,577
Policy Changes - Non-Comp			
1. Reduce Administrative Expenditures	-152	0	-152
2. Higher Ed Forecasts	114	0	114
3. SGC Transfer Savings	-786	0	-786
4. Transfer SGC to CFC	1,913	0	1,913
Policy -- Non-Comp Total	1,089	0	1,089
Policy Changes - Comp			
5. 3% Salary Cut for State Employees	-34	0	-34
6. Suspend Plan 1 Uniform COLA	-19	0	-19
Policy -- Comp Total	-53	0	-53
Total 2011-13 Biennium	2,613	0	2,613
Fiscal Year 2012 Total	1,308	0	1,308
Fiscal Year 2013 Total	1,305	0	1,305

Comments:

1. **Reduce Administrative Expenditures** - The Caseload Forecast Council (CFC) will achieve savings by identifying efficiencies that will reduce travel expenses, printing costs, goods and services, and other operating expenditures.
2. **Higher Ed Forecasts** - Chapter 304, Laws of 2011 (SB 5304), requires CFC to provide caseload forecasts of the anticipated number of students eligible for the College Bound Scholarship Program who are also expected to attend an institution of higher education. Funding is provided to CFC for the additional workload associated with producing these forecasts.
3. **SGC Transfer Savings** - Savings are taken to reflect efficiencies resulting from the transfer of certain functions of the Sentencing Guidelines Commission (SGC) to CFC, pursuant to Chapter 40, Laws of 2011, 1st sp.s. (ESSB 5891).
4. **Transfer SGC to CFC** - Chapter 40, Laws of 2011, 1st sp.s. (ESSB 5891), transfers certain functions of SGC to CFC. These functions include developing and maintaining a database consisting of adult and juvenile offender history and sentencing information, analyzing the effect of sentencing legislation on prison demand, and publishing sentencing manuals and annual statistical summaries.
5. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-

appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

6. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

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(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	90,147	488,180	578,327
2011 Supplemental *	-3,738	2,238	-1,500
Total 2009-11 Biennium	86,409	490,418	576,827
2011-13 Maintenance Level	83,999	372,629	456,628
Policy Changes - Non-Comp			
1. Local Fiscal Note Revenue Source	-645	645	0
2. Reduce Housing Assistance Programs	2,700	-10,848	-8,148
3. Essential Needs and Housing Support	64,132	0	64,132
4. Vulnerable Adults	16	0	16
5. State Data Center Rate Increase	64	39	103
6. Ruckelshaus Center Process	0	127	127
7. Municipal Research and Services Ctr	0	169	169
8. Comm Services Block Grant Reduction	-750	0	-750
9. CSHD/ Advocacy & Policy	-85	0	-85
10. CSHD/Operations	-78	0	-78
11. BSD/Operations	-135	0	-135
12. ASD/Operations	-23	0	-23
13. IPP/Operations	-71	0	-71
14. LGI/Operations	-275	0	-275
15. Response to Crime Victims Reduction	-275	0	-275
16. Community Volunteer Support (CASA)	-622	0	-622
17. Eliminate Tourism Development	-3,812	-9,004	-12,816
18. WA Technology Center Reduction	-951	0	-951
19. Transfer WTC to Innovate WA	-3,806	0	-3,806
20. CSHD/Community Mobilization	-225	0	-225
21. Growth Management Reduction	-786	0	-786
22. CSHD/Housing Administration	-86	0	-86
23. BSD/Associate Development Org	-565	0	-565
24. BSD/Foreign Service Contracts	-620	0	-620
25. BSD/Microenterprise Services	-39	0	-39
26. Manufactured Housing	0	-204	-204
27. Protecting Homeowners	0	14,186	14,186
28. CSHD/Family Prosperity Account	-357	0	-357
29. BSD/Impact Washington	-34	0	-34
30. WA Economic Development Commission	-45	0	-45
31. IPP/Innovative Res Teams (STARS)	-100	0	-100
32. CSHD/State Drug Task Forces	-1,279	0	-1,279
33. CSHD/New Americans	-170	0	-170
34. Energy Efficiency Model Grant	0	1,384	1,384
35. Sexual Assault Services Grant	0	95	95
36. DOE Weatherization Pilot Grant	0	240	240
37. Energy Efficiency in Agriculture	0	50	50
38. Sex Offender Mgmt Grant	0	82	82
39. Sustainable Energy ARRA	0	6,149	6,149
40. Energy Assurance ARRA	0	200	200
41. Brownfield Loan Fund ARRA	0	27	27
42. Northwest Industrial ARRA	0	100	100
43. Interagency Charges - AG	-41	-40	-81
44. Neighborhood Stabilization Program	0	5,000	5,000
45. BSD/NW Ag Business	-182	0	-182
46. BSD/Statewide Services	-174	0	-174
47. BSD/WWU Small Bus Dev Center	-593	0	-593
48. BSD/Regional Services	-295	0	-295
49. BSD/Web Marketing	-86	0	-86
50. BSD/Global Health	-1,500	0	-1,500
51. BSD/IPZ Econ Devel Grant Program	100	0	100
52. BSD/International Trade Training	10	0	10
53. IPP/Energy Policy	-280	0	-280

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(Dollars in Thousands)

	NGF-S	Other	Total
54. LGI/Growth Management Admin	-297	0	-297
55. PWAA Admin Savings	0	-225	-225
56. South King Co Multi-Service Center	100	0	100
57. BSD/International Trade Development	-274	0	-274
58. BSD/Domestic Contracts	-114	0	-114
59. BSD/Grant Services Administration	-125	0	-125
60. BSD/ITED Admin	-191	0	-191
61. Management Efficiency	-280	0	-280
62. Broadband Mapping and Planning	0	4,037	4,037
Policy -- Non-Comp Total	46,856	12,209	59,065
Policy Changes - Comp			
63. Average Final Compensation Adjust	4	2	6
64. 3% Salary Cut for State Employees	-714	-578	-1,292
65. Suspend Plan 1 Uniform COLA	-393	-323	-716
66. Retire-Rehire Changes (State)	-2	-1	-3
Policy -- Comp Total	-1,105	-900	-2,005
Total 2011-13 Biennium	129,750	383,938	513,688
Fiscal Year 2012 Total	57,271	197,463	254,734
Fiscal Year 2013 Total	72,479	186,475	258,954

Comments:

1. **Local Fiscal Note Revenue Source** - Local government fiscal note activities will no longer receive General Fund-State funding. This activity will be funded from the County Research Services Account and the City and Town Research Services Account. Commerce currently expends \$645,000 and up to 3.2 FTEs on preparing local fiscal notes. (General Fund-State, County Research Services Account-State, City and Town Research Services Account-State)
2. **Reduce Housing Assistance Programs** - Spending for homeless and transitional housing programs is reduced and accounts are adjusted to reflect revenues. (General Fund-State, Home Security Fund Account-State)
3. **Essential Needs and Housing Support** - Funding is provided for the Essential Needs and Housing Support Program established in Chapter 36, Laws of 2011, 1st sp.s. (ESHB 2082). The Department will use this funding to provide for housing support and essential needs for individuals in the program within available resources.
4. **Vulnerable Adults** - Funding is provided to implement sections 501 and 502 of Chapter 3, Laws of 2011, 1st sp.s. (ESHB 1277). The long-term care ombudsman shall chair an adult family home quality assurance panel to review problems concerning the quality of care for adults in adult family homes. The panel shall provide a report to the appropriate legislative committees by December 1, 2012.
5. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
6. **Ruckelshaus Center Process** - Funding is provided to implement Chapter 360, Laws of 2011 (ESHB 1886), to establish the Voluntary Stewardship Program that allows participating counties to protect critical areas used for agricultural activities through the program rather than through regulatory requirements of the Growth Management Act. The Department will incur additional technical assistance and staffing costs for agency collaboration and to assist counties participating in the program. (General Fund-Federal)
7. **Municipal Research and Services Ctr** - The Municipal Research and Services Center of Washington (MRSC), a nonprofit organization, has provided municipal research and services to cities, towns, and counties since 1969. MRSC is funded through a small portion of the cities' distributions of state liquor profits and the counties' distribution of the liquor excise tax. Funding is provided to maintain current levels of service. (County Research Services Account-State, City and Town Research Services-State)
8. **Comm Services Block Grant Reduction** - The Community Services Block Grant, including the actual block grant and administrative expenses, is reduced by 25 percent. State funding reductions will result in more reliance on federal administrative funds.
9. **CSHD/ Advocacy & Policy** - The Office of Crime Victims

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- Advocacy provides services to victims of crimes and training for grantees. Funding for these services provided by the Department's Community Services and Housing Division (CSHD) is reduced by 12 percent.
10. **CSHD/Operations** - Funding for operations and administrative support is reduced.
 11. **BSD/Operations** - Funding for operations and administrative support for the Business Services Division (BSD) is reduced.
 12. **ASD/Operations** - Funding for administrative support provided by the Administrative Services Division (ASD) is reduced.
 13. **IPP/Operations** - Funding for operations and administrative support for the Innovation and Policy Priorities (IPP) Division is reduced.
 14. **LGI/Operations** - Funding for operations and administrative support for the Local Government and Infrastructure (LGI) Division is reduced.
 15. **Response to Crime Victims Reduction** - The Victim Witness Assistance Program provides trained advocates to assist crime victims during the investigation and prosecution of a crime. Services include: 1) notification to victims and witnesses of court proceedings, dates, and events; 2) preparation and submittal of orders of restitution; and 3) assistance with crime victim compensation applications. Funding for the Victim Witness Program is reduced by 10 percent.
 16. **Community Volunteer Support (CASA)** - Pass-through funding for Court Appointed Special Advocate/Guardian Ad Litem Program (CASA/GAL) training and coordination is eliminated. This funding was suspended during the 2009-11 biennium.
 17. **Eliminate Tourism Development** - Funding provided to the Department for activities to promote tourism is discontinued. (General Fund-State, Tourism Development and Promotion Account-State, Tourism Enterprise Account-Non-Appropriated)
 18. **WA Technology Center Reduction** - The Department contracts with the Washington Technology Center (WTC) to assist companies in the creation of innovative products and technologies that provide job opportunities for the citizens of Washington State. Funding for the Washington Technology Center is reduced by 20 percent.
 19. **Transfer WTC to Innovate WA** - Chapter 14, Laws of 2011, 1st sp.s., Partial Veto (2ESB 5764), merges WTC with the Spokane Intercollegiate Research and Technology Institute to form Innovate Washington. WTC funding is transferred to Innovate Washington.
 20. **CSHD/Community Mobilization** - The Community Mobilization Program provides local capacity building tools to promote the positive development of children and youth and prevent adolescent substance abuse, delinquency, teen pregnancy, school dropout, and violence. Funding for the Community Mobilization program is reduced by 10 percent.
 21. **Growth Management Reduction** - Funding is reduced for the following growth management activities: 1) \$200,000 in grants to the cities of Seattle and Tacoma for coordinating planning with their respective port authorities are discontinued; 2) a grant to the Walla Walla Community College Water Center is reduced by \$260,000 (36 percent); and 3) growth management grants to local governments are reduced by \$326,000 (15 percent).
 22. **CSHD/Housing Administration** - Funding for administration of the Affordable Housing program is reduced by 10 percent. Funding for housing trust fund operations and maintenance and housing trust fund portfolio management is shifted from the Community and Economic Development Fee Account to the Washington Housing Trust Account. (General Fund-State, Community and Economic Development Fee Account-State, Washington Housing Trust Account-State)
 23. **BSD/Associate Development Org** - Associate Development Organizations provide a variety of economic development services in the 39 counties. Funding for grants to Associate Development Organizations is reduced by 9 percent.
 24. **BSD/Foreign Service Contracts** - The Department contracts with five foreign office representatives to support development of international markets and promote export of Washington products. Funding for contracts with foreign representatives is reduced by 60 percent.
 25. **BSD/Microenterprise Services** - Funding for a grant to the Microenterprise Association to support Microenterprise Development Organizations is reduced by 10 percent.
 26. **Manufactured Housing** - In accordance with Chapter 158, Laws of 2011 (SHB 1502), the Manufactured Housing Account is repealed and technical assistance related to mobile/manufactured home relocation is subject to the availability of amounts appropriated. (Manufactured Housing Account-Non-Appropriated)
 27. **Protecting Homeowners** - Chapter 58, Laws of 2011 (2SHB 1362), authorizes the Department to use revenues from newly authorized fees paid by financial institutions issuing notices of defaults to implement the foreclosure fairness act including, contracting for the provision of housing counselors for borrowers, and providing a grant to the office of civil legal aid for the purpose of contracting with qualified legal aid programs for legal representation of homeowners in matters relating to foreclosure. (Foreclosure Fairness Account-Non-Appropriated)
 28. **CSHD/Family Prosperity Account** - The Family Asset Building program provides a variety of services to promote financial independence for working low income families. Services are provided through contracts with a variety of organizations including financial institutions, community action and social service agencies, and local government agencies.

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- Funding for the Family Asset Building program is reduced by 41 percent.
29. **BSD/Impact Washington** - Funding for a contract with Washington Manufacturing Services (Impact Washington) is reduced by 10 percent.
 30. **WA Economic Development Commission** - The Washington State Economic Development Commission is an independent state commission responsible for evaluating the state's economic development systems and developing long-term comprehensive strategic planning. Funding for the Economic Development Commission is reduced by 5 percent.
 31. **IPP/Innovative Res Teams (STARS)** - The Innovation Research Teams Program provides funding to support the recruitment of entrepreneurial researchers (STARS) to Washington to foster product innovation and long term statewide economic development. The program is administered through contracts with the University of Washington and Washington State University. Funding for the program is reduced by 3 percent.
 32. **CSHD/State Drug Task Forces** - The Department contracts with 19 multi-jurisdictional state drug task forces which provide drug investigation and enforcement services in 26 counties. Funding for state drug task forces is reduced by 50 percent.
 33. **CSHD/New Americans** - The Department contracts with the New Americans Program to provide naturalization assistance for legal permanent residents who are eligible to become United States citizens. Funding for the New Americans Program is reduced by 30 percent.
 34. **Energy Efficiency Model Grant** - Authority is provided for the Department to expend a federal grant which will fund a consortium of four states plus national experts to implement a program to promote homeowner investment in energy efficiency. (General Fund-Federal)
 35. **Sexual Assault Services Grant** - Authority is provided for the Department to expend a federal grant for a program to increase intervention, advocacy, accompaniment, support services, and related assistance for adult, youth, and child victims of sexual assault, and the family and household members of such victims. (General Fund-Federal)
 36. **DOE Weatherization Pilot Grant** - Authority is provided for the Department to expend a federal grant for a U.S. Department of Energy (DOE) pilot program to establish a loan fund exclusively for low-income weatherization, and create a one-stop shop offering utility rebates, below-market loans, a carbon incentive fund, and other benefits for property owners and developers of multifamily buildings for low-income residents. (General Fund-Federal)
 37. **Energy Efficiency in Agriculture** - Authority is provided for the Department to expend a federal grant for a program to increase direct participation in renewable energy generation by rural communities. (General Fund-Federal)
 38. **Sex Offender Mgmt Grant** - Authority is provided for the Department to expend a federal grant to implement a community education strategy that improves victim and community safety and offender accountability through effective and appropriate sex offender management. (General Fund-Federal)
 39. **Sustainable Energy ARRA** - Authority is provided for the Department to expend a federal American Recovery and Reinvestment Act (ARRA) grant for a program to install renewable energy systems and cutting-edge energy efficiency technologies. (General Fund-Federal)
 40. **Energy Assurance ARRA** - Authority is provided for the Department to expend a federal grant to develop and implement an energy assurance plan to deal with outages and reductions in supply for the citizens of Washington. (General Fund-Federal)
 41. **Brownfield Loan Fund ARRA** - Authority is provided for the Department to expend a federal grant which provides funding to the Brownfields Revolving Loan Fund for cleanup of properties contaminated by petroleum and hazardous substances. (General Fund-Federal)
 42. **Northwest Industrial ARRA** - Authority is provided for the Department to expend a federal grant for a program to implement energy efficiency improvements in medium to large-sized industrial facilities. (General Fund-Federal)
 43. **Interagency Charges - AG** - Funding is adjusted for this agency's share of payments to the Office of the Attorney General (AG) for legal services. (General Fund-State, various other funds)
 44. **Neighborhood Stabilization Program** - Authority is provided for the Department to expend a federal grant for a program to stabilize neighborhoods with abandoned homes. (General Fund-Federal)
 45. **BSD/NW Ag Business** - Funding for a contract with the Northwest (NW) Agriculture Business Center is reduced by 25 percent.
 46. **BSD/Statewide Services** - Funding for statewide services in BSD is reduced by 10 percent.
 47. **BSD/WWU Small Bus Dev Center** - Funding is eliminated for a contract with the Western Washington University (WWU) Center for Economic Vitality (Small Business Development Centers).
 48. **BSD/Regional Services** - Funding for regional services in BSD is reduced by 25 percent.
 49. **BSD/Web Marketing** - Funding for web marketing and communications in BSD is reduced by 10 percent.
 50. **BSD/Global Health** - Funding for the Global Health Technology program in BSD is reduced by 75 percent.
 51. **BSD/IPZ Econ Devel Grant Program** - Funding is provided for the Department to administer a competitive grant program to fund economic development activities designed to further

Department of Commerce

regional cluster growth and to integrate sector-based and cluster-based strategies with its support for the development of innovation partnership zones (IPZ).

52. **BSD/International Trade Training** - Funding is provided to implement provisions of Chapter 286, Laws of 2011 (HB 1916), which includes requirements for the Department to train associate development organizations (ADOs) in export assistance. ADOs are to provide or facilitate export assistance through workshops or one-on-one assistance.
53. **IPP/Energy Policy** - Funding is reduced for the Energy Policy program by 20 percent.
54. **LGI/Growth Management Admin** - Funding for growth management technical assistance and administration is reduced by 10 percent.
55. **PWAA Admin Savings** - ESSB 5844 (Local Government Infrastructure) required the Department to reduce expenditures from the Public Works Assistance Account for central agency administration by \$225,000 for the 2011-13 biennium. This would reduce indirect administrative expenditures back to the 20 percent of total operating budget expenditures that existed ten years ago. Note: ESSB 5844 did not pass, and the Governor has vetoed a corresponding proviso in the biennial appropriations act.
56. **South King Co Multi-Service Center** - Funding is provided for a grant to the multi-service center in Federal Way.
57. **BSD/International Trade Development** - Funding for international trade development in BSD is reduced by 10 percent.
58. **BSD/Domestic Contracts** - Funding for administration of domestic contracts in BSD is reduced by 25 percent.
59. **BSD/Grant Services Administration** - Funding for grant services administration in BSD is reduced by 10 percent.
60. **BSD/ITED Admin** - Funding for International Trade and Economic Development (ITED) Administration is reduced by 25 percent.
61. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and worksessions. (General Fund-State, various other funds)
62. **Broadband Mapping and Planning** - Broadband mapping and planning includes identifying opportunities and issues in the broadband arena; monitoring, tracking, and encouraging broadband deployment; and creating programs that promote access and adoption of broadband services around the state.
 - Broadband Mapping/Planning and the Community Technology Opportunity Program are moved from the Department of Information Services to the Department of Commerce. (Washington Community Technology Opportunity Account-State, Broadband Mapping Account, Non-Appropriated)
63. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
64. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
65. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
66. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Economic & Revenue Forecast Council

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	1,483	0	1,483
2011 Supplemental *	-49	0	-49
Total 2009-11 Biennium	1,434	0	1,434
<hr/>			
2011-13 Maintenance Level	1,554	0	1,554
Policy Changes - Non-Comp			
1. Independent Lottery Forecast	0	50	50
2. Administrative Reductions	-108	0	-108
3. State Data Center Rate Increase	3	0	3
Policy -- Non-Comp Total	-105	50	-55
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-30	0	-30
5. Suspend Plan 1 Uniform COLA	-17	0	-17
Policy -- Comp Total	-47	0	-47
<hr/>			
Total 2011-13 Biennium	1,402	50	1,452
Fiscal Year 2012 Total	674	25	699
Fiscal Year 2013 Total	728	25	753

Comments:

1. **Independent Lottery Forecast** - Funding is provided for the Economic and Revenue Forecast Council to conduct an independent lottery revenue forecast. (Lottery Administrative Account-State)
2. **Administrative Reductions** - Funding is reduced for goods and services, travel, and capital outlays.
3. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount

in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Office of Financial Management

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	39,374	96,906	136,280
2011-13 Maintenance Level	41,824	100,083	141,907
Policy Changes - Non-Comp			
1. Labor Relations Rate Reduction	0	-496	-496
2. Risk Management Rate Reduction	0	-544	-544
3. Transfer K-20 Network	0	24,769	24,769
4. Lease Rate Adjustments	474	1,129	1,603
5. Staff Reductions	-4,077	0	-4,077
6. Sentencing Guidelines Commission	210	0	210
7. Move IT Policy Oversight to OFM	1,767	5,909	7,676
8. State Data Center Rate Increase	415	40	455
9. DOP Merger into OFM	0	10,652	10,652
10. Dept of Enterprise Services-OFM	-1,100	-62,614	-63,714
11. Education Data Center	-750	0	-750
12. McNeil Island Study	0	100	100
13. Office of Regulatory Assistance	0	212	212
14. Interagency Charges - AG	-36	0	-36
15. Special Commitment Center	150	0	150
16. Management Efficiency	-154	0	-154
17. Governor Veto	-100	0	-100
Policy -- Non-Comp Total	-3,201	-20,843	-24,044
Policy Changes - Comp			
18. Average Final Compensation Adjust	5	0	5
19. 3% Salary Cut for State Employees	-950	-149	-1,099
20. Suspend Plan 1 Uniform COLA	-541	-84	-625
21. Retire-Rehire Changes (State)	-2	0	-2
Policy -- Comp Total	-1,488	-233	-1,721
Total 2011-13 Biennium	37,135	79,007	116,142
Fiscal Year 2012 Total	18,638	39,479	58,117
Fiscal Year 2013 Total	18,497	39,528	58,025

Comments:

1. **Labor Relations Rate Reduction** - Billings to general government and higher education agencies for labor relation services are reduced by 10 percent. (Office of Financial Management (OFM) Labor Relations Service Account-Non-Appropriated)
2. **Risk Management Rate Reduction** - Billings to agencies for risk management services are reduced by 10 percent. (Risk Management Administration Account-Non-Appropriated)
3. **Transfer K-20 Network** - Administration, funding, and FTE authority for the K-20 Education Network are transferred from the Department of Information Services (DIS) to OFM. The K-20 Education Network is a high-speed, high-capacity network linking colleges, universities, school districts, and libraries statewide. The K-20 Education Network is used for distance learning, teacher training, as well as providing video and data services to educational facilities located throughout the state. (Education Technology Revolving Account-Non-Appropriated)
4. **Lease Rate Adjustments** - Funding is provided for increased lease costs as a result of agencies moving out of the General Administration building.
5. **Staff Reductions** - Funding and FTE reductions are made for OFM. Divisions within OFM will reduce FTEs and reduce expenditures through a variety of methods. Due to fewer staff, the agency will eliminate office space and associated goods and services expenditures.
6. **Sentencing Guidelines Commission** - Pursuant to Chapter 40, Laws of 2011, 1st sp.s. (ESSB 5891), the Sentencing Guidelines Commission and the Sex Offender Policy Board are transferred to OFM.
7. **Move IT Policy Oversight to OFM** - Management and oversight of strategic technology policy is transferred from DIS to OFM, pursuant to Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931). Within OFM, a new Office of the Chief Information Officer (Office) is created to administer these functions. The new Office is responsible for development and

Office of Financial Management

- implementation of state strategic information technology (IT) initiatives and oversight of information technology resources. (General Fund-State, General Fund-Federal, Data Processing Revolving Account-State)
8. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
 9. **DOP Merger into OFM** - The Department of Personnel's (DOP's) human resource policymaking functions, funding, and FTE authority are transferred to OFM, pursuant to ESSB 5931. The functions transferred include training, curriculum development, classification and compensation determination, and metrics analysis. (Department of Personnel Service Account-State, Higher Education Personnel Services Account-State)
 10. **Dept of Enterprise Services-OFM** - The Information Services Division, Risk Management Division, Contracts Office, and Small Agency Client Services are transferred from OFM to the new Department of Enterprise Services (DES), pursuant to ESSB 5931. Funding and FTE authority related to these transfers are eliminated in OFM's budget and are moved to DES. (General Fund-State, various other funds)
 11. **Education Data Center** - Funding and FTE authority for the Education Research and Data Center (ERDC) that is housed within OFM are eliminated, pursuant to ESSB 5931. ERDC was created to develop a data system that coordinates and builds upon existing administrative databases, such as the K-12 core student records system and the public centralized higher education enrollment system. Responsibility and funding for this work are transferred to the Legislative Evaluation and Accountability Program. The transfer in ESSB 5931 was vetoed.
 12. **McNeil Island Study** - Funding is provided from the Aquatic Lands Enhancement Account for OFM to perform an environmental review of McNeil Island. A report must be submitted to the Governor and appropriate committees of the Legislature by October 1, 2012. (Aquatic Lands Enhancement Account-State)
 13. **Office of Regulatory Assistance** - Federal expenditure authority is provided for the Office of Regulatory Assistance for a grant received from the Environmental Protection Agency to fund a National Exchange Network Map-Based Search Portal and Node Crawler. (General Fund-Federal)
 14. **Interagency Charges - AG** - Funding is provided for this agency's share of payments to the Office of the Attorney General (AG) for legal services. (General Fund-State, various other funds)
 15. **Special Commitment Center** - Funding is provided for OFM to contract for an assessment of the most cost-effective measures to provide operational support for the Special Commitment Center on McNeil Island. The consultant's report is due to the Governor and the Legislature by November 15, 2011.
 16. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 17. **Governor Veto** - The Governor vetoed Section 129(8),(9), and (10) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which required OFM to contract with the Washington State Quality Award for training and other services to state agencies and vendors in the 2011-13 biennium.
 18. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 19. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 20. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
 21. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement

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Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

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

Office of Administrative Hearings

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	34,028	34,028
2011 Supplemental *	0	490	490
Total 2009-11 Biennium	0	34,518	34,518
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2011-13 Maintenance Level	0	36,367	36,367
Policy Changes - Non-Comp			
1. Admin Hearings Rate Decrease	0	-2,079	-2,079
2. State Data Center Rate Increase	0	56	56
3. Interagency Charges - AG	0	-2	-2
4. Social Services Program	0	769	769
Policy -- Non-Comp Total	0	-1,256	-1,256
Policy Changes - Comp			
5. Average Final Compensation Adjust	0	4	4
6. 3% Salary Cut for State Employees	0	-659	-659
7. Suspend Plan 1 Uniform COLA	0	-364	-364
8. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-1,021	-1,021
<hr/>			
Total 2011-13 Biennium	0	34,090	34,090
Fiscal Year 2012 Total	0	17,040	17,040
Fiscal Year 2013 Total	0	17,050	17,050

Comments:

1. **Admin Hearings Rate Decrease** - The Office of Administrative Hearings (OAH) will achieve savings through a reduction in administrative law judges and their associated support staff. Additional staff reductions and savings will be achieved with the use of other shared agencies human resource and accounting services. The savings will be passed on to client agencies as a central service rate reduction. (Administrative Hearings Revolving Account-State)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **Social Services Program** - Chapter 42, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5921), applies a number of policy changes to benefits administered by the Department of Social and Health Services, particularly under the Working Connections Child Care and Temporary Assistance for Needy Families Programs. Funding is provided to OAH for the anticipated workload increases related to conducting and processing hearings and appeals. (Administrative Hearings Revolving Account-State)
5. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
6. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
7. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers'

Office of Administrative Hearings

Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

8. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

State Lottery Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	900,705	900,705
2011-13 Maintenance Level	0	804,543	804,543
Policy Changes - Non-Comp			
1. Administrative Reductions	0	-1,012	-1,012
2. State Data Center Rate Increase	0	38	38
3. Interagency Charges - AG	0	-9	-9
Policy -- Non-Comp Total	0	-983	-983
Policy Changes - Comp			
4. Average Final Compensation Adjust	0	3	3
5. 3% Salary Cut for State Employees	0	-523	-523
6. Suspend Plan 1 Uniform COLA	0	-296	-296
7. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-818	-818
Total 2011-13 Biennium	0	802,742	802,742
Fiscal Year 2012 Total	0	401,135	401,135
Fiscal Year 2013 Total	0	401,607	401,607

Comments:

1. **Administrative Reductions** - Funding is reduced for administrative and operating costs that do not impact revenue generating activities. Administrative reductions include eliminating vacant positions, reducing expenditures for training and travel, and eliminating a contract position. (Lottery Administrative Account-State)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
5. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
6. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
7. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Washington State Commission on Hispanic Affairs

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	505	0	505
2011 Supplemental *	-28	0	-28
Total 2009-11 Biennium	477	0	477
<hr/>			
2011-13 Maintenance Level	530	0	530
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	3	0	3
2. Reduce Administrative Expenditures	-24	0	-24
Policy -- Non-Comp Total	-21	0	-21
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	-8	0	-8
4. Suspend Plan 1 Uniform COLA	-5	0	-5
Policy -- Comp Total	-13	0	-13
<hr/>			
Total 2011-13 Biennium	496	0	496
Fiscal Year 2012 Total	246	0	246
Fiscal Year 2013 Total	250	0	250

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Reduce Administrative Expenditures** - The Commission on Hispanic Affairs will achieve savings by identifying efficiencies that will reduce travel expenses, printing costs, and other operating expenditures.
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Washington State Commission on African-American Affairs

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	479	0	479
2011 Supplemental *	-26	0	-26
Total 2009-11 Biennium	453	0	453
2011-13 Maintenance Level	504	0	504
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	3	0	3
2. Reduce Administrative Expenditures	-17	0	-17
Policy -- Non-Comp Total	-14	0	-14
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	-8	0	-8
4. Suspend Plan 1 Uniform COLA	-5	0	-5
Policy -- Comp Total	-13	0	-13
Total 2011-13 Biennium	477	0	477
Fiscal Year 2012 Total	239	0	239
Fiscal Year 2013 Total	238	0	238

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Reduce Administrative Expenditures** - The Commission on African-American Affairs will achieve savings by identifying efficiencies that will reduce travel expenses, printing costs, and other operating expenditures.
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Department of Retirement Systems

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	52,916	52,916
2011-13 Maintenance Level	0	53,728	53,728
Policy Changes - Non-Comp			
1. Implement Avg Final Salary Changes	0	146	146
2. State Data Center Rate Increase	0	161	161
3. Plan 3 Default Investment Option	0	65	65
4. HERP and Retire Rehire Changes	0	133	133
5. Interagency Charges - AG	0	-113	-113
6. TRS 1 Retirement Subsidies	0	44	44
7. Plan 1 Uniform COLA	0	15	15
8. Governor Veto	0	-44	-44
Policy -- Non-Comp Total	0	407	407
Policy Changes - Comp			
9. Average Final Compensation Adjust	0	5	5
10. 3% Salary Cut for State Employees	0	-941	-941
11. Suspend Plan 1 Uniform COLA	0	-531	-531
12. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-1,469	-1,469
Total 2011-13 Biennium	0	52,666	52,666
Fiscal Year 2012 Total	0	26,526	26,526
Fiscal Year 2013 Total	0	26,140	26,140

Comments:

1. **Implement Avg Final Salary Changes** - Funding is provided for the administrative expenses associated with including in the calculation of state, local government, and school employees' retirement benefits compensation forgone during the 2011-13 fiscal biennium as a result of temporary layoffs, reduced hours, and reductions in pay in accordance with Chapter 5, Laws of 2011, 1st sp.s. (HB 2070). (Department of Retirement Systems Expense Account-State)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Plan 3 Default Investment Option** - Funding is provided for the administrative expenses associated with implementing Chapter 80, Laws of 2011 (HB 1625). (Department of Retirement Systems Expense Account-State)
4. **HERP and Retire Rehire Changes** - Funding is provided for administrative costs generated by changes to the post-retirement employment rules for members of the Higher Education Retirement Plans (HERPs) and other state retirement systems required to implement Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981). (Department of Retirement Systems Expense Account-State)
5. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
6. **TRS 1 Retirement Subsidies** - Funding is provided for the cost of administering a \$250 per month subsidy payment program for certain newly-retired members of the Teachers' Retirement System Plan 1 (TRS 1), pursuant to SSB 5846 (Retired Public Employees). SSB 5846 was not enacted (please see Governor Veto item below). (Department of Retirement Systems Expense Account-State)
7. **Plan 1 Uniform COLA** - Funding is provided for the administrative expenses associated with implement reduced cost-of-living adjustments in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1), pursuant to the provisions of Chapter 362, Laws of 2011 (SHB 2021). (Department of Retirement Systems Expense Account-State)
8. **Governor Veto** - The Governor vetoed Section 134(4) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided funding for administrative costs associated with SSB 5846, which was not enacted. (Department of Retirement Systems Expense Account-State)

Department of Retirement Systems

9. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
10. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
11. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
12. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Department of Revenue

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	222,751	19,086	241,837
2011 Supplemental *	-5,617	0	-5,617
Total 2009-11 Biennium	217,134	19,086	236,220
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2011-13 Maintenance Level	226,882	14,954	241,836
Policy Changes - Non-Comp			
1. Revenue Enhancement	0	3,188	3,188
2. Reduce County Advisory Appraisals	-1,028	0	-1,028
3. Closing Field Offices	-356	0	-356
4. Low-Income Property Tax Deferral	-591	0	-591
5. Appeals Reform-Process Efficiencies	-536	0	-536
6. Revenue Enhancement Option	1,454	0	1,454
7. State Data Center Rate Increase	417	23	440
8. Transfer Master Business License	0	16,237	16,237
9. Master Business License Staffing	0	-1,858	-1,858
10. Reduce Policy Research Services	-1,146	0	-1,146
11. Mandatory Quarterly E-File/E-Pay	-906	0	-906
12. Interagency Charges - AG	-350	-18	-368
13. Management Efficiency	-1,436	0	-1,436
14. Printing Publications & Forms	-736	0	-736
15. Tax Administration Activities	-2,974	0	-2,974
16. Tax Collection Activities	-3,672	0	-3,672
Policy -- Non-Comp Total	-11,860	17,572	5,712
Policy Changes - Comp			
17. Average Final Compensation Adjust	24	2	26
18. 3% Salary Cut for State Employees	-4,109	-456	-4,565
19. Suspend Plan 1 Uniform COLA	-2,314	-259	-2,573
20. Retire-Rehire Changes (State)	-11	0	-11
Policy -- Comp Total	-6,410	-713	-7,123
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Total 2011-13 Biennium	208,612	31,813	240,425
Fiscal Year 2012 Total	104,380	15,994	120,374
Fiscal Year 2013 Total	104,232	15,819	120,051

Comments:

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| <p>1. Revenue Enhancement - Funding is provided for additional staff to collect state tax revenues. The Department of Revenue (DOR) will add additional tax collection staff including taxpayer account administrators, compliance staff, and auditors. On average, each employee will bring in \$420,000 per fiscal year in revenue. (Performance Audits of Government Account-Non-Appropriated)</p> <p>2. Reduce County Advisory Appraisals - Funding is reduced for county advisory appraisals by eliminating 6 staff. DOR will maintain enough staff to be able to complete up to 25 advisory appraisals each year.</p> <p>3. Closing Field Offices - The Department will close and consolidate several field offices in the 2011-13 biennium. Closing and consolidating field offices will reduce leased square footage and reduce costs for facilities management and lease oversight. Field offices set for closure include Lacey and</p> | <p>Aberdeen. The Everett field office will be consolidated with Bothell.</p> <p>4. Low-Income Property Tax Deferral - Funding is reduced as a result of SSB 5587 (Low-Income Tax Deferral Program), which eliminates the low-income tax deferral program beginning in 2011. This provision will save \$591,000 in the upcoming biennium primarily by eliminating appropriations for the tax deferrals. Note: The Legislature did not enact SSB 5587 during the 2011 legislative session or the 2011 First Special Session.</p> <p>5. Appeals Reform-Process Efficiencies - The Department will realize savings and reduce costs by streamlining appeals processes.</p> <p>6. Revenue Enhancement Option - Funding is provided to continue revenue enhancement activities initiated in Chapter 1, Laws of 2010, 2nd sp.s. (HB 3225), which was passed in</p> |
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Department of Revenue

December 2010. Revenue enhancement activities include additional targeted out-of-state audits and increased tax return examinations.

7. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
8. **Transfer Master Business License** - Funding is provided to implement Chapter 298, Laws of 2011 (SHB 2017 - Master License Service Program). To improve customer service, the administration of the Master Business License Program is transferred from the Department of Licensing (DOL) to DOR. (Master License Account-State)
9. **Master Business License Staffing** - Staffing levels and funding are adjusted to allow the Department to implement the transfer of the Master Business License Program from DOL. (Master License Account-State)
10. **Reduce Policy Research Services** - The Research, Legislation, and Policy, and Interpretations and Technical Advice Divisions will eliminate six staff. This reduction will result in reduced services to external stakeholders, suspension of some publications and interpretive statements, and decreased support to internal operating divisions, the Office of Financial Management, and the Legislature.
11. **Mandatory Quarterly E-File/E-Pay** - Funding is provided to implement Chapter 24, Laws of 2011 (EHB 1357). Quarterly taxpayers will be required to file and pay tax returns electronically to streamline and improve tax collections and reduce the costs of collecting revenue.
12. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
13. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as layering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
14. **Printing Publications & Forms** - The Department will reduce costs by eliminating the printing and mailing of several forms and publications. Publications and forms no longer printed will be available on the Department's Internet site.
15. **Tax Administration Activities** - Funding is reduced for tax administration activities. Reductions will impact Executive Management, Information Services, Human Resources, and Business and Financial Services Divisions. Overall, the Department will reduce 10.8 staff in tax administration activities.
16. **Tax Collection Activities** - Funding is reduced for 21.6 staff support positions and Washington Management Services position that indirectly impact revenue collections. Funding is also reduced for goods and services and staff training.
17. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
18. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
19. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
20. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

State Investment Board

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	29,352	29,352
2011-13 Maintenance Level	0	29,048	29,048
Policy Changes - Non-Comp			
1. Strengthen Investment Policy	0	940	940
2. State Data Center Rate Increase	0	40	40
3. Telephone System Replacement	0	114	114
4. Interagency Charges - AG	0	-44	-44
Policy -- Non-Comp Total	0	1,050	1,050
Policy Changes - Comp			
5. Average Final Compensation Adjust	0	3	3
6. Remove Merit System Increments	0	-21	-21
7. 3% Salary Cut for State Employees	0	-528	-528
8. Suspend Plan 1 Uniform COLA	0	-294	-294
9. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-842	-842
Total 2011-13 Biennium	0	29,256	29,256
Fiscal Year 2012 Total	0	14,450	14,450
Fiscal Year 2013 Total	0	14,806	14,806

Comments:

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| <p>1. Strengthen Investment Policy - An additional investment officer will be hired to manage investments in tangible assets, such as infrastructure, agriculture, timber, and natural resource rights. A data risk analyst position will also be added to help monitor and manage quantitative investment risks. (State Investment Board Expense Account-State)</p> <p>2. State Data Center Rate Increase - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)</p> <p>3. Telephone System Replacement - Funding is provided to cover the cost of a telephone system replacement. The current system is at capacity, and the telephone equipment is obsolete. (State Investment Board Expense Account-State)</p> <p>4. Interagency Charges - AG - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)</p> <p>5. Average Final Compensation Adjust - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to</p> | <p>reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)</p> <p>6. Remove Merit System Increments - Agencies will absorb the cost of merit system increments. (State Investment Board Expense Account-State)</p> <p>7. 3% Salary Cut for State Employees - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)</p> <p>8. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)</p> <p>9. Retire-Rehire Changes (State) - Employer contribution rates to the Public Employees' Retirement System and the Teachers'</p> |
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State Investment Board

Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Board of Tax Appeals

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	2,664	0	2,664
2011 Supplemental *	-123	0	-123
Total 2009-11 Biennium	2,541	0	2,541
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2011-13 Maintenance Level	2,817	0	2,817
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	8	0	8
2. Reductions/Efficiency Measures	-276	0	-276
3. Interagency Charges - AG	-1	0	-1
Policy -- Non-Comp Total	-269	0	-269
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-58	0	-58
5. Suspend Plan 1 Uniform COLA	-30	0	-30
Policy -- Comp Total	-88	0	-88
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Total 2011-13 Biennium	2,460	0	2,460
Fiscal Year 2012 Total	1,241	0	1,241
Fiscal Year 2013 Total	1,219	0	1,219

Comments:

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| <p>1. State Data Center Rate Increase - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)</p> <p>2. Reductions/Efficiency Measures - The Board of Tax Appeals will achieve savings by not filling a vacant hearings officer position, eliminating expenditures for employee professional development and training, and reducing expenditures for travel and goods and services.</p> <p>3. Interagency Charges - AG - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)</p> <p>4. 3% Salary Cut for State Employees - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)</p> | <p>5. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)</p> <p>* Please see the 2011 Supplemental Operating Budget Section for additional information.</p> |
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Office of Minority & Women's Business Enterprises

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	3,674	3,674
2011-13 Maintenance Level	0	3,761	3,761
Policy Changes - Non-Comp			
1. Rate Reduction	0	-376	-376
2. State Data Center Rate Increase	0	11	11
3. Interagency Charges - AG	0	-6	-6
Policy -- Non-Comp Total	0	-371	-371
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	0	-82	-82
5. Suspend Plan 1 Uniform COLA	0	-42	-42
Policy -- Comp Total	0	-124	-124
Total 2011-13 Biennium	0	3,266	3,266
Fiscal Year 2012 Total	0	1,634	1,634
Fiscal Year 2013 Total	0	1,632	1,632

Comments:

1. **Rate Reduction** - The Office of Minority and Women's Business Enterprises (OMWBE) will identify administrative efficiencies in order to reduce its assessments to client agencies by 10 percent. (OMWBE Enterprises Account-State) benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)

3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum

Consolidated Technology Services

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	0	0
2011-13 Maintenance Level	0	0	0
Policy Changes - Comp			
1. Transfer DIS to CTS Agency	7	184,041	184,048
Policy -- Comp Total	7	184,041	184,048
Total 2011-13 Biennium	7	184,041	184,048
Fiscal Year 2012 Total	3	96,163	96,166
Fiscal Year 2013 Total	4	87,878	87,882

Comments:

1. **Transfer DIS to CTS Agency** - Pursuant to Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931), delivery of information technology services to state agencies is transferred from the Department of Information Services (DIS) to the newly created Consolidated Technology Services (CTS) agency. Services offered by CTS include mainframe computing, network operations, telecommunications, and managing the consolidated data center.

Office of the Insurance Commissioner

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	50,391	50,391
2011-13 Maintenance Level	0	53,347	53,347
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	0	40	40
2. Insurance Statutes	0	42	42
3. Health Benefit Exchanges	0	75	75
4. Interagency Charges - AG	0	-42	-42
Policy -- Non-Comp Total	0	115	115
Policy Changes - Comp			
5. Average Final Compensation Adjust	0	5	5
6. 3% Salary Cut for State Employees	0	-966	-966
7. Suspend Plan 1 Uniform COLA	0	-538	-538
8. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-1,501	-1,501
Total 2011-13 Biennium	0	51,961	51,961
Fiscal Year 2012 Total	0	25,811	25,811
Fiscal Year 2013 Total	0	26,150	26,150

Comments:

- State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
- Insurance Statutes** - Chapter 47, Laws of 2011 (SB 5213), makes several policy changes to the Long-Term Care Partnership Program. Funding is provided to the Office of the Insurance Commissioner (OIC) to modify existing Washington Administrative Code and for simple rulemaking needed to implement the legislation. (Insurance Commissioner's Regulatory Account-State)
- Health Benefit Exchanges** - Chapter 317, Laws of 2011 (SSB 5445), addresses the federal requirement that state's establish health insurance exchanges by January 1, 2014, pursuant to the Patient Protection and Affordable Care Act passed by Congress in March 2010. Funding is provided to OIC for the implementation of the health benefit exchanges. (Insurance Commissioner's Regulatory Account-State)
- Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
- Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
- 3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
- Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement

Office of the Insurance Commissioner

Plan and Post-Retirement Employment). (General Fund-State,
various other funds)

State Board of Accountancy

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	0	3,649	3,649
2011-13 Maintenance Level	0	2,872	2,872
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	0	11	11
2. Interagency Charges - AG	0	-14	-14
Policy -- Non-Comp Total	0	-3	-3
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	0	-38	-38
4. Suspend Plan 1 Uniform COLA	0	-21	-21
Policy -- Comp Total	0	-59	-59
Total 2011-13 Biennium	0	2,810	2,810
Fiscal Year 2012 Total	0	1,948	1,948
Fiscal Year 2013 Total	0	862	862

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Forensic Investigations Council

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	280	280
2011-13 Maintenance Level	0	286	286
Total 2011-13 Biennium	0	286	286
Fiscal Year 2012 Total	0	143	143
Fiscal Year 2013 Total	0	143	143

Comments:

There were no policy level changes.

Washington Horse Racing Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	10,321	10,321
2011-13 Maintenance Level	0	8,274	8,274
Policy Changes - Non-Comp			
1. Interagency Charges - AG	0	-7	-7
Policy -- Non-Comp Total	0	-7	-7
Policy Changes - Comp			
2. 3% Salary Cut for State Employees	0	-38	-38
3. Suspend Plan 1 Uniform COLA	0	-28	-28
Policy -- Comp Total	0	-66	-66
Total 2011-13 Biennium	0	8,201	8,201
Fiscal Year 2012 Total	0	4,106	4,106
Fiscal Year 2013 Total	0	4,095	4,095

Comments:

1. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

2. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

3. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Washington State Liquor Control Board

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	244,701	244,701
2011 Supplemental *	0	-17	-17
Total 2009-11 Biennium	0	244,684	244,684
<hr/>			
2011-13 Maintenance Level	0	254,221	254,221
Policy Changes - Non-Comp			
1. DIS Forest	0	38	38
2. Administrative Reductions	0	-4,285	-4,285
3. Collocated stores	0	1,152	1,152
4. State Data Center Rate Increase	0	270	270
5. Customer Service Initiatives	0	49,383	49,383
6. Liquor Related Products	0	10,165	10,165
7. End-to-End Encryption	0	585	585
8. Distribution Center Staffing	0	1,068	1,068
9. Interagency Charges - AG	0	-117	-117
10. Governor Veto	0	-11,317	-11,317
Policy -- Non-Comp Total	0	46,942	46,942
Policy Changes - Comp			
11. Average Final Compensation Adjust	0	18	18
12. 3% Salary Cut for State Employees	0	-3,082	-3,082
13. Suspend Plan 1 Uniform COLA	0	-1,764	-1,764
14. Retire-Rehire Changes (State)	0	-9	-9
Policy -- Comp Total	0	-4,837	-4,837
<hr/>			
Total 2011-13 Biennium	0	296,326	296,326
Fiscal Year 2012 Total	0	143,474	143,474
Fiscal Year 2013 Total	0	152,852	152,852

Comments:

1. **DIS Forest** - Funding is provided to enable the Liquor Control Board (LCB) to join the State Active Directory Forest hosted by the Department of Information Services. (Liquor Revolving Account-State)
2. **Administrative Reductions** - Funding is reduced for administrative costs for LCB operations.
3. **Collocated stores** - Funds are provided to implement SB 5917 or HB 2043 (Collocated Stores), which requires LCB to conduct a pilot project to incorporate contract stores within existing grocery stores. Note: The Legislature did not enact SB 5916 or HB 2043. (Liquor Revolving Account-State, Liquor Revolving Account-Non-Appropriated)
4. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
5. **Customer Service Initiatives** - Funding is provided to implement customer service initiatives to improve convenience to customers and generate additional revenues. Initiatives include adding six contract and two new state stores to keep pace with population growth; two high-volume specialty stores; standardizing hours of operation; selling retail gift cards; and providing optional delivery to restaurants and other licensed locations. The initiatives are estimated to result in net revenues of approximately \$6 million. (Liquor Revolving Account-State, Liquor Revolving Account-Non-Appropriated)
6. **Liquor Related Products** - Funds are provided to implement SB 5916 or HB 2043 (Liquor Related Products), which allows LCB to sell liquor related products in state liquor stores. Note: The Legislature did not enact SB 5916 or HB 2043. (Liquor Revolving Account-State, Liquor Revolving Account-Non-Appropriated)
7. **End-to-End Encryption** - Funding is provided to ensure the privacy of credit card information used at state liquor stores by encrypting confidential credit card data and transferring the storage of that data to the credit card processor. (Liquor Revolving Account-State)

Washington State Liquor Control Board

8. **Distribution Center Staffing** - Funding is provided for 12 additional warehouse operators in the Liquor Distribution Center to address increased product diversity and volumes shipped to liquor stores. To avoid a decrease in liquor revenue distribution to the general fund and local governments, funding for nine existing FTE positions (seven maintenance mechanics, one maintenance specialist, and one electrician) is shifted from the Liquor Revolving Account to the Liquor Control Board Construction and Maintenance Account. (Liquor Control Board Construction and Maintenance Account-State, Liquor Revolving Account-State)
9. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
10. **Governor Veto** - The Governor vetoed Section 144(1) and (2) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided funding to implement SB 5916 or HB 2043 (Liquor Related Products).
11. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
12. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
13. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
14. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Utilities and Transportation Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	41,719	41,719
2011-13 Maintenance Level	0	47,853	47,853
Policy Changes - Non-Comp			
1. Federal Funding Rate Increase	0	1,310	1,310
2. Federal Stimulus Funds	0	502	502
3. State Data Center Rate Increase	0	38	38
4. Private Infrastructure	0	169	169
5. Coal-Fired Generation	0	182	182
6. Interagency Charges - AG	0	-304	-304
7. Underground Utilities	0	15	15
Policy -- Non-Comp Total	0	1,912	1,912
Policy Changes - Comp			
8. Average Final Compensation Adjust	0	3	3
9. 3% Salary Cut for State Employees	0	-686	-686
10. Suspend Plan 1 Uniform COLA	0	-364	-364
11. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-1,049	-1,049
Total 2011-13 Biennium	0	48,716	48,716
Fiscal Year 2012 Total	0	24,130	24,130
Fiscal Year 2013 Total	0	24,586	24,586

Comments:

1. **Federal Funding Rate Increase** - The Utilities and Transportation Commission (UTC) will have additional federal spending authority to administer the pipeline safety program in Washington. In 2010, Congress increased the federal reimbursement rate from 40 to 60 percent, and this funding is used to expand the program without additional resources from the state. (Pipeline Safety Account-Federal)
2. **Federal Stimulus Funds** - UTC will continue to use federal funds provided by the Department of Energy under the American Recovery and Reinvestment Act to manage the additional workload resulting from stimulus funds provided to the industries regulated by UTC. (General Fund-Federal)
3. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
4. **Private Infrastructure** - Chapter 214, Laws of 2011 (2SSB 5034), requires certain wastewater companies first obtain a certificate from UTC before providing sewerage services for compensation. Funding is provided to UTC for costs related to rulemaking and the issuance of certificates. (Public Service Revolving Account-State)
5. **Coal-Fired Generation** - Chapter 180, Laws of 2011 (E2SSB 5769), applies emission standards and other future requirements on coal-fired electricity generating facilities. Spending authority is provided to UTC to implement and enforce the provisions of the bill. (Public Service Revolving Account-State)
6. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
7. **Underground Utilities** - Chapter 263, Laws of 2011, Partial Veto (E2SHB 1634), establishes rules, enforcement mechanisms, and processes for facility operators engaged in underground excavation. Funding is provided to UTC for costs related to implementing the provisions of the bill. (Pipeline Safety Account-State)
8. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)

Utilities and Transportation Commission

9. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
10. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
11. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Military Department

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	18,224	358,872	377,096
2011 Supplemental *	-976	0	-976
Total 2009-11 Biennium	17,248	358,872	376,120
<hr/>			
2011-13 Maintenance Level	18,549	287,953	306,502
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	27	0	27
2. State Emergency Operations Center	0	-3,177	-3,177
3. E911 Next Generation Transition	0	8,416	8,416
4. Interagency Charges - AG	-40	0	-40
5. Management Efficiency	-82	0	-82
6. Educ Support & Admin Reductions	-1,812	667	-1,145
Policy -- Non-Comp Total	-1,907	5,906	3,999
Policy Changes - Comp			
7. Average Final Compensation Adjust	2	4	6
8. 3% Salary Cut for State Employees	-403	-730	-1,133
9. Suspend Plan 1 Uniform COLA	-228	-415	-643
10. Retire-Rehire Changes (State)	-2	-2	-4
Policy -- Comp Total	-631	-1,143	-1,774
<hr/>			
Total 2011-13 Biennium	16,011	292,716	308,727
Fiscal Year 2012 Total	8,010	152,069	160,079
Fiscal Year 2013 Total	8,001	140,647	148,648

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **State Emergency Operations Center** - Federal funding from the Chemical Stockpile Emergency Preparedness Program (CSEPP), which has provided financial support for building and maintaining operations at the Washington State Emergency Operations Center (EOC), is projected to end in January 2012 when CSEPP is complete. Funding is provided from the Worker and Community Right-to-Know Account to ensure continued operations at the EOC through the biennium. (General Fund-Federal, Worker and Community Right-to-Know Account-State)
3. **E911 Next Generation Transition** - Expenditure authority is provided from the Enhanced 911 (E911) Account for statewide agreements to continue the upgrade to Next Generation 911. To advance to the next phase of the upgrade, the state E911 office will add one Geographic Information System Specialist and one Network Security Specialist position. (General Fund-Federal, Enhanced 911 Account-State)
4. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
5. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
6. **Educ Support & Admin Reductions** - The Military Department will achieve savings by reducing staff and services in Near General Fund-State supported activities, which includes facility maintenance, emergency management, and administrative support functions. Additional savings are achieved by eliminating or reducing and relying, in part, on federal funds for the post-high school education assistance for National Guard members and the Washington Youth Academy. (General Fund-State, General Fund-Federal)

Military Department

7. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
8. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
9. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
10. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Board for Volunteer Firefighters

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	1,052	1,052
2011-13 Maintenance Level	0	1,094	1,094
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	0	3	3
2. Interagency Charges - AG	0	-8	-8
Policy -- Non-Comp Total	0	-5	-5
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	0	-16	-16
4. Suspend Plan 1 Uniform COLA	0	-9	-9
Policy -- Comp Total	0	-25	-25
Total 2011-13 Biennium	0	1,064	1,064
Fiscal Year 2012 Total	0	528	528
Fiscal Year 2013 Total	0	536	536

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)

2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Public Employment Relations Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	5,302	3,513	8,815
2011 Supplemental *	-290	0	-290
Total 2009-11 Biennium	5,012	3,513	8,525
<hr/>			
2011-13 Maintenance Level	5,426	3,655	9,081
Policy Changes - Non-Comp			
1. Reduce Training/Equip/Recruitment	-530	0	-530
2. State Data Center Rate Increase	11	9	20
3. Interagency Charges - AG	-4	-2	-6
Policy -- Non-Comp Total	-523	7	-516
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-98	-64	-162
5. Suspend Plan 1 Uniform COLA	-56	-38	-94
Policy -- Comp Total	-154	-102	-256
<hr/>			
Total 2011-13 Biennium	4,749	3,560	8,309
Fiscal Year 2012 Total	2,347	1,781	4,128
Fiscal Year 2013 Total	2,402	1,779	4,181

Comments:

1. **Reduce Training/Equip/Recruitment** - Funding for training and equipment purchases is eliminated.
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount

in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Department of Archaeology & Historic Preservation

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	2,753	2,607	5,360
2011 Supplemental *	-152	0	-152
Total 2009-11 Biennium	2,601	2,607	5,208
<hr/>			
2011-13 Maintenance Level	3,006	2,160	5,166
Policy Changes - Non-Comp			
1. Reduce Administration	-2,920	2,495	-425
2. State Data Center Rate Increase	0	22	22
3. Interagency Charges - AG	-14	0	-14
Policy -- Non-Comp Total	-2,934	2,517	-417
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-46	-24	-70
5. Suspend Plan 1 Uniform COLA	-26	-14	-40
Policy -- Comp Total	-72	-38	-110
<hr/>			
Total 2011-13 Biennium	0	4,639	4,639
Fiscal Year 2012 Total	0	1,943	1,943
Fiscal Year 2013 Total	0	2,696	2,696

Comments:

1. **Reduce Administration** - Funding for operation of the Department is reduced. The Department will achieve ongoing savings by reducing its travel budget for the human remains program and by reducing its in-house information technology maintenance. (Heritage Non-Appropriated, State General Fund).
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

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

Department of Enterprise Services

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	0	0
2011-13 Maintenance Level	0	0	0
Policy Changes - Non-Comp			
1. OFM IT Services	0	2,300	2,300
2. Transfer IT Portfolio Application	0	334	334
3. Central Service Efficiencies	0	-3,800	-3,800
4. State Data Center Rate Increase	3	388	391
5. Dept of Enterprise Services-DOP	0	49,043	49,043
6. Dept of Enterprise Services-OFM	1,100	62,614	63,714
7. Dept of Enterprise Services-DIS	0	91,437	91,437
8. Dept of Enterprise Services-GA	7,040	256,007	263,047
9. Dept of Enterprise Services-Prt	0	20,646	20,646
10. Back Office Efficiencies	-20	-1,157	-1,177
11. Management Efficiency	-4	0	-4
Policy -- Non-Comp Total	8,119	477,812	485,931
Policy Changes - Comp			
12. Average Final Compensation Adjust	0	29	29
13. 3% Salary Cut for State Employees	-12	-5,518	-5,530
14. Suspend Plan 1 Uniform COLA	-8	-3,188	-3,196
15. Retire-Rehire Changes (State)	0	-17	-17
Policy -- Comp Total	-20	-8,694	-8,714
Total 2011-13 Biennium	8,099	469,118	477,217
Fiscal Year 2012 Total	4,052	233,342	237,394
Fiscal Year 2013 Total	4,047	235,776	239,823

Comments:

1. **OFM IT Services** - Funding is provided for the Department of Enterprise Services (DES) to provide information technology (IT) services to the Office of Financial Management (OFM). The Department will recover costs by billing OFM. (Data Processing Revolving Account-Non-Appropriated)
2. **Transfer IT Portfolio Application** - The maintenance of the Clarity IT Portfolio application support is transferred to the Information Services Division within the new DES. (Data Processing Revolving Account-Non-Appropriated)
3. **Central Service Efficiencies** - DES, created in Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931), will achieve \$1.9 million in state general fund savings by more efficiently delivering services. Savings may be generated from eliminating under-utilized services, reviewing rates charged to agencies, eliminating or merging duplicated services, procuring services differently, including contracting for services, and other efficiency measures. (General Administration Services Revolving Account).
4. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
5. **Dept of Enterprise Services-DOP** - The Department of Personnel's (DOP's) human resource functions that serve agencies statewide are moved into the new DES. These functions include staff and information technology support for the Human Resource Management System, the Employee Assistance Program, recruiting, small agency human resource services, and all back office functions that existed within the Department of Personnel. (Data Processing Revolving Account-Non-Appropriated, Department of Personnel Account-State)
6. **Dept of Enterprise Services-OFM** - The Information Services Division, Risk Management Division, Contracts Office, and Small Agency Client Services at OFM are moved to the new DES. (General Fund-State, various other funds)
7. **Dept of Enterprise Services-DIS** - The Department of Information Services' (DIS) administrative, budget, finance, communications, contract services, human resources, agency internal information technology, legal services, and procurement functions will transfer to the new DES. DES will also provide these back office administrative functions for the

Department of Enterprise Services

- new Consolidated Technology Services agency. (Data Processing Revolving Account-Non-Appropriated)
8. **Dept of Enterprise Services-GA** - The Department of General Administration (GA) will merge into the new DES, along with the State Printer and portions of DIS, OFM, and DOP. A transition team will work on identifying efficiencies by consolidating back-office functions such as internal human resources, accounting, purchasing, contracts, and facilities management. (General Fund-State, General Fund-Federal, General Administration Service Account-State, General Administration Service Account-Non-Appropriated, State Vehicle Parking Account-Non-Appropriated, Commemorative Works Account-Non-Appropriated, Building Code Council Account-State)
 9. **Dept of Enterprise Services-Prt** - The Department of Printing will move into the new DES, along with portions of DIS, OFM, DOP, and GA. A transition team will begin working on reducing staff as back-office functions such as human resources, accounting, purchasing, contracts, and facilities management are consolidated. (Printing Plant Revolving Account-Non-Appropriated)
 10. **Back Office Efficiencies** - Pursuant to Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931), funding is reduced due to efficiencies gained by consolidating four state agencies.
 11. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 12. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 13. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 14. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
 15. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Innovate Washington

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	0	0
2011-13 Maintenance Level	0	0	0
Policy Changes - Non-Comp			
1. SIRTI Transfer	2,307	2,152	4,459
2. WA Technology Center Transfer	3,806	0	3,806
Policy -- Non-Comp Total	6,113	2,152	8,265
Policy Changes - Comp			
3. 3% Salary Cut for State Employees	-66	0	-66
4. Suspend Plan 1 Uniform COLA	-37	0	-37
Policy -- Comp Total	-103	0	-103
Total 2011-13 Biennium	6,010	2,152	8,162
Fiscal Year 2012 Total	2,999	1,076	4,075
Fiscal Year 2013 Total	3,011	1,076	4,087

Comments:

1. **SIRTI Transfer** - Spokane Intercollegiate Research and Technology Institute (SIRTI), is a Washington State economic development agency focused on accelerating the development and growth of innovative technology-based companies in the Inland Northwest. Chapter 14, Laws of 2011, 1st sp.s., Partial Veto (2ESB 5764), merges SIRTI with the Washington Technology Center (WTC) to create Innovate Washington.
2. **WA Technology Center Transfer** - WTC conducts research to develop and strengthen relationships among the state's universities, private industry and government. Chapter 14, Laws of 2011, 1st sp.s., Partial Veto (2ESB 5764) merges WTC with SIRTI to create Innovate Washington.
3. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Department of Financial Institutions

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	44,476	44,476
2011-13 Maintenance Level	0	44,579	44,579
Policy Changes - Non-Comp			
1. Mtge Lend Fraud Prosecution Acct	0	1,000	1,000
2. Financial Reform/Investment Adviser	0	1,204	1,204
3. Addressing Subpoena Authority	0	96	96
4. State Data Center Rate Increase	0	188	188
5. Consumer Loan Act	0	231	231
6. Foreclosure Fairness Act	0	459	459
7. Interagency Charges - AG	0	-64	-64
Policy -- Non-Comp Total	0	3,114	3,114
Policy Changes - Comp			
8. Average Final Compensation Adjust	0	4	4
9. 3% Salary Cut for State Employees	0	-797	-797
10. Suspend Plan 1 Uniform COLA	0	-453	-453
11. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-1,248	-1,248
Total 2011-13 Biennium	0	46,445	46,445
Fiscal Year 2012 Total	0	22,961	22,961
Fiscal Year 2013 Total	0	23,484	23,484

Comments:

1. **Mtge Lend Fraud Prosecution Acct** - Chapter 129, Laws of 2011 (HB 1191), pushes back the expiration date of the Mortgage Lending Fraud Prosecution Account to June 30, 2016. Funding continues to be provided to the Department of Financial Institutions (DFI) to distribute to local prosecutors and for the state to identify and pursue mortgage fraud cases. (Mortgage Lending Fraud Prosecution Account-Non-Appropriated)
2. **Financial Reform/Investment Adviser** - DFI is provided funding for its expanded regulatory authority delegated in the Dodd-Frank Wall Street Reform and Consumer Protection Act. Effective July 2011, the number of investment advisers regulated by DFI (and the complexity of their portfolios) will increase an estimated 60 percent, from about 500 to an estimated 800 advisers. (Financial Services Regulation Account-Non-Appropriated)
3. **Addressing Subpoena Authority** - Chapter 93, Laws of 2011 (SB 5076), grants DFI the authority to obtain a subpoena for records, documents, or testimony from a superior court. Funding is provided for the ongoing legal costs DFI expects as the result of increased efforts to secure subpoenas. (Financial Services Regulation Account-Non-Appropriated)
4. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
5. **Consumer Loan Act** - Chapter 191, Laws of 2011 (2SHB 1405), removes the exemption in the Consumer Loan Act for lenders making loans secured by liens against a borrower's primary residence. Funding is provided for DFI to implement and enforce the provisions of the legislation. (Financial Services Regulation Account-Non-Appropriated)
6. **Foreclosure Fairness Act** - Chapter 58, Laws of 2011 (2SHB 1362), provides a 3 percent portion of the payment made by foreclosure beneficiaries to DFI to conduct homeowner pre-purchase and post-purchase outreach and education programs as defined in RCW 43.320.150. (Financial Services Regulation Account-Non-Appropriated)
7. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG) (AG). (General Fund-State, various other funds)
8. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would

Department of Financial Institutions

otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)

9. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
10. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
11. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Department of Personnel

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	61,624	61,624
2011-13 Maintenance Level	0	64,529	64,529
Policy Changes - Non-Comp			
1. Self Insurance Premium	0	34	34
2. Reduce HRMS Support	0	-3,194	-3,194
3. Staff and Program Reductions	0	-2,158	-2,158
4. HRMS Programming for 3% Salary Cut	0	500	500
5. Merge DOP into OFM	0	-10,652	-10,652
6. Dept of Enterprise Services-DOP	0	-49,043	-49,043
7. Interagency Charges - AG	0	-16	-16
Policy -- Non-Comp Total	0	-64,529	-64,529
Total 2011-13 Biennium	0	0	0

Comments:

1. **Self Insurance Premium** - The self insurance premium is increased based on the actuary's estimates of outstanding tort liability. (Department of Personnel Service Account-State)
2. **Reduce HRMS Support** - The Department will eliminate one desktop support position, one enterprise architect position, and one Human Resource Management System (HRMS) time configuration specialist position. Administrative expenses will be adjusted for one-time costs and anticipated rate reductions. (Data Processing Revolving Account-Non-Appropriated)
3. **Staff and Program Reductions** - The Department will eliminate an office support position and a facilities management position. A position will be eliminated that supported statewide recruiting efforts, a management position will be eliminated from the Classification and Compensation unit impacting guidance, trend analysis, and compliance monitoring. A senior management position will be eliminated by merging the Human Resources office into the Performance and Planning Division. In addition, a data analyst position will be eliminated. (Department of Personnel Service Account-State)
4. **HRMS Programming for 3% Salary Cut** - Funding is provided for programming and associated implementation costs related to reducing most state employee salaries by 3 percent. (Department of Personnel Service Account-State)
5. **Merge DOP into OFM** - The Department of Personnel's (DOP) statewide human resource policymaking functions are moved to the Office of Financial Management (OFM). These functions include training curriculum development, classification and compensation determination, and metrics analysis. (Department of Personnel Service Account, Higher Education Personnel Services Account-State)
6. **Dept of Enterprise Services-DOP** - DOP's human resource functions that serve agencies are moved into the new Department of Enterprise Services. These functions include staff and IT support for HRMS, the Employee Assistance Program, recruiting, small agency human resource services, and all back office functions that existed within DOP. (Department of Personnel Service Account, Data Processing Revolving Account-Non-Appropriated, Higher Education Personnel Services Account-State)
7. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

Washington State Gambling Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	33,755	33,755
2011-13 Maintenance Level	0	32,997	32,997
Policy Changes - Non-Comp			
1. Use of State Seizure Funds	0	42	42
2. State Data Center Rate Increase	0	81	81
3. Interagency Charges - AG	0	-36	-36
Policy -- Non-Comp Total	0	87	87
Policy Changes - Comp			
4. Average Final Compensation Adjust	0	3	3
5. 3% Salary Cut for State Employees	0	-574	-574
6. Suspend Plan 1 Uniform COLA	0	-327	-327
7. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-900	-900
Total 2011-13 Biennium	0	32,184	32,184
Fiscal Year 2012 Total	0	16,042	16,042
Fiscal Year 2013 Total	0	16,142	16,142

Comments:

1. **Use of State Seizure Funds** - The Gambling Commission will offset the expected decline of revenue in its revolving account with funds made available to the Commission as a result of its investigatory efforts. (Controlled Substance Account-Non-Appropriated, Gambling Revolving Account-Non-Appropriated)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
5. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
6. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
7. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Public Printer

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	0	19,859	19,859
2011-13 Maintenance Level	0	20,646	20,646
Policy Changes - Non-Comp			
1. Transfer to DES	0	-20,646	-20,646
Policy -- Non-Comp Total	0	-20,646	-20,646
Total 2011-13 Biennium	0	0	0

Comments:

- Transfer to DES** - Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931), moves the Public Printer into the new Department of Enterprise Services (DES) along with portions of the Department of Information Services, Office of Financial Management, Department of Personnel, and Department of General Administration. (Printing Plant Revolving Account-Non-Appropriated)

Municipal Research Council

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	2,729	2,729
2011-13 Maintenance Level	0	0	0
Total 2011-13 Biennium	0	0	0

Comments:

There were no policy level changes.

Department of General Administration

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	4,778	185,864	190,642
2011 Supplemental *	-436	-394	-830
Total 2009-11 Biennium	4,342	185,470	189,812
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2011-13 Maintenance Level	7,997	258,198	266,195
Policy Changes - Non-Comp			
1. Environmental Purchasing	0	200	200
2. Reduce Public and Historic Program	0	-898	-898
3. Reduce On-Campus Property Rent	0	-2,193	-2,193
4. Reduce Parking Services	0	-65	-65
5. Reduce Off-Campus Property Rent	0	-398	-398
6. Reduce Rent Outside Thurston County	0	-463	-463
7. Reduce Reimbursable Rates	0	-763	-763
8. Reduce Procurement Service Rates	0	-514	-514
9. Small Business Preference Program	0	247	247
10. Reduce Surplus Warehouses & Service	0	-944	-944
11. Reduce Real Estate Services	0	-296	-296
12. Reduce Capital Project Management	0	-150	-150
13. Lease Rate Adjustments	0	1,124	1,124
14. Nonappropriated Fund Adjustment	0	845	845
15. Reduction to Legislative Facilities	-910	0	-910
16. Reduction to Built Environment	-7	0	-7
17. Reduction to CPARB	-36	0	-36
18. Dept of Enterprise Services-GA	-7,040	-256,007	-263,047
19. Lease Management Integration	0	2,164	2,164
20. Interagency Charges - AG	-4	-87	-91
Policy -- Non-Comp Total	-7,997	-258,198	-266,195
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Total 2011-13 Biennium	0	0	0

Comments:

1. **Environmental Purchasing** - Under current law, government purchases of goods and services are based on the lowest-cost, responsive bid. One-time funding is provided to obtain expert consultant services to advise the state on candidate policies for purchasing environmentally-friendly goods and services. The Department of General Administration (GA) has secured grant funding for these activities for the 2011-13 biennium. (General Fund-Private/Local)
2. **Reduce Public and Historic Program** - Reductions are made to maintenance and grounds care services provided in the Public and Historic Program. Funding for non-fixed costs is reduced by 12 percent. (General Administration Service Account-State)
3. **Reduce On-Campus Property Rent** - Expenditure authority for non-fixed costs associated with capital campus services is reduced by 11 percent and staffing and services will be reduced accordingly. Reductions in campus rental rates and custodial and trade rates will be implemented to reflect expenditure reductions. (General Administration Service Account-State)
4. **Reduce Parking Services** - Expenditure authority for non-fixed costs associated with parking services is reduced by 12 percent and services will be reduced accordingly. (State Vehicle Parking Account-Non-Appropriated)
5. **Reduce Off-Campus Property Rent** - Expenditure authority for non-fixed costs associated with off-campus property services is reduced by 12 percent and staffing and services will be reduced accordingly. Reductions in off campus rental rates and custodial and trade rates will be implemented to reflect expenditure reductions. (General Administration Service Account-Non-Appropriated)
6. **Reduce Rent Outside Thurston County** - Expenditure authority for non-fixed costs associated with rent outside Thurston County is reduced by 8 percent and staffing will be reduced accordingly. Partially occupied buildings at the North Cascades Center will be closed. (General Administration Service Account-Non-Appropriated)
7. **Reduce Reimbursable Rates** - Expenditure authority for non-fixed costs associated with reimbursable trades, custodial, and project management provided by the Department is reduced by 12 percent and staffing and services will be reduced accordingly. Reductions in rates for trades, custodial, and project management will be implemented to reflect expenditure

Department of General Administration

- reductions. (General Administration Service Account-Non-Appropriated)
8. **Reduce Procurement Service Rates** - Expenditure authority for non-fixed costs associated with procurement services is reduced by 5 percent and services will be reduced accordingly. Reductions in procurement rates will be implemented to reflect expenditure reductions. (General Administration Service Account-Non-Appropriated)
 9. **Small Business Preference Program** - Funding is provided for implementation of section 3 of Chapter 358, Laws of 2011, Partial Veto (HB 1770), which requires the Department to implement the in-state Small Business Vendor Bidding Preference Program. GA, in consultation with the Department of Information Services (DIS), the Department of Transportation, and the Department of Commerce, must develop and implement a web-based information system to capture data, track outcomes, and provide accurate and verifiable information regarding the effects required technical assistance is having on the number of small businesses annually receiving state contracts for goods and services purchased by the state. A number of reports to the Legislature on implementation and ongoing progress are required. (General Administration Service Account-Non-Appropriated)
 10. **Reduce Surplus Warehouses & Service** - Funding for non-fixed costs associated with warehouse services is reduced by 12 percent. Two warehouses in King County will be closed, relocating operations to Thurston County. Transportation services will be decreased. (General Administration Service Account-Non-Appropriated)
 11. **Reduce Real Estate Services** - Expenditure authority for non-fixed costs associated with real-estate services is reduced by 12 percent and staffing and services will be reduced accordingly. (General Administration Service Account-State)
 12. **Reduce Capital Project Management** - Expenditure authority for non-fixed costs associated with capital project management is reduced by 12 percent and staffing and services will be reduced accordingly. (General Administration Service Account-Non-Appropriated)
 13. **Lease Rate Adjustments** - Lease costs will increase by \$512,333 in FY 2012 and \$611,820 in FY 2013 from closing the General Administration Building and moving staff to other locations. (General Administration Service Account-Non-appropriated)
 14. **Nonappropriated Fund Adjustment** - Spending authority is adjusted to match projected revenue.
 15. **Reduction to Legislative Facilities** - Facilities and services charges, utilities and contracts charges, public and historic facilities charges, and capital projects surcharges previously invoiced to legislative customers are reduced and services are reduced accordingly.
 16. **Reduction to Built Environment** - Staff resources supporting Built Environment Pollution activities are reduced.
 17. **Reduction to CPARB** - Staff resources supporting Capital Project Advisory Review Board (CPARB) activities are reduced.
 18. **Dept of Enterprise Services-GA** - GA will merge into the new Department of Enterprise Services, along with the State Printer and portions of DIS, Office of Financial Management, and Department of Personnel. A transition team will work on identifying efficiencies by consolidating back-office functions such as internal human resources, accounting, purchasing, contracts, and facilities management. (General Fund-State, General Fund-Federal, General Administration Service Account-State, General Fund-Local, General Administration Service Account-Non-Appropriated, State Vehicle Parking Account-Non-Appropriated, Commemorative Works Account-Non-Appropriated, Building Code Council Account-State)
 19. **Lease Management Integration** - The Department of Social and Health Services' internal facility planning unit is transferred to GA. (General Administration Service Account-Non-Appropriated)
 20. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

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

Department of Information Services

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	2,166	258,192	260,358
2011 Supplemental *	-68	0	-68
Total 2009-11 Biennium	2,098	258,192	260,290
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2011-13 Maintenance Level	1,988	261,145	263,133
Policy Changes - Non-Comp			
1. Central Administration Reduction	0	-5,460	-5,460
2. Services Efficiency Reduction	0	-5,112	-5,112
3. IT Policy Reduction	0	-1,980	-1,980
4. Transfer Broadband Service	0	-4,037	-4,037
5. Transfer K-20 Network	0	-24,771	-24,771
6. Transfer IT Portfolio Application	0	-334	-334
7. Promote Broadband Service	0	4,037	4,037
8. Metropolitan Optical Network	0	1,550	1,550
9. Exchange 2010	0	4,600	4,600
10. Move IT Policy Oversight to OFM	-1,767	-5,909	-7,676
11. Dept of Enterprise Services-DIS	0	-91,437	-91,437
12. Wheeler Office Building Lease	0	4,000	4,000
13. State Data Center lease	0	18,800	18,800
14. State Data Center M&O	0	3,892	3,892
15. Justice Info Network Reduction	-214	0	-214
16. Transfer Consolidated Tech Services	-7	-184,041	-184,048
17. K-20 Education Network	0	-2,270	-2,270
18. State Data Center Infrastructure	0	26,794	26,794
19. Interagency Charges - AG	0	-23	-23
20. Increased Customer Service Demand	0	556	556
Policy -- Non-Comp Total	-1,988	-261,145	-263,133
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Total 2011-13 Biennium	0	0	0

Comments:

1. **Central Administration Reduction** - Funding is reduced for agency central administration activities to achieve more cost-effective rates for information technology (IT) services. (Data Processing Revolving Account-Non-Appropriated)
2. **Services Efficiency Reduction** - Costs for computer services, interactive technology, and telecommunication services are reduced to achieve more cost-effective rates for information technology services. (Data Processing Revolving Account-Non-Appropriated)
3. **IT Policy Reduction** - The Department's Management and Oversight of Strategic Technology activities are reduced to mitigate the impact of policy oversight revolving fund charges on state agencies. (Data Processing Revolving Account-State)
4. **Transfer Broadband Service** - Pursuant to Chapter 43, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5931), the State Broadband Development and Data Program is transferred from the Department of Information Services (DIS) to the Department of Commerce. (General Fund-State, Broadband Mapping Account-Non-Appropriated, Washington Community Technology Opportunity Account-State)
5. **Transfer K-20 Network** - Pursuant to ESSB 5931, the K-20 Education Network is transferred to the Office of Financial Management (OFM). The K-20 Network provides video and data services to education facilities throughout the state. (Education Technology Account-Non-Appropriated)
6. **Transfer IT Portfolio Application** - Maintenance of the Clarity IT Portfolio application support is transferred to the Information Services Division within the new Department of Enterprise Services (DES). (Data Processing Revolving Account-State)
7. **Promote Broadband Service** - Funds are provided to map the state's public and private broadband infrastructure, service availability, and current broadband upload and download speeds. (General Fund-State, Broadband Mapping Account-Non-Appropriated, Washington Community Technology Opportunity Account-State)
8. **Metropolitan Optical Network** - Ongoing funding is provided for a high-speed Metropolitan Optical Network to connect 140 plus off-campus state agency locations and 14,450 state employees throughout Olympia, Tumwater, and Lacey. This network is a shared infrastructure service that will support the

Department of Information Services

consolidation of state e-mail and data center services. (Data Processing Revolving Account-Non-Appropriated)

9. **Exchange 2010** - Funding is provided to continue implementation of a Shared Services E-Mail service for state agencies. This service employs Microsoft Exchange 2010 and provides Enterprise Vault, an e-mail archiving capability. (Data Processing Revolving Account-Non-Appropriated)
10. **Move IT Policy Oversight to OFM** - Pursuant to ESSB 5931, management and oversight of strategic technology is reduced and transferred to OFM where a new Office of the Chief Information Officer is established. The new office will be responsible for the development and implementation of state strategic information technology initiatives and oversight of information technology resources. (General Fund-State, General Fund-Federal, Data Processing Revolving Account-State)
11. **Dept of Enterprise Services-DIS** - Pursuant to ESSB 5931, the administrative, budget, finance, communications, contract services, human resources, agency internal information technology, legal services, and procurement will transfer to DES. DES will provide these back office administrative functions to the Consolidated Technology Services (CTS) Agency, as well as to the new DES. (Data Processing Revolving Account-Non-Appropriated)
12. **Wheeler Office Building Lease** - Funding is provided for the increased lease related costs associated with the new Wheeler Office Building. (Data Processing Revolving Account-Non-Appropriated)
13. **State Data Center lease** - Funding is provided for the increased lease related costs associated with the new Wheeler State Data Center. (Data Processing Revolving Account-Non-Appropriated)
14. **State Data Center M&O** - Funding is provided for maintenance, operations (M&O), and increased utility costs for the new state data center. (Data Processing Revolving Account-Non-Appropriated)
15. **Justice Info Network Reduction** - Funding is eliminated for a secure web gateway service used by local law and justice agencies to access available criminal justice data via the Justice Information Network.
16. **Transfer Consolidated Tech Services** - Pursuant to ESSB 5931, delivery of IT services to state agencies is transferred from DIS to the newly created CTS. Services offered by the CTS agency include mainframe computing, network operations, telecommunications, and managing the consolidated data center.
17. **K-20 Education Network** - Funding is reduced for the K-20 Education Network. This reduction will be from efficiencies in providing the service. (Education Technology Revolving Account-Non-Appropriated)
18. **State Data Center Infrastructure** - Funds are provided to design, acquire, and install the new State Data Center infrastructure and to set up and operate the new data center. Funding is contingent upon establishing the new Office of the Chief Information Officer, appointing the position, and adopting technical standards for shared services, pursuant to ESSB 5931. Once the move is complete, DIS services, operations, and assets in the current data center will be decommissioned. The Governor vetoed conditions that must be met before equipping and operating the State Data Center. (Data Processing Revolving Account-Non-Appropriated)
19. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
20. **Increased Customer Service Demand** - Funding is provided to address increased customer demand for agency services including a web analyst, a customer service specialist, an applications production support position, and a master contracts specialist. (Data Processing Revolving Account-Non-Appropriated)

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

LEOFF 2 Retirement Board

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	2,027	2,027
2011-13 Maintenance Level	0	2,102	2,102
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	0	3	3
Policy -- Non-Comp Total	0	3	3
Policy Changes - Comp			
2. 3% Salary Cut for State Employees	0	-32	-32
3. Suspend Plan 1 Uniform COLA	0	-18	-18
Policy -- Comp Total	0	-50	-50
Total 2011-13 Biennium	0	2,055	2,055
Fiscal Year 2012 Total	0	1,029	1,029
Fiscal Year 2013 Total	0	1,026	1,026

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)

2. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

3. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Growth Management Hearings Board

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	2,976	0	2,976
2011-13 Maintenance Level	0	0	0
Total 2011-13 Biennium	0	0	0

Comments:

There were no policy level changes.

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

State Convention and Trade Center

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	116,821	116,821
2011 Supplemental *	0	-50,000	-50,000
Total 2009-11 Biennium	0	66,821	66,821
<hr/>			
2011-13 Maintenance Level	0	0	0
<hr/>			
Total 2011-13 Biennium	0	0	0
<hr/>			

Comments:

The State Convention and Trade Center was transitioned from a state agency to a public facilities district in the 2010 legislative session.

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

Human Services

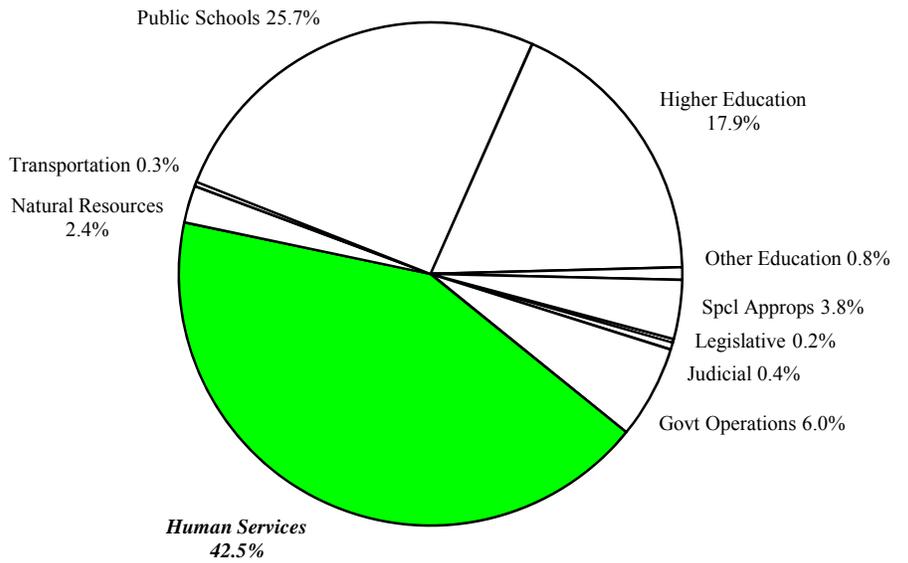
The Human Services section is separated into two sections: the Department of Social and Health Services (DSHS) and Other Human Services. The DSHS budget is displayed by program division to most efficiently describe the costs of particular services provided by the Department. The Other Human Services section displays budgets at the agency level and includes the Department of Corrections, Employment Security Department, Department of Veterans' Affairs, Department of Labor and Industries, Criminal Justice Training Commission, Department of Health, and other human services related agencies.

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

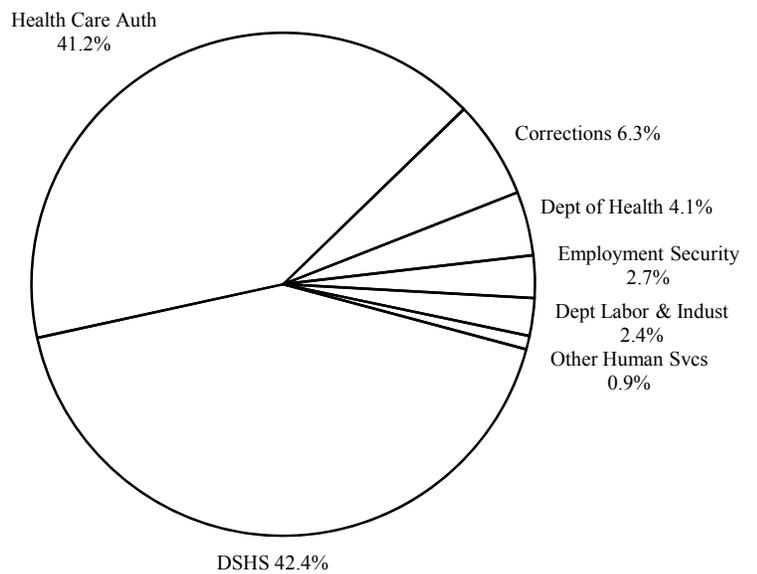
(Dollars in Thousands)

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



Washington State

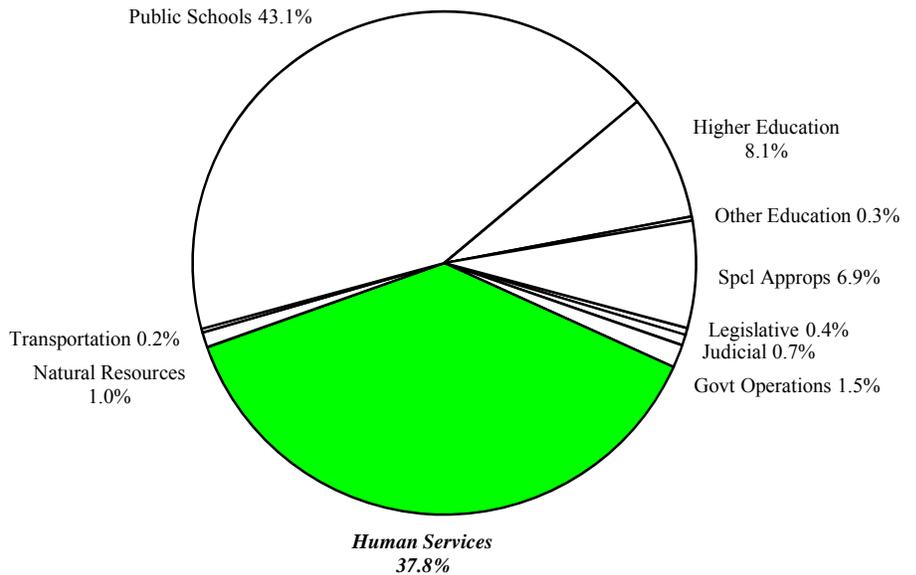
DSHS	11,171,470
Health Care Authority	10,847,407
Dept of Corrections	1,659,307
Dept of Health	1,081,936
Employment Security	715,099
Dept of Labor & Indust	638,382
Other Human Svcs	230,651
Human Services	26,344,252



Human Services

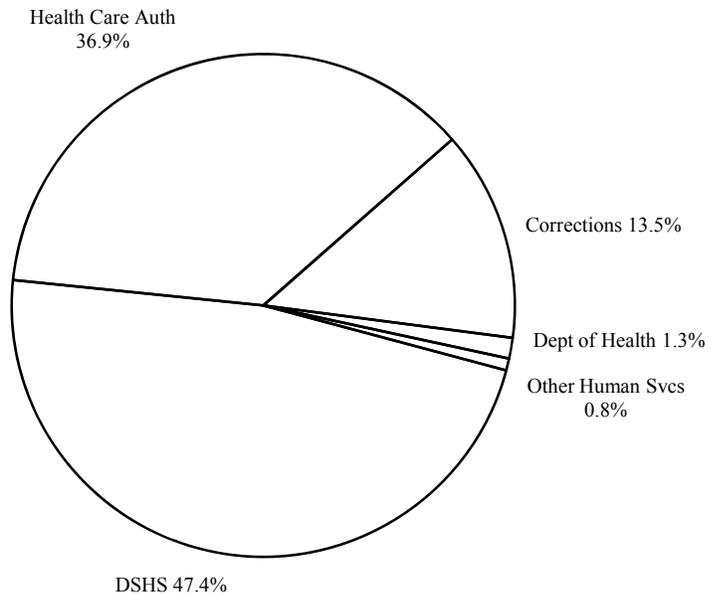
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
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Other Education	86,323
Special Appropriations	2,194,154
Statewide Total	31,972,952



Washington State

DSHS	5,731,500
Health Care Authority	4,459,259
Dept of Corrections	1,635,488
Dept of Health	160,547
Other Human Svcs	93,743
Human Services	12,080,537



Human Services

Department of Social & Health Services

Children and Family Services

The Children's Administration operates Child Protective Services (CPS) that responds to reports of child abuse or neglect. The Department also operates the foster care system for children who are in out-of-home placements with caregivers and the adoption support program for children who have been adopted from the foster care system. Additionally, the Department contracts for prevention, early intervention services, and services for children and families involved in the child welfare system.

Savings of \$18.7 million in total funds (\$8.1 million Near General Fund-State) are achieved through the reduction of 249 FTEs from the Department of Social and Health Services (DSHS) Children's Administration and through management efficiency savings. These savings are achieved through reducing both vacant and filled positions within the Department.

The budget reduces a total of \$1.8 million in total funds (\$462,000 Near General Fund-State) for Secure Crisis Residential Centers, Crisis Residential Centers, and HOPE beds.

Savings of \$1.7 million in total funds (\$1.1 million Near General Fund-State) are achieved through reductions in the Behavioral Rehabilitative Services (BRS) program. BRS are provided to children in foster care who need intensive services. The Department will continue to focus on decreasing the length of stay and placing children in less restrictive settings.

The budget reduces funding for foster parent childcare by a total of \$3 million (\$2.6 million Near General Fund-State) reflecting revisions to policies that have been implemented by the Department regarding childcare authorizations.

Savings of \$8.4 million in total funds (\$4.4 million Near General Fund-State) are achieved through expediting adoptions for children awaiting a home study to finalize the adoption and through modifications to policies pertaining to the use of Voluntary Placement Agreements.

Juvenile Rehabilitation Administration

A total of \$179 million is provided for DSHS-Juvenile Rehabilitation Administration (JRA) to incarcerate approximately 600 juvenile felons per month in state institutions, supervise an average of 426 youth on parole, and provide grants to county juvenile courts for alternative disposition and evidence-based treatment in the 2011-13 biennium. This represents a decrease of \$37 million (17 percent) in JRA spending from the 2009-11 biennium and a decrease of \$19 million (10 percent) from the 2011-13 maintenance level.

The budget provides \$500,000 each to JRA and for pass-through grants to juvenile courts for expansion of evidence-based treatment programs.

Funding is reduced by \$12.6 million General Fund-State, including: reducing parole services that includes reducing aggression replacement therapy and functional family therapy (\$4.3 million), reducing juvenile court funding (\$2.3 million), and reducing administrative and JRA institution costs (\$5.2 million).

Funding is reduced by \$3.3 million General Fund-State to reflect the closure of Maple Lane School on June 30, 2011. The 2010 supplemental budget assumed closure of Maple Lane School on June 30, 2013, but a declining caseload and capacity at other institutions enables an earlier closure.

Mental Health

Mental health services for those living with severe, chronic, or acute mental illnesses are administered primarily through DSHS. This includes operation of two adult state hospitals that deliver psychiatric services to clients on civil or forensic commitment orders and for the Child Study Treatment Center, which is a small psychiatric inpatient facility for children and adolescents. In addition, DSHS contracts with 13 Regional Support Networks (RSNs) as local administrative entities to coordinate crisis response, community support, residential, and resource management services through a network of community providers. Services for Medicaid-eligible consumers within each RSN are provided through a capitated Prepaid Inpatient Health Plan. Limited services that cannot be reimbursed through the Medicaid program are provided within available state and local resources.

A total of \$1.598 billion (\$890 million General Fund-State) is provided for operation of the public mental health system during the 2011-13 biennium. This is \$57.2 million (3 percent) less than the estimated amount needed to maintain the current level of mental health services and activities. Major reductions include:

- Funding for the community mental health services delivered through RSNs is reduced by a total of \$26.2 million, or about 3 percent. DSHS is to reduce RSN mental health capitation rates for individuals who are eligible for Medicaid by \$17.5 million, approximately 2 percent. In addition, “state only” funding for people and services not eligible for the federal Medicaid program is reduced by a total of \$8.7 million, or about 4 percent.
- Staffing in the state psychiatric hospitals is reduced by approximately 112 FTEs (4 percent) with a total reduction in funding of \$31.0 million, or about 7 percent. This includes savings of \$6.6 million resulting from a Western State Hospital civil ward closure implemented in fiscal year 2011. In addition, DSHS is to maintain and enhance a variety of strategies at all three of the state hospitals for achieving operating and administrative efficiencies that save another \$9.7 million without further reductions of beds. Reductions to employee compensation and suspension of automatic benefit increases in the Public Employees’ Retirement System Plan 1 will result in savings of approximately \$14.6 million.
- DSHS is to achieve savings of \$2.6 million in General Fund-State during the 2011-13 biennium by leveraging alternative fund sources. This includes increased use of Medicaid to pay for Program of Assertive Community Treatment team services as well as alternative community services provided to former residents of the Program of Adaptive Living Skills. In addition, DSHS will enter into an interagency agreement with the Office of the Attorney General for expenditure of \$700,000 of the state’s proceeds of the cy pres settlement in *State of Washington v. AstraZeneca (Seroquel)* and use this to maintain support for the University of Washington’s Evidence Based Practice Institute.
- A total of \$3 million is provided to adjust RSN Medicaid mental health capitation rate ranges to correct a technical oversight related to costs associated with hospitals participating in the state’s certified public expenditure (CPE) payment program. When rate ranges were reset in 2010, some costs associated with these facilities were inadvertently omitted from the rate-setting study.

Aging and Disabilities Services (Long-Term Care and Developmental Disabilities)

A total of \$5.5 million is provided for health benefit inflation for approximately 39,000 homecare workers who meet minimum standards for hours worked providing personal care services to senior citizens and clients with developmental disabilities. Consistent with the tentative collective bargaining agreement for individual providers, the way health benefits are paid for is converted from a monthly payment rate to a cents-per-hour payment methodology.

Just under \$1.5 billion in state funding (\$2.9 billion in total funds) is appropriated for DSHS to provide Medicaid Personal Care (MPC) services to an average of 45,000 eligible adult clients per month who are elderly or have developmental disabilities. The MPC program utilizes a client assessment to determine an individual’s need for assistance with activities of daily living - such as bathing, meal preparation, toileting, medication management, and housekeeping. The appropriated amount reflects General Fund-State savings of \$98 million from the 2009-11 biennial appropriation. The savings are achieved through a reduction in hours that are authorized on a monthly

basis for MPC. The actual reduction in hours is tiered according to client acuity and will range between 6 percent and 18 percent per client with the most acute clients receiving the smallest reduction in authorized hours.

A savings of \$30 million General Fund-State (\$56 million in total funds) is achieved by delaying the implementation of enhanced long-term care worker training and certification requirements established in 2008 by Initiative 1029. The savings include a reduction in contributions paid to the training partnership and to homecare agencies to administer the training for homecare workers. Funding is continued for the current level of fundamental training for long-term care workers, which is 28-34 hours, depending on the type of worker. Funding is maintained for current levels of specialty training as required to care for clients with dementia, mental health, and developmental disabilities. The current continuing education and state background checks remain in effect. The implementation of additional federal fingerprint background checks is also delayed.

A total of \$147 million is appropriated for the aging and disability services home- and community-based waiver programs' employment and day services. This reflects a reduction of \$20 million in total funds due to changes to existing services. These include a modification from the current adult working policy to a work first policy resulting in \$2.8 million total savings and transitioning the Adult Day Health (ADH) program to a long-term care waived service resulting in \$17.2 million total savings. Collectively, these changes prohibit a client with developmental disabilities from receiving more than one employment or day service simultaneously. Clients over the age of 21 must work with contracted employment vendors for nine months seeking employment after which time they may elect to transfer to the community access program. Alternatively, clients who prefer ADH may access this program by switching from the developmental disability waiver program to the long-term care waiver program, making them ineligible for employment or community access services. Services remain unchanged for eligible senior citizens who currently participate in the ADH program.

Developmental Disabilities

A total of \$11 million is provided for community residential placements for 58 individuals who have been identified as aging out of foster care, ready for discharge from juvenile rehabilitation and mental health institutions, or ready for release from the Department of Corrections.

Long-Term Care

The budget assumes the creation of a nursing facility safety net assessment pursuant to Chapter 7, Laws of 2011, 1st sp.s. (ESSB 5581 – Nursing Home Safety Net). The safety net assessment utilizes a new revenue stream and leverages additional federal funding for skilled nursing facility Medicaid payments. All revenues from the safety net assessment are utilized for payments to nursing facilities. New payments total \$170 million to include \$88 million from the newly-created Skilled Nursing Facility Safety Net Trust Fund and matching federal funds.

Economic Services Administration

The Economic Services Administration operates a variety of programs for low-income persons and families. These programs include the federal Supplemental Nutritional Assistance Program (SNAP), the state Food Assistance Program, the state WorkFirst Program, the Temporary Assistance for Needy Families (TANF) Program, and the Disability Lifeline Program.

Savings of \$100.3 million state general funds are achieved through the continuation of the Disability Lifeline grant reduction implemented in fiscal year 2011. The grant reduction affects all Disability Lifeline recipients.

Funding is reduced by \$79.5 million to reflect provisions included in Chapter 36, Laws of 2011, 1st sp.s. (ESHB 2082). Under ESHB 2082, the Disability Lifeline Program is terminated on October 31, 2011. The Aged, Blind, or Disabled Assistance Program is established for persons likely to meet the federal Supplemental Security Income disability standard. An Essential Needs and Housing Support Program is established for individuals eligible for Medical Care Services who are not recipients of Alcohol and Addiction Services or are not recipients

of Aged, Blind, or Disabled Assistance Program. Total funding of \$64.1 million is provided to the Department of Commerce for the Essential Needs and Housing Support Program.

Savings of \$12.6 million in total funds (\$6.3 million Near General Fund-State) are achieved by continuing the suspension of redistributions of Internal Revenue Service refund payments that previously prioritized former TANF clients over repayment of state debt.

The federal Deficit Reduction Act of 2005 allows states to pass through up to \$100 a month of collected child support to TANF families with one child and up to \$200 a month of collected child support to TANF families with two or more children without having to reimburse the federal government for its share of the child support collected. Chapter 3, Laws of 2010, 2nd sp.s. (SSB 6893), suspended the child support pass through resulting in savings of \$37.6 million in total funds (\$18.8 million Near General Fund-State).

The 2011-13 operating budget set the state Food Assistance Program benefit at 50 percent of the federal SNAP benefit amount resulting in savings of \$30 million state general fund.

Alcohol and Substance Abuse

The Alcohol and Substance Abuse program is administered within the Department of Social and Health Services (DSHS), which coordinates state efforts to reduce the impacts of substance abuse and problem gambling on individuals and their communities. DSHS contracts with counties and community organizations to provide prevention, treatment, and other support services for individuals with problems related to alcohol, tobacco, drugs, and gambling. Regional Administrators work with county coordinators and County Substance Abuse Administrative Boards to plan services and monitor contracts. DSHS also manages government-to-government contracts with 29 tribes for prevention and treatment services for Native Americans.

A total of \$314.5 million (\$151.7 million state) is provided for alcohol and substance abuse services during the 2011-13 biennium. This is a net \$6.2 million (2 percent) less than the estimated amount needed to maintain the current level of alcohol and substance abuse activities.

The budget maintains funding for federally matched services for individuals on Medicaid or receiving medical care through the DSHS 1115 waiver as well as for youth residential and services to pregnant and parenting women. An increase of \$2.8 million is provided to reflect an increase in the caseload of Disability Lifeline-Unemployable clients with an identified need for drug or alcohol treatment who are required to participate in treatment or risk losing benefits under current law.

Savings of \$7.0 million General Fund-State are achieved by reducing non-federally matched funding for contracts to provide low-income treatment and detoxification services. Treatment programs are provided in both residential and outpatient settings and can vary in length.

Additional savings of \$17.6 million in General Fund-State will be achieved by leveraging alternative fund sources without impacting current service levels. This is primarily achieved through increasing federal reimbursement allowed under the DSHS 1115 waiver, which was approved in January 2011 and allows for federal match on some populations that previously were covered with 100 percent General Fund-State. In addition, DSHS will increase licensing and certification fees at an amount adequate to cover the costs for its certification and regulation of approved chemical dependency treatment programs.

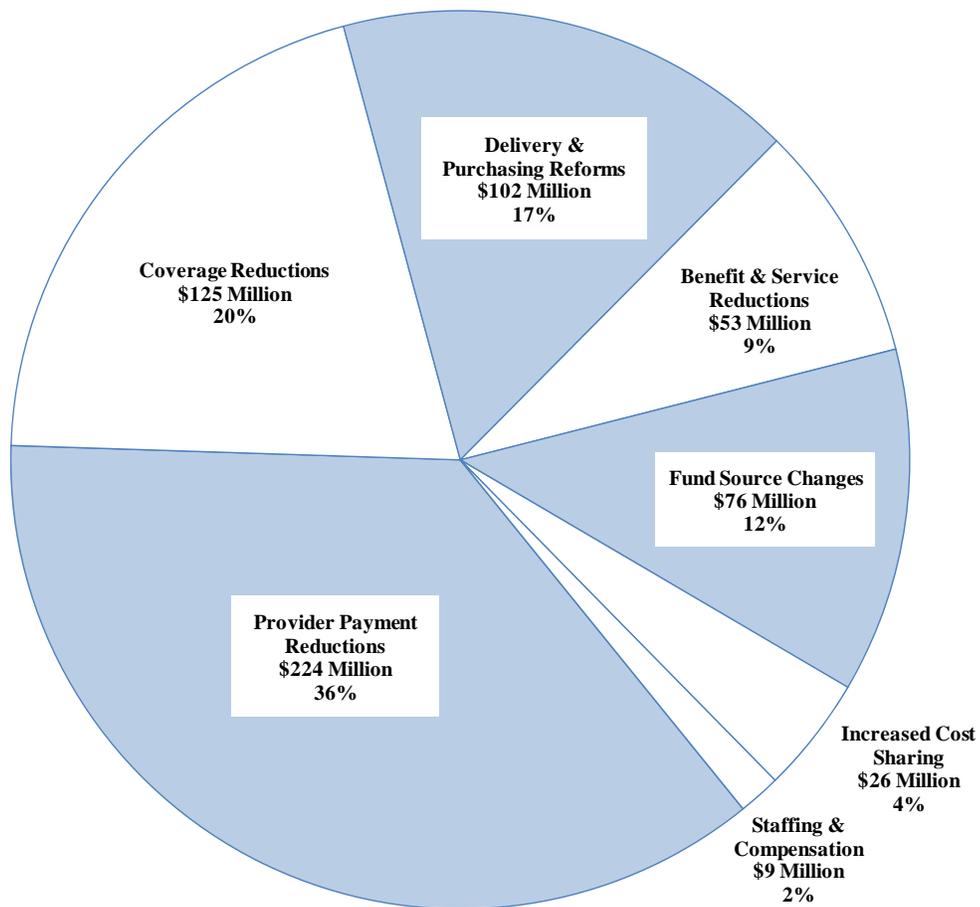
Low-Income Medical Assistance

A total of \$10.7 billion is appropriated to pay for medical and dental services for an average of 1.3 million low-income children and adults each month during the 2011-13 biennium. This is an increase of \$519 million (5 percent) from the 2009-11 biennium in total appropriations for such services. An average of 83,000 (7 percent) more persons per month are expected to receive state-subsidized coverage than during the 2009-11 biennium.

These funds are appropriated exclusively to the Health Care Authority (HCA) because Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), transferred administration of the Medical Assistance Program from DSHS into HCA.

Of the \$10.7 billion appropriated, \$4.9 billion is state funds; \$5.6 billion is federal funds, primarily from Medicaid; and the rest is local government funds provided for purposes of collecting Medicaid matching funds. Of the \$4.9 billion in state funds, \$4.5 billion is from the state general fund and \$400 million is from the Hospital Safety Net Assessment enacted in 2010. The \$4.9 billion provided for low-income medical assistance is 15 percent of total state fund appropriations and is a \$777 million (19 percent) increase in such appropriations from the 2009-11 level. The increase in state fund appropriations (\$777 million) is greater than the increase in total appropriations (\$519 million) because of the expiration of federal American Recovery and Reinvestment Act (ARRA) funds that temporarily reduced the state share of Medicaid costs during the 2009-11 biennium.

Though a \$777 million increase, the \$4.9 billion state appropriation is \$620 million (11 percent) less than would be required to continue all low-income medical assistance programs and policies with no changes from the 2009-11 biennium. As depicted in the pie chart, and described in some detail below, the \$620 million of state general fund reductions fall into seven broad categories.



- \$224 million (36 percent) of the state general fund reductions (\$427 million total funds) are due to **reduced provider payments**. The largest components are a \$110 million reduction in state Medicaid payment rates for non-rural, non-governmental hospitals (8 percent for inpatient services and 7 percent for outpatient services), and a \$42 million (approximately 11 percent) reduction in payment rates for low-income community clinics. Other state general fund reductions in this category include an anticipated \$27 million savings in fiscal year 2013 as a result of emphasizing price in the selection of managed care contractors; \$25 million from eliminating state grant support for low-income community clinics and

community coverage collaboratives; and \$14 million from a 40 percent reduction in grants to hospitals that serve disproportionately large numbers of low-income patients.

- \$125 million (20 percent) of the state general fund reductions (\$196 million total funds) are due to **covering fewer people** under the state's Basic Health Plan (BHP). An average of 35,000 people will receive subsidized BHP coverage during 2011-13, just over half as many as originally planned. This reduction results from terminating BHP coverage for persons who are ineligible for the state's Medicaid Transition Bridge waiver because of their age or immigration status; transferring coverage for approximately 1,700 children from the BHP to other state programs; and continuing to freeze new admissions to the program.
- \$102 million (17 percent) of the state general fund reductions (\$199 million total funds) are due to **service delivery and purchasing reforms**. Almost \$40 million of state expenditures are to be avoided by increasing efforts to: (1) identify and bill other insurance coverage for persons who have it and (2) recover payments that have been inappropriately charged. An additional \$36 million of state savings are anticipated from a new policy under which the medical assistance program will not pay for more than three emergency room visits for non-emergent conditions per patient per year. Other state-fund reductions in this category include: \$9 million from improved utilization management of advanced imaging, prescription drugs, and selected outpatient surgeries; \$8 million from extending managed care coverage to most disabled Medicaid recipients during the second year of the biennium; \$4 million from selectively contracting for wheelchairs and some other medical equipment and supplies; and \$3 million from streamlining delivery of medical interpreter services.
- \$76 million (12 percent) of the state general fund reductions are due to **fund source changes**. The largest is the use of \$44 million from the Tobacco Settlement Account to fund BHP enrollments. The federal government has agreed to cover half the cost of kidney dialysis and cancer treatment for low-income immigrants who do not qualify for Medicaid, saving \$23 million of state expenditures. An additional \$11 million of state expenditures will be saved by reducing the state's contribution towards the required non-federal match for school-based Medicaid services to 40 percent, requiring school districts to provide the other 60 percent with local funds.
- \$53 million (9 percent) of the state general fund reductions (\$118 million total funds) derive from **covering fewer services** for eligible recipients. Preventive and restorative dental care will no longer be covered for adults unless they are pregnant or receiving long-term care services, for an anticipated \$29 million in state savings. Maternity support services are reduced by 30 percent, for a \$12 million state savings. The Medicaid program will no longer cover eyeglasses and most hearing devices for adults, saving approximately \$5 million, and adult occupational, physical, and speech therapy benefits are reduced by about one-third, for a savings of \$4 million.
- \$26 million (4 percent) of the state general fund reductions (\$36 million total funds) are from **requiring recipients to pay more** for covered services. The state will no longer cover the cost of drug co-payments for low-income elderly and disabled persons eligible for Medicare, and HCA will seek a federal waiver under which all Medicaid recipients other than those receiving long-term care services would have drug co-payments comparable to those required in BHP. Families with incomes over 200 percent of the federal poverty level whose children are ineligible for federally funded medical coverage because of their immigration status will be required to pay a premium equal to the average state cost in order to enroll in state-sponsored medical programs.
- \$9 million (2 percent) of the state general fund reductions (\$17 million total funds) are from an approximately 3 percent reduction in state agency staffing, and from the state employee salary and benefit reductions described in other sections of this document.

Special Commitment Center

The 2011-13 biennial budget adjusted the funding for the Special Commitment Center (SCC), providing a total of \$95.4 million state general funds for the operations of SCC. SCC operates both a main facility on McNeil Island and two Secure Community Transitional Facilities for civilly committed sexually violent predators.

Major savings items include:

- \$3.2 million through staff reductions and efficiencies;
- \$1.1 million through changes to residential and community programs;
- \$3.8 million through modification to staffing at the Secure Community Transitional Facilities pursuant to Chapter 19, Laws of 2011 (SHB 1247).

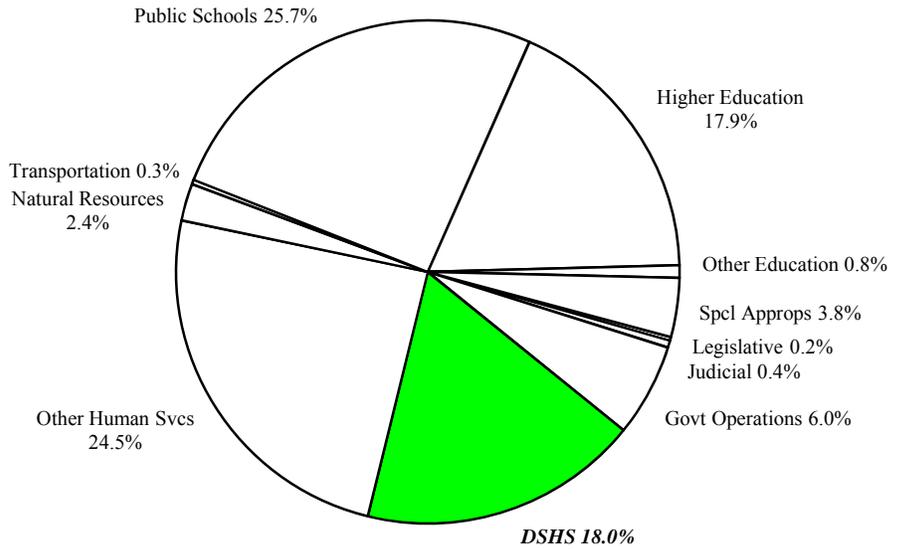
Additionally, \$6 million was provided to SCC for McNeil Island operations. Due to the McNeil Island Corrections Center closure in April 2011, SCC solely operates the McNeil Island functions including water treatment, road maintenance, and ferry operations.

2011-13 Washington State Omnibus Operating Budget

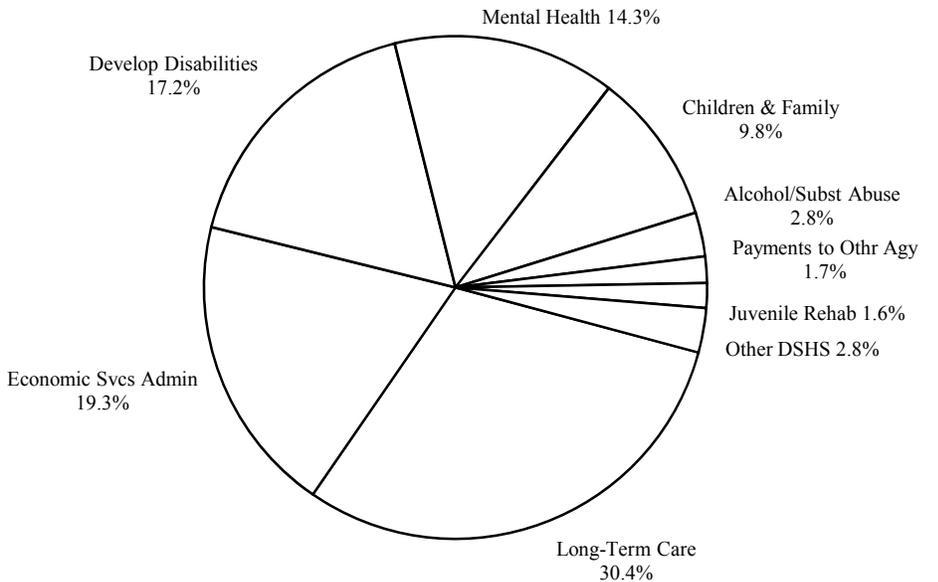
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(Dollars in Thousands)

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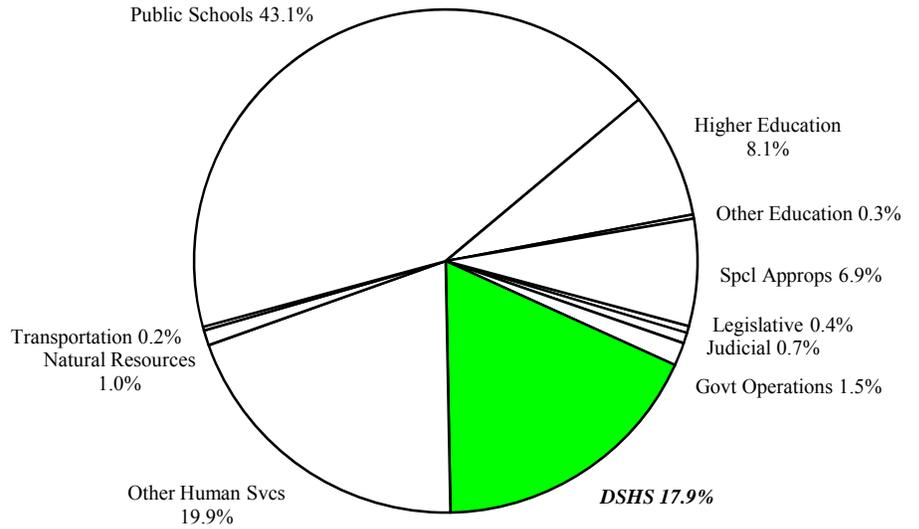
Long-Term Care	3,399,830
Economic Services Admin	2,153,005
Developmental Disabilities	1,926,723
Mental Health	1,598,488
Children & Family Svcs	1,091,468
Alcohol/Subst Abuse	314,507
Pmts to Other Agencies	190,027
Juvenile Rehabilitation	179,430
Other DSHS	317,992
DSHS	11,171,470



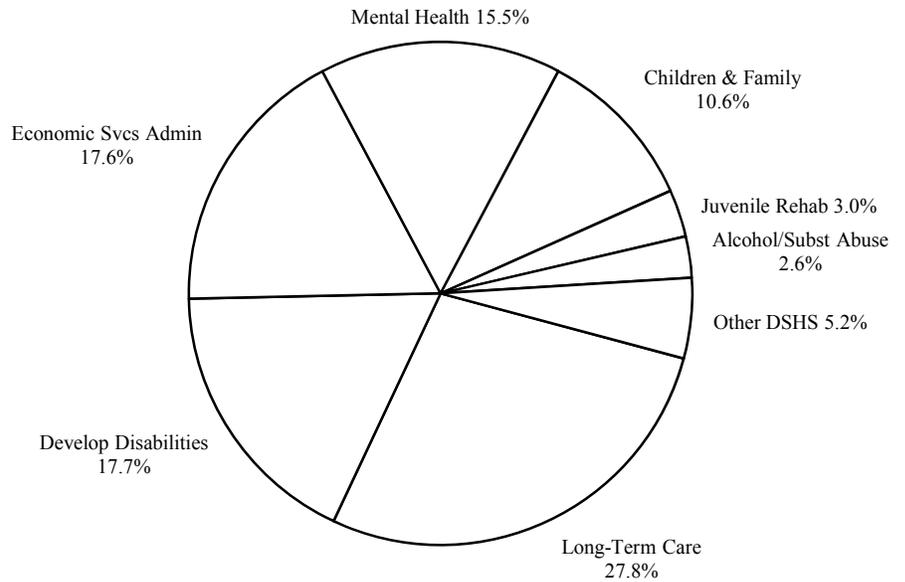
DSHS

2011-13 Washington State Omnibus Operating Budget Near General Fund-State

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Statewide Total	31,972,952



Long-Term Care	1,594,945
Developmental Disabilities	1,012,678
Economic Services Admin	1,006,614
Mental Health	890,068
Children & Family Svcs	605,185
Juvenile Rehabilitation	173,828
Alcohol/Subst Abuse	151,709
Other DSHS	296,473
DSHS	5,731,500



DSHS

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	609,434	512,421	1,121,855
2011 Supplemental *	-6,064	-5,405	-11,469
Total 2009-11 Biennium	603,370	507,016	1,110,386
2011-13 Maintenance Level	645,401	511,825	1,157,226
Policy Changes - Non-Comp			
1. Reduce Crisis Residential Cntrs	0	-886	-886
2. Reduce Evaluation Costs	-527	0	-527
3. Reduce Regional Staffing	-6,408	-10,183	-16,591
4. Reduce Behavioral Rehab Services	-1,102	-616	-1,718
5. Reduce Urinalysis Testing	-343	0	-343
6. Extended Foster Care	-348	564	216
7. Dependency System	61	40	101
8. Reduce Med Treatment Child Care	-278	-240	-518
9. Eliminate Chemical Dependency Spec	-1,343	0	-1,343
10. Reduce Funding for SCRC	-186	-128	-314
11. Reduce Regional Administration	-398	-416	-814
12. Adoption Support	-410	-314	-724
13. Medicaid Treatment Child Care	-5,044	-4,304	-9,348
14. Children Advocacy Center	-90	0	-90
15. Reduce Private Agency Fees	-2,688	-512	-3,200
16. Leverage Fund Ed Coordinators	-253	253	0
17. Reduce Pediatric Interim Care	-148	0	-148
18. Reduce Foster Parent Child Care	-2,607	-419	-3,026
19. Reduce Foster Parent Recruitment	-333	-198	-531
20. Expedite Permanency	-3,000	-2,982	-5,982
21. Reduce Voluntary Placement Agreements	-1,440	-960	-2,400
22. Increase SSI Recoveries	-430	0	-430
23. Reduce HOPE Beds	-276	-350	-626
24. Management Efficiency	-1,284	0	-1,284
Policy -- Non-Comp Total	-28,875	-21,651	-50,526
Policy Changes - Comp			
25. Average Final Compensation Adjust	40	14	54
26. 3% Salary Cut for State Employees	-7,330	-2,515	-9,845
27. Suspend Plan 1 Uniform COLA	-4,031	-1,383	-5,414
28. Retire-Rehire Changes (State)	-20	-7	-27
Policy -- Comp Total	-11,341	-3,891	-15,232
Total 2011-13 Biennium	605,185	486,283	1,091,468
Fiscal Year 2012 Total	301,927	243,338	545,265
Fiscal Year 2013 Total	303,258	242,945	546,203

Comments:

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Reduce Crisis Residential Cntrs - Funding for Crisis Residential Centers (CRCs) is reduced by 17 percent. This item reduces the number of CRC beds rather than the rate paid to CRC providers. CRCs provide temporary residential placement for runaway youth and youth in conflict with their families. (Home Security Fund Account-State)</p> <p>2. Reduce Evaluation Costs - Funding is reduced for neuropsychological testing and behavioral examinations for</p> | <p>adults and children served by the Department of Social and Health Services (DSHS).</p> <p>3. Reduce Regional Staffing - Funding is reduced to reflect a reduction of 244.0 FTEs within the Children's Administration. (General Fund-State, General Fund-Federal)</p> <p>4. Reduce Behavioral Rehab Services - Funding for Behavioral Rehabilitative Services (BRS) is reduced. These services are provided to children and youth who are behaviorally or</p> |
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Department of Social and Health Services Children & Family Services

- emotionally disordered and whose behaviors cannot be maintained in a less intensive setting. (General Fund-State, General Fund-Federal)
5. **Reduce Urinalysis Testing** - Funding for urinalysis testing is reduced by 10 percent. The Children's Administration will implement a standardized approach for urinalysis utilization.
 6. **Extended Foster Care** - Funding is provided to implement Chapter 330, Laws of 2011 (2SHB 1128). The legislation extends foster care services to youth who elect to stay in care to complete high school or a vocational program up to age 21. (General Fund-State, General Fund-Federal)
 7. **Dependency System** - Funding is provided to implement Chapter 160, Laws of 2011 (SHB 1697). The legislation requires the Children's Administration and supervising agencies to randomly select no less than 10 percent of caregivers to receive one unannounced face-to-face visit per year. One-time funding is provided to make changes to the FamLink computer system. Ongoing funding is provided for increased workload associated with visits. (General Fund-State, General Fund-Federal)
 8. **Reduce Med Treatment Child Care** - Funding for Medicaid Treatment Child Care (MTCC) is reduced by 5 percent. MTCC provides intensive child development services to young children. (General Fund-State, General Fund-Federal)
 9. **Eliminate Chemical Dependency Spec** - Funding for Chemical Dependency Professionals is eliminated. Funding for the contracted services was eliminated in FY 2011, and savings are achieved by continuing the elimination.
 10. **Reduce Funding for SCRC** - Funding is reduced by 6.3 percent for the Secure Crisis Residential Centers (SCRCs), which provide temporary residential placement for runaway youth and/or youth in conflict with their families. (General Fund-State, Home Security Fund Account-State)
 11. **Reduce Regional Administration** - Funding is reduced due to DSHS consolidating its regional structure from six regions to three for all programs across the state. (General Fund-State, General Fund-Federal)
 12. **Adoption Support** - Savings are achieved through setting a maximum adoption payment standard of 90 percent of the foster care maintenance payment in the same time period for future adoptions. Federal law requires that adoptive parents may not receive a monthly payment higher than what the child would have received in foster care for the same time period. Adoptive parents may also receive a tax credit for the adoption of a child. The item does not reduce current adoption assistance agreements. (General Fund-State, General Fund-Federal)
 13. **Medicaid Treatment Child Care** - Funding for MTCC is transferred from the Children's Administration to the Department of Early Learning (DEL). MTCC provides intensive child development services to young children. The transfer also includes the transfer of administrative funding for the program to DEL. (General Fund-State, General Fund-Federal)
 14. **Children Advocacy Center** - Funding for Child Advocacy Centers is reduced by 6.28 percent. Child Advocacy Centers stress coordination of investigation and intervention services by bringing together professionals and agencies as multi-disciplinary teams to create a child-focused approach to abuse cases.
 15. **Reduce Private Agency Fees** - The fees paid to private agencies are reduced. The Children's Administration contracts with private agencies for services for family foster homes. (General Fund-State, General Fund-Federal)
 16. **Leverage Fund Ed Coordinators** - Federal funds, rather than state general funds, are provided for a portion of the funding for educational coordinators. Educational coordinators provide educational advocacy services for children in foster care. (General Fund-State, General Fund-Federal)
 17. **Reduce Pediatric Interim Care** - Funding is reduced for the Pediatric Interim Care facility in Kent. This facility provides 24-hour care for substance-affected infants up to 45 days after release from the hospital.
 18. **Reduce Foster Parent Child Care** - Funding for Foster Parent Employment Child Care is reduced by 8 percent. The Children's Administration will limit foster parent child care when one or more parent is not employed.
 19. **Reduce Foster Parent Recruitment** - DSHS will reduce funding for foster care recruitment by 10 percent to reflect achieving efficiencies in foster parent recruitment. (General Fund-State, General Fund-Federal)
 20. **Expedite Permanency** - Funding is reduced to reflect savings as a result of expediting adoptions for children in their final home awaiting a home study. The average monthly cost for a child in adoption is less than the average cost for a child in a foster home setting. (General Fund-State, General Fund-Federal)
 21. **Reduce Voluntary Placement Agreements** - Funding is reduced to reflect policy changes adopted by the Children's Administration regarding the utilization of Voluntary Placement Agreements (VPAs). The revised policy will reduce the utilization of VPAs. (General Fund-State, General Fund-Federal)
 22. **Increase SSI Recoveries** - The Children's Administration will reduce costs by increasing the Social Security Income (SSI) recoveries. As additional children are approved for SSI benefits, less General Fund-State funding will be required.
 23. **Reduce HOPE Beds** - Funding is reduced by 28 percent for HOPE Centers. The Children's Administration contracts for services for street youth to provide assessment and permanency planning for up to 30 days in a HOPE Center setting. (General Fund-State, Home Security Fund Account-State)

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

24. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
25. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
26. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
27. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
28. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Department of Social & Health Services Children & Family Services

WORKLOAD HISTORY

By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	Estimated		
								2011	2012	2013
Foster Care ⁽¹⁾										
Avg # Children Served Monthly	7,713	7,769	7,769	7,909	7,829	7,347	6,754	6,563	6,448	6,470
% Change from prior year		0.7%	0.0%	1.8%	-1.0%	-6.2%	-8.1%	-2.8%	-1.8%	0.3%
Relative Placements ⁽²⁾										
Avg # Children Served Monthly	2,914	3,221	3,600	3,773	3,998	4,072	3,455	3,433	3,318	3,199
% Change from prior year		10.5%	11.8%	4.8%	6.0%	1.9%	-15.2%	-0.6%	-3.3%	-3.6%
Child Care ⁽³⁾										
Avg # Children Served Monthly	4,064	4,182	4,235	4,687	5,457	5,245	4,489	4,425	4,425	4,425
% Change from prior year		2.9%	1.3%	10.7%	16.4%	-3.9%	-14.4%	-1.4%	0.0%	0.0%
Child Protective Services (CPS)										
Avg CPS Referrals Monthly	6,558	6,481	6,426	6,206	6,109	6,009	6,260	6,305	6,262	6,254
% Change from prior year		-1.2%	-0.8%	-3.4%	-1.6%	-1.6%	4.2%	0.7%	-0.7%	-0.1%
Adoption Support ⁽⁴⁾										
Avg # Children Served Monthly	8,387	9,208	9,964	10,632	11,254	11,978	13,025	13,891	14,655	15,126
% Change from prior year		9.8%	8.2%	6.7%	5.8%	6.4%	8.7%	6.6%	5.5%	3.2%
Caseload Ratio										
Avg Cases Per Worker ⁽⁵⁾	24:1	24:1	23:1	22:1	20:1	18:1	18:1	20:1	20:1	20:1

(1) Includes unduplicated count of children in licensed foster care placements (family foster care, behavioral rehabilitative services, and receiving care). Does not include unlicensed kinship care. These data are not comparable with prior editions of the Legislative Budget Notes, which provided a duplicated count of children in licensed foster care. Official forecasts are now based on an unduplicated count of children in licensed foster care placements, rather than a duplicated count.

(2) Includes an unduplicated count of children in unlicensed kinship care. These data are not comparable to prior editions of the Legislative Budget Notes, which included guardianships. This is the sum of: 1) Court Ordered Unlicensed Placements and 2) Relative of Specified Degree (Not Receiving Foster Care Payments). The data represent any-day-within-month counts, all custody types, and do not include children in guardianships (these are no longer documented as placements).

Includes the following child care services: Child Protective Services (CPS)/Child Welfare Services (CWS), Therapeutic/Medicaid Treatment, and Foster Parent Employment. Data is not comparable to prior editions of the Legislative Budget Notes, which also included teen parent, seasonal child care, and adoption support.

(3) Data reflect Adoption Support maintenance payments. These data are not comparable to caseloads displayed in editions of the Legislative Budget Notes published prior to 2006, which reported total eligibles. Official forecasts are now based on maintenance payments rather than eligibles.

(4) Combined average number of open cases per worker for CPS, CWS, and Family Reconciliation Services at the end of the fiscal year.

Data Sources:

FY 2004 through FY 2010 actuals for Foster Care, Relative Placements, Child Care, CPS, and Adoption Support are from the Department of Social and Health Services (DSHS) Division of Research and Data Analysis reports.

FY 2004 through FY 2013 actuals for Caseload Ratio are from the DSHS Children's Administration Budget Office.

FY 2011 through FY 2013 data for Relative Placements is from the Caseload Forecast Council.

FY 2011 through FY 2013 estimates for Foster Care and Adoption Support represent the Caseload Forecast Council February 2010 forecast.

FY 2011 through FY 2013 estimates for Child Care, CPS, and Caseload Ratio are from DSHS Children's Administration.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	199,604	15,273	214,877
2011 Supplemental *	-5,927	0	-5,927
Total 2009-11 Biennium	193,677	15,273	208,950
2011-13 Maintenance Level	193,334	5,615	198,949
Policy Changes - Non-Comp			
1. Reduce Parole Services	-3,748	0	-3,748
2. ART and FIT Services	-555	0	-555
3. Close Maple Lane School	-3,272	0	-3,272
4. Reduce Juvenile Court Funding	-2,328	0	-2,328
5. Reduce JRA Institution Costs	-4,642	0	-4,642
6. Reduce Administrative Costs	-560	0	-560
7. Juvenile Court ART and FFT	500	0	500
8. JRA ART and FFT Expansion	500	0	500
9. Management Efficiency	-822	0	-822
Policy -- Non-Comp Total	-14,927	0	-14,927
Policy Changes - Comp			
10. Average Final Compensation Adjust	16	0	16
11. 3% Salary Cut for State Employees	-2,949	-8	-2,957
12. Suspend Plan 1 Uniform COLA	-1,637	-5	-1,642
13. Retire-Rehire Changes (State)	-9	0	-9
Policy -- Comp Total	-4,579	-13	-4,592
Total 2011-13 Biennium	173,828	5,602	179,430
Fiscal Year 2012 Total	87,025	2,795	89,820
Fiscal Year 2013 Total	86,803	2,807	89,610

Comments:

- Reduce Parole Services** - The Juvenile Rehabilitation Administration (JRA) will reduce funding for parole services to juveniles. The agency will achieve savings by reducing rates paid for diagnostic services, reducing amounts planned for client services such as urinalysis testing, reducing the use of polygraph services, restructuring regional administration, increasing caseloads from 20:1 to 25:1, reducing direct care and support staff, and reducing lease costs.
- ART and FIT Services** - Family Integrated Treatment (FIT) services will be reduced by 5 percent, resulting in savings of \$171,000. The Aggression Replacement Therapy (ART) program is discontinued for JRA-involved youth in the community, resulting in \$384,000 in savings.
- Close Maple Lane School** - Maple Lane School in Rochester is closed at the end of FY 2011. These savings occur as a result of the closure occurring sooner than previously planned.
- Reduce Juvenile Court Funding** - The funding provided to county juvenile courts and participating tribes is reduced, as are DSHS administrative expenditures associated with administering the juvenile court block grant.
- Reduce JRA Institution Costs** - JRA will make reductions at the state-run institutions.
- Reduce Administrative Costs** - JRA headquarters staffing is reduced.
- Juvenile Court ART and FFT** - Funding is provided to expand participation in evidence-based programs, ART and Functional Family Therapy (FFT), by the Juvenile Courts.
- JRA ART and FFT Expansion** - Funding is provided to expand participation in evidence-based programs by JRA.
- Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)

Department of Social and Health Services Juvenile Rehabilitation

10. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
11. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
12. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
13. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

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

WORKLOAD HISTORY
By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	<u>Estimated</u>		
								2011	2012	2013
Community Residential ⁽¹⁾										
Avg Daily Population/Month	144	123	99	92	102	78	101	112	127	127
% Change from prior year		-14.7%	-19.2%	-7.1%	10.9%	-23.5%	29.5%	10.9%	13.4%	0.0%
Institutions										
Avg Daily Population/Month	781	782	728	736	676	624	615	610	590	582
% Change from prior year		0.1%	-6.8%	1.1%	-8.2%	-7.7%	-1.4%	-0.8%	-3.3%	-1.4%
Parole										
Avg Daily Population/Month	802	728	751	692	708	689	440	440	436	436
% Change from prior year		-9.2%	3.1%	-7.9%	2.3%	-2.7%	-36.1%	0.0%	-0.9%	0.0%

In 2011 Sunrise opened, which added 15 beds and Ridgeview was reduced by 4 beds. Touchstone will not open until 2012.

⁽¹⁾ *Includes State Group Homes, Community Residential Placements, Short-Term Transition program, and the County Commitment program. Beginning in FY 2002, funding for County Commitment program beds was eliminated.*

Data Sources :

FY 2004 through FY 2006 from the Department of Social and Health Services (DSHS) Juvenile Rehabilitation Administration (JRA).

FY 2007 through FY 2011 data are from legislative fiscal staff.

FY 2012 through FY 2013 data are from DSHS JRA and legislative fiscal staff.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	801,558	766,994	1,568,552
2011 Supplemental *	-20,400	-1,126	-21,526
Total 2009-11 Biennium	781,158	765,868	1,547,026
2011-13 Maintenance Level	940,476	715,231	1,655,707
Policy Changes - Non-Comp			
1. Reduce Spokane Acute Care Proviso	-750	0	-750
2. Close Western State Hospital Ward	-6,644	0	-6,644
3. Reduce WSH Staff Costs	-4,186	0	-4,186
4. Capture Program Savings	-161	0	-161
5. Reduce Regional Support Network Non	-8,695	0	-8,695
6. Reduce CSTC Operating Costs	-324	-324	-648
7. Reduce WIMHRT Technical Assistance	-738	-637	-1,375
8. Medicaid for PACT	-600	600	0
9. Medicaid Match for PALS Diversions	-1,300	1,300	0
10. CPE Technical Adjustment	1,500	1,500	3,000
11. Administrative Reduction	-472	0	-472
12. RSN Medicaid Rates	-8,729	-8,729	-17,458
13. EBPI Fund Source	-700	700	0
14. Reduce ESH Staff Costs	-3,638	0	-3,638
15. Management Efficiency	-1,122	0	-1,122
16. Increase License/Certification Fee	-446	446	0
Policy -- Non-Comp Total	-37,005	-5,144	-42,149
Policy Changes - Comp			
17. Average Final Compensation Adjust	49	5	54
18. 3% Salary Cut for State Employees	-8,531	-1,065	-9,596
19. Suspend Plan 1 Uniform COLA	-4,897	-604	-5,501
20. Retire-Rehire Changes (State)	-24	-3	-27
Policy -- Comp Total	-13,403	-1,667	-15,070
Total 2011-13 Biennium	890,068	708,420	1,598,488
Fiscal Year 2012 Total	443,123	350,792	793,915
Fiscal Year 2013 Total	446,945	357,628	804,573

Comments:

- Reduce Spokane Acute Care Proviso** - Funding provided to the Spokane Regional Support Network to lower bed utilization at Eastern State Hospital is reduced by 25 percent.
- Close Western State Hospital Ward** - A 30-bed ward serving patients under the state's civil commitment laws was closed in October 2010. The ward is to remain closed during the 2011-13 biennium, reducing total civil treatment capacity at Western State Hospital (WSH) to 557 patients per day.
- Reduce WSH Staff Costs** - WSH is to achieve savings by managing vacancies, limiting overtime, and staff reorganization. There is to be no change in the hospital's budgeted capacity of 557 civil commitment beds and 270 forensic beds as a result of this change.
- Capture Program Savings** - Funding is reduced to reflect ongoing savings by the administrative group that is responsible for identification and collection of third-party payments at WSH.
- Reduce Regional Support Network Non** - Community mental health allocations for persons and services not eligible for federal Medicaid matching funds are reduced by 3.5 percent. Regional Support Networks (RSNs) are to prioritize use of the remaining funds for crisis response, involuntary commitment, emergency hospitalization, and residential support services.
- Reduce CSTC Operating Costs** - Operating costs at the Child Study and Treatment Center (CSTC) are reduced by 3 percent through staffing realignments, more effective use of overtime, and other operating efficiencies. There is to be no change in the center's average daily census capacity as a result of these changes. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Mental Health

7. **Reduce WIMHRT Technical Assistance** - Funding is discontinued for the Washington Institute for Mental Health Research and Training (WIMHRT), which provides research-based technical assistance and training for mental health professionals working in community and hospital settings. (General Fund-State, General Fund-Federal)
8. **Medicaid for PACT** - Program for Assertive Community Treatment (PACT) teams provide intensive, multi-disciplinary assistance for persons who have experienced, or who are at high risk of, repeated psychiatric hospitalizations. Additional components of such programs are to be funded under the state/federal Medicaid program, reducing the need for state-only funding for such services. (General Fund-State, General Fund-Federal)
9. **Medicaid Match for PALS Diversions** - The western Washington RSNs have decided to provide mental health services in community settings rather than purchase services at the Program for Alternative Living Skills (PALS) program at WSH. Components of services qualify for federal Medicaid match, reducing the need for state-only funding for such services. (General Fund-State, General Fund-Federal)
10. **CPE Technical Adjustment** - When Medicaid mental health capitation rates were reset in 2010, some costs associated with hospitals participating in the state's certified public expenditure (CPE) payment program were omitted from the rate setting. Funds are provided to correct this technical oversight. (General Fund-State, General Fund-Federal)
11. **Administrative Reduction** - Funding for headquarters administrative and operations support is reduced.
12. **RSN Medicaid Rates** - RSN Medicaid capitation rates are reduced by 3 percent, or to the bottom of the RSN's federally-allowable rate range, whichever is higher. This will reduce state and federal funding for community Medicaid mental health services by an average of 2.3 percent. (General Fund-State, General Fund-Federal)
13. **EBPI Fund Source** - The University of Washington's Evidence Based Practice Institute (EBPI) supports the identification, evaluation, and implementation of evidence-based or promising practices for serving children and youth with mental health disorders. For the 2011-13 biennium, the Department will enter into an interagency agreement with the Office of the Attorney General to replace state funding for EBPI operations with \$700,000 of the state's proceeds from the cy pres settlement in State of Washington v. AstraZeneca (Seroquel). (General Fund-State, General Fund-Private/Local)
14. **Reduce ESH Staff Costs** - Staffing and operating costs at Eastern State Hospital (ESH) are reduced by a total of approximately 3 percent through staffing realignments, more effective use of overtime, and other operating efficiencies. This includes a \$937,000 reduction in funding for Consolidated Support Services which provides maintenance services at ESH. There is to be no change in the hospital's average daily census capacity as a result of these changes.
15. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
16. **Increase License/Certification Fee** - The Department is authorized to increase the fees charged for licensing and certification of community mental health agencies and residential treatment beds and to deposit the revenue into a local account to partially offset the cost of program operation. (General Fund-State, General Fund-Local)
17. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
18. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
19. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
20. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

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

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

WORKLOAD HISTORY

By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	Budgeted		
								2011	2012	2013
State Hospitals ⁽¹⁾										
Avg Daily Census/Month	1,192	1,207	1,262	1,292	1,251	1,172	1,101	1,167	1,161	1,161
% Change from prior year		1.2%	4.6%	2.4%	-3.1%	-6.3%	-6.1%	6.0%	-0.5%	0.0%
Community Outpatient Services										
Avg Persons Served per Month	55,252	53,918	51,779	49,874	49,203	44,953	53,898	54,800	58,400	60,100
% Change from prior year		-2.4%	-4.0%	-3.7%	-1.3%	-8.6%	19.9%	1.7%	6.6%	2.9%
Adults	39,402	38,340	36,979	35,738	35,278	32,432	38,653	39,200	41,800	43,100
% Change from prior year		-2.7%	-3.5%	-3.4%	-1.3%	-8.1%	19.2%	1.4%	6.6%	3.1%
Children	15,849	15,578	14,800	14,136	13,925	12,521	15,245	15,600	16,600	17,000
% Change from prior year		-1.7%	-5.0%	-4.5%	-1.5%	-10.1%	21.8%	2.3%	6.4%	2.4%
People on Medicaid	45,174	46,752	45,219	42,802	42,322	38,512	46,237	49,300	51,500	53,200
% Change from prior year		3.5%	-3.3%	-5.3%	-1.1%	-9.0%	20.1%	6.6%	4.5%	3.3%
People not on Medicaid	10,078	7,166	6,560	7,072	6,881	6,441	7,660	5,500	6,900	6,900
% Change from prior year		-28.9%	-8.4%	7.8%	-2.7%	-6.4%	18.9%	-28.2%	25.5%	0.0%

⁽¹⁾ Includes: Eastern State Hospital, Western State Hospital (WSH), WSH Program for Adaptive Living Skills (PALS), and Child Study and Treatment Center.

Data Sources :

FY 2004 through FY 2010 actuals are from DSHS Division of Research and Data Analysis reports.

FY 2011 - FY 2013 estimates are by legislative fiscal committee staff.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	773,608	1,143,402	1,917,010
2011 Supplemental *	-17,787	-13,897	-31,684
Total 2009-11 Biennium	755,821	1,129,505	1,885,326
2011-13 Maintenance Level	1,064,769	945,162	2,009,931
Policy Changes - Non-Comp			
1. Money Follows the Person	0	1,080	1,080
2. Reduce SOLA Costs	-64	-88	-152
3. Reduce MH Training	-80	-40	-120
4. Reduce Individual & Family Service	-1,228	0	-1,228
5. CBA IP Health Benfts Cents Per Hour	1,888	1,888	3,776
6. Provide Community Placements	5,580	5,447	11,027
7. Reduce RHC Staff & Services	-2,600	-2,598	-5,198
8. Reduce Personal Care Hours	-14,382	-14,382	-28,764
9. MPC Hours-Training Impact	-301	-301	-602
10. MPC Hours-Health Care Impact	-3,025	-3,025	-6,050
11. Reduce Professional Services	-1,092	-1,092	-2,184
12. Capture Voluntary Placement Savings	-400	0	-400
13. Adult Working Policy Reform	-2,901	64	-2,837
14. Reduce Central Office	-102	-102	-204
15. Reduce Field Staff & Services	-2,122	-1,415	-3,537
16. Reduce Residential Services	-3,220	-3,216	-6,436
17. Adjust AFH Rates for License Fees	0	368	368
18. Reduce AP Health Benefit	-291	-291	-582
19. Reduce Regional Administration	-282	-374	-656
20. Medicare Part D Copayments	28	27	55
21. Parent to Parent	150	0	150
22. AP Rates L&I Adjustment Update	-7	-8	-15
23. Delay Mandatory Training	-13,205	-10,743	-23,948
24. CBA Reduce Training Contributions	-959	-959	-1,918
25. Management Efficiency	-318	0	-318
Policy -- Non-Comp Total	-38,933	-29,760	-68,693
Policy Changes - Comp			
26. Average Final Compensation Adjust	50	5	55
27. 3% Salary Cut for State Employees	-8,266	-872	-9,138
28. Suspend Plan 1 Uniform COLA	-4,917	-488	-5,405
29. Retire-Rehire Changes (State)	-25	-2	-27
Policy -- Comp Total	-13,158	-1,357	-14,515
Total 2011-13 Biennium	1,012,678	914,045	1,926,723
Fiscal Year 2012 Total	504,962	453,930	958,892
Fiscal Year 2013 Total	507,716	460,115	967,831

Comments:

- 1. Money Follows the Person** - The Centers for Medicare & Medicaid Services (CMS) has approved additional federal funds to staff the Money Follows the Person (MFP) demonstration project. Ten Long-Term Care positions and eight Developmental Disability positions funded by the MFP grant will focus exclusively on transitioning clients from state institutions to community settings. (General Fund-Federal)
- 2. Reduce SOLA Costs** - State Operated Living Alternatives (SOLA) will reduce discretionary expenditures for goods and services, travel, and equipment. (General Fund-State, General Fund-Federal)
- 3. Reduce MH Training** - Funding is reduced for specialized mental health (MH) training that is provided as a service to residential providers that care for approximately 434 clients

Department of Social and Health Services Developmental Disabilities

with developmental disabilities. The Department of Social and Health Services (DSHS) will continue to provide mental health training according to the greatest need as long as the funding lasts. (General Fund-State, General Fund-Federal)

4. **Reduce Individual & Family Service** - The state-only funded individual and family services program is reduced by 10 percent. This program provides support to about 1,800 families with family members who are on developmental disability Medicaid programs and who are not receiving any other publicly-funded service through the Division of Developmental Disabilities (DDD). There are no income restrictions for this program, but the levels of services allowed per client are capped. Services include respite care, therapies, adaptive equipment or clothing, training, counseling, medical or dental, and nursing services that are not covered by Medicaid.
5. **CBA IP Health Benfts Cents Per Hour** - Funding is provided for health benefits for Individual Providers (IPs). The tentative collective bargaining agreement (CBA) for the collectively-bargained home care workers contract converts the way that health benefits are paid from a per-member-per-month payment methodology to a cents-per-hour payment methodology. Based on the total funds appropriated for IP health benefits, the base conversion went from a \$620 per-member-per-month payment to \$1.82 per hour of work. Base funding for agency providers was also included in the calculation. The enacted budget assumed the passage of SHB 2073 (concerning the contribution rate for the health benefits for certain home care workers), which modified RCW 74.39A.310 (2), and therefore assumed \$1.96 per hour of work. However, SHB 2073 was not enacted. Appropriations reflect the tentative agreement reached on January 6, 2011, and include an increase in the state's health care contributions. (General Fund-State, General Fund-Federal)
6. **Provide Community Placements** - Funding is provided for out-of-home community residential placements for 58 individuals with developmental disabilities. These clients have been identified as aging out of foster care, ready for discharge from juvenile rehabilitation and mental health institutions, or ready for release from the Department of Corrections. (General Fund-State, General Fund-Federal)
7. **Reduce RHC Staff & Services** - Funding is decreased for Residential Habilitation Centers (RHCs). Savings will be achieved from changes in adult training programs, food services, increased client density in houses and cottages, cottage closures, and staff layoffs. (General Fund-State, General Fund-Federal)
8. **Reduce Personal Care Hours** - Personal care provides assistance with daily living activities to individuals who meet functional and financial eligibility. An average 10 percent acuity-based reduction is made to personal care service hours for adult clients receiving in-home personal care under Medicaid programs. The actual reduction will range between 6 percent and 18 percent per client depending on acuity. In the most acute care category, a client receives on average 382 hours per month of in-home care. This client's care would be reduced by 6 percent, and they will now receive 359 hours of in-home care per month. In the least acute care category, a client receives on average 25 hours per month of in-home care. This client's care would be reduced by 18 percent, and they will now receive 21 hours of care. (General Fund-State, General Fund-Federal)
9. **MPC Hours-Training Impact** - Contributions to the training trust to pay for training for IPs and represented agency providers are provided based on the total number of Medicaid personal care (MPC) hours worked by the providers. Since the total number of personal care hours is being reduced, there is a corresponding reduction in the contributions to the training trust. (General Fund-State, General Fund-Federal)
10. **MPC Hours-Health Care Impact** - Health care contributions for IPs are made based on the total number of MPC hours worked by all providers. Since the total number of hours is being reduced, there is a corresponding reduction in health care contributions. (General Fund-State, General Fund-Federal)
11. **Reduce Professional Services** - Funding for contracted professional and technical services is reduced by 13 percent. Professional services include consultation for staff and family, environmental modifications, specialized medical services, therapy services, sexual deviancy consultation, and specialized psychiatric services. Individuals who have an identified health and welfare need that cannot be met with some other resource will continue to have these services/resources allocated to them. (General Fund-State, General Fund-Federal)
12. **Capture Voluntary Placement Savings** - Voluntary Placement Program funding is aligned with past years' expenditure levels. This reduction reflects projected under-expenditures and is not expected to have a direct impact on clients.
13. **Adult Working Policy Reform** - The adult working policy for persons with a developmental disability will be reformed. The program will be operated with an employment first philosophy requiring clients to participate in the supported employment program option for a minimum of nine months. After that time, clients can choose to participate in the Community Access program. The Department is directed to restructure the Community Access program such that the focus is on providing individualized support to clients and assisting them in participating in their community. (General Fund-State, General Fund-Federal)
14. **Reduce Central Office** - DDD's central office will reduce expenditures for travel, equipment, printing, and projects. These reductions may decrease the assistance available to field staff, advocates, consumers, and partners. (General Fund-State, General Fund-Federal)
15. **Reduce Field Staff & Services** - Reductions are made to case managers and case management services on the no-paid services caseload. In addition, vacant positions are not filled,

Department of Social and Health Services Developmental Disabilities

- and reductions are made to regional office expenditures. (General Fund-State, General Fund-Federal)
16. **Reduce Residential Services** - Vendor rates are reduced for residential providers which provide care to clients with developmental disabilities. Community residential providers for clients with developmental disabilities include supported living, group homes, alternative living, companion homes, and licensed staff residential settings. (General Fund-State, General Fund-Federal)
 17. **Adjust AFH Rates for License Fees** - Vendor rates for publicly-funded adult family home (AFH) beds are increased by approximately \$0.22 in FY 2012 and \$0.43 in FY 2013 per Medicaid patient day to compensate for increased licensing fees. (General Fund-Private/Local, General Fund-Federal)
 18. **Reduce AP Health Benefit** - The Aging and Disabilities Services Administration will reform the way health benefits are purchased for homecare agency providers (APs) who serve Medicaid clients. Approximately \$69.6 million in total funds will remain in base funding for agency health care benefits after this reform is implemented. The enacted budget assumed the passage of SHB 2073 (concerning the contribution rate for the health benefits for certain home care workers), which modified RCW 74.39A.310 (2) and funded the monthly amount of \$558. However, SHB 2073 was not enacted. (General Fund-State, General Fund-Federal)
 19. **Reduce Regional Administration** - DSHS is consolidating its regional structure from six to three for all programs. (General Fund-State, General Fund-Federal)
 20. **Medicare Part D Copayments** - The state is discontinuing the reimbursement of co-payments for prescription drug purchases made by qualifying dually eligible Medicare/Medicaid clients in the Medicare Part D program. Prescription drugs are considered an allowable client expenditure in the calculations used to determine what a client will pay towards financial participation in their own care. With the elimination of Part D co-pays, there will be a corresponding drop in client participation, and therefore, the state's responsibility for the cost of care will increase by an equal amount. (General Fund-State, General Fund-Federal)
 21. **Parent to Parent** - Funding is provided for direct support to local organizations that utilize parent-to-parent networks and communication to promote access and quality of care for individuals with developmental disabilities and their families.
 22. **AP Rates L&I Adjustment Update** - Reimbursements are made to homecare agencies for the increase in average base rate costs of Labor & Industry (L&I) insurance. These statutorily required reimbursements are provided in accordance with RCW 74.39A.310. (General Fund-State, General Fund-Federal)
 23. **Delay Mandatory Training** - Pursuant to Chapter 31, Laws of 2011, 1st sp.s. (ESHB 1548 - Long-Term Care Worker Requirements), mandatory increases and enhancements to training, new certification requirements, and federal fingerprint background checks for long-term care workers are delayed until the 2013-15 biennium. Fundamental training for in-home care will continue at its current level of about 28 - 34 hours depending on the type of worker. Background checks based on a name search will continue to be required. No clients will lose service as a result of this delay. (General Fund-State, General Fund-Federal)
 24. **CBA Reduce Training Contributions** - Contributions paid to the training partnership and for agency parity are reduced from \$0.22 per hour to \$0.17 per hour. Training is delayed. Chapter 31, Laws of 2011, 1st sp.s. (ESHB 1548 - Long-Term Care Worker Requirements), makes statutory changes to the increased training requirements, and therefore, the state shall contribute to the partnership \$0.17 per paid hour worked by all home care workers. This amount is pursuant to the collective bargaining agreement (CBA) negotiated with the exclusive bargaining representative of IPs. (General Fund-State, General Fund-Federal)
 25. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 26. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 27. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 28. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount

Department of Social and Health Services Developmental Disabilities

in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

29. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Department of Social & Health Services Developmental Disabilities

WORKLOAD HISTORY By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	<u>Estimated</u>		
								2011	2012	2013
Institutions⁽¹⁾										
Avg Monthly Population	1,035	1,101	982	996	997	982	951	918	900	890
% Change from prior year		6.4%	-10.8%	1.4%	0.1%	-1.5%	-3.2%	-3.5%	-2.0%	-1.1%
Community Residential Programs⁽²⁾										
Avg Month End Clients	4,469	4,903	4,379	4,300	4,269	4,269	4,252	4,265	4,349	4,376
% Change from prior year		9.7%	-10.7%	-1.8%	-0.7%	0.0%	-0.4%	0.3%	2.0%	0.6%
Employment & Day Program⁽³⁾										
Avg Monthly Number Served	8,731	8,636	9,021	9,454	9,853	10,515	10,789	11,063	11,200	11,300
% Change from prior year		-1.1%	4.5%	4.8%	4.2%	6.7%	2.6%	2.5%	1.2%	0.9%
Individual and Family Services⁽⁴⁾										
Number of Clients Served	3,710	3,655	4,089	4,493	2,708	2,742	2,669	2,811	2,715	2,729
% Change from prior year		-1.5%	11.9%	9.9%	-39.7%	1.3%	-2.7%	5.3%	-3.4%	0.5%
Waiver Respite⁽⁵⁾										
Number of Clients Served				129	2,097	2,098	2,303	2,381	2,421	2,471
% Change from prior year					1525.6%	0.0%	9.8%	3.4%	1.7%	2.1%
Personal Care⁽⁶⁾										
Number of Clients Served	10,933	10,986	11,150	11,391	11,662	12,192	12,937	13,267	13,637	13,768
% Change from prior year		0.5%	1.5%	2.2%	2.4%	4.5%	6.1%	2.6%	2.8%	1.0%

(1) Caseload counts include long-term and short-term stays.

(2) Includes Alternate Living, Group Homes, Companion Homes, Supported Living, Community Protection, and Community Intermediate Care Facility for the Mentally Retarded. Prior to FY 1990, Developmental Disabilities' clients enrolled in these programs were counted in the Long-Term Care program total.

(3) Employment and day programs include Supported Employment, Group Supported Employment, Person to Person, Child Development Services, Sheltered Industries, and Community Access.

(4) Individual and Family Services (IFS) cover state-only respite, therapies, equipment and supplies, modifications for disability access, recreation, and nursing. Respite in the waivers was included in this caseload through 2006. At that time, the respite waiver services was moved to another budget unit. IFS now contains state-only respite.

(5) Waiver respite was moved from Family Support to other community services. It is no longer part of IFS.

(6) Personal Care services include children and adults receiving individual provider and agency provider in-home services and personal care adult family home and adult residential care in both the Medicaid personal care and Waiver programs.

Data Sources :

For Personal Care, FY 2009 forward is from the Caseload Forecast Council.

Except as noted above, FY 2012 and FY 2013 are estimates from the allotment process.

Other data is from DSHS's Executive Management Information System and the Aging and Disability Services Administration Comprehensive Assessment Reporting Evaluation database.

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

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	1,256,000	1,976,449	3,232,449
2011 Supplemental *	-32,201	-36,693	-68,894
Total 2009-11 Biennium	1,223,799	1,939,756	3,163,555
2011-13 Maintenance Level	1,753,796	1,773,020	3,526,816
Policy Changes - Non-Comp			
1. Money Follows the Person	0	2,544	2,544
2. Reduce NH Rate for Lowest Acuity	-11,331	-11,331	-22,662
3. Reduce NH Rate Financing Rate	-13,521	-13,521	-27,042
4. Delay NH Rebase	-7,446	-7,446	-14,892
5. NH Quality Incentive Payments	-3,176	172,824	169,648
6. Reduce AAA Unit Rate	-1,546	-1,546	-3,092
7. Reduce Senior Citizens Services Act	-1,160	0	-1,160
8. CBA IP Health Benfts Cents Per Hour	3,766	3,766	7,532
9. Adult Day Health COPEs	-8,618	-8,618	-17,236
10. Alien Medical Long Term Placements	-2,174	0	-2,174
11. Reshaping LTC Delivery	30	30	60
12. Reduce Personal Care Hours	-73,932	-73,932	-147,864
13. MPC Hours-Training Impact	-643	-643	-1,286
14. MPC Hours-Health Care Impact	-5,819	-5,819	-11,638
15. Expand Family Caregiver Diversion	3,450	0	3,450
16. Family Caregiver Reduce NH Caseload	-2,178	-4,356	-6,534
17. Family Caregiver Reduct Comm Client	-1,995	-3,990	-5,985
18. Expand Family Caregiver Memory Care	150	0	150
19. Increase AFH License Fee	-2,946	4,620	1,674
20. Adjust AFH Rates for License Fees	0	1,847	1,847
21. Increase NH License Fee	0	215	215
22. Vulnerable Adlts AFH Quality Assure	72	1,416	1,488
23. Adjust NH Rates for License Fees	0	606	606
24. Reduce AP Health Benefit	-2,619	-2,618	-5,237
25. Reduce Regional Administration	-368	-488	-856
26. Medicare Part D Copayments	656	655	1,311
27. 2% Min Occpncy Increase Small & ECP	-249	-249	-498
28. 5% Min Occpncy Inc From 2010 Large	-3,759	-3,759	-7,518
29. Lower Direct Care Lid by 2%	-1,336	-1,336	-2,672
30. Lower Support Service Lid by 2%	-570	-570	-1,140
31. AP Rates L&I Adjustment Update	-42	-44	-86
32. Delay Mandatory Training	-14,084	-10,955	-25,039
33. CBA Reduce Training Contributions	-2,047	-2,047	-4,094
34. Management Efficiency	-510	0	-510
35. Governor Veto	-30	-30	-60
Policy -- Non-Comp Total	-153,975	35,225	-118,750
Policy Changes - Comp			
36. Average Final Compensation Adjust	18	13	31
37. 3% Salary Cut for State Employees	-3,129	-2,157	-5,286
38. Suspend Plan 1 Uniform COLA	-1,756	-1,210	-2,966
39. Retire-Rehire Changes (State)	-9	-6	-15
Policy -- Comp Total	-4,876	-3,360	-8,236
Total 2011-13 Biennium	1,594,945	1,804,885	3,399,830

Department of Social and Health Services Long-Term Care

(Dollars in Thousands)

	NGF-S	Other	Total
Fiscal Year 2012 Total	783,275	887,027	1,670,302
Fiscal Year 2013 Total	811,670	917,858	1,729,528

Comments:

1. **Money Follows the Person** - The Centers for Medicare & Medicaid Services (CMS) has approved additional federal funds to staff the Money Follows the Person (MFP) demonstration project. Ten Long-Term Care (LTC) positions and eight Developmental Disability positions funded by the MFP grant will focus exclusively on transitioning clients from state institutions to community settings. (General Fund-State, General Fund-Federal)
2. **Reduce NH Rate for Lowest Acuity** - Pursuant to Chapter 7, Laws of 2011, 1st sp.s. (ESSB 5581 - Nursing Home Payments), Medicaid clients with the lowest acuity classifications are reimbursed at 87 percent of the average direct care daily rate. This payment change supports the role of nursing homes (NHs) for serving the most fragile clients. (General Fund-State, General Fund-Federal)
3. **Reduce NH Rate Financing Rate** - Pursuant to ESSB 5581, the allowable return on investment in the finance allowance component of the nursing home rate is reduced to 4.0 percent. The percentage of return on investment is set by the state and is adjusted to reflect lowering interest rates for commercial health industry loans. (General Fund-State, General Fund-Federal)
4. **Delay NH Rebase** - Pursuant to ESSB 5581, the Department of Social and Health Services will delay the rebasing of nursing home rates to July 1, 2013, rather than in 2012. Rebasing is the process of using a new, more recent cost report to establish Medicaid payment rates. (General Fund-State, General Fund-Federal)
5. **NH Quality Incentive Payments** - Pursuant to ESSB 5581, the Skilled Nursing Facility Safety Net Trust Fund Account is created in the state treasury. Nursing facilities will provide the funds to leverage federal Medicaid matching funds that will be used to restore rates to the June 30, 2010, payment levels. DSHS shall establish a per bed fee to generate federal match and restore nursing home payments to rates paid before the FY 2011 reductions were implemented. A direct care rate add-on is established for facilities that have taken on higher acuity clients since 2010. The amount will vary by facility and is compensated as an add-on outside of the statewide weighted average rate established in the appropriations act. The direct-care rate add on is typically between \$7-10 per patient day depending on the individual facility's growth in direct care from June 2010 to July 2011. (General Fund-State, Skilled Nursing Facility Safety Net Trust Fund Account-State, General Fund-Federal)
6. **Reduce AAA Unit Rate** - The monthly rate paid to the Area Agencies on Aging (AAA) is reduced by 3 percent for each home managed for Medicaid clients. Core service contract management performed by AAAs will also be reduced by 3 percent. The client caseload ratio will increase from 1:70 to 1:72 as a result of this reduction. (General Fund-State, General Fund-Federal)
7. **Reduce Senior Citizens Services Act** - Reductions are made to the Senior Citizens Services Act (SCSA). Through AAAs, SCSA funds are used to pay for services that delay entry into Medicaid and enable people to live in their homes as long as possible. Services affected include case management, transportation, bathing assistance, minor home repair, foot care, and senior meals.
8. **CBA IP Health Benfits Cents Per Hour** - Funding is provided for health benefits for Individual Providers (IPs). The tentative collective bargaining agreement (CBA) for the collectively-bargained home care workers contract converts the way that health benefits are paid from a per-member-per-month payment methodology to a cents-per-hour payment methodology. Based on the total funds appropriated for IP health benefits, the base conversion went from a \$620 per-member-per-month payment to \$1.82 per hour of work. Base funding for agency providers was also included in the calculation. The enacted budget assumed the passage of SHB 2073 (concerning the contribution rate for the health benefits for certain home care workers), which modified RCW 74.39A.310 (2), and therefore assumed \$1.96 per hour of work. However, SHB 2073 was not enacted. Appropriations reflect the tentative agreement reached on January 6, 2011, and include an increase in the state's health care contributions. (General Fund-State, General Fund-Federal)
9. **Adult Day Health COPES** - The Affordable Care Act implemented new federal requirements that no longer allow 1915(i) services to be capped beginning October 2010. Adult Day Health (ADH) is eliminated as a 1915(i) service and is re-established for long-term care clients under the 1915(c) Community Options Program Entry System (COPES) waiver. Approximately 900 clients with developmental disabilities that are currently receiving ADH will be allowed to choose to continue the program by moving onto the long-term care waiver, or they may receive employment or Community Access services that are available within the Division of Developmental Disabilities' waiver programs. (General Fund-State, General Fund-Federal)
10. **Alien Medical Long Term Placements** - The state provides nursing facility care for approximately 45 state-only alien medical clients who are discharged from hospitals with acute, long-term medical conditions. Of the 45 state-only funded nursing home slots, 40 will be moved into adult family homes.

Department of Social and Health Services Long-Term Care

DSHS will continue to provide medical coverage to maintain current levels of medical care and a consistent level of services for these clients.

11. **Reshaping LTC Delivery** - Funding is provided to implement E2SHB 1901 (Reshaping Long-Term Care Delivery), which is intended to facilitate cost efficiencies by reshaping the delivery of long-term care services. DSHS Aging and Disabilities Administration will convene a workgroup of stakeholders to develop incentives to reduce the number of nursing facility beds from active service. (General Fund-State, General Fund-Federal) Note: E2SHB 1901 did not pass the Legislature. Therefore, this item was vetoed by the Governor. However, Chapter 366, Laws of 2011 (ESSB 5708 - Reshaping Long-Term Care Delivery), was signed into law. Therefore, the workgroup to develop incentives to reduce the number of nursing facility beds from active service is still in effect.
12. **Reduce Personal Care Hours** - Personal care provides assistance with daily living activities to individuals who meet functional and financial eligibility. An average 10 percent acuity-based reduction is made to personal care service hours for adult clients receiving in-home personal care under Medicaid programs. The actual reduction will range between 6 percent and 18 percent per client depending on acuity. In the most acute care category, a client receives on average 382 hours per month of in-home care. This client's care would be reduced by 6 percent, and they will now receive 359 hours of in-home care per month. In the least acute care category, a client receives on average 25 hours per month of in-home care. This client's care would be reduced by 18 percent, and they will now receive 21 hours of care. (General Fund-State, General Fund-Federal)
13. **MPC Hours-Training Impact** - Contributions to the training trust to pay for training for individual providers and represented agency providers are provided based on the total number of Medicaid personal care (MPC) hours worked by the providers. Since the total number of personal care hours is being reduced, there is a corresponding reduction in the contributions to the training trust. (General Fund-State, General Fund-Federal)
14. **MPC Hours-Health Care Impact** - Health care contributions for individual providers are made based on the total number of MPC hours worked by all providers. Since the total number of hours is being reduced, there is a corresponding reduction in health care contributions. (General Fund-State, General Fund-Federal)
15. **Expand Family Caregiver Diversion** - Investments are made in the Family Caregiver Support Program (FCSP), including specialized caregiver support for people with Alzheimer's disease. FCSP is a service available to unpaid caregivers of adults who need care. Providing these caregivers with information and connecting them to other resources may help clients remain in their homes and may delay entry into more costly long-term care services. The Washington Institute for Public Policy will conduct a review of the outcomes of this General Fund-State investment in diverting individuals from publicly-funded nursing homes and residential long-term care services.
16. **Family Caregiver Reduce NH Caseload** - Savings are assumed by reducing the number of nursing home funded beds by 110. General Fund-State savings will be reinvested into the Family Caregiver program. (General Fund-State, General Fund-Federal)
17. **Family Caregiver Reduct Comm Client** - Savings are assumed by reducing the number of LTC residential funded beds by 190. General Fund-State savings will be reinvested into the Family Caregiver program. (General Fund-State, General Fund-Federal)
18. **Expand Family Caregiver Memory Care** - Investments are made for specialized caregiver support for people with Alzheimer's disease.
19. **Increase AFH License Fee** - The initial license fee for adult family homes (AFH) is raised to \$2,750, and the rebate is discontinued. License fees for adult family homes are increased to \$100 per bed in FY 2012 and \$175 per bed in FY 2013 to support the costs of conducting licensing and inspections. (General Fund-State, General Fund-Private/Local, General Fund-Federal)
20. **Adjust AFH Rates for License Fees** - Vendor rates for publicly-funded adult family home beds are increased by approximately \$0.22 in FY 2012 and \$0.43 in FY 2013 per Medicaid patient day to compensate for increased licensing fees. (General Fund-Private/Local, General Fund-Federal)
21. **Increase NH License Fee** - Nursing home license fees are increased \$359 per bed to cover the costs of licensing and inspection. (General Fund-Private/Local, General Fund-Federal)
22. **Vulnerable Adlts AFH Quality Assure** - Funding is provided to implement sections 501 and 502 of Chapter 3, Laws of 2011, 1st sp.s. (ESHB 1277 - Licensed Settings for Vulnerable Adults). The Department will increase investigative resources to address complaints about provider practices as well as alleged abuse, neglect, abandonment, and exploitation of residents in adult family homes. In addition, funding is provided to develop a quality review and accountability program to improve the accountability of staff and the consistency of investigative activities. The Department shall convene an adult family home quality assurance panel to review problems concerning the quality of care for clients in adult family homes. The panel shall provide a report to the appropriate legislative committees by December 1, 2012. (General Fund-State, General Fund-Private/Local, General Fund-Federal)
23. **Adjust NH Rates for License Fees** - Nursing home rates are increased for publicly-funded beds to compensate for increases in licensing fees. (General Fund-Private/Local, General Fund-Federal)

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24. **Reduce AP Health Benefit** - The Aging and Disabilities Services Administration will reform the way health benefits are purchased for homecare agency providers (AP) who serve Medicaid clients. Approximately \$69.6 million in total funds will remain in base funding for agency health care benefits after this reform is implemented. The enacted budget assumed the passage of SHB 2073 (concerning the contribution rate for the health benefits for certain home care workers), which modified RCW 74.39A.310 (2) and funded the monthly amount of \$558. However, SHB 2073 was not enacted. (General Fund-State, General Fund-Federal)
25. **Reduce Regional Administration** - DSHS is consolidating its regional structure from six to three for all programs across the state. (General Fund-State, General Fund-Federal)
26. **Medicare Part D Copayments** - The state is discontinuing the reimbursement of co-payments for prescription drug purchases made by qualifying dually eligible Medicare/Medicaid clients in the Medicare Part D program. Prescription drugs are considered an allowable client expenditure in the calculations used to determine what a client will pay towards financial participation in their own care. With the elimination of Part D co-pays, there will be a corresponding drop in client participation, and therefore, the state's responsibility for the cost of care will increase by an equal amount. (General Fund-State, General Fund-Federal)
27. **2% Min Occpncy Increase Small & ECP** - During the 2010 legislative session, minimum occupancy was raised from 90 percent to 92 percent for large non-essential providers in the rate components of Operations (OP), Financing Allowance (FA), and Property Allowance (PA). Small non-essential community providers (60 beds or less) and essential community providers (ECPs - the only nursing home within a 40-mile radius) were held harmless. Pursuant to Chapter 7, Laws of 2011, 1st sp.s. (ESSB 5581 - Nursing Home Payments), minimum occupancy in the OP, FA, and PA rate components is raised by 2 percent for these two categories of providers. ECPs go from 85 percent to 87 percent minimum occupancy, and small non-essential community providers will go from 90 percent to 92 percent minimum occupancy. (General Fund-State, General Fund-Federal)
28. **5% Min Occpncy Inc From 2010 Large** - Pursuant to ESSB 5581, large non-essential providers are increased from 92 percent to 95 percent for minimum occupancy in the rate components of OP, FA, and PA. Minimum occupancy in these components was raised from 90 percent to 92 percent in FY 2011, making the overall impact an increase of 5 percent over FY 2010 levels. (General Fund-State, General Fund-Federal)
29. **Lower Direct Care Lid by 2%** - Pursuant to ESSB 5581, allowable costs for the Direct Care (DC) rate component are lowered to no more than 110 percent of the median. Current law allows DC costs that are included in rate setting to equal up to 112 percent of the statewide median. The DC component represents around 57 percent of the total nursing facility payment and includes payment for direct care staff wages and benefits, non-prescription medication, and medical supplies. (General Fund-State, General Fund-Federal)
30. **Lower Support Service Lid by 2%** - Pursuant to ESSB 5581, allowable costs in the Support Services (SS) rate component are lowered to be no more than 108 percent of the median. Current law allows direct care costs for case mix included in the SS component rate setting to equal up to 110 percent of the statewide median. The SS component includes payments for food, food preparation, laundry, and housekeeping. (General Fund-State, General Fund-Federal)
31. **AP Rates L&I Adjustment Update** - Reimbursements are made to homecare agencies for the increase in average base rate costs of Labor & Industry (L&I) insurance. These statutorily required reimbursements are provided in accordance with RCW 74.39A.310. (General Fund-State, General Fund-Federal)
32. **Delay Mandatory Training** - Pursuant to Chapter 31, Laws of 2011, 1st sp.s. (ESHB 1548 - Long-Term Care Worker Requirements), mandatory increases and enhancements to training, new certification requirements, and federal fingerprint background checks for long-term care workers are delayed until the 2013-15 biennium. Fundamental training for in-home care will continue at its current level of about 28 - 34 hours depending on the type of worker. Background checks based on a name search will continue to be required. No clients will lose service as a result of this delay. (General Fund-State, General Fund-Federal)
33. **CBA Reduce Training Contributions** - Contributions paid to the training partnership and for agency parity are reduced from \$0.22 per hour to \$0.17 per hour. Training is delayed. ESHB 1548, makes statutory changes to the increased training requirements, and therefore, the state shall contribute to the partnership \$0.17 per paid hour worked by all home care workers. This amount is pursuant to the collective bargaining agreement (CBA) negotiated with the exclusive bargaining representative of individual providers. (General Fund-State, General Fund-Federal)
34. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
35. **Governor Veto** - The Governor vetoed Section 206(16) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided funding for a workgroup established in E2SHB 1901 (Reshaping Long-Term Care Delivery). The bill did not pass the Legislature.
36. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final

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Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - average final compensation for state and local government employees). (General Fund-State, various other funds)

37. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
38. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
39. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011 1st sp.s. (ESHB 1981 - higher education retirement plan and post-retirement employment). (General Fund-State, various other funds)

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

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

WORKLOAD HISTORY
By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	Estimated		
								2011	2012	2013
Nursing Homes										
Avg # Served per Day	12,446	12,088	11,928	11,546	11,057	10,699	10,682	10,335	9,943	9,555
% Change from prior year		-2.9%	-1.3%	-3.2%	-4.2%	-3.2%	-0.2%	-3.3%	-3.8%	-3.9%
Community Care ⁽¹⁾										
Avg # Served per Month	34,635	35,514	37,041	38,094	39,506	41,780	44,079	46,255	48,555	51,043
% Change from prior year		2.5%	4.3%	2.8%	3.7%	5.8%	5.5%	4.9%	5.0%	5.1%
Combined Total										
Avg Persons Served	47,080	47,602	48,969	49,641	50,563	52,479	54,761	56,590	58,498	60,598
% Change from prior year		1.1%	2.9%	1.4%	1.9%	3.8%	4.3%	3.3%	3.4%	3.6%

⁽¹⁾ Includes Chore Services, Community Options Program Entry Services (COPES), Medically Needy, Adult Residential, and Medicaid Personal Care.

Data Sources :

Caseload Forecast Council and legislative fiscal staff.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	1,129,859	1,276,904	2,406,763
2011 Supplemental *	-25,068	7,171	-17,897
Total 2009-11 Biennium	1,104,791	1,284,075	2,388,866
2011-13 Maintenance Level	1,257,562	1,099,626	2,357,188
Policy Changes - Non-Comp			
1. Collective Bargaining Agreement	641	0	641
2. Eliminate Child Support Pass Thru	-18,776	-18,776	-37,552
3. Elimination - IRS Re-Distribution	-6,274	-6,276	-12,550
4. Reduce Disability Lifeline Grant	-100,343	0	-100,343
5. Reduce Regional Administration	-284	-294	-578
6. Disability Lifeline	-79,547	0	-79,547
7. Naturalization Program	-2,370	0	-2,370
8. State Food Assistance	-30,283	0	-30,283
9. Refugee Employment Svcs	-5,002	0	-5,002
10. Health Care Consolidation	5,188	87,150	92,338
11. Reduce Administrative Costs	-2,941	-1,479	-4,420
12. Management Efficiency	-1,842	0	-1,842
13. Refugee Grant	0	-707	-707
Policy -- Non-Comp Total	-241,833	59,618	-182,215
Policy Changes - Comp			
14. Average Final Compensation Adjust	33	47	80
15. 3% Salary Cut for State Employees	-5,845	-8,233	-14,078
16. Suspend Plan 1 Uniform COLA	-3,286	-4,643	-7,929
17. Retire-Rehire Changes (State)	-17	-24	-41
Policy -- Comp Total	-9,115	-12,853	-21,968
Total 2011-13 Biennium	1,006,614	1,146,391	2,153,005
Fiscal Year 2012 Total	506,611	571,487	1,078,098
Fiscal Year 2013 Total	500,003	574,904	1,074,907

Comments:

- Collective Bargaining Agreement** - Funding is provided for collective bargaining provisions related to Service Employees International Union 925, whose members are also impacted by the collective bargaining agreement.
- Eliminate Child Support Pass Thru** - Pursuant to Chapter 3, Laws of 2010, 2nd sp.s. (SSB 6893), funding is reduced to reflect the suspension of the child support pass-through which was authorized under the Federal Deficit Reduction Act of 2005. (General Fund-State, General Fund-Federal)
- Elimination - IRS Re-Distribution** - Funding is reduced reflecting the continuation of suspending support collection distributions made through federal tax intercepts to families which was established under the Federal Deficit Reduction Act of 2005. (General Fund-State, General Fund-Federal)
- Reduce Disability Lifeline Grant** - Funding is reduced to reflect the continuation of the 42.1 percent Disability Lifeline grant reduction which was implemented in FY 2011. This grant reduction includes clients in the Unemployable, Aged, Blind, Disabled, and Expedited programs.
- Reduce Regional Administration** - Funding is reduced due to the Department of Social and Health Services (DSHS) consolidating its regional structure from six regions to three for all programs across the state. (General Fund-State, General Fund-Federal)
- Disability Lifeline** - Funding is reduced to reflect the elimination of the Disability Lifeline program effective October 31, 2011, pursuant to Chapter 36, Laws of 2011, 1st sp.s. (ESHB 2082). The Aged, Blind, or Disabled Assistance Program funding is established for persons likely to meet the federal Supplemental Security Income disability standard, pursuant to ESHB 2082. Funding is provided to Department of Commerce for an Essential Needs and Housing Program established in the Act.

Department of Social and Health Services Economic Services Administration

7. **Naturalization Program** - Funding is reduced for the Naturalization Program, which provides services that prepare low-income refugees and legal immigrants for U.S. citizenship testing.
8. **State Food Assistance** - Funding is reduced for the State Food Assistance Program. DSHS will achieve savings by modifying benefit amounts for the State Food Assistance Program.
9. **Refugee Employment Svcs** - State general funds are reduced for Refugee Employment Services. These services include employment placement assistance, English as a Second Language training, job skills training, job search workshops, and job retention services.
10. **Health Care Consolidation** - Pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738 - Medicaid Single State Agency), the Medicaid Purchasing Administration (MPA) is transferred out of DSHS and into the Health Care Authority effective July 1, 2011.
11. **Reduce Administrative Costs** - Funding is reduced to reflect administrative reductions within the Economic Services Administration. (General Fund-State, General Fund-Federal)
12. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
13. **Refugee Grant** - Funding is reduced for refugee assistance grants by 15 percent. The Refugee Cash Assistance grant is tied to the Temporary Assistance for Needy Family (TANF) grant standards, and the TANF grant standards were reduced by 15 percent in FY 2011.
14. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
15. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
16. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
17. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

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

WORKLOAD HISTORY

By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	Estimated		
								2011	2012	2013
Lifeline Clients										
(formerly General Assistance)										
Avg Monthly Caseload	22,028	25,578	27,676	29,237	31,182	35,001	38,276	39,300	39,448	0
% Change from prior year		16.1%	8.2%	5.6%	6.7%	12.2%	9.4%	2.7%	0.4%	-100.0%
Aged, Blind, or Disabled Assistance Program										
Avg Monthly Caseload									18,665	19,103
% Change from prior year										2.4%
TANF Cases										
Avg Monthly Caseload	55,609	56,949	55,520	51,936	50,119	56,458	64,450	65,868	61,144	59,242
% Change from prior year		2.4%	-2.5%	-6.5%	-3.5%	12.6%	14.2%	2.2%	-7.2%	-3.1%
Working Connections Child Care										
Avg # Children Served/Month	62,189	61,606	60,860	59,646	60,620	61,111	63,563	61,734	56,835	59,114
% Change from prior year		-0.9%	-1.2%	-2.0%	1.6%	0.8%	4.0%	-2.9%	-7.9%	4.0%

Data Sources :

FY 2004 through FY 2010 General Assistance actuals provided by the Caseload Forecast Council.

FY 2011 and FY 2013 General Assistance estimates are from Caseload Forecast Council.

FY 2004 through FY 2010 Temporary Assistance for Needy Families (TANF) case actuals are from the Office of Financial Management (OFM).

FY 2010 through FY 2011 TANF case estimates are from the OFM March 2011 TANF forecast and estimated impacts of legislation.

FY 2004 through FY 2006 Child Care actuals are from Department of Social and Health Services Division of Research and Data Analysis reports.

FY 2007 through FY 2010 Child Care numbers are calculated based on the average number of children per Working Connection Child Care (WCCC) case and on the WCCC forecast by OFM.

FY 2011 and FY 2013 Child Care estimates are based on the average number of children per case and the OFM March 2011 forecast adjusted for impacts of legislation.

The Disability Lifeline Program is terminated effective October 31, 2011. Numbers reflect the estimated caseload from July 2011 through October 31, 2011.

The Aged, Blind, or Disabled Assistance Program begins November 1, 2011. The caseload for FY 2012 reflects the estimated caseload average from November 2011 through June 2012.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	164,361	169,935	334,296
2011 Supplemental *	-5,314	3,556	-1,758
Total 2009-11 Biennium	159,047	173,491	332,538
2011-13 Maintenance Level	177,279	143,402	320,681
Policy Changes - Non-Comp			
1. Reduce Chemical Dependency Services	-7,060	0	-7,060
2. Reduce Regional Administration	-330	-170	-500
3. Reduce Administrative Staff	-480	-274	-754
4. Management Efficiency	-52	0	-52
5. Disability Lifeline	424	2,370	2,794
6. Increase License/Certification Fee	-1,454	1,454	0
7. DL & ADATSA-Impl Fed Waiver 1115	-16,110	16,110	0
8. Reduce Tribal Administrative Costs	-61	0	-61
Policy -- Non-Comp Total	-25,123	19,490	-5,633
Policy Changes - Comp			
9. Average Final Compensation Adjust	2	0	2
10. 3% Salary Cut for State Employees	-286	-60	-346
11. Suspend Plan 1 Uniform COLA	-163	-34	-197
Policy -- Comp Total	-447	-94	-541
Total 2011-13 Biennium	151,709	162,798	314,507
Fiscal Year 2012 Total	75,785	81,187	156,972
Fiscal Year 2013 Total	75,924	81,611	157,535

Comments:

- Reduce Chemical Dependency Services** - Outpatient and residential services for low-income individuals who do not qualify for other state programs; non-federally matched services for individuals on Medicaid or receiving medical care through the 1115 waiver; and the associated state and county administration is reduced by approximately 11 percent. Funding for youth residential, pregnant and parenting women; and federally matched services for individuals on Medicaid or receiving medical care through the 1115 waiver are not reduced.
- Reduce Regional Administration** - The Department of Social and Health Services is consolidating its regional structure from six to three for all programs across the state. (General Fund-State, General Fund-Federal)
- Reduce Administrative Staff** - Five administrative staff positions are eliminated. (General Fund-State, General Fund-Federal)
- Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delaying and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
- Disability Lifeline** - Funding is provided for the increased caseload of Disability Lifeline-Unemployable clients who are required to participate in treatment by Chapter 8, Laws of 2010, 1st sp.s., Partial Veto (E2SHB 2782). Clients who have an identified need for drug or alcohol treatment cannot continue to receive benefits if they refuse without good cause to participate in needed chemical dependency treatment. (General Fund-State, General Fund-Federal)
- Increase License/Certification Fee** - The Department will establish licensing and certification fees at an amount adequate to reimburse costs for its certification and regulation activities for approved chemical dependency treatment programs. (General Fund-State, General Fund-Local)
- DL & ADATSA-Impl Fed Waiver 1115** - The Department has implemented a federal waiver for individuals served by the Disability Lifeline (DL) and Alcohol and Drug Addiction Treatment Support Act (ADATSA). The waiver allows the Department to draw federal matching funds for treatment

Department of Social and Health Services Alcohol & Substance Abuse

services provided to these populations and reduces the state funding required to serve them. (General Fund-State, General Fund-Federal)

8. **Reduce Tribal Administrative Costs** - State support for tribal administration expenses is reduced from a maximum of 10 percent to 8 percent per year.
9. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
10. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
11. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

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

WORKLOAD HISTORY

By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	Estimated		
								2011	2012	2013
ADATSA - Assessment										
Avg Monthly Assessments	1,203	1,226	1,141	1,032	1,049	1,165	1,034	1,034	1,034	1,034
% Change from prior year		1.9%	-6.9%	-9.6%	1.6%	11.1%	-11.2%	0.0%	0.0%	0.0%
ADATSA - Outpatient Treatment										
Avg Monthly Admissions	388	428	477	455	517	520	450	450	450	450
% Change from prior year		10.3%	11.4%	-4.6%	13.6%	0.6%	-13.5%	0.0%	0.0%	0.0%
ADATSA - Residential										
Avg Monthly Admissions	569	635	570	534	544	510	462	417	417	417
% Change from prior year		11.6%	-10.2%	-6.3%	1.9%	-6.3%	-9.4%	-9.7%	0.0%	0.0%

Data Sources:

FY 2004 through FY 2010 workload data updated by Department of Social and Health Services Division of Alcohol and Substance Abuse.

FY 2011 through FY 2013 workload estimates provided by DSHS Division of Alcohol and Substance Abuse.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	20,372	113,824	134,196
2011 Supplemental *	-602	80	-522
Total 2009-11 Biennium	19,770	113,904	133,674
2011-13 Maintenance Level	25,929	112,277	138,206
Policy Changes - Non-Comp			
1. Eliminate Service Center Funding	0	480	480
2. Reduce Basic Support Grant	-2,479	-9,160	-11,639
3. Leverage Fed Funds Basic Support	0	1,800	1,800
4. Management Efficiency	-54	0	-54
Policy -- Non-Comp Total	-2,533	-6,880	-9,413
Policy Changes - Comp			
5. Average Final Compensation Adjust	6	0	6
6. 3% Salary Cut for State Employees	-1,077	-6	-1,083
7. Suspend Plan 1 Uniform COLA	-609	-3	-612
8. Retire-Rehire Changes (State)	-3	0	-3
Policy -- Comp Total	-1,683	-9	-1,692
Total 2011-13 Biennium	21,713	105,388	127,101
Fiscal Year 2012 Total	10,852	52,549	63,401
Fiscal Year 2013 Total	10,861	52,839	63,700

Comments:

- Eliminate Service Center Funding** - General Fund-State funding for the Deaf-Blind Service Center is eliminated. Funding will be provided from the Telecommunications Devices for the Hearing and Speech Impaired Account and administered by the Office of Deaf and Hard of Hearing. (Telecommunications Devices for the Hearing and Speech Impaired Account-State)
- Reduce Basic Support Grant** - Across-the-board reductions are made to the Division of Vocational Rehabilitation. The General Fund-State reduction will decrease expenditures used to generate federal match dollars for the Basic Support Grant. These reductions will not jeopardize federal maintenance of effort requirements. (General Fund-State, General Fund-Federal)
- Leverage Fed Funds Basic Support** - The Basic Support Grant used to provide employment services to persons with disabilities is matched by the federal government at an 80 percent match rate. Telecommunication and hearing device funds will be used to leverage federal funding and to allow the Basic Support program to grow slightly above maintenance of effort levels. An investment of \$300,000 of the Telecommunications Devices for the Hearing and Speech Impaired Account funds is used to leverage \$1,500,000 in federal funds for the Basic Support Grant. (General Fund-State, Telecommunications Devices for the Hearing and Speech Impaired Account-State, General Fund-Federal)
- Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
- Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011 1st sp.s. (HB 2070 - average final compensation for state and local government employees). (General Fund-State, various other funds)
- 3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington

Department of Social and Health Services Vocational Rehabilitation

State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

7. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
8. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011 1st sp.s. (ESHB 1981 - higher education retirement plan and post-retirement employment). (General Fund-State, various other funds)

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

**Department of Social and Health Services
Special Commitment Center**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	95,878	0	95,878
2011 Supplemental *	1,485	0	1,485
Total 2009-11 Biennium	97,363	0	97,363
2011-13 Maintenance Level	100,234	0	100,234
Policy Changes - Non-Comp			
1. Reduce Administrative Staff	-3,268	0	-3,268
2. Reduce SCC Programs	-1,122	0	-1,122
3. Fund McNeil Island Operations	6,050	0	6,050
4. Reduce SCTF Staffing Ratios	-3,826	0	-3,826
5. Pharmaceutical Savings	-380	0	-380
6. Management Efficiency	-306	0	-306
Policy -- Non-Comp Total	-2,852	0	-2,852
Policy Changes - Comp			
7. Average Final Compensation Adjust	7	0	7
8. 3% Salary Cut for State Employees	-1,276	0	-1,276
9. Suspend Plan 1 Uniform COLA	-721	0	-721
10. Retire-Rehire Changes (State)	-4	0	-4
Policy -- Comp Total	-1,994	0	-1,994
Total 2011-13 Biennium	95,388	0	95,388
Fiscal Year 2012 Total	47,779	0	47,779
Fiscal Year 2013 Total	47,609	0	47,609

Comments:

- 1. Reduce Administrative Staff** - Funding is reduced for administrative staffing positions at the Special Commitment Center (SCC).
- 2. Reduce SCC Programs** - Funding is reduced to reflect a decrease in a number of SCC programs including mailroom services, visitor center hours, recreation programming, clinical internships, and Advanced Registered Nurse Practitioner nursing services.
- 3. Fund McNeil Island Operations** - Funding is provided to SCC for island operations including fire suppression, water treatment, and ferry operations. McNeil Island Correctional Center, which provided some of the island operations, was closed in April 2011.
- 4. Reduce SCTF Staffing Ratios** - Funds are reduced to reflect a modification in the staffing models for the Secure Community Transitional Facilities (SCTFs), pursuant to Chapter 19, Laws of 2011 (SHB 1247). The staffing models for SCTF operated by SCC are specified in statute.
- 5. Pharmaceutical Savings** - Funding is reduced to reflect a 20 percent savings associated with utilization of generic prescriptions and efficiencies in procurement.
- 6. Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
- 7. Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
- 8. 3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less

**Department of Social and Health Services
Special Commitment Center**

than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

9. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
10. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

**Department of Social & Health Services
Special Commitment Center**

WORKLOAD HISTORY
By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	<u>Estimated</u>		
								2011	2012	2013
Special Commitment Center - Main Facility										
Avg Daily Population/Month	189	211	232	251	270	277	280	287	292	298
% Change from prior year		11.6%	10.0%	8.2%	7.6%	2.6%	1.1%	2.5%	1.7%	2.1%
Special Commitment Center - Less Restrictive Alternatives ⁽¹⁾										
Avg Daily Population/Month	10	11	11	12	14	15	16	20	24	28
% Change from prior year		10.0%	0.0%	9.1%	16.7%	7.1%	6.7%	25.0%	20.0%	16.7%

⁽¹⁾ Includes persons in less restrictive alternative placements on McNeil Island and other locations. Beginning in FY 2002, funding for County Commitment program beds was eliminated.

Data Sources :

FY 2004 through FY 2010 from Department of Social and Health Services Executive Management Information System reports.
FY 2011 through FY 2013 data are from legislative fiscal staff.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	62,745	52,124	114,869
2011 Supplemental *	-1,421	323	-1,098
Total 2009-11 Biennium	61,324	52,447	113,771
2011-13 Maintenance Level	60,951	44,766	105,717
Policy Changes - Non-Comp			
1. Eliminate Family Policy Council	-2,800	0	-2,800
2. Eliminate Council for Children	-2,126	-431	-2,557
3. Collective Bargaining Agreement	135	67	202
4. Establish Community Initiative	500	0	500
5. Additional OFA Investigators	0	901	901
6. Medicaid Transfer Cost Allocation	2,907	-2,857	50
7. Reduce Administrative Costs	-2,072	-486	-2,558
8. Health Care Consolidation	-1,368	-740	-2,108
9. Use Performance Audit for DFI	-3,911	3,911	0
10. Community Initiative Funding	1,400	1,400	2,800
11. Management Efficiency	-390	0	-390
Policy -- Non-Comp Total	-7,725	1,765	-5,960
Policy Changes - Comp			
12. Average Final Compensation Adjust	13	2	15
13. 3% Salary Cut for State Employees	-2,296	-440	-2,736
14. Suspend Plan 1 Uniform COLA	-1,278	-246	-1,524
15. Retire-Rehire Changes (State)	-7	-2	-9
Policy -- Comp Total	-3,568	-686	-4,254
Total 2011-13 Biennium	49,658	45,845	95,503
Fiscal Year 2012 Total	25,698	23,791	49,489
Fiscal Year 2013 Total	23,960	22,054	46,014

Comments:

- Eliminate Family Policy Council** - Chapter 32, Laws of 2011, 1st sp.s. (E2SHB 1965), eliminates the Family Policy Council and the Council for Children and Families effective July 1, 2012, and creates a non-governmental public-private initiative aimed at reducing adverse childhood experiences. Funding associated with the two councils is removed from the Department of Social and Health Services (DSHS) budget. (General Fund-State, General Fund-Federal)
- Eliminate Council for Children** - Chapter 32, Laws of 2011, 1st sp.s. (E2SHB 1965), eliminates the Family Policy Council and the Council for Children and Families effective July 1, 2012, and creates a non-governmental public-private initiative aimed at reducing adverse childhood experiences. Funding associated with the two councils is removed from DSHS budget. (General Fund-State, General Fund-Federal)
- Collective Bargaining Agreement** - The Office of Financial Management and Service Employees International Union 775 have agreed to a settlement proposal regarding homecare worker healthcare, training, and certification testing. (General Fund-State, General Fund-Federal)
- Establish Community Initiative** - DSHS shall help to develop a non-governmental public-private initiative that helps address the needs of high-risk children and families. The Department is authorized to develop partnerships and a new model for financing network community capacity building and reducing adverse childhood experiences. One-time state funding is provided to start up the initiative.
- Additional OFA Investigators** - Additional resources are provided to the Office of Fraud and Accountability (OFA) for Temporary Assistance for Needy Families (TANF) and other fraud investigations. (Performance Audit of Government Account-State)
- Medicaid Transfer Cost Allocation** - The transfer of the Medicaid Purchasing Administration (MPA) from DSHS to the Health Care Authority (HCA), pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), changes the base upon which central administrative functions are allocated. Appropriations

Department of Social and Health Services Administration & Supporting Services

are adjusted to reflect the new administrative allocation anticipated once the transfer is complete. (General Fund-State, General-Fund-Federal)

7. **Reduce Administrative Costs** - DSHS will make administrative reductions in operations support and services, planning performance and accountability, research and data analysis, and internal control staff. (General Fund-State, General Fund-Federal)
8. **Health Care Consolidation** - Pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), MPA is transferred out of DSHS and into HCA effective July 1, 2011. (General Fund-State, General Fund-Federal)
9. **Use Performance Audit for DFI** - Funding for the Division of Fraud Investigations (DFI) is transferred on a one-time basis to the Performance Audits of Government Account. The primary work of the division is focused on child support, TANF, and other eligibility and program enforcement work of DSHS. (General Fund-State, Performance Audits of Government Account-State)
10. **Community Initiative Funding** - Funding is provided for the Department to secure private matching funds to allocate to the community networks to provide training and services related to adverse childhood events. (General Fund-State, General Fund-Local)
11. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
12. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, General Fund-Federal)
13. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-

appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, General Fund-State)

14. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, General Fund-Federal)
15. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, General Fund-Federal)

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

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	123,446	56,572	180,018
2011 Supplemental *	2,332	283	2,615
Total 2009-11 Biennium	125,778	56,855	182,633
2011-13 Maintenance Level	135,180	59,024	194,204
Policy Changes - Non-Comp			
1. Medicaid Transfer Cost Allocation	-3,262	3,990	728
2. State Data Center Rate Increase	2,282	0	2,282
3. Temporary Assistance Needy Families	739	0	739
4. Health Care Consolidation	-1,950	-1,297	-3,247
5. Interagency Charges - AG	-3,275	-1,404	-4,679
Policy -- Non-Comp Total	-5,466	1,289	-4,177
Total 2011-13 Biennium	129,714	60,313	190,027
Fiscal Year 2012 Total	66,410	30,380	96,790
Fiscal Year 2013 Total	63,304	29,933	93,237

Comments:

- 1. Medicaid Transfer Cost Allocation** - The transfer of the Medicaid Purchasing Administration (MPA) from the Department of Social and Health Services (DSHS) to the Health Care Authority (HCA), pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), changes the base upon which central administrative functions are allocated. Appropriations are adjusted to reflect the new administrative allocation anticipated once the transfer is complete. (General Fund-State, General Fund-Federal)
- 2. State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency.
- 3. Temporary Assistance Needy Families** - Chapter 42, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5921), allows DSHS to adopt rules setting income limits of up to 300 percent of the federal poverty level for non-parents to receive Temporary Assistance for Needy Families benefits for a dependent child. The current estimates are that this will impact approximately 10,400 clients. These clients will have a hearing right, and there will likely be an impact to the Office of Administrative Hearings (OAH). This item provides funding that can be used to pay for hearing charges from OAH.
- 4. Health Care Consolidation** - Pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), MPA is transferred out of DSHS and into HCA effective July 1, 2011. (General Fund-State, General Fund-Federal)
- 5. Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, General Fund-Federal)

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

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	3,449,576	6,364,476	9,814,052
2011 Supplemental *	-15,070	1,034	-14,036
Total 2009-11 Biennium	3,434,506	6,365,510	9,800,016
2011-13 Maintenance Level	4,847,327	6,334,576	11,181,903
Policy Changes - Non-Comp			
1. Access to Child Dentistry	800	0	800
2. Disproportionate Share Grants	-14,441	-14,441	-28,882
3. Children's Health Program DSH	-1,430	1,430	0
4. Prior Auth - Advanced Imaging	-2,235	-1,893	-4,128
5. Prior Auth - Surgical Procedures	-1,469	-1,628	-3,097
6. Emergency Room Utilization	-32,960	-38,761	-71,721
7. Medication Practice Improvement	-3,060	-1,899	-4,959
8. Cesarean Section Births	-715	-873	-1,588
9. Hospital Inpatient	-83,835	-83,890	-167,725
10. Hospital Outpatient	-26,639	-26,674	-53,313
11. Hospital Safety Net Assessments	-40,000	40,000	0
12. Basic Health Plan Children	3,362	2,899	6,261
13. Partnership Access Line Funding	-570	570	0
14. Reimbursement Methods Waiver	-8,805	-8,805	-17,610
15. RHC Prenatal & Well-Child Visits	2,860	2,860	5,720
16. Drug Utilization Management	-2,611	-2,081	-4,692
17. Drug Co-Pays	-10,324	-10,324	-20,648
18. Wheelchair Selective Contracting	-657	-658	-1,315
19. Federal Cancer & Dialysis Match	-23,908	23,908	0
20. Adult Hearing	-1,444	-1,454	-2,898
21. Adult Vision	-3,123	-3,038	-6,161
22. Adult Therapies	-4,144	-4,052	-8,196
23. Durable Medical Equipment	-2,908	-2,915	-5,823
24. SSI Managed Care	-7,679	-8,524	-16,203
25. Interpreter Services	-2,758	-3,406	-6,164
26. School Based Medical Services	-11,299	12,331	1,032
27. Medicare Part D Copayments	-13,981	-22	-14,003
28. Podiatric Physician Reimbursement	-2,005	-1,983	-3,988
29. Children's Health Program	-1,524	-34	-1,558
30. Adult Dental	-28,631	-28,908	-57,539
31. FQHC Payment Methodology	-42,035	-44,286	-86,321
32. Healthy Options Rates	-27,022	-30,405	-57,427
33. Reduce Maternity Support Program	-12,048	-11,908	-23,956
34. Tobacco Cessation Funding	4,778	-4,778	0
35. Health Info Technology Implement	224	1,928	2,152
36. Program Integrity	-41,631	-37,726	-79,357
37. Medicaid Airlift Svcs Supp Pmt Pgm	0	5,854	5,854
38. Health Care Consolidation	-4,397,314	-6,062,561	-10,459,875
39. Administrative Reduction	-4,673	-8,005	-12,678
40. Customer Services Staffing	960	824	1,784
41. One Health Port	186	459	645
42. Clinical Review Staffing	706	972	1,678
43. Contracts & Audit Staffing	362	380	742
44. Claims Processing Staff	524	986	1,510
45. Cowlitz County Integration	36	34	70
46. Medicaid Fraud Enforcement	-4,400	15,430	11,030
47. Medicaid Demonstration Waiver	351	351	702
48. Management Efficiency	-338	0	-338
49. Children's Toll-Free Hotline	140	140	280
Policy -- Non-Comp Total	-4,847,327	-6,334,576	-11,181,903

Department of Social and Health Services Medical Assistance Payments

(Dollars in Thousands)

	NGF-S	Other	Total
Total 2011-13 Biennium	0	0	0

Comments:

1. **Access to Child Dentistry** - Funding for local outreach, case management, and coordination for the Access to Baby and Child Dentistry (ABCD) program is transferred from the Department of Health to the Medical Assistance Program.
2. **Disproportionate Share Grants** - Funding levels for the Low-Income, Non-Rural Indigent Assistance, and Small Rural Indigent Assistance Disproportionate Share Hospital (DSH) grant programs are each reduced by 40 percent. (General Fund-State, General Fund-Federal)
3. **Children's Health Program DSH** - The Medical Assistance Program will use federally-matched DSH funds to reimburse hospitals for non-emergency inpatient and outpatient care for children who are not eligible for federal Title XIX or Title XXI matching funds due to their citizenship status. (General Fund-State, General Fund-Federal)
4. **Prior Auth - Advanced Imaging** - The Medical Assistance Program will contract for increased medical necessity review of advanced imaging technologies such as computed and positron emission tomography scans, magnetic resonance imaging, and cardio nuclear imaging. This is expected to result in an approximately 20 percent reduction in expenditures on advanced imaging services. (General Fund-State, General Fund-Federal)
5. **Prior Auth - Surgical Procedures** - The Medical Assistance Program will contract for medical necessity review and prior authorization of selected orthopedic, spinal, and nerve surgeries, which is expected to result in an approximately 20 percent reduction in expenditures when fully implemented. (General Fund-State, Hospital Safety Net Assessment Account-State, General Fund-Federal)
6. **Emergency Room Utilization** - Effective July 1, 2011, the Medical Assistance Program will pay for no more than three emergency room visits for non-emergent conditions per enrollee per year. Hospitals may directly bill enrollees for the fourth and subsequent visits for non-emergent conditions and are encouraged to work with enrollees and primary care providers to avoid earlier such visits. (General Fund-State, Hospital Safety Net Assessment Account-State, General Fund-Federal)
7. **Medication Practice Improvement** - The Medical Assistance Program will partner with community mental health centers, other prescribers of adult anti-psychotic medications, and public schools of medicine and pharmacy to improve prescriptive practice and adherence with regard to the safe and effective use of antipsychotic and other medications used in the treatment of serious and persistent mental illness. The effort will include development and delivery of standard protocols and practices regarding best and promising practices; development of metrics and production of peer-comparison feedback reports for prescribers and mental health centers regarding medication adherence, poly-pharmacy, excessive dosing, and off-label use; and establishment of an access line through which community practitioners can obtain second opinion consultations regarding cases flagged for additional utilization review. These efforts, the non-federal share of which will be funded with \$300,000 obtained through settlement of lawsuits involving the drug Seroquel, are expected to result in an approximately 6 percent reduction in state expenditures for adult mental health medications over the course of the 2011-13 biennium. (General Fund-State, General Fund-Private/Local, General Fund-Federal)
8. **Cesarean Section Births** - The Medical Assistance Program will partner with obstetricians, gynecologists, family practitioners, a health sciences university or universities, and other state and private purchasers to develop and deliver a curriculum based on the current literature and best practices regarding induced, cesarean section, and post-cesarean births. This, together with metrics development and practitioner feedback reporting, is expected to result in a 20 percent reduction in the number of publicly-funded births that would otherwise be delivered by cesarean section, lower birth and postpartum costs, and improve birth outcomes. (General Fund-State, Hospital Safety Net Assessment Account-State, General Fund-Federal)
9. **Hospital Inpatient** - Hospital inpatient payment rates, most of which were increased by 13 percent during the 2010 session, are reduced by 8 percent effective July 1, 2011. The rate reduction applies only to non-governmental, non-rural hospitals. This reduction is based upon analysis showing that Medicaid inpatient payment rates for such hospitals are presently an average of 6 percent higher than the federal Medicare program would pay for the same services. (General Fund-State, General Fund-Federal)
10. **Hospital Outpatient** - Hospital outpatient payment rates, most of which were increased by approximately 37 percent in the 2010 session, are reduced by 7 percent effective July 1, 2011. The rate reduction applies only to non-governmental, non-rural hospitals. This reduction is based upon analysis showing that Medicaid outpatient payment rates for such hospitals are presently an average of 5 percent higher than the federal Medicare program would pay for the same services. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Medical Assistance Payments

11. **Hospital Safety Net Assessments** - Revenue to the Hospital Safety Net Assessment Account is forecasted to exceed projected expenditures. The excess fund balance is used to fund hospital services that would otherwise be funded from the state general fund. (General Fund-State, Hospital Safety Net Assessment Account-State)
12. **Basic Health Plan Children** - Beginning March 1, 2011, the Health Care Authority restricted enrollment in the Basic Health Plan (BHP) to persons who qualify for services under the Medicaid waiver for the BHP. Approximately 1,700 children who are not eligible for services under the waiver moved from the BHP to the Apple Health for Kids Program. (General Fund-State, Hospital Safety Net Assessment Account-State, General Fund-Federal)
13. **Partnership Access Line Funding** - The Partnership Access Line (PAL) employs child psychiatrists, child psychologists, and social workers affiliated with Seattle Children's Hospital to deliver telephone consultation services regarding children's mental health drug prescriptions. In order to continue operation of this service, the Medical Assistance Program will enter into an interagency agreement with the Office of the Attorney General for expenditure of \$570,000 of the state's proceeds of the cy pres settlement in State of Washington v. AstraZeneca (Seroquel). (General Fund-State, General Fund-Private/Local)
14. **Reimbursement Methods Waiver** - Pursuant to Chapter 1, Laws of 2011, 1st sp.s. (E2SSB 5596), the Medical Assistance Program will seek a federal Medicaid waiver to implement new reimbursement methods such as bundled, global, and risk-bearing payment arrangements that support health homes and accountable care organizations. (General Fund-State, General Fund-Federal)
15. **RHC Prenatal & Well-Child Visits** - Federally-qualified rural health clinics (RHCs) will be paid their standard cost-related encounter rate for prenatal and well-child services provided to women and children enrolled in the Medicaid and State Children's Health Insurance programs. Additionally, such visits will be considered eligible for the standard encounter rate for purposes of reconciling managed care enhancement payments for 2009 and 2010. (General Fund-State, General Fund-Federal)
16. **Drug Utilization Management** - The Medical Assistance Program will increase efforts to promote more cost-effective drug utilization. Efforts will focus on drugs where there is evidence of over-utilization, off-label use, excessive dosing, duplicative therapy, or opportunities to shift utilization to less expensive, equally effective formulations. (General Fund-State, General Fund-Federal)
17. **Drug Co-Pays** - The Medical Assistance Program will seek a federal Medicaid waiver to allow implementation of enforceable co-payments for prescription drugs in FY 2013 that will promote more cost-effective utilization of prescription drugs. The co-payments are expected to apply to most medical assistance and medically needy enrollees and are expected to include a tiered strategy under which there would be no co-payment for most generic drugs; a \$15 co-payment for preferred brand-name drugs; and 50 percent co-insurance for non-preferred drugs. (General Fund-State, General Fund-Federal)
18. **Wheelchair Selective Contracting** - The Medical Assistance Program is expected to achieve savings by competitively contracting with manufacturers and/or distributors of wheelchairs. The competitive bidding process is expected to be completed no later than July 2012. (General Fund-State, General Fund-Federal)
19. **Federal Cancer & Dialysis Match** - The federal government is expected to approve the state's proposal that cancer and kidney dialysis treatment for persons who do not qualify for full-scope Medicaid coverage because of their immigration status should qualify for federal matching funds under the alien emergency medical provisions of the Medicaid program. (General Fund-State, General Fund-Federal)
20. **Adult Hearing** - The Medical Assistance Program will not pay for adult hearing aids and devices, except for cochlear implants and bone anchored hearing aids, during the 2011-13 biennium. (General Fund-State, General Fund-Federal)
21. **Adult Vision** - The Medical Assistance Program will not pay for eyeglasses for adults. As provided in Chapter 100, Laws of 2011 (SSB 5352), medical assistance recipients will be able to purchase eyeglasses from optical providers at the discounted correctional industries production rate. (General Fund-State, General Fund-Federal)
22. **Adult Therapies** - The Medical Assistance Program will limit coverage of occupational, physical, and communication disorder therapies to 12 visits per year for adults with injuries to the brain, hips, knees, or spine and to 6 visits per year for persons with all other injuries. (General Fund-State, General Fund-Federal)
23. **Durable Medical Equipment** - The Medical Assistance Program will competitively contract with manufacturers and/or distributors of nutritional supplements and incontinence supplies. The competitive contracting process is expected to be completed no later than January 2012. (General Fund-State, General Fund-Federal)
24. **SSI Managed Care** - During FY 2013, the Medical Assistance Program plans to transition all elderly and disabled supplemental security income (SSI) recipients into either fully capitated medical managed care or into primary care medical homes operating on a risk-sharing basis. This is expected to result in reduced expenditures through more cost-effective care management, coordination, and delivery. (General Fund-State, General Fund-Federal)
25. **Interpreter Services** - No later than January 2012, the Medical Assistance Program will develop a new system for delivery of spoken-language interpreter services. Under the new system, the Medical Assistance Program will develop guidelines for the appropriate use of telephonic, video-remote, and in-person

Department of Social and Health Services Medical Assistance Payments

interpreting. The Medical Assistance Program will contract with delivery organizations that employ or contract with language access providers or interpreters. Medical practitioners will use a secure web-based tool to schedule appointments for interpreter services that identifies the most appropriate and cost-effective method of service delivery. (General Fund-State, General Fund-Federal)

26. **School Based Medical Services** - The Medical Assistance Program will initiate a new intergovernmental transfer program under which the state will provide 40 percent and school districts will provide 60 percent of the required non-federal matching funds for therapies and other qualifying medical services provided to Medicaid-eligible children. (General Fund-State, General Fund-Federal)
27. **Medicare Part D Copayments** - Coverage of co-payments for prescription drug purchases made by qualifying dually-eligible Medicare and Medicaid clients in the Medicare Part D program is eliminated. (General Fund-State, Tobacco Prevention and Control Account-State, General Fund-Federal)
28. **Podiatric Physician Reimbursement** - The Medical Assistance Program will reimburse for adult foot care only when it is medically necessary to treat acute conditions or non-acute conditions for at-risk clients. The Program will distribute a list of diagnosis codes that will be eligible for reimbursement. Treatment for other conditions may be reviewed for medical necessity using the Exception to Rule process. (General Fund-State, General Fund-Federal)
29. **Children's Health Program** - Families with incomes above 200 percent of the federal poverty level must pay premiums equal to the average state-only per capita cost of coverage under the Children's Health Program (CHP). CHP provides medical coverage to children who are not eligible for federal Title XIX or Title XXI funding due to citizenship status. (General Fund-State, General Fund-Federal)
30. **Adult Dental** - Funding is reduced for preventive and restorative dental care for adult recipients of state medical assistance. Preventive and restorative dental care will continue to be available for Medicaid recipients who are pregnant, reside in nursing homes or intermediate care facilities, or receive long-term care services under one of the Medicaid home- and community-based services waivers. Only emergency dental care will be covered for other adult medical assistance recipients. (General Fund-State, General Fund-Federal)
31. **FQHC Payment Methodology** - Federal law requires that federally-qualified health centers (FQHCs) and rural health clinics (RHCs) be paid a cost-related per visit rate for services to persons covered by Medicaid and the State Children's Health Insurance Program (SCHIP). In 2009, the Medical Assistance Program replaced the federal Prospective Payment System (PPS) that was based on 2001 costs adjusted by a national measure of medical inflation with an alternative payment methodology (APM) using a higher Washington-specific inflation measure. The Medical Assistance Program will adopt a new payment methodology effective July 1, 2011, that is expected to result in rates that average 10.6 percent less than what would have been paid under the 2009 APM. Under the revised system, rates that were rebased in 2010 will reflect allowable costs during the base year adjusted by the cumulative change in the Medicare Economic Index (MEI) since that year. Rates that were not rebased in 2010 will be the applicable PPS rate inflated by the cumulative change in the Washington-specific inflation measure to 2008, and by the cumulative increase in the MEI from 2008 to 2011 (for calendar year 2011 rates) and from 2008 to 2012 (for 2012 rates). Rates that were not rebased in 2010 will be rebased in 2013 to reflect 2010 allowable costs adjusted by the cumulative change in the MEI from 2010 to 2013. (The Governor vetoed section 213(38) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto [2ESHB 1087], because the proviso incorrectly identified 2007 rather than 2008 as the base year in which alternative inflation measures were to be applied.) (General Fund-State, General Fund-Federal)
32. **Healthy Options Rates** - The Medical Assistance Program is expected to emphasize price in the 2012 competitive procurement for health insurers delivering services under the existing Healthy Options managed care program for non-disabled children and adults. This is expected to result in lower rates than the rates developed under the current system of negotiated rate-setting. (General Fund-State, General Fund-Federal).
33. **Reduce Maternity Support Program** - The Maternity Support Services (MSS) program provides professional observation, assessment, education, intervention, and counseling for pregnant and postpartum women. Funding for this program is reduced by approximately 30 percent. The Medical Assistance Program will prioritize evidence-based practices, and it will continue to target the available funds toward pregnant women with the highest risk of poor birth outcomes. (General Fund-State, General Fund-Federal)
34. **Tobacco Cessation Funding** - Funding for the Medicaid smoking cessation benefit is provided from the state general fund instead of the Tobacco Prevention and Control Account. (General Fund-State, Tobacco Prevention and Control Account-State)
35. **Health Info Technology Implement** - Funding is provided to implement provider incentive payments and other initiatives related to the plan for increased use of electronic billings and medical records in the state Medicaid program. (General Fund-State, General Fund-Federal)
36. **Program Integrity** - The Medical Assistance Program has contracted with a private firm on a contingency basis to identify additional recipients who may have private or other public insurance coverage that can pay for their medical care. This is expected to result in an approximately 10 percent increase in the number of recipients for whom such coverage is identified, for a net state savings of approximately \$24 million. Funding is also provided for additional audit and benefit coordination staff

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who will support the medical assistance program's efforts to recover and avoid approximately \$14 million of state medical expenditures. Because legislation establishing the new dedicated account that was to pay for these activities was not enacted, this appropriation lapsed, and the activities will be initiated with state general funds pending further action during the next legislative session. (General Fund-State, Medicaid Fraud Penalty Account-State, General Fund-Federal)

37. **Medicaid Airlift Svcs Supp Pmt Pgm** - Funding for medical airlift services is increased by using local funds to collect federal Medicaid match. (General Fund-Federal, General Fund-Private/Local)
38. **Health Care Consolidation** - Pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), the Medical Assistance Program is transferred from DSHS to the Health Care Authority effective July 1, 2011. (General Fund-State, General Fund-Private/Local, Emergency Medical Services and Trauma Care Systems Trust Account-State, Hospital Safety Net Assessment Account-State, General Fund-Federal)
39. **Administrative Reduction** - The Medical Assistance Program operated at approximately 4 percent below the level budgeted for FY 2011 as a result of hiring freezes and other cost reduction efforts. Staff and funding are adjusted to reflect continued operation at this reduced level. (General Fund-State, General Fund-Federal)
40. **Customer Services Staffing** - Funding is provided to fill 13 call center staff positions that have been vacant due to the state hiring freeze. This is expected to increase the rate of calls answered from 20 to 45 percent. This is also expected to decrease the response time to non-phone inquiries from 20 days to 10 days for clients and from 90 days to 20 days for providers. (General Fund-State, General Fund-Federal)
41. **One Health Port** - Funding is provided for information system modifications that will enable medical providers to access the ProviderOne payment system through OneHealthPort, which is a secure web portal that allows providers to use a single digital credential and password to access other major health insurance sites. ProviderOne access through this site is expected to increase the number of providers who can bill electronically rather than through paper claims. (General Fund-State, General Fund-Federal)
42. **Clinical Review Staffing** - Funding is provided to fill seven medical staff positions that have been vacant due to the state hiring freeze. This is expected to support timely reviews and action on provider requests to dispense medications or receive prior authorization when it is required. (General Fund-State, General Fund-Federal)
43. **Contracts & Audit Staffing** - Funding is provided to fill four contract monitoring and audit positions that have been vacant due to the state hiring freeze. (General Fund-State, General Fund-Federal)
44. **Claims Processing Staff** - Funding is provided to fill 11 claims payment positions that have been vacant due to the state hiring freeze. Filling these positions is expected to enable the Medical Assistance Program to keep the backlog of unprocessed provider billings under 100,000. (General Fund-State, General Fund-Federal)
45. **Cowlitz County Integration** - Funding is provided for the Medical Assistance Program to provide administrative assistance and data analysis to facilitate and support integrated delivery of medical and behavioral health services in Cowlitz County. (General Fund-State, General Fund-Federal)
46. **Medicaid Fraud Enforcement** - Funds were provided for implementation of ESSB 5960 (Medicaid Fraud), which would have established new tools for detecting and prosecuting Medicaid fraud and new penalties for engaging in it. Because the legislation was not enacted, this appropriation lapsed, and the new dedicated account that was to pay for current and increased fraud detection and enforcement activities was not established. The previous level of fraud detection and enforcement activity will continue with state general funds pending further action during the next legislative session. (General Fund-State, Medicaid Fraud Penalty Account-State, General Fund-Federal)
47. **Medicaid Demonstration Waiver** - Under Chapter 1, Laws of 2011, 1st sp.s. (E2SSB 5596), the Medical Assistance Program will develop and obtain federal approval for a demonstration project that will allow the state greater flexibility in management of its Medicaid program. The project will include flexibility to provide a modified benefit package modeled on the essential benefits package proposed for national health reform; to differentiate benefits based on enrollee age, disability, and medical condition; to implement reasonable and enforceable cost-sharing; to streamline eligibility determination; and to adopt new payment mechanisms. Funding is provided for staff and contractors to develop alternative program approaches; to advise policy-makers on fiscal, enrollee, and delivery system impacts; and to work with federal officials to secure project approval by FY 2013. (General Fund-State, General Fund-Federal)
48. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
49. **Children's Toll-Free Hotline** - Funds are provided to continue operation by a nonprofit organization of a toll-free phone line that helps families learn about and enroll in Apple Health for Kids, which provides publicly-funded medical and dental care for families with incomes below 300 percent of the federal poverty level. (General Fund-State, General Fund-Federal)

Agency 300
Program 080

Department of Social and Health Services
Medical Assistance Payments

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

Department of Social & Health Services
Medical Assistance Payments

WORKLOAD HISTORY
By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	Estimated		
								2011	2012	2013
Categorically Needy	815,257	810,363	840,971	854,989	878,543	936,848	1,019,542	1,080,894	1,137,012	1,179,140
AFDC/TANF	283,973	293,185	283,290	267,472	251,978	264,433	290,883	307,027	324,886	337,074
Elderly	54,573	55,544	56,467	57,041	57,640	58,594	61,100	62,294	64,066	65,850
Disabled	123,248	126,868	129,667	132,375	135,946	140,820	148,304	154,466	159,313	163,188
Non-AFDC Children	319,772	298,548	329,580	344,238	363,347	397,238	443,173	478,272	507,839	529,517
Non-AFDC Pregnant Women	26,366	27,121	27,589	28,480	29,143	29,660	29,722	30,285	30,490	31,456
Undocumented Children	0	0	2,528	10,127	23,567	27,558	26,207	25,678	25,071	24,981
Medicare Beneficiaries	7,066	8,563	10,689	13,781	15,201	16,568	17,761	20,061	22,183	23,581
Breast & Cervical Cancer	0	56	375	495	565	655	811	1,024	1,193	1,326
Medicaid Buy-In	261	479	787	981	1,157	1,321	1,580	1,787	1,971	2,167
Medically Needy	16,972	17,849	16,536	13,594	13,568	18,007	17,664	12,466	12,352	12,316
Elderly	6,510	6,592	6,150	5,233	5,159	10,085	10,332	4,904	4,855	4,819
Disabled	10,462	11,257	10,385	8,361	8,409	7,923	7,332	7,562	7,497	7,497
Children's Health Insurance Program	9,516	13,303	11,786	11,409	11,974	14,467	19,275	23,836	26,374	28,641
Lifeline Cases (formerly General Assistance/ADATSA)										
# Persons/Month	11,651	14,109	15,982	17,137	17,907	19,902	21,127	22,026	22,062	23,268
State Medically Indigent										
# Persons/Month	0	0	0	0	0	0	0	0	0	0
Refugees										
# Persons/Month	684	685	754	738	674	757	923	861	914	960
Total Eligibles per Month	854,080	856,310	886,028	897,867	922,666	989,982	1,078,531	1,140,083	1,198,715	1,244,324
% Change from prior year		0.3%	3.5%	1.3%	2.8%	7.3%	8.9%	5.7%	5.1%	3.8%

Data Sources :

Caseload Forecast Council and legislative fiscal committees.

Other Human Services

Department of Corrections

A total of \$1.7 billion is provided for the Department of Corrections (DOC) to incarcerate an average of 18,000 inmates per month and to supervise an average of 15,225 offenders in the community per month for the 2011-13 biennium. This represents a decrease of \$73.4 million (4.3 percent) in corrections spending from the 2009-11 biennium and savings of \$137.3 million (7.6 percent) from the 2011-13 maintenance level.

The budget provides \$6 million for prison safety enhancements, including: a study to standardize a body alarm or proximity card system statewide; pilot projects for a body alarm system and a proximity card system; upgrades to the radio system to add panic buttons; expanded use of pepper spray; development and implementation of training for supervisors on enhanced security awareness; additional staff counselor positions; and the addition of custody staff at the Monroe Correctional Complex and the Washington State Penitentiary who are responsible for monitoring the whereabouts of all prison employees.

Funding is reduced by \$53.6 million General Fund-State to reflect savings from continuing reductions begun in fiscal year 2011 as a result of the Governor's across-the-board reductions and enactment of Chapter 1, Laws of 2010, 2nd sp.s. (HB 3225). These continued savings include: eliminating staff positions (\$18.6 million); reducing administrative costs (\$2.8 million); changing agency staffing structure (\$7.2 million); holding positions vacant (\$7.9 million); reducing Drug Offender Sentencing Alternative bed utilization (\$3.4 million); and achieving additional program savings (\$7.8 million).

Funding is reduced to reflect net savings of \$18.3 million General Fund-State in the 2011-13 biennium from the closure of the McNeil Island Corrections Center (MICC) on April 1, 2011, consistent with the policy included in HB 3225. The savings from the closure of MICC are partially offset by the opening of a unit at the Larch Correctional Center in Yacolt.

The budget assumes savings of \$9.4 million General Fund-State due to changes in community supervision consistent with the following policy changes included in Chapter 40, Laws of 2011, 1st sp.s. (ESSB 5891):

- Elimination of supervision for certain offenders from jail, saving \$1.9 million. Excluded from this group are sex offenders, offenders in treatment programs, offenders with a high-risk profile, and certain offenders with a conviction of a domestic violence offense.
- Elimination of "tolling" or pausing the term of community custody while an offender is confined for violating a sentencing condition, saving \$5.2 million. The length of an offender's supervision will run continuously regardless of whether an offender is incarcerated for violating the terms of their supervision. The practice of tolling will continue for sex offenders.
- Reduction in the length of community supervision for offenders on the First Time Offender Waiver program from 24 and 12 months to 12 and 6 months, saving \$2.3 million.

The budget assumes savings of \$15.5 million General Fund-State related to costs for housing community supervision violators. DOC will negotiate lower contract amounts for housing offenders in local and tribal government jails. The rate must not exceed \$85 per day per offender, saving \$7 million. In addition, the budget assumes a lower demand for violator beds attributable to the reduction in the number of offenders on supervision and the elimination of tolling, saving \$8.5 million.

Funding is reduced by \$4.0 million General Fund-State to reflect savings from early deportation of certain non-citizen drug and property offenders, consistent with Chapter 206, Laws of 2011, Partial Veto (ESHB 1547). The

reduction assumes that qualifying non-citizen offenders are deported and that qualifying newly-sentenced non-citizen offenders are processed for deportation upon arrival to the state prison system.

Criminal Justice Training Commission

The budget provides \$30.3 million from General Fund-State to the Criminal Justice Training Commission (CJTC) for training and certification of local law enforcement and corrections officers and pass-through funds to the Washington Association of Sheriffs and Police Chiefs (WASPC). This funding level is an 11.1 percent reduction from General Fund-State expenditures in the 2009-11 biennium.

Major items include:

- Funding is reduced by \$1.3 million to reflect a 25 percent partial reimbursement of the basic law enforcement academy costs by law enforcement agencies that send cadets for training. The budget assumes total funding of \$5.2 million for eight basic law enforcement academies in fiscal year 2011 and nine academies in fiscal year 2012.
- Funding is reduced by \$2.5 million for pass-through programs administered by WASPC. The reduction is partially backfilled with \$1.7 million in funding from the Washington Auto Theft Prevention Account, for a net reduction of \$803,000.
- \$2.0 million is provided for grants to counties historically underserved by federally-funded narcotics task forces.

Department of Health

The Department of Health (DOH) has a total budget of \$1.1 billion to provide educational and health care services, administer a variety of health care licensure programs, regulate drinking water and commercial shellfish production, respond to infectious disease outbreaks, support local public health jurisdictions, and operate the state's public health laboratory.

In 2007, the Legislature increased funding to local public health jurisdictions by \$20 million based on the recommendation of the Blue Ribbon Commission on Health Care. The funding was accompanied by a mandate to define core public health functions and for local public health jurisdictions to report on outcomes. This program is reduced by \$10 million in the 2011-13 biennium. Local public health jurisdictions will receive a total of \$73.2 million in discretionary funding from DOH for the 2011-13 biennium.

DOH provides family planning funding to a network of local providers throughout the state. These funds can be used for a variety of family planning activities and serve clients who earn 250 percent or less of the federal poverty level. Funding for these grants is reduced by 11.25 percent (\$2.3 million Near General Fund-State).

Employment Security Department

The Employment Security Department has a total budget of \$715 million to administer Washington's unemployment insurance system, operate the WorkSource system, operate the Washington Service Corps program, and conduct labor market and economic analysis.

Savings of \$33.2 million in state general fund are achieved by delaying the implementation of the Family Leave Insurance Program by three years until October 2015, pursuant to Chapter 25, Laws of 2011, 1st sp.s. (ESSB 5091).

A total of \$35.6 million in federal funds is provided for implementing the second phase of the new unemployment insurance tax information computer system, which will replace the current system that was originally implemented in 1984.

Labor and Industries

The Department of Labor and Industries has a total budget of \$638 million to administer Washington's workers' compensation system, manage the occupational health and safety program, operate the crime victims' compensation program, and license and enforce safe building practices.

Savings of \$1.6 million in state general fund are achieved by eliminating payment awards provided as permanent partial disability benefits and benefits for home and vehicle modifications given to victims of criminal acts pursuant to Chapter 346, Laws of 2011, Partial Veto (SSB 5691).

A total of \$26.9 million in state industrial insurance funds are provided for implementing changes to the workers' compensation program pursuant to Chapter 37, Laws of 2011, 1st sp.s. (EHB 2123). The legislation makes a number of changes including authorizing claim resolution structured settlement agreements for workers age 55 or older with a phase-in to younger workers over time. Savings of \$600 million in industrial insurance trust funds are assumed as well as \$6 million in state general fund from reduced workers compensation charges to the state.

Department of Veterans' Affairs

A total of \$114.8 million total funds is provided for veterans' services for soldiers and their families. The appropriated amount reflects a General Fund-State reduction of \$245,000 to headquarters administration and a General Fund-State increase of \$85,000 for updating information technology systems. The budget assumes an additional \$660,000 in revenue generated by the implementation of Chapter 352, Laws of 2011 (SB 5806 - Veteran Lottery Raffle). Proceeds from a newly-created annual raffle will be used to provide support, including emergency financial assistance, for returning combat veterans through the Veterans' Innovation Program.

Washington State Health Care Authority

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	337,345	277,403	614,748
2011 Supplemental *	-20,338	3,248	-17,090
Total 2009-11 Biennium	317,007	280,651	597,658
<hr/>			
2011-13 Maintenance Level	266,819	389,174	655,993
Policy Changes - Non-Comp			
1. Moore, et al. v. HCA	886	0	886
2. Washington Health Program	0	49,501	49,501
3. Health Care Consolidation	4,395,444	5,977,448	10,372,892
4. Dental Residency	-630	0	-630
5. Comm Health Collaborative Grants	-500	0	-500
6. Health Literacy	-420	0	-420
7. Reduce Health Clinic Grant Program	-24,000	0	-24,000
8. Basic Health Plan	-128,467	-73,955	-202,422
9. Medicaid Transfer Cost Allocation	-1,946	1,946	0
10. Health Care Consolidation Executive	-1,028	-942	-1,970
11. State Data Center Rate Increase	20	22	42
12. Health Benefits Exchange Grants	0	23,700	23,700
13. Basic Health Stabilization	-44,000	44,000	0
14. Basic Health Admin Adjustment	-1,135	-601	-1,736
15. Interagency Charges - AG	-14	-20	-34
16. School Employees' Benefits Proposal	1,200	0	1,200
17. Management Efficiency	-98	0	-98
18. TRS I Retirement Subsidies	0	178	178
19. Governor Veto	0	-17,039	-17,039
Policy -- Non-Comp Total	4,195,312	6,004,238	10,199,550
Policy Changes - Comp			
20. Average Final Compensation Adjust	10	18	28
21. 3% Salary Cut for State Employees	-1,839	-3,382	-5,221
22. Suspend Plan 1 Uniform COLA	-1,037	-1,891	-2,928
23. Retire-Rehire Changes (State)	-6	-9	-15
Policy -- Comp Total	-2,872	-5,264	-8,136
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Total 2011-13 Biennium	4,459,259	6,388,148	10,847,407
Fiscal Year 2012 Total	2,195,580	3,138,097	5,333,677
Fiscal Year 2013 Total	2,263,679	3,250,051	5,513,730

Comments:

1. **Moore, et al. v. HCA** - Funding is provided for the first fiscal year of the 2011-13 biennium to fund continuing legal services related to Moore, et al. v. Health Care Authority (HCA), a class action seeking damages related to health care benefits for part-time employees in many state agencies and institutions. (General Fund-State)
2. **Washington Health Program** - Additional expenditure authority is provided to recognize increasing enrollment in the Washington Health Program, a non-subsidized insurance option that allows clients to pay the full premium and administrative cost for a medical benefit package that includes higher deductibles and copayments and lower annual benefit limits than the subsidized Basic Health Plan. (Basic Health Plan Subscription Account-Non-Appropriated)
3. **Health Care Consolidation** - Pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), administration of the Medical Assistance Program is transferred from the Department of Social and Health Services (DSHS) to the HCA effective July 1, 2011. (General Fund-State, General Fund-Private/Local, Emergency Medical Services and Trauma Care Systems Trust Account-State, Hospital Safety Net Assessment Account-State, General Fund-Federal)
4. **Dental Residency** - State dental residency grants are suspended for the 2011-13 biennium. The grants have enabled community clinics in five counties to employ recent dental graduates in the provision of dental care for low-income and uninsured persons.
5. **Comm Health Collaborative Grants** - State grants for Community Health Care Collaborative (CHCC) programs are

Washington State Health Care Authority

- suspended for the 2011-13 biennium. These grants provided funding to 14 CHCC programs providing services in 28 counties. The CHCC programs helped community groups develop local partnerships and strategies for providing medical and dental care for low-income uninsured or underinsured persons.
6. **Health Literacy** - Funding is adjusted to reflect completion of a project undertaken during the 2009-11 biennium to increase health awareness among low-income populations.
 7. **Reduce Health Clinic Grant Program** - State grants to community health clinics are suspended for the biennium. The grants have helped clinics provide primary care to uninsured persons on a sliding-fee basis.
 8. **Basic Health Plan** - New admissions to the state-subsidized Basic Health Plan (BHP) will continue to be frozen throughout the 2011-13 biennium. An average of approximately 37,000 persons per month are expected to be covered by the program during FY 2012 and an average of 33,000 per month during FY 2013. (General Fund-State, Basic Health Plan Trust Account-Non-Appropriated, General Fund-Federal)
 9. **Medicaid Transfer Cost Allocation** - The transfer of the Medical Assistance Program from DSHS to HCA, pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), changes the base upon which central administrative functions are allocated. Appropriations are adjusted to reflect the new administrative allocation anticipated once the transfer is complete. (General Fund-State, State Health Care Authority Administrative Account, General Fund-Federal)
 10. **Health Care Consolidation Executive** - The consolidation of the Medical Assistance Program and HCA, pursuant to Chapter 15, Laws of 2011, 1st sp.s. (2E2SHB 1738), reduces the number of senior management positions. (General Fund-State, General Fund-Federal)
 11. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
 12. **Health Benefits Exchange Grants** - Chapter 317, Laws of 2011 (SSB 5445), directs the state to operate a health benefit exchange by January 1, 2014, pursuant to the federal Patient Protection and Affordable Care Act. The Authority expects to receive federal grant funding for planning and implementing the exchange. (General Fund-Federal)
 13. **Basic Health Stabilization** - Funds are transferred from the Tobacco Settlement Account into the Basic Health Stabilization Account in order to support continued operation of the BHP. (General Fund-State, Basic Health Plan Stabilization Account-State)
 14. **Basic Health Admin Adjustment** - Staff and funding for administration of the BHP are reduced to reflect the reduced workload associated with decreased enrollment levels. (General Fund-State, General Fund-Federal)
 15. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, State Health Care Authority Administration Account-State, General Fund-Federal)
 16. **School Employees' Benefits Proposal** - Funding is provided for HCA to develop a plan to implement a consolidated health benefits system for school district and educational service district employees for the 2013-14 school year. The plan shall be reported to the Governor and the fiscal committees of the Legislature by December 15, 2011. Along with the plan, the report shall include information and recommendations on subjects including the costs and benefits of the current system of providing school district and educational service district employee health benefits, options for voluntary or mandatory statewide participation, and methods to reduce inequities between individual and family coverage for participants.
 17. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as layering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 18. **TRS 1 Retirement Subsidies** - Funding is provided for the cost of administering a \$250 per month subsidy payment program for certain newly-retired members of the Teachers' Retirement System Plan 1 (TRS 1), pursuant to SSB 5846 (Retired Public Employees). (Health Care Authority Administrative Account-State)
 19. **Governor Veto** - The Governor vetoed the Medicaid Fraud Penalty Account-State appropriation in Section 213 of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), because the Legislature did not enact legislation establishing the account.
 20. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for

Washington State Health Care Authority

State and Local Government Employees). (General Fund-State, various other funds)

21. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
22. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
23. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Washington State Health Care Authority

WORKLOAD HISTORY

By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	Estimated		
								2011	2012	2013
Basic Health Plan										
Subsidized Enrollees	103,452	99,807	100,444	102,118	104,792	103,590	76,079	52,520	37,276	33,041
% Change from prior year		-3.5%	0.6%	1.7%	2.6%	-1.1%	-26.6%	-31.0%	-29.0%	-11.4%

These numbers do not include home care workers receiving state-subsidized coverage through the Basic Health Plan as this group has dropped almost to zero nearing the end of the 2005-07 biennium. This drop is due to the availability of other coverage options. For historical purposes, the home care workers continue to be included in past fiscal year totals.

Data Sources :

FY 2004 through FY 2010 from the Health Care Authority.

FY 2011 through FY 2013 are actuals and estimates from legislative fiscal staff.

Human Rights Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	5,149	1,584	6,733
2011 Supplemental *	-158	0	-158
Total 2009-11 Biennium	4,991	1,584	6,575
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2011-13 Maintenance Level	5,133	1,994	7,127
Policy Changes - Non-Comp			
1. Reduce Administrative Costs	-226	0	-226
2. Reduce Admin Hearings Services	-70	0	-70
3. Close Seattle Office	-182	0	-182
4. Travel Reductions	-34	0	-34
5. State Data Center Rate Increase	13	0	13
6. Interagency Charges - AG	-37	0	-37
Policy -- Non-Comp Total	-536	0	-536
Policy Changes - Comp			
7. 3% Salary Cut for State Employees	-74	-58	-132
8. Suspend Plan 1 Uniform COLA	-41	-33	-74
Policy -- Comp Total	-115	-91	-206
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Total 2011-13 Biennium	4,482	1,903	6,385
Fiscal Year 2012 Total	2,240	971	3,211
Fiscal Year 2013 Total	2,242	932	3,174

Comments:

1. **Reduce Administrative Costs** - The Human Rights Commission (HRC) will achieve savings through staff reductions and by identifying administrative efficiencies.
2. **Reduce Admin Hearings Services** - HRC will achieve savings through its continued effort to reduce the number of cases that proceed to litigation.
3. **Close Seattle Office** - HRC's Seattle branch was closed on June 30, 2010. This item represents savings from the excess in funds allocated for the office lease and the associated service contracts.
4. **Travel Reductions** - HRC will continue to achieve savings by reducing travel expenses and relying on telephone and web video conferencing.
5. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
6. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
7. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
8. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Board of Industrial Insurance Appeals

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	36,298	36,298
2011-13 Maintenance Level	0	37,803	37,803
Policy Changes - Non-Comp			
1. Agency Back Office Efficiencies	0	-477	-477
2. Reduce Caseload & Cost Assumptions	0	-810	-810
3. State Data Center Rate Increase	0	32	32
4. Interagency Charges - AG	0	-8	-8
5. WISHA Violation Abatement	0	72	72
6. COHE	0	32	32
7. Workers' Compensation	0	3,786	3,786
Policy -- Non-Comp Total	0	2,627	2,627
Policy Changes - Comp			
8. Average Final Compensation Adjust	0	4	4
9. 3% Salary Cut for State Employees	0	-672	-672
10. Suspend Plan 1 Uniform COLA	0	-380	-380
11. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	0	-1,050	-1,050
Total 2011-13 Biennium	0	39,380	39,380
Fiscal Year 2012 Total	0	19,528	19,528
Fiscal Year 2013 Total	0	19,852	19,852

Comments:

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| <p>1. Agency Back Office Efficiencies - Ongoing expenses related to three administrative and financial positions are eliminated. (Accident Account-State, Medical Aid Account-State)</p> <p>2. Reduce Caseload & Cost Assumptions - The Board of Industrial Insurance Appeals tracks the number of appeals it hears and the cost per appeal. Based on recent experience, ongoing expenditure authority is reduced to better match current workload. (Accident Account-State, Medical Aid Account-State)</p> <p>3. State Data Center Rate Increase - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (Accident Account-State, Medical Aid Account-State)</p> <p>4. Interagency Charges - AG - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (Accident Account-State, Medical Aid Account-State)</p> <p>5. WISHA Violation Abatement - Funding is provided to implement Chapter 91, Laws of 2011 (ESSB 5068). The bill requires the Board of Industrial Insurance Appeals to adopt rules necessary for conducting an expedited review on the stay</p> | <p>of abatement request and issue a final decision within 45 working days of the notice of filing of appeal. (Accident Account-State, Medical Aid Account-State)</p> <p>6. COHE - Centers of Occupational Health and Education (COHES) work with medical providers, employers, and injured workers in community-based programs. Funding is provided for potential increases in appeals, pursuant to Chapter 6, Laws of 2011 (SSB 5801). (Accident Account-State, Medical Aid Account-State)</p> <p>7. Workers' Compensation - Funding is provided to implement Chapter 37, Laws of 2011, 1st sp.s. (EHB 2123), which requires creation of a wage subsidy program for injured workers doing light duty or transitional work, a claim resolution structured settlement agreement program, and a safety and health investments project program. The legislation also makes changes to permanent total and partial disability awards, suspends cost-of-living adjustments, creates an Industrial Insurance Rainy Day Fund, and provides for a performance audit of the workers' compensation claims management system and a study of occupational disease claims. (Accident Account-State, Medical Aid Account-State)</p> <p>8. Average Final Compensation Adjust - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary</p> |
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Board of Industrial Insurance Appeals

reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)

9. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
10. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
11. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Washington State Criminal Justice Training Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	35,116	7,898	43,014
2011 Supplemental *	-1,122	663	-459
Total 2009-11 Biennium	33,994	8,561	42,555
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2011-13 Maintenance Level	34,086	16,040	50,126
Policy Changes - Non-Comp			
1. Administration Activity Reductions	-420	60	-360
2. Basic Law Enforcement Academy	-320	0	-320
3. Corrections Training Activity	-300	0	-300
4. Crisis Intervention Training	0	681	681
5. Development, Training and Standards	-762	312	-450
6. Driving Simulator	0	246	246
7. State Data Center Rate Increase	29	0	29
8. Reimbursement for Ammunition Costs	-321	321	0
9. Partial Reimbursement for BLEA	-1,296	1,296	0
10. Auto Theft Prevention Account	0	-7,944	-7,944
11. WASPC Activity	-2,500	1,697	-803
12. Prosecuting Attorney Training	-46	0	-46
13. Rural Drug Task Forces	2,000	0	2,000
14. School Safety Training	392	0	392
15. Interagency Charges - AG	-21	0	-21
16. School Mapping	0	1,000	1,000
Policy -- Non-Comp Total	-3,565	-2,331	-5,896
Policy Changes - Comp			
17. 3% Salary Cut for State Employees	-138	0	-138
18. Suspend Plan 1 Uniform COLA	-78	0	-78
Policy -- Comp Total	-216	0	-216
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Total 2011-13 Biennium	30,305	13,709	44,014
Fiscal Year 2012 Total	15,165	6,833	21,998
Fiscal Year 2013 Total	15,140	6,876	22,016

Comments:

1. **Administration Activity Reductions** - Funding is reduced to reflect administrative savings achieved by: combining the duties of the Deputy Director and Certification Manager; reducing the Human Resources Manager from full-time to part-time status; reducing 1.5 FTE fiscal staff by transitioning to Small Agency Client Services; and hiring a new Deputy Director at a lower salary. Also, outside agencies will be charged a rental fee for the use of the Criminal Justice Training Commission's (CJTC's) Burien facility. (General Fund-State, General Fund-Private/Local)
2. **Basic Law Enforcement Academy** - Funding is reduced to reflect efficiencies in the Basic Law Enforcement Academy (BLEA). The contract for the Defensive Tactics instructor will be reduced, and the current agreement for the services of the BLEA commander will end. A state employee will be hired to perform these duties at a reduced cost. Agreements with law enforcement agencies will be ended early in order to return training officers to their agencies and remove them from the BLEA payroll.
3. **Corrections Training Activity** - Funding is reduced to reflect a reduction in the number of corrections training classes offered and the elimination of one training officer position.
4. **Crisis Intervention Training** - Expenditure authority is provided for Crisis Intervention Training. CJTC will be reimbursed by King County for provision of the training. (General Fund-Private/Local)
5. **Development, Training and Standards** - Funding is reduced to reflect reductions for the emergency vehicle operator course; methamphetamine, crisis intervention, and child welfare training programs; and for elimination of a part-time regional training manager position. Pass-through funding is reduced for the defense attorneys, municipal attorneys, Drug Prosecution Assistance Program, Project Safe Neighborhoods, and the Major Crimes Task Force. This item also includes increased local funding obtained by charging local law enforcement agencies for non-mandated post-academy basic training. (General Fund-State, General Fund-Private/Local)

Washington State Criminal Justice Training Commission

6. **Driving Simulator** - Funding was provided for statewide advanced driver training utilizing the driving simulators in the FY 2010 supplemental capital budget. Expenditure authority is provided from private/local funds for the support and operation of the simulator training. (General Fund-Private/Local)
7. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
8. **Reimbursement for Ammunition Costs** - Funding from General Fund-State is reduced and funding from General Fund-Local is increased to reflect cost recovery for ammunition. Agencies will reimburse CJTC for the costs of ammunition, based on the average cost of ammunition per cadet, for cadets they enroll in the BLEA. (General Fund-State, General Fund-Local)
9. **Partial Reimbursement for BLEA** - Funding is reduced to reflect a 25 percent partial reimbursement of the BLEA costs for law enforcement agencies that send cadets for training. (General Fund-Private/Local)
10. **Auto Theft Prevention Account** - Funding of \$5.9 million is provided for the Washington Auto Theft Prevention Authority and auto theft prevention task forces. (Washington Auto Theft Prevention Authority Account-State)
11. **WASPC Activity** - Funding is reduced for programs administered by the Washington Association of Sheriffs and Police Chiefs (WASPC). Programs administered by WASPC include the Uniform Crime Reporting, retention of sex offender records, Missing Persons, Victim Information System, Jail Booking and Reporting System and Statewide Automated Victim Identification System, Sex Offender Address Verification, Offender Watch System, and National Incident Based Reporting. Funding for the Sex Offender Address Verification Program is exempted from the reduction. Funding from the Washington Auto Theft Prevention Authority Account is provided to partially offset the reduction. (General Fund-State, Washington Auto Theft Prevention Authority Account-State)
12. **Prosecuting Attorney Training** - Funding for prosecuting attorney training is reduced by 10 percent.
13. **Rural Drug Task Forces** - Funding is provided for grants to enforce illegal drug laws in counties that have been historically underserved by federally funded state narcotics task forces. WASPC, the Washington Association of Prosecuting Attorneys, and the Washington Association of County Officials shall jointly develop funding allocations for the offices of the county sheriff, county prosecutor, and county clerk.
14. **School Safety Training** - Funding is provided to train school security officers, individuals engaged in school safety, and school administrators. The goal is to assist schools in developing the expertise and capacity to manage safety and security concerns with the support of law enforcement and other public safety officials.
15. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
16. **School Mapping** - Funding is provided from the Washington Auto Theft Prevention Authority Account to maintain the statewide Critical Incident Planning and Mapping System commonly referred to as School Mapping. The operation of the system has been supported by the use of capital funds provided for the construction of the system. Construction is now complete, and the system has ongoing maintenance and operating expenses, including system management, software license maintenance, and managed services, including data hosting. (Washington Auto Theft Prevention Authority Account-State)
17. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
18. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Department of Labor and Industries

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	44,311	581,901	626,212
2011 Supplemental *	-1,216	1,216	0
Total 2009-11 Biennium	43,095	583,117	626,212
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2011-13 Maintenance Level	41,852	575,502	617,354
Policy Changes - Non-Comp			
1. Contractor Program Tech Savings	-108	0	-108
2. State Data Center Rate Increase	12	1,206	1,218
3. Contractor Misclassification	34	0	34
4. Workers Compensation	0	2,562	2,562
5. Crime Victims Compensation	-1,560	0	-1,560
6. For Hire Vehicles and Operators	0	102	102
7. Underground Economy	1,250	2,666	3,916
8. Use Federal Crime Victims' Funds	-2,555	0	-2,555
9. Interagency Charges - AG	-35	-2,657	-2,692
10. Industrial Insurance System	0	8,727	8,727
11. Workers' Compensation	0	26,861	26,861
12. Management Efficiency	-82	0	-82
13. Governor Veto	-34	0	-34
Policy -- Non-Comp Total	-3,078	39,467	36,389
Policy Changes - Comp			
14. Average Final Compensation Adjust	2	53	55
15. 3% Salary Cut for State Employees	-439	-9,385	-9,824
16. Suspend Plan 1 Uniform COLA	-251	-5,313	-5,564
17. Retire-Rehire Changes (State)	-2	-26	-28
Policy -- Comp Total	-690	-14,671	-15,361
<hr/>			
Total 2011-13 Biennium	38,084	600,298	638,382
Fiscal Year 2012 Total	18,571	295,614	314,185
Fiscal Year 2013 Total	19,513	304,684	324,197

Comments:

1. **Contractor Program Tech Savings** - The Department of Labor and Industries' contractor insurance renewal program has implemented technology improvements that will allow ongoing savings, resulting in a 2.5 FTE staff and \$108,000 reduction.
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, Accident Account-State, Medical Aid Account-State, Electrical License Account-State)
3. **Contractor Misclassification** - Expenditure authority is provided for the impacts of 2ESHB 1701 (Contractor Misclassification). Note: This bill did not pass during the 2011 regular session or the first special session of the Legislature.
4. **Workers Compensation** - Expenditure authority is provided for the implementation of Chapter 290, Laws of 2011 (ESHB 1725). The bill allows L&I to send industrial insurance notices and orders electronically, requires the Department to report on changes needed to allow injured workers to receive industrial insurance-related care from direct care providers, and requires the Department to make changes to the retrospective rating premium and claim cost calculation as necessary to account for employer payment for direct care services. (Accident Account-State, Medical Aid Account-State)
5. **Crime Victims Compensation** - Chapter 346, Laws of 2011, Partial Veto (SSB 5691), which simplifies administration of the Crime Victims' Compensation program and eliminates specific benefits, is estimated to save \$1.56 million during the 2011-13 biennium.
6. **For Hire Vehicles and Operators** - Expenditure authority is provided for the impacts of Chapter 190, Laws of 2011 (ESHB 1367). (Accident Account-State, Medical Aid Account-State)

Department of Labor and Industries

7. **Underground Economy** - L&I shall expand the detecting unregistered employers targeting system and support field staff in investigation and enforcement. (General Fund-State, Public Works Administrative Account-State, Medical Aid Account-State, Accident Account-State)
8. **Use Federal Crime Victims' Funds** - The fund source mix for L&I's Crime Victims' Compensation program is adjusted to account for the availability of additional federal funds. Federal matching funds are currently relatively high due to previous higher state expenditures.
9. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, Public Works Account-State, Accident Account-State, Medical Aid Account-State, Plumbing Certificate Account-State, Pressure Systems Safety Account-State)
10. **Industrial Insurance System** - Funding is provided to implement and administer Chapter 6, Laws of 2011 (SSB 5801). The bill requires L&I to establish a health care provider network to treat injured workers. (Medical Aid Account-State)
11. **Workers' Compensation** - Funding is provided to implement Chapter 37, Laws of 2011, 1st sp.s. (EHB 2123), which requires L&I to implement a wage subsidy program for injured workers doing light duty or transitional work, a claim resolution structured settlement agreement program, and a safety and health investments project program. The legislation also makes changes to permanent total and partial disability awards, suspends cost-of-living adjustments, creates an Industrial Insurance Rainy Day Fund, and provides for a performance audit of the workers' compensation claims management system and a study of occupational disease claims. (Accident Account-State, Medical Aid Account-State)
12. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
13. **Governor Veto** - The Governor vetoed Section 217(3) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided expenditure authority for implementation of 2ESHB 1701 (Contractor Misclassification), a bill that was not enacted during the 2011 regular session or first special session of the Legislature.
14. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
15. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
16. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
17. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Department of Veterans' Affairs

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	19,316	93,950	113,266
2011 Supplemental *	-578	578	0
Total 2009-11 Biennium	18,738	94,528	113,266
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2011-13 Maintenance Level	16,814	100,881	117,695
Policy Changes - Non-Comp			
1. Administrative Reductions	-245	0	-245
2. State Data Center Rate Increase	24	13	37
3. Mitigate IT Security Risks	85	0	85
4. Interagency Charges - AG	-6	-8	-14
5. Management Efficiency	-36	0	-36
6. Veterans Raffle Bill	0	660	660
Policy -- Non-Comp Total	-178	665	487
Policy Changes - Comp			
7. Average Final Compensation Adjust	0	10	10
8. 3% Salary Cut for State Employees	-239	-1,523	-1,762
9. Suspend Plan 1 Uniform COLA	-136	-984	-1,120
10. Retire-Rehire Changes (State)	0	-5	-5
Policy -- Comp Total	-375	-2,502	-2,877
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Total 2011-13 Biennium	16,261	99,044	115,305
Fiscal Year 2012 Total	8,531	49,398	57,929
Fiscal Year 2013 Total	7,730	49,646	57,376

Comments:

1. **Administrative Reductions** - The Department of Veterans' Affairs will find efficiencies in headquarters to achieve an administrative reduction.
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Mitigate IT Security Risks** - Expenditure authority is provided for new contractual requirements, the purchase of a new pharmacy accounting system, and to maintain compliance with information system standards. (General Fund-Federal, General Fund-Private/Local)
4. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
5. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
6. **Veterans Raffle Bill** - Chapter 352, Laws of 2011 (SB 5806 - Veteran Lottery Raffle), creates an annual raffle in support of Veterans' programs. The proceeds from the raffle are deposited in the Veterans Innovations Program Account. (Veterans Innovations Program Account-State)
7. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - average final compensation for state and local government employees). (General Fund-State, various other funds)
8. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less

Department of Veterans' Affairs

than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

9. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
10. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011 1st sp.s. (ESHB 1981 - higher education retirement plan and post-retirement employment). (General Fund-State, various other funds)

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

Department of Health

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	180,149	959,671	1,139,820
2011 Supplemental *	-9,308	242	-9,066
Total 2009-11 Biennium	170,841	959,913	1,130,754
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2011-13 Maintenance Level	187,922	970,222	1,158,144
Policy Changes - Non-Comp			
1. Transfer ABCD Dental Coordinators	-800	0	-800
2. Providing Access to Health Care	0	2,061	2,061
3. Maternity Support Services	-600	0	-600
4. Providing Safe Health Care	0	4,784	4,784
5. Support for Safe Drinking Water	-120	1,670	1,550
6. Reduce Environmental Health Service	-2,364	0	-2,364
7. Reduce Maternal & Children's Health	-1,825	0	-1,825
8. Reduce Hlth Facility Quality Assura	-556	0	-556
9. Reduce Public Health Support	-2,542	0	-2,542
10. Reduce/Restructure Administration	-2,253	0	-2,253
11. Family Planning Capacity Grants	-2,250	0	-2,250
12. Tobacco Cessation Program Changes	0	-43,594	-43,594
13. Delay Homecare worker certification	0	-4,370	-4,370
14. State Data Center Rate Increase	256	197	453
15. Non-Infectious Disease Epidemiology	-170	0	-170
16. Massage Practitioner Legislation	0	137	137
17. Blue Ribbon Public Health Funds	-10,000	0	-10,000
18. Developmental Disabilities Council	170	0	170
19. Online HealthCare Provider Licenses	0	1,969	1,969
20. Physician Provider Information	0	336	336
21. Local WIC Funding	-800	0	-800
22. Interagency Charges - AG	-86	-568	-654
23. Midwives/UW Library Access	0	46	46
24. Board of Naturopathy	0	16	16
25. Health Care Assistants	0	21	21
26. Pharmacy Technicians	0	54	54
27. Surgical Facility Licensing	0	595	595
28. Social Workers	0	142	142
29. Physicians & Physician Assistants	0	336	336
30. Reduce Health Screening/Tracking	-221	0	-221
31. Farmers Market Program	-420	0	-420
32. Stormans v. Pharmacy Board	0	628	628
33. Management Efficiency	-836	0	-836
34. Midwife Fees	115	0	115
35. Radioactive Transfer	0	349	349
36. Governor Veto	0	-5,670	-5,670
Policy -- Non-Comp Total	-25,302	-40,861	-66,163
Policy Changes - Comp			
37. Average Final Compensation Adjust	7	28	35
38. 3% Salary Cut for State Employees	-1,332	-5,113	-6,445
39. Suspend Plan 1 Uniform COLA	-744	-2,875	-3,619
40. Retire-Rehire Changes (State)	-4	-12	-16
Policy -- Comp Total	-2,073	-7,972	-10,045
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Total 2011-13 Biennium	160,547	921,389	1,081,936
Fiscal Year 2012 Total	80,370	482,092	562,462
Fiscal Year 2013 Total	80,177	439,297	519,474

Comments:

1. Transfer ABCD Dental Coordinators - Local dental

Department of Health

coordinators associated with the Access to Baby and Child Dentistry (ABCD) program are transferred to the Medicaid Purchasing Administration (MPA).

2. **Providing Access to Health Care** - Increased expenditure authority from the Health Professions Account is provided to accommodate growth in the health professional licensure and credentialing workload. (General Fund-Private/Local, Health Professions Account-State)
3. **Maternity Support Services** - Administrative activities in the Department of Health (DOH) which support the Maternity Support Services program in MPA are eliminated. The oversight activities will be conducted by MPA.
4. **Providing Safe Health Care** - Increased expenditure authority from the Health Professions Account is provided to accommodate growth in the health professional disciplinary workload. (Health Professions Account-State)
5. **Support for Safe Drinking Water** - SHB 1468 (Public Water System Permits) removes operating system permit fees for Group A water systems from statute and provides the Department with authority to set fee levels through rule-making. Appropriations are adjusted based on the Department's anticipated program costs and fee changes. This item was vetoed (please see Governor Veto item below). (General Fund-State, Safe Drinking Water Account-State)
6. **Reduce Environmental Health Service** - Reductions will be made to administrative activities that support local governments in environmental health efforts. Reductions include incentive grants for on-site sewage disposal; outreach and compliance efforts for water systems; and education and prevention activities for zoonotic diseases, water recreation, chemical and pesticide hazards, school environmental health, and food safety.
7. **Reduce Maternal & Children's Health** - Reductions will be made in the Department's maternal and children's health functions, including elimination of staff support for the Community Health Leadership forum and reductions to administrative and technical support.
8. **Reduce Hlth Facility Quality Assura** - Reductions will be made to the health facility quality assurance functions, including eliminating group care facility inspections, increasing fees for in-home care agency inspections to offset state subsidies, maximizing Model Toxics Control Account funding, and reducing staff for temporary housing inspections.
9. **Reduce Public Health Support** - Multiple reductions will be made to the administrative capacity of DOH to support public health efforts. Reductions are made to several activities including: the elimination of the Health Declarations registry; reduced expenditures in the Public Health Laboratory; reduced capacity in monitoring for health care acquired infections, reduced technical support for adverse events tracking, and reduced support to the Poison Control Center.
10. **Reduce/Restructure Administration** - DOH's central agency administrative functions are reduced by 10 percent (\$1.16 million). The Health Services Quality Assurance Division support is reduced (\$855,000). Health Impact Reviews are suspended (\$238,000).
11. **Family Planning Capacity Grants** - State funding for family planning activities is reduced by 11.25 percent.
12. **Tobacco Cessation Program Changes** - Amounts in the Tobacco Prevention and Control Account are not sufficient to continue past levels of programming. Expenditure authority from this account is reduced to reflect that, and tobacco cessation activities within the Department will be reduced. Remaining programs including the Quit-Line and outreach and awareness campaigns will continue to be funded through fees raised from licensing of cigar lounges or tobacconist shops as authorized under ESSB 5542 (Cigar Lounges/Tobacconists). ESSB 5542 did not pass in the 2011 legislative session. (Tobacco Prevention and Control Account-State)
13. **Delay Homecare worker certification** - Mandatory increases and enhancements to training, new certification requirements, and federal fingerprint background checks for long-term care workers are delayed until the 2013-15 biennium. Fundamental training for in-home care will continue at its current levels of about 28 hours - 34 hours depending on the type of worker. Background checks based on a name search will continue to be required. No clients will lose service as a result of this delay. (Health Professions Account-State)
14. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
15. **Non-Infectious Disease Epidemiology** - Funding to track non-infectious diseases is reduced by 11 percent.
16. **Massage Practitioner Legislation** - Appropriation authority in the Health Professions Account is increased for additional workload associated with Chapter 223, Laws of 2011 (SHB 1133 - Massage Practitioner License). (Health Professions Account-State)
17. **Blue Ribbon Public Health Funds** - Public health grants funded in 2008 as a result of the omnibus Blue Ribbon Commission Act are reduced by 50 percent.
18. **Developmental Disabilities Council** - Funding is provided for the Developmental Disabilities Council to contract for a family-to-family mentor program to provide information and support to families and guardians of persons who are transitioning out of residential habilitation centers.
19. **Online HealthCare Provider Licenses** - Additional staff and appropriation authority are provided to implement a system that allows for the direct online submission of new license applications, renewals, address changes, and credit card payments. DOH must submit a detailed investment plan for this project to the Office of Financial Management (OFM). OFM

Department of Health

- must review and approve this plan before funding may be expended. DOH must successfully implement online application and renewal for at least one profession as a pilot project before pursuing additional professions. DOH must report to OFM on the outcome of the pilot project. (Health Professions Account-State)
20. **Physician Provider Information** - Increased appropriation authority is provided for the Medical Commission to collect demographic information at the time of license renewal, including practice location/setting, medical specialty, clinical competency and medical trends, in order to support emergency/health care reform planning and development of rules and policies. (Health Professions Account-State)
 21. **Local WIC Funding** - Funding is reduced for pass through to local Women, Infants, and Children (WIC) providers. The Department will work with local providers to ensure that no federal funds are lost as state general fund is no longer provided and is replaced with state level federal funds.
 22. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, General Fund-Federal, General Fund-Private/Local, Health Professions Account-State)
 23. **Midwives/UW Library Access** - Chapter 35, Laws of 2011 (SSB 5071), requires midwives and marriage and family therapists to pay an additional \$25 per year to access the University of Washington's (UW's) Health Services Library. (Health Professions Account-State)
 24. **Board of Naturopathy** - Funding is provided to implement Chapter 41, Laws of 2011 (HB 1181), which creates the Board of Naturopathy. (Health Professions Account-State)
 25. **Health Care Assistants** - Funding is provided to implement Chapter 70, Laws of 2011 (SHB 1304), which clarifies which drugs may be administered by health care assistants. (Health Professions Account-State)
 26. **Pharmacy Technicians** - Funding is provided for Chapter 71, Laws of 2011 (HB 1353), which requires certified pharmacy technicians to complete continuing education requirements. (Health Professions Account-State)
 27. **Surgical Facility Licensing** - Funding is provided for Chapter 76, Laws of 2011 (SHB 1575), which redefines ambulatory surgical facilities. (Ambulatory Surgical Facility Account-Non-Appropriated)
 28. **Social Workers** - Funding is provided for Chapter 89, Laws of 2011 (ESSB 5020), which requires a social worker to have a degree from an accredited social work program. (Health Professions Account-State)
 29. **Physicians & Physician Assistants** - Funding is provided for Chapter 178, Laws of 2011 (SB 5480), which requires physicians and physician assistants to submit demographic data to the Medical Quality Assurance Commission when renewing their licenses. (Health Professions Account-State)
 30. **Reduce Health Screening/Tracking** - Screening for sexually transmitted diseases is reduced by 5 percent. Data collection and prevention activities related to tracking of hospital data, zoonotic diseases, and food safety are reduced by 5 percent.
 31. **Farmers Market Program** - State funding for the Farmer's Market Nutritional Program is reduced to reflect federal funds now available for this purpose. State funding is provided in both fiscal years to match federal funds.
 32. **Stormans v. Pharmacy Board** - Funding is provided for Attorney General legal services related to Board of Pharmacy rules requiring pharmacies to dispense all lawful medications. (Health Professions Account-State)
 33. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 34. **Midwife Fees** - Funding is provided to offset Department expenditures related to licensing of midwives that is not covered by licensing fees.
 35. **Radioactive Transfer** - Pursuant to E2SSB 5669 (Natural Resource Agencies), the low-level radioactive waste site permitting program is transferred from the Department of Ecology to DOH. The transfer will take place at the beginning of the second fiscal year. Note: This bill did not pass in the 2011 regular session or first special session of the Legislature. (Site Closure Account-State)
 36. **Governor Veto** - The Governor vetoed Section 219(11) and (17) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided expenditure authority for SHB 1468 (Public Water System Permits) and ESSB 5542 (Cigar Lounges/Tobacconists). These two bills were not enacted during the 2011 regular session or first special session of the Legislature.
 37. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 38. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain

Department of Health

employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

39. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
40. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Department of Corrections

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	1,498,532	232,496	1,731,028
2011 Supplemental *	-303	-68	-371
Total 2009-11 Biennium	1,498,229	232,428	1,730,657
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2011-13 Maintenance Level	1,778,944	17,656	1,796,600
Policy Changes - Non-Comp			
1. Cost of Supervision Fee Change	875	-750	125
2. Risk Assessment Tool Changes	817	0	817
3. Early Deportation Alien Offenders	-3,975	-890	-4,865
4. Eliminate Tolling for Offenders	-5,165	-159	-5,324
5. Close McNeil Island Corrections Ctr	-23,162	0	-23,162
6. Reduce Administrative Costs	-2,802	0	-2,802
7. Changes Agency Staffing Structure	-7,125	0	-7,125
8. Hold Positions Vacant	-7,906	0	-7,906
9. Eliminate Staff Positions	-18,668	0	-18,668
10. Eliminate On-the-Job Training	-1,354	0	-1,354
11. Achieve Program Underexpenditures	-7,870	0	-7,870
12. Reduce Offender Programming	-1,397	0	-1,397
13. Reduce Contracted Services	-1,342	0	-1,342
14. Reduce DOSA Bed Utilization	-3,400	0	-3,400
15. Reduce Electronic Home Monitoring	-3,012	0	-3,012
16. Merge Indeterminate Sentencing Rev	3,814	0	3,814
17. ISRB Merger Savings	-937	0	-937
18. Open Larch Corrections Elkhorn Unit	4,859	0	4,859
19. State Data Center Rate Increase	635	0	635
20. Health Care Employee Overtime	204	0	204
21. Expedited Medical Assistance	65	0	65
22. Prison Safety Enhancements	0	6,009	6,009
23. Utilize Auto Theft Prevention Funds	-2,110	2,110	0
24. Interagency Charges - AG	-653	0	-653
25. Reduce Rental Rate for Violators	-7,035	0	-7,035
26. Reduce Supervision for FTOW	-2,305	-81	-2,386
27. OBTS Migration	-1,363	0	-1,363
28. Reduce Supervision of Jail Offender	-1,896	-59	-1,955
29. Housing Voucher Expansion	844	0	844
30. Violator Bed Savings	-8,552	0	-8,552
Policy -- Non-Comp Total	-99,916	6,180	-93,736
Policy Changes - Comp			
31. Average Final Compensation Adjust	159	0	159
32. 3% Salary Cut for State Employees	-27,873	-10	-27,883
33. Suspend Plan 1 Uniform COLA	-15,747	-7	-15,754
34. Retire-Rehire Changes (State)	-79	0	-79
Policy -- Comp Total	-43,540	-17	-43,557
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Total 2011-13 Biennium	1,635,488	23,819	1,659,307
Fiscal Year 2012 Total	839,464	11,918	851,382
Fiscal Year 2013 Total	796,024	11,901	807,925

Comments:

1. **Cost of Supervision Fee Change** - One-time funding is provided for a fund balance shortfall in the Cost of Supervision Account. The Department of Corrections (DOC) will also change the amount of the supervision fee and institute a new fee for interstate offenders supervised in Washington, consistent with Chapter 40, Laws of 2011, 1st sp.s. (ESSB
- 5891). (General Fund-State, Cost of Supervision Account-Non-Appropriated)

2. **Risk Assessment Tool Changes** - Funding is provided for implementation of a secondary risk assessment tool designed specifically for sex offenders.

Department of Corrections

3. **Early Deportation Alien Offenders** - Savings will be achieved by deporting certain non-citizen drug and property offenders. The proposal assumes that qualifying non-citizen offenders are deported and that qualifying newly sentenced non-citizen offenders are processed for deportation upon arrival to the state prison system, consistent with Chapter 206, Laws of 2011, Partial Veto (ESHB 1547). (General Fund-State, General Fund-Federal)
4. **Eliminate Tolling for Offenders** - DOC will eliminate "tolling" or pausing the term of community custody while an offender is confined for violating a sentencing condition, pursuant to ESSB 5891. The length of an offender's community supervision will run continuously regardless of whether an offender is incarcerated at any time during the community supervision sentence. Tolling would continue for sex offenders. (General Fund-State, Cost of Supervision Account-Non-Appropriated)
5. **Close McNeil Island Corrections Ctr** - Funding is reduced to reflect savings from the closure of the McNeil Island Corrections Center on April 1, 2011.
6. **Reduce Administrative Costs** - Funding is reduced to reflect administrative staff reductions in Community Corrections, Health Services, the Office of the Secretary, and the Prisons Division.
7. **Changes Agency Staffing Structure** - Funding is reduced to reflect reductions to recreation staff, recruitment teams, staff counselors, emergency response teams, and captains at stand-alone minimum security facilities.
8. **Hold Positions Vacant** - Funding is reduced to reflect savings from vacancies.
9. **Eliminate Staff Positions** - Funding is reduced to reflect savings from the elimination of positions throughout DOC.
10. **Eliminate On-the-Job Training** - Funding is reduced to reflect savings from the elimination of the on-the-job training program for correctional officers.
11. **Achieve Program Underexpenditures** - Funding is reduced to reflect savings achieved in health care services.
12. **Reduce Offender Programming** - Funding is reduced to reflect savings from reductions to chemical dependency and education contracts.
13. **Reduce Contracted Services** - Funding is reduced to reflect reductions to contracts for consultative and research services, sex offender treatment services, and medical services and procedures.
14. **Reduce DOSA Bed Utilization** - DOC will reduce the number of funded Drug Offender Sentencing Alternative (DOSA) beds from 215 to 140 to reflect lower utilization.
15. **Reduce Electronic Home Monitoring** - Funding is reduced to reflect savings from limiting the use of electronic home monitoring of offenders to sex offenders, Extraordinary Medical Program participants, Family Offender Sentencing Alternative offenders, and similar cases.
16. **Merge Indeterminate Sentencing Rev** - The Indeterminate Sentence Review Board (ISRB) is merged with DOC, consistent with ESSB 5891. The offender release functions of ISRB will continue. Savings are achieved by eliminating duplicate staff positions from both agencies. The independent decision-making authority of ISRB will not change.
17. **ISRB Merger Savings** - DOC will assume the administrative functions of ISRB. Savings are achieved by eliminating staff positions and the associated expenses of being a stand-alone agency.
18. **Open Larch Corrections Elkhorn Unit** - Funding is provided to open the Elkhorn Unit at Larch Corrections Center to increase system capacity needed as a result of closing McNeil Island Corrections Center.
19. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
20. **Health Care Employee Overtime** - Funding is provided to implement Chapter 251, Laws of 2011 (HB 1290), related to elimination of mandatory overtime for health care employees at DOC.
21. **Expedited Medical Assistance** - Funding is provided to implement Chapter 236, Laws of 2011 (SHB 1718), related to providing an expedited medical assistance application process for offenders with developmental disabilities or traumatic brain injuries who are being released from DOC facilities and were previously enrolled in the medical assistance program.
22. **Prison Safety Enhancements** - Funding is provided for the following prison safety enhancements: a study to standardize a body alarm or proximity card system statewide; a pilot program of a body alarm system and a proximity card system; upgrades to the radio system to add panic buttons; expanded use of pepper spray; develop and implement training for supervisors on enhanced security awareness; add staff counselor positions; and add custody staff at the Monroe Correctional Complex and the Washington State Penitentiary that are responsible for ensuring the whereabouts of all prison employees.
23. **Utilize Auto Theft Prevention Funds** - Funding is provided from the Washington Auto Theft Prevention Authority Account to offset incarceration costs in the Department.
24. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

Department of Corrections

25. **Reduce Rental Rate for Violators** - The mandatory workload step assumes that the average in-state daily rental rates for community custody violator beds will be \$83.54 and \$87.75 in FY 2012 and FY 2013, respectively. Savings are assumed from DOC being directed to negotiate rates that do not exceed \$85 per day, plus medical costs.
26. **Reduce Supervision for FTOW** - Funding is reduced to reflect savings from reducing the supervision of offenders on a first-time offender waiver (FTOW) from 24 and 12 months to 12 and 6 months, pursuant to ESSB 5891.
27. **OBTS Migration** - DOC will reduce payments to the Department of Information Services or its successor by \$213,000 in FY 2012 and by \$1,150,000 in FY 2013. The reduction in payment is related to the elimination of the Offender Base Tracking System (OBTS), including moving remaining portions of the OBTS into the Offender Management Network Information system.
28. **Reduce Supervision of Jail Offender** - Funding is reduced to reflect passage of ESSB 5891, which eliminates community supervision of certain misdemeanor offenders. Supervision is maintained for sex offenders and is added for certain offenders with a conviction for a domestic violence offense.
29. **Housing Voucher Expansion** - Funding is provided to expand the use of housing vouchers and enable the Department to release offenders as close to the offenders' earned release date as possible. Funding is provided to increase the number of vouchers from 165 per month to 238.
30. **Violator Bed Savings** - Funding is reduced to reflect savings in the number of community custody violator beds that will be needed due to changes including reducing supervision by the DOC of jail and court offenders and elimination of tolling (or pausing) the term of community custody while an offender is confined for violating a sentencing condition.
31. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
32. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
33. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
34. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Department of Corrections

WORKLOAD HISTORY

By Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	Estimated	
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Community Supervision ^{(1) (2)}										
# Active (Non-Monetary) Offenders	32,685	29,190	26,466	27,057	28,212	28,894	20,155	18,849	16,464	15,987
% Change from prior year		-10.7%	-9.3%	2.2%	4.3%	2.4%	-30.2%	-6.5%	-12.7%	-2.9%
Institutions ⁽³⁾										
Avg Daily Population/Month	16,736	17,388	17,828	18,410	18,388	18,518	18,360	18,232	17,965	18,065
% Change from prior year		3.9%	2.5%	3.3%	-0.1%	0.7%	-0.9%	-0.7%	-1.5%	0.6%
Average Cost Per Inmate ^{(4) (5)}										
Annual	26,736	27,193	29,055	31,071	35,611	36,756	34,615	33,455	33,748	33,668
% Change from prior year		1.7%	6.8%	6.9%	14.6%	3.2%	-5.8%	-3.4%	0.9%	-0.2%

- ⁽¹⁾ Data reflect average monthly caseloads. These data are not comparable with caseloads published in prior editions of the Legislative Budget Notes, which measured end-of-year caseloads.
- ⁽²⁾ Accounting issues at the Department of Corrections may have overcounted active caseloads.
- ⁽³⁾ For FY 2004 through FY 2013, institutional counts include beds rented from other jurisdictions and work release beds.
- ⁽⁴⁾ The FY 2005 average cost per inmate does not include funds paid toward the Stamey and Arrasmith lawsuit settlements.
- ⁽⁵⁾ FY 2005 through FY 2013 average cost per inmate does not include start-up costs for expansion at the Monroe Corrections Center, the Washington State Penitentiary, the Coyote Ridge Correctional Center, the Cedar Creek Correctional Center, the Larch Correctional Center, or the Mission Creek Corrections Center for Women

Data Sources:

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

Department of Services for the Blind

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	4,894	20,011	24,905
2011 Supplemental *	-230	0	-230
Total 2009-11 Biennium	4,664	20,011	24,675
<hr/>			
2011-13 Maintenance Level	5,113	21,385	26,498
Policy Changes - Non-Comp			
1. Deaf-Blind Service Center Contract	-480	0	-480
2. State Data Center Rate Increase	16	2	18
3. Independent Living Overmatch	-26	0	-26
4. Interagency Charges - AG	0	-2	-2
Policy -- Non-Comp Total	-490	0	-490
Policy Changes - Comp			
5. Average Final Compensation Adjust	0	2	2
6. 3% Salary Cut for State Employees	-52	-232	-284
7. Suspend Plan 1 Uniform COLA	-29	-130	-159
Policy -- Comp Total	-81	-360	-441
<hr/>			
Total 2011-13 Biennium	4,542	21,025	25,567
Fiscal Year 2012 Total	2,278	10,619	12,897
Fiscal Year 2013 Total	2,264	10,406	12,670

Comments:

1. **Deaf-Blind Service Center Contract** - During the 2011-13 biennium, the Office of Deaf and Hard of Hearing will continue to manage the contract for the Deaf-Blind Service Center which provides accessibility, security, and independence with daily life activities for deaf-blind individuals in Washington State. The Office of Deaf and Hard of Hearing assumed responsibility for this contract during FY 2011.
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Independent Living Overmatch** - The Department of Services for the Blind will reduce Independent Living Program outreach activities. Funding is used to provide education and outreach about the services provided in the Independent Living Program. No client who is currently receiving services will lose their services in relation to this reduction.
4. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
5. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - average final compensation for state and local government employees). (General Fund-State, various other funds)
6. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
7. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Department of Services for the Blind

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

Employment Security Department

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	7,107	758,635	765,742
2011 Supplemental *	-318	-14,740	-15,058
Total 2009-11 Biennium	6,789	743,895	750,684
<hr/>			
2011-13 Maintenance Level	33,283	688,433	721,716
Policy Changes - Non-Comp			
1. Eliminate Port Jobs Program	-106	0	-106
2. Next Generation Tax System	0	35,584	35,584
3. Washington Service Corp	0	2,084	2,084
4. Unemployment Insurance	0	1,544	1,544
5. State Data Center Rate Increase	69	792	861
6. Family Leave Insurance	-33,177	0	-33,177
7. Interagency Charges - AG	0	-136	-136
8. Distributed Generation	0	25	25
Policy -- Non-Comp Total	-33,214	39,893	6,679
Policy Changes - Comp			
9. Average Final Compensation Adjust	0	49	49
10. 3% Salary Cut for State Employees	0	-8,429	-8,429
11. Suspend Plan 1 Uniform COLA	0	-4,891	-4,891
12. Retire-Rehire Changes (State)	0	-25	-25
Policy -- Comp Total	0	-13,296	-13,296
<hr/>			
Total 2011-13 Biennium	69	715,030	715,099
Fiscal Year 2012 Total	43	387,568	387,611
Fiscal Year 2013 Total	26	327,462	327,488

Comments:

1. **Eliminate Port Jobs Program** - Funding is eliminated for the Port Jobs Program, which assisted people in finding employment at the Seattle Port.
2. **Next Generation Tax System** - Funding is provided for the second phase of the replacement of the mainframe unemployment insurance tax information system and its ancillary subsystems, which were originally implemented in 1984. (Unemployment Compensation Administration Account-Federal)
3. **Washington Service Corp** - Funding is provided to meet the federal grant match requirement for the Washington Service Corps program. The Washington Service Corps Program allows communities to receive educational, disaster preparedness, environmental, and other types of direct support. (Administrative Contingency Account-State)
4. **Unemployment Insurance** - Funding is provided to implement Chapter 4, Laws of 2011 (EHB 1091), which establishes caps on the flat social rate and reduces the multipliers used for certain graduated social rates, provides a temporary benefit increase by adding \$25 to the weekly benefit amount, and makes changes to extended benefits, including a three-year look-back period. (General Fund-Federal)
5. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
6. **Family Leave Insurance** - Pursuant to Chapter 25, Laws of 2011, 1st sp.s. (ESSB 5091), funding is reduced to reflect the delay of implementing the Family Leave Insurance program until October 2015. Prior to the enactment of ESSB 5091, Family Leave Insurance program benefits were to start in October 2012.
7. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
8. **Distributed Generation** - Funding is provided to evaluate the economic impact of promoting and retaining biomass and qualified solar energy systems. The Employment Security Department's analysis must include an examination of the impact of such energy systems on local employment and wages. (Administrative Contingency Account-State)

Employment Security Department

9. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
10. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
11. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
12. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Indeterminate Sentence Review Board

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	3,746	0	3,746
2011 Supplemental *	-205	0	-205
Total 2009-11 Biennium	3,541	0	3,541
<hr/>			
2011-13 Maintenance Level	3,838	0	3,838
Policy Changes - Non-Comp			
1. Merge ISRB with Corrections	-3,814	0	-3,814
2. Interagency Charges - AG	-24	0	-24
Policy -- Non-Comp Total	-3,838	0	-3,838
<hr/>			
Total 2011-13 Biennium	0	0	0

Comments:

1. **Merge ISRB with Corrections** - The Indeterminate Sentence Review Board (ISRB) is merged with the Department of Corrections, consistent with Chapter 40, Laws of 2011, 1st sp.s. (ESSB 5891). The offender release functions and the independent decision-making authority of ISRB will continue. Savings are achieved by eliminating staff positions and the associated expenses of being a stand-alone agency.

2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

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

Home Care Quality Authority

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	1,229	0	1,229
2011-13 Maintenance Level	0	0	0
Total 2011-13 Biennium	0	0	0

Comments:

The Home Care Quality Authority was eliminated in the 2010 legislative session.

Sentencing Guidelines Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	1,910	0	1,910
2011 Supplemental *	-104	0	-104
Total 2009-11 Biennium	1,806	0	1,806
<hr/>			
2011-13 Maintenance Level	1,915	0	1,915
Policy Changes - Non-Comp			
1. Transfer SGC to CFC and OFM	-1,913	0	-1,913
2. Interagency Charges - AG	-2	0	-2
Policy -- Non-Comp Total	-1,915	0	-1,915
<hr/>			
Total 2011-13 Biennium	0	0	0

Comments:

1. **Transfer SGC to CFC and OFM** - Pursuant to Chapter 40, Laws of 2011, 1st sp.s. (ESSB 5891), functions of the Sentencing Guidelines Commission are transferred to the Caseload Forecast Council and the Office of Financial Management (OFM), and the Sex Offender Policy Board is transferred to OFM.
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)

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

Natural Resources

Water Resources and Watershed Protection

Puget Sound Cleanup and Restoration

The sum of \$18.0 million in federal funds are provided for the Washington Department of Fish and Wildlife (WDFW) to enter into an agreement with the U.S. Environmental Protection Agency (U.S. EPA) to protect and restore marine and nearshore habitats of Puget Sound. Funding provided by the U.S. EPA will be distributed to state and local partners through a competitive process to fund projects that improve the effectiveness of existing regulatory and stewardship programs, implement protection and restoration projects, prevent or reduce the threats posed by invasive species and oil spills, and address ecosystem problems.

Additionally, the Puget Sound Partnership is provided \$1.9 million in federal expenditure authority for new grant awards. Specific work to be completed with these grants includes: tracking progress in implementing the Puget Sound Action Agenda; completing the 2011-13 Biennial Science Work Plan and the 2012 Puget Sound Science Update; implementing the Puget Sound Monitoring Program; and providing grants to local organizations to carry out the Puget Sound Action Agenda at the local level.

Furthermore, the Department of Ecology (DOE) partners with local governments to help businesses correct practices related to hazardous waste management, spill prevention, storm water pollution, and other environmental regulations. Approximately \$2.0 million in state funds are provided to manage DOE's portion of these activities to support efforts to decrease toxins that enter Puget Sound. Within the amount provided, ongoing grant funding of \$1 million is provided from the Local Toxics Control Account to support local government staff in conducting hazardous waste and storm water technical assistance visits.

Shoreline Master Program Updates

Pursuant to a negotiated legal settlement in 2003, DOE and local governments are in the process of updating local shoreline master programs. Base operating funding is insufficient to complete Shoreline Master Program updates in time to meet statutory and legal settlement deadlines. DOE is provided \$3.6 million in state funding to speed up completion of Shoreline Master Program updates during the 2011-13 biennium.

Watershed Planning and Water Resources Reduction

Approximately \$6.0 million in funding is reduced for watershed planning technical assistance and grants to local governments in DOE's Shorelands and Environmental Assistance Program. This represents nearly a 50 percent reduction to the Watershed Planning Program and will impact technical assistance and grants to local partners conducting work on the state's Watershed Inventory Resource Areas.

The sum of \$2.5 million is reduced from DOE's Water Resources Program (WRP). Additionally, budget language directs \$2.15 million of the state general fund appropriation for WRP to process the backlog of pending water right permit applications.

The biennial statutory transfer of \$4 million Near General Fund-State to the Flood Control Assistance Account is reduced by one-half. DOE will provide fewer grants to cities and counties for local flood control planning and maintenance.

Pollution Mitigation and Abatement

The sum of \$1.5 million in state and federal funding is provided for DOE to reduce air pollution in areas at risk of becoming out of compliance with the U.S. EPA's air quality standards. U.S. EPA is expected to adopt tougher air quality standards during the 2011-13 biennium. DOE anticipates that several areas of the state will be at risk for violating the new standards, including the greater Puget Sound area, Yakima, Darrington, and potentially Spokane and Clark counties. Ongoing funding and staff are provided for DOE to identify sources that contribute to each community's pollution levels and develop and implement strategies that will keep these areas in compliance with federal law.

One-time state funding of \$500,000 is provided for continuing Attorney General services and expert-witness costs associated with the Pakootas et al. v. Teck Cominco, Ltd. case concerning a toxic cleanup site on the Upper Columbia River. DOE and the Confederated Tribes of the Colville Reservation are co-plaintiffs in this litigation. The case addresses the liability under federal law for cleanup and natural resource restoration costs at a smelter complex located in British Columbia, Canada.

The sum of \$463,000 in state funding is provided to implement Chapter 122, Laws of 2011 (E2SHB 1186), which requires DOE to engage in rulemaking to establish additional contingency planning and enhanced requirements to prevent oil spills from large ships, as well as to develop the formation of a vessels of opportunity system to be used as a volunteer coordination structure to enhance the state's ability to respond to an oil spill in navigable waters. Natural resource damages are increased for vessels discharging 1,000 or more gallons of oil. The legislation also provides for state notification of vessel emergencies resulting in the discharge of oil or the threat of oil discharge.

Land and Species Management

Recreational Land Access Passes (Discover Pass and Day-Use Permits)

Chapter 320, Laws of 2011 (2SSB 5622), creates the annual Discover Pass and Day-Use Permit and requires these permits to be visible in any vehicle located at state recreational sites or recreation lands managed by the State Parks and Recreation Commission (Parks), WDFW, and the Department of Natural Resources (DNR). Proceeds from fees are expected to raise approximately \$68 million per biennium to support the maintenance and operation of state recreational lands. This legislation was associated with state general fund savings of nearly \$49 million after providing \$20 million in one-time funding to Parks to assist in the transition to a reliance on fees from the sale of the Discover Pass and Day-Use Permits during the 2011-13 biennium.

Hunting and Fishing License Fees

Pursuant to Chapter 339, Laws of 2011 (SSB 5385), revenue in the State Wildlife Account is increased by making a variety of changes to licenses and endorsement fee schedules. The revenue generated in this legislation, primarily by adjusting fishing and hunting fees, is estimated to increase revenue to the State Wildlife Account by \$18 million and mitigate a projected shortfall of \$10.5 million in the State Wildlife Account largely related to the expiration of a 10 percent surcharge on fishing and hunting licenses enacted during the 2009-11 biennium.

Fire Suppression Funding

Fire Suppression funding is reduced by \$1.6 million General Fund-State. DNR will reduce discretionary fire training, freeze wages for exempt firefighters, and reorganize administrative support positions in its fire control program.

Other Reductions and Efficiencies

The Waste Reduction, Recycling, and Litter Control Account funds litter prevention and pickup activity within DOE. Appropriation authority in this Account is reduced by \$7.0 million during the 2011-13 biennium, and this amount is transferred to the state general fund on a one-time basis. Remaining resources of approximately

\$6.3 million will allow DOE to operate a scaled-back litter pickup program, maximizing the use of correctional crews.

Savings of \$3.0 million Near General Fund-State are achieved by reducing regulatory programs in DNR and WDFW, as follows: \$2.0 million from DNR's Forest Practices Program, which provides regulatory information and permits for the harvest of timber; and \$1.0 million from WDFW's Hydraulic Project Approval Program, which provides regulatory information and permits for construction activity that will use, divert, obstruct, or change the natural flow or bed of state waters.

Approximately \$2.7 million state general fund savings are achieved via the consolidation of administration activities, the assumption of collocation savings and efficiencies, and reductions to executive management positions. These reductions affect the following natural resource agencies: DOE, Parks, WDFW, DNR, and the Washington State Department of Agriculture (WSDA).

The sum of \$1.5 million Near General Fund-State is reduced from the State Conservation Commission's budget: \$400,000 for grants to conservation districts; and the remaining \$1.1 million of this reduction will be achieved through savings related to vacant positions, service delivery to conservation districts, and reductions in information technology expenditures. In addition, existing staff will take one temporary layoff day each month for the 2011-13 biennium.

Funding is eliminated for the WSDA's Domestic Marketing Program, saving \$911,000 Near General Fund-State. The Program assists farmers and food producers in identifying and accessing new markets within the state and nation.

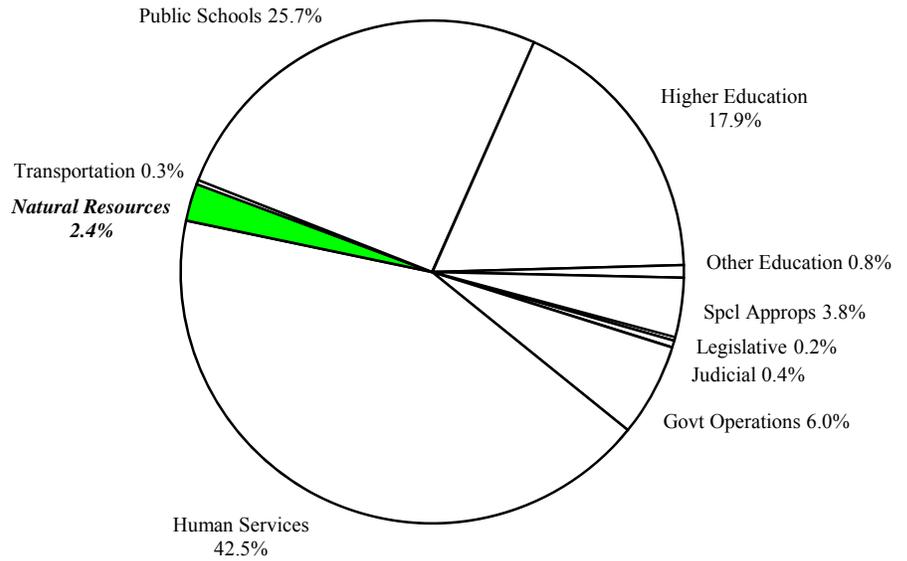
Funding is reduced by 50 percent or \$880,000 for the Climate Policy Group (CPG) in DOE. CPG works on the state integrated climate change response strategy, maintaining scientific and technical information on the impacts of climate change in the state, developing greenhouse gas emission reduction strategies, and collaborating with national and regional organizations to address issues related to climate change.

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

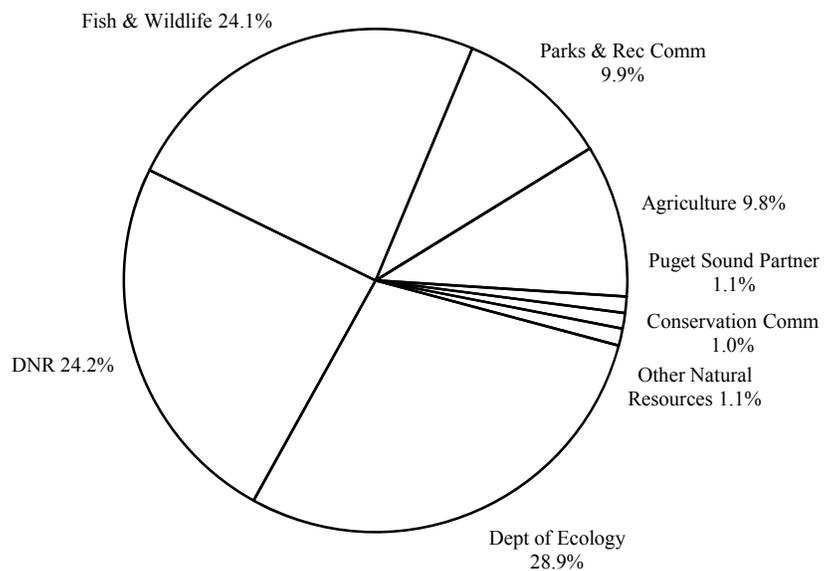
(Dollars in Thousands)

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



Washington State

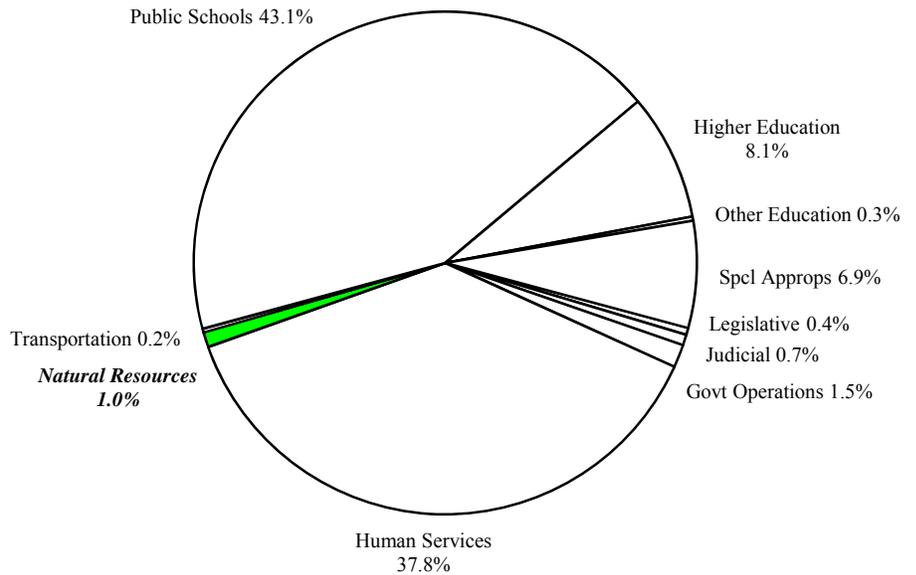
Dept of Ecology	430,297
Dept of Natural Resources	360,495
Dept of Fish & Wildlife	358,417
Parks & Recreation Comm	147,632
Dept of Agriculture	146,302
Puget Sound Partner	15,829
Conservation Commission	14,884
Other Natural Resources	16,261
Natural Resources	1,490,117



Natural Resources

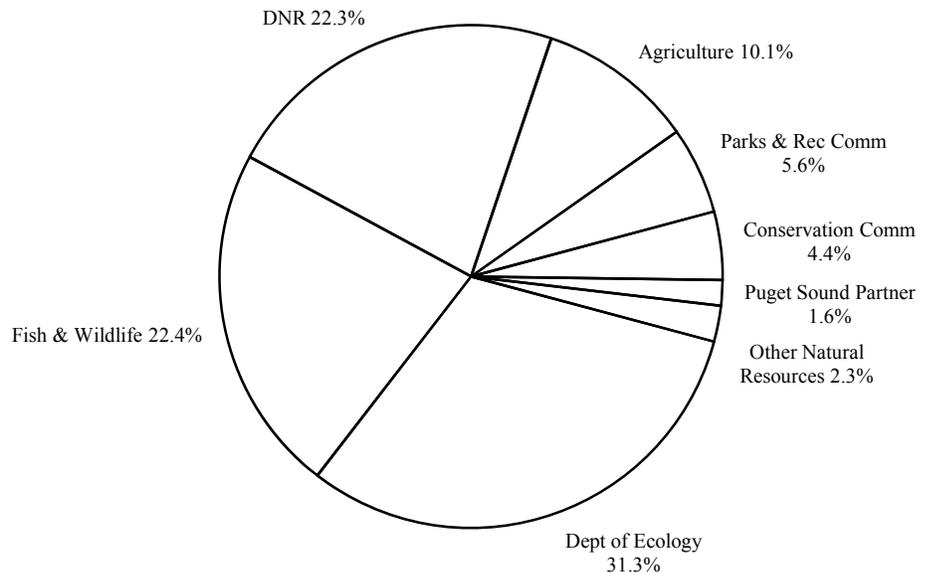
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

Dept of Ecology	96,791
Dept of Fish & Wildlife	69,387
Dept of Natural Resources	68,913
Dept of Agriculture	31,100
Parks & Recreation Comm	17,334
Conservation Commission	13,583
Puget Sound Partner	5,065
Other Natural Resources	7,130
Natural Resources	309,303



Natural Resources

Columbia River Gorge Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	853	847	1,700
2011-13 Maintenance Level	933	935	1,868
Policy Changes - Non-Comp			
1. Reduced Staffing and Expenses	-100	-100	-200
2. State Data Center Rate Increase	2	2	4
3. Savings from Consolidation	-75	-75	-150
4. Transfer to Ecology	-373	-329	-702
Policy -- Non-Comp Total	-546	-502	-1,048
Policy Changes - Comp			
5. 3% Salary Cut for State Employees	-14	-22	-36
6. Suspend Plan 1 Uniform COLA	-9	-9	-18
Policy -- Comp Total	-23	-31	-54
Total 2011-13 Biennium	364	402	766
Fiscal Year 2012 Total	364	402	766

Comments:

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| <p>1. Reduced Staffing and Expenses - The Columbia River Gorge Commission (Commission) will reduce staffing and commensurate salaries. Additional savings will be achieved through reductions in goods and services. All reductions are ongoing. General Fund-State reductions are matched by equal reductions in General Fund-Private/Local, which represents the Oregon share of the reduction, as required by the Columbia River Gorge Compact. (General Fund-State, General Fund-Private/Local)</p> <p>2. State Data Center Rate Increase - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)</p> <p>3. Savings from Consolidation - Funding is reduced to reflect the back office support functions of the Commission being consolidated into the Department of Ecology (DOE), pursuant to E2SSB Bill 5669 (Natural Resources Agencies). Note: This bill did not pass the 2011 regular or first special session of the Legislature. (General Fund-State, General Fund-Private/Local)</p> <p>4. Transfer to Ecology - Pursuant to E2SSB 5669, second fiscal year spending authority is transferred to DOE to reflect the transfer of support functions and budget from the Commission to DOE. Note: This bill did not pass the 2011 regular or first special session of the Legislature. (General Fund-State, General Fund-Federal, General Fund-Private/Local)</p> <p>5. 3% Salary Cut for State Employees - Funding for state agencies and institutions is reduced to reflect a 3 percent cost</p> | <p>savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)</p> <p>6. Suspend Plan 1 Uniform COLA - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)</p> <p>* Please see the 2011 Supplemental Operating Budget Section for additional information.</p> |
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Department of Ecology

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	105,477	334,745	440,222
2011 Supplemental *	0	-576	-576
Total 2009-11 Biennium	105,477	334,169	439,646
2011-13 Maintenance Level	120,987	334,540	455,527
Policy Changes - Non-Comp			
1. Pollution Liability Agency Tenancy	-38	-58	-96
2. Move Federal Authority to Capital	0	-5,000	-5,000
3. Reduce Biosolids Program Funding	0	-400	-400
4. Cont'd Pollution Control Fund Shift	-5,000	5,000	0
5. Cont Flood Control Grant Reductn	0	-2,000	-2,000
6. Continued Litter Pickup Reduction	0	-7,000	-7,000
7. Reduce Emergency Water Account	0	-120	-120
8. Reduce Air Pollution Control Acct	0	-946	-946
9. Reduce Grass Seed Account	0	-11	-11
10. Agricultural Burning Fees	0	276	276
11. New Air Emission Source Review Fees	0	200	200
12. Implementing the Ban on Bisphenol A	0	90	90
13. Brake Friction Material Ban	0	288	288
14. Complying w/ Air Quality Standards	0	1,504	1,504
15. Pre-Payment Agreement Authority	0	588	588
16. Teck Cominco Litigation Support	0	500	500
17. Keeping Toxins Out of Puget Sound	0	1,996	1,996
18. Mercury-Containing Lights	0	2,170	2,170
19. Protecting Washington Shorelines	0	3,558	3,558
20. Water Quality Permit Fee Revision	0	755	755
21. Completed Reclaimed Water Work Red	-570	0	-570
22. Local Shoreline Grants Fund Shift	-4,500	4,500	0
23. Reducing Fee-Supported Air Programs	-491	0	-491
24. Completed Climate Task Reduction	-407	0	-407
25. State Data Center Rate Increase	147	276	423
26. Oil Spill Program	0	463	463
27. Climate Policy Group Reduction	-880	0	-880
28. Puget Sound Corps	644	0	644
29. Watershed Planning Reduction	-5,928	0	-5,928
30. Water Resources Program Reduction	-2,482	0	-2,482
31. PPG Reduction	0	-1,155	-1,155
32. Interagency Charges - AG	-240	-452	-692
33. Consolidating Administration	-556	0	-556
34. Collocation Savings	-100	0	-100
35. Executive Reduction	-45	0	-45
36. Management Efficiency	-1,030	0	-1,030
37. PLIA Transfer to Ecology	0	848	848
38. Administrative Reduction	-389	0	-389
39. Low Level Waste Transfer to DOH	0	-349	-349
40. Accepting CRGC	373	329	702
Policy -- Non-Comp Total	-21,492	5,850	-15,642
Policy Changes - Comp			
41. Average Final Compensation Adjust	10	21	31
42. 3% Salary Cut for State Employees	-1,724	-4,392	-6,116
43. Suspend Plan 1 Uniform COLA	-985	-2,503	-3,488
44. Retire-Rehire Changes (State)	-5	-10	-15
Policy -- Comp Total	-2,704	-6,884	-9,588
Total 2011-13 Biennium	96,791	333,506	430,297

Department of Ecology

(Dollars in Thousands)

	NGF-S	Other	Total
Fiscal Year 2012 Total	49,002	164,821	213,823
Fiscal Year 2013 Total	47,789	168,685	216,474

Comments:

1. **Pollution Liability Agency Tenancy** - Funding is reduced on an ongoing basis to reflect collocation of the Pollution Liability Insurance Agency (PLIA) with DOE at Ecology's headquarters building in Lacey. On a statewide basis, collocation is expected to save about \$60,000 per fiscal year in FY 2014 and beyond. (General Fund-State, State Toxics Control Account-State, various other accounts)
2. **Move Federal Authority to Capital** - Federal expenditure authority is removed from the operating budget on an ongoing basis for federal grants related to the Shorelands and Environmental Assistance Program that are capital budget in nature. In the future, expenditure authority for these grants will be addressed in the capital budget. (General Fund-Federal)
3. **Reduce Biosolids Program Funding** - Anticipated revenue into the Biosolids Permit Account will not be sufficient to support the 2011-13 biennium carryforward level of expenditure authority. Therefore, funding is reduced by \$400,000 in FY 2012 to balance the account and equalize per-fiscal year spending. (Biosolids Permit Account-State)
4. **Cont'd Pollution Control Fund Shift** - Continuing a budget change initiated in the Chapter 37, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6444 - Supplemental Operating Budget), the state general fund portion of activities that support cleaning up polluted waters, controlling stormwater pollution, and preventing point source and non-point source pollution is shifted to the State Toxics Control Account. (General Fund-State, State Toxics Control Account-State)
5. **Cont Flood Control Grant Reductn** - The Flood Control Assistance Program provides grants for local flood control planning and maintenance. For the 2011-13 biennium, funding is reduced for these local grants. (Flood Control Assistance Account-State)
6. **Continued Litter Pickup Reduction** - The Waste Reduction, Recycling, and Litter Control Account funds litter prevention and pickup activity within DOE. Funding and FTE staff for this activity are reduced on a one-time basis. Remaining resources will allow DOE to operate a scaled-back litter pickup program. (Waste Reduction, Recycling, and Litter Control Account-State)
7. **Reduce Emergency Water Account** - Expenditure authority in the State Emergency Water Projects Revolving Account is reduced on an ongoing basis to match available revenue. (State Emergency Water Projects Revolving Account-State)
8. **Reduce Air Pollution Control Acct** - Expenditure authority is reduced to reflect a delay in greenhouse gas reporting, mandated by Chapter 14, Laws of 2008 (E2SHB 2815). (Air Pollution Control Account-State)
9. **Reduce Grass Seed Account** - Expenditure authority is reduced on an ongoing basis to match the anticipated fund balance in the Special Grass Seed Burning Research Account. (Special Grass Seed Burning Research Account-State)
10. **Agricultural Burning Fees** - Chapter 70, Laws of 2010 (SSB 6556), increased the statutory cap on the agricultural burning permit fee, and fee levels for field and pile burning increased beginning January 1, 2011. Funding and FTE staff are increased to match expected fee revenue. A separate budget adjustment reduces General Fund-State support for this program. (Air Pollution Control Account-State)
11. **New Air Emission Source Review Fees** - Chapter 564, Laws of 2009, Partial Veto (ESHB 1244), directed DOE to increase fees to recover the costs of this program. Funding and FTE staff are increased on an ongoing basis to match anticipated fee revenue. A separate budget adjustment reduces General Fund-State support for this program. (Air Pollution Control Account-State)
12. **Implementing the Ban on Bisphenol A** - Chapter 140, Laws of 2010 (SSB 6248), placed a ban on Bisphenol A, used in baby bottles and sport bottles, effective July 1, 2011. Ongoing funding and FTE staff are provided for DOE to implement bill provisions for manufacturer notification, complaint investigation, and enforcement. (State Toxics Control Account-State)
13. **Brake Friction Material Ban** - Chapter 147, Laws of 2010 (SSB 6557), instituted a phased ban on certain brake friction material concentrations and directed DOE to initiate the first phase of a brake friction material ban, including developing pad-content certification criteria by December 2012. DOE will begin receiving manufacturer pad-content data triennially beginning January 2013 and will begin documenting baseline levels of certain chemicals used in brake pads by July 2013. One-time funding and FTE staff are provided to carry out these tasks. (State Toxics Control Account-State)
14. **Complying w/ Air Quality Standards** - During the 2011-13 biennium, the U.S. Environmental Protection Agency is expected to adopt tougher air quality standards. DOE anticipates that several areas of the state will be at risk for violating the new standards, including the greater Puget Sound area, Yakima, Darrington, and potentially Spokane and Clark counties. Ongoing funding and FTE staff are provided for DOE to identify sources that contribute to each community's pollution levels, and develop and implement strategies that will

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keep these areas in compliance with federal law. (General Fund-Federal, State Toxics Control Account-State)

15. **Pre-Payment Agreement Authority** - The Model Toxics Control Act provides for funding arrangements, known as pre-payment agreements, whereby willing parties with toxic sites provide funding to DOE to get the toxic sites cleaned up on a priority basis. Ongoing funding and FTE staff are provided for DOE to negotiate and carry out pre-payment agreements that materialize in the 2011-13 biennium and beyond. These costs will be paid by the parties who request services. (State Toxics Control Account-Private/Local)
16. **Teck Cominco Litigation Support** - One-time funding is provided for continuing Attorney General services and expert-witness costs associated with the Pakootas et al. v. Teck Cominco, Ltd. case concerning a toxic cleanup site on the Upper Columbia River. DOE and the Confederated Tribes of the Colville Reservation are co-plaintiffs in this litigation. The case addresses the liability under federal law for cleanup and natural resource restoration costs at a smelter complex located in British Columbia, Canada. (State Toxics Control Account-State)
17. **Keeping Toxins Out of Puget Sound** - DOE partners with local governments to help businesses correct practices related to hazardous waste management, spill prevention, stormwater pollution, and other environmental rules. Ongoing funding and FTE staff are provided to manage DOE's portion of these activities. Ongoing grant funding of \$1 million is provided from the Local Toxics Control Account to support local government staff in conducting hazardous waste and stormwater technical assistance visits. (State Toxics Control Account-State, Local Toxics Control Account-State)
18. **Mercury-Containing Lights** - Chapter 130, Laws of 2010 (ESSB 5543), established a recycling program for mercury-containing lights, as well as a program for reducing releases into the environment from bulk mercury. Ongoing funding from the Product Stewardship Programs Account and FTE staff are provided for such tasks as establishing rules for mercury-light recycling plans and collection systems, and compiling a database of private sector recycling program implementers. Ongoing funding from the State Toxics Control Account is provided for enforcement of a June 2012 ban on the sale of bulk mercury. (Product Stewardship Programs Account-Non-Appropriated, State Toxics Control Account-State)
19. **Protecting Washington Shorelines** - Pursuant to a negotiated legal settlement in 2003, DOE and local governments are in the process of updating local shoreline master programs. Base operating funding is insufficient to complete Shoreline Master Program updates in time to meet statutory and legal settlement deadlines. DOE is provided \$3.6 million to speed up completion of shoreline master program updates during the 2011-13 biennium. (State Toxics Control Account-State, Local Toxics Control Account-State)
20. **Water Quality Permit Fee Revision** - DOE is designated by the U.S. Environmental Protection Agency as the state agency responsible for implementing federal and state water pollution control laws and regulations. Wastewater and stormwater discharges are regulated primarily by wastewater discharge permits, which stipulate specific limits and conditions of allowable discharge. RCW 90.48.465 requires that permit fee revenue cover the cost of the permit program and that the fee schedule be adjusted biennially. DOE will increase fees by the fiscal growth factor during 2011-13. (Water Quality Permit Account-State)
21. **Completed Reclaimed Water Work Red** - Funding and FTE staff are eliminated to reflect completion of one-time tasks required by reclaimed water legislation enacted during the 2006 and 2007 legislative sessions.
22. **Local Shoreline Grants Fund Shift** - Base funding of \$4.5 million is shifted from General Fund-State to the Local Toxics Control Account for grants to local governments engaged in Shoreline Master Program updates. (General Fund-State, Local Toxics Control Account-State)
23. **Reducing Fee-Supported Air Programs** - General Fund-State support and FTE staff are reduced on an ongoing basis for three activities within DOE's Air Quality Program: woodstove education and enforcement; agricultural burning regulation; and new air emission source review. Recent fee increases for agricultural burning and new air emission source review allow funding from dedicated accounts to be increased, thereby reducing General Fund-State subsidies for these programs.
24. **Completed Climate Task Reduction** - Funding and FTE staff are reduced on an ongoing basis to reflect completion of one-time tasks required by Chapter 14, Laws of 2008 (E2SHB 2815). DOE was directed to submit a greenhouse gas reduction plan to the Legislature to limit statewide greenhouse gas emissions, adopt rules requiring a reporting system to monitor greenhouse gas emissions, and develop a design for a regional multi-sector, market-based system to limit and reduce greenhouse gas emissions.
25. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
26. **Oil Spill Program** - A combination of one-time and ongoing funding is provided to implement Chapter 122, Laws of 2011 (E2SHB 1186), which requires rulemaking to establish additional contingency planning requirements for large ships, including enhanced standards and the formation of a vessels of opportunity system. DOE is required to establish a volunteer coordination system to be used as part of an oil spill response. Natural resource damages are increased for vessels discharging 1,000 or more gallons of oil. The legislation provides for state notification of vessel emergencies resulting in the discharge of

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- oil or the threat of oil discharge. (State Toxics Control Account-State)
27. **Climate Policy Group Reduction** - Funding is reduced by 50 percent for the Climate Policy Group that is currently working on the state integrated climate change response strategy, maintaining scientific and technical information on the impacts of climate change in the state, developing greenhouse gas emission reduction strategies, and collaborating with national and regional organizations to address issues related to climate change.
 28. **Puget Sound Corps** - Funding and FTEs are transferred from the Department of Natural Resources' Washington Conservation Corps (WCC) to DOE, pursuant to Chapter 20, Laws of 2011 (SHB 1294). The bill consolidates the administrative functions of WCC with DOE. Additionally, the Puget Sound Corps is created within WCC to focus on projects related to the recovery of Puget Sound.
 29. **Watershed Planning Reduction** - Funding and FTEs are reduced for watershed planning technical assistance and grants to local governments in the Shorelands and Environmental Assistance Program.
 30. **Water Resources Program Reduction** - Funding and FTEs are reduced from the Water Resources Program. Budget language directs \$2.15 million of the Program's remaining state general fund appropriation for processing the backlog of pending water right permit applications.
 31. **PPG Reduction** - Expenditure authority is reduced on a one-time basis for public participation grants (PPG). (State Toxics Control Account-State, Local Toxics Control Account-State)
 32. **Interagency Charges - AG** - Funding is provided for this agency's share of payments to the Office of the Attorney General for legal services. (General Fund-State, various other funds)
 33. **Consolidating Administration** - Funding and FTEs are reduced assuming coordination and collaboration of administrative functions between the natural resource agencies.
 34. **Collocation Savings** - Savings are assumed related to the consolidation of natural resource agency administrative regions, services, and functions.
 35. **Executive Reduction** - Funding is reduced for executive administrative staff.
 36. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 37. **PLIA Transfer to Ecology** - Funding is provided to reflect the consolidation of the Pollution Liability Insurance Agency (PLIA) into DOE on July 1, 2012, pursuant to E2SSB 5669 (Natural Resources Agencies). Note: This bill did not pass the 2011 regular or first special session of the Legislature.
 38. **Administrative Reduction** - DOE's Administration Program is reduced.
 39. **Low Level Waste Transfer to DOH** - The Low Level Radioactive Waste Program is transferred from DOE to the Department of Health on July 1, 2012, pursuant to E2SSB 5669. Note: This bill did not pass the 2011 regular or first special session of the Legislature. (Site Closure Account-State)
 40. **Accepting CRGC** - Pursuant to E2SSB 5669, the Columbia River Gorge Commission's (CRGC) support functions and budget is transferred to DOE on July 1, 2012. Note: This bill did not pass the 2011 regular or first special session of the Legislature. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
 41. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 42. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 43. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
 44. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement

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Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

State Parks and Recreation Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	41,485	107,685	149,170
2011 Supplemental *	0	-537	-537
Total 2009-11 Biennium	41,485	107,148	148,633
<hr/>			
2011-13 Maintenance Level	68,226	86,620	154,846
Policy Changes - Non-Comp			
1. Increase Boater Education	0	38	38
2. State Data Center Rate Increase	0	111	111
3. Parks Transition Funds	20,000	0	20,000
4. Discover Pass	-67,064	53,855	-13,209
5. Adjust Authority to Avail Revenue	0	-10,000	-10,000
6. Interagency Charges - AG	0	-60	-60
7. Consolidating Administration	-373	0	-373
8. Collocation Savings	-100	0	-100
9. Executive Reduction	-81	0	-81
10. Management Efficiency	-548	0	-548
11. Increase Winter Rec Maintenance	0	200	200
Policy -- Non-Comp Total	-48,166	44,144	-4,022
Policy Changes - Comp			
12. Average Final Compensation Adjust	11	2	13
13. 3% Salary Cut for State Employees	-1,732	-241	-1,973
14. Suspend Plan 1 Uniform COLA	-1,000	-226	-1,226
15. Retire-Rehire Changes (State)	-5	-1	-6
Policy -- Comp Total	-2,726	-466	-3,192
<hr/>			
Total 2011-13 Biennium	17,334	130,298	147,632
Fiscal Year 2012 Total	8,955	65,033	73,988
Fiscal Year 2013 Total	8,379	65,265	73,644

Comments:

1. **Increase Boater Education** - The State Parks and Recreation Commission (Parks) funds mandatory boater education through boater registration fees. Ongoing funding is provided for anticipated additional fee revenue resulting from an increase in boat registrations, which will allow Parks to fund additional boater education courses. (Boating Safety Education Certification Account-Non-Appropriated)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Parks Transition Funds** - Funds are provided on a one-time basis to assist Parks in transitioning to a fee-based agency. Chapter 320, Laws of 2011 (2SSB 5622), creates an annual and day-use pass that will support the operation and maintenance of state parks.
4. **Discover Pass** - Chapter 320, Laws of 2011 (2SSB 5622), creates the annual Discover Pass and Day-Use Permit and requires these permits to be visible in any vehicle located at state recreational sites or recreation lands managed by the Department of Natural Resources, the Washington Department of Fish and Wildlife, and Parks. Proceeds from fees will support the maintenance and operation of state recreational lands. (General Fund-State, Parks Renewal and Stewardship Account-State)
5. **Adjust Authority to Avail Revenue** - Expenditure authority in the Parks Renewal and Stewardship Account is reduced to match anticipated revenue. (Parks Renewal and Stewardship Account-State)
6. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
7. **Consolidating Administration** - Funding and FTEs are reduced to encourage coordination and collaboration of administrative functions between the natural resource agencies.

State Parks and Recreation Commission

8. **Collocation Savings** - Funding is reduced to reflect savings related to natural resource agencies collocating office space.
9. **Executive Reduction** - Funding is reduced for executive administrative staff.
10. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delaying and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
11. **Increase Winter Rec Maintenance** - Parks funding provides access to trails for cross-country skiing, snowshoeing, dog sledding, and snow play through fees in designated "Sno-Park" parking areas adjacent to trails. Parks increased Sno-Park fees during the 2009-11 biennium in order to maintain the non-motorized winter recreation trail system. Ongoing expenditure authority is provided to spend the additional fee revenue projected to be generated. (Winter Recreation Program Account-State)
12. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
13. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
14. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
15. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

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

Recreation and Conservation Funding Board

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	2,798	14,921	17,719
2011 Supplemental *	0	143	143
Total 2009-11 Biennium	2,798	15,064	17,862
2011-13 Maintenance Level	2,450	15,127	17,577
Policy Changes - Non-Comp			
1. Revised Savings Assumption: SACS	0	84	84
2. Revised Savings Assumption: PSP/RCO	0	236	236
3. Reduce Recreation Grant Management	0	-391	-391
4. Reduce Agency Administrative Costs	-200	0	-200
5. Extend Invasive Species Council	-44	176	132
6. Reduce Forest and Fish Grants	0	-7,146	-7,146
7. State Data Center Rate Increase	18	27	45
8. Interagency Charges - AG	-2	-3	-5
9. Salmon Funding and Other Reductions	-244	0	-244
Policy -- Non-Comp Total	-472	-7,017	-7,489
Policy Changes - Comp			
10. 3% Salary Cut for State Employees	-34	-164	-198
11. Suspend Plan 1 Uniform COLA	-19	-93	-112
Policy -- Comp Total	-53	-257	-310
Total 2011-13 Biennium	1,925	7,853	9,778
Fiscal Year 2012 Total	953	3,952	4,905
Fiscal Year 2013 Total	972	3,901	4,873

Comments:

1. **Revised Savings Assumption: SACS** - The Recreation and Conservation Office's (RCO) 2010 Supplemental Operating Budget assumed savings from the transfer of two FTEs to Small Agency Client Services. Based on updated information, only one full-time employee was eliminated at RCO. Ongoing funding is corrected. (General Fund-Federal, Recreation Resources Account-State, Nonhighway Off-Road Vehicle Activities Program Account-State)
2. **Revised Savings Assumption: PSP/RCO** - In Chapter 37, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6444), RCO and the Puget Sound Partnership (PSP) were directed to combine back-office functions. Initial assumptions of savings were higher than was achieved. Ongoing funding is adjusted to reflect actual savings. (General Fund-Federal, Recreation Resources-State, Nonhighway Off-Road Vehicle Activities Program Account-State)
3. **Reduce Recreation Grant Management** - During the 2009-11 biennium, RCO oversaw fewer new grant projects related to a reduction in available capital budget funding from the the Recreation Resources Account and the Nonhighway and Off-Road Vehicle Activities Account. Therefore, RCO requires less funding to manage ongoing aspects of these grants. This is a one-time reduction. (Recreation Resources Account-State, Nonhighway Off-Road Vehicle Activities Program Account-State)
4. **Reduce Agency Administrative Costs** - During the 2011-13 biennium, RCO will manage fewer grants and councils; as a result, fewer administrative services will be needed.
5. **Extend Invasive Species Council** - The Washington Invasive Species Council is scheduled to expire on December 31, 2011. The expiration date is pushed back to June 30, 2017, pursuant to Chapter 154, Laws of 2011 (HB 1413), in order to maintain cooperative action by federal, state, tribal, local, and non-governmental partners on invasive species. Participating governmental and non-governmental partners will contribute to the staffing of the council through interagency agreements. Additional ongoing funding is provided through the Vessel Response Account. (General Fund-State, Vessel Response Account-State)
6. **Reduce Forest and Fish Grants** - RCO will reduce ongoing federal expenditure authority related to the Department of Natural Resources' Forest and Fish Rules Agreements, which is projected to exceed contract balances for the 2011-13 biennium. This funding was provided to RCO by the National Oceanic and Atmospheric Administration as part of the Pacific Coastal Salmon Recovery Funds. These funds must be fully expended by May 2011. (General Fund-Federal)
7. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install

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infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)

8. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
9. **Salmon Funding and Other Reductions** - RCO will transfer funding for support of both the Salmon Recovery Lead Entity Program and the Salmon Recovery Funding Board's Technical Review Panel from General Fund-State to General Fund-Federal. These ongoing changes will decrease the amount of funding available for salmon recovery projects on the ground. In addition, RCO will reduce travel and purchases of goods and services agency wide.
10. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
11. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Environmental and Land Use Hearings Office

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	2,143	0	2,143
2011-13 Maintenance Level	5,521	0	5,521
Policy Changes - Non-Comp			
1. Reduce Staffing and Other Costs	-516	0	-516
2. State Data Center Rate Increase	8	0	8
3. Interagency Charges - AG	-18	0	-18
Policy -- Non-Comp Total	-526	0	-526
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-100	0	-100
5. Suspend Plan 1 Uniform COLA	-54	0	-54
Policy -- Comp Total	-154	0	-154
Total 2011-13 Biennium	4,841	0	4,841
Fiscal Year 2012 Total	2,419	0	2,419
Fiscal Year 2013 Total	2,422	0	2,422

Comments:

1. **Reduce Staffing and Other Costs** - Funding and FTE staff are reduced on an ongoing basis to reflect a variety of savings measures, including eliminating attorney positions, implementing voluntary leave without pay, downshifting staff time, and taking reductions in goods and services.
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount

in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

State Conservation Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	14,307	1,178	15,485
2011-13 Maintenance Level	15,200	1,179	16,379
Policy Changes - Non-Comp			
1. Conservation District Efficiencies	-400	0	-400
2. State Data Center Rate Increase	18	0	18
3. Ruckelshaus Center Process	0	122	122
4. Interagency Charges - AG	-6	0	-6
5. Vacancy, Temp Layoff, Reduce Grants	-1,100	0	-1,100
Policy -- Non-Comp Total	-1,488	122	-1,366
Policy Changes - Comp			
6. 3% Salary Cut for State Employees	-82	0	-82
7. Suspend Plan 1 Uniform COLA	-47	0	-47
Policy -- Comp Total	-129	0	-129
Total 2011-13 Biennium	13,583	1,301	14,884
Fiscal Year 2012 Total	6,790	651	7,441
Fiscal Year 2013 Total	6,793	650	7,443

Comments:

1. **Conservation District Efficiencies** - The State Conservation Commission (Commission) will reduce pass-through monies to conservation districts by \$400,000 to encourage administrative efficiencies.
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Ruckelshaus Center Process** - Funding is provided for Chapter 360, Laws of 2011 (ESHB 1886). The bill establishes the Voluntary Stewardship Program, administered by the Commission, that allows participating counties to protect critical areas in places used for agricultural activities through the Voluntary Stewardship Program rather than through regulatory requirements of the Growth Management Act. (General Fund-Federal)
4. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
5. **Vacancy, Temp Layoff, Reduce Grants** - Funding is reduced to achieve administrative efficiencies. Any additional ongoing cuts necessary to reach the prescribed target reduction will be taken at the Commission's discretion and may include reductions in grants to conservation districts.
6. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
7. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Department of Fish and Wildlife

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	71,823	251,228	323,051
2011 Supplemental *	0	3,120	3,120
Total 2009-11 Biennium	71,823	254,348	326,171
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2011-13 Maintenance Level	81,992	257,854	339,846
Policy Changes - Non-Comp			
1. Oil Spill Account Shortfall	0	-223	-223
2. Puget Sound Federal Funds	0	18,000	18,000
3. Extend Aquatic Invasives Fee	0	138	138
4. Reduce Back-Office Functions	-1,046	0	-1,046
5. Reduce Salmonid Recovery Technical	-200	0	-200
6. Elim Dangerous Wildlife Specialist	-210	0	-210
7. State Data Center Rate Increase	53	53	106
8. Discover Pass	-450	9,404	8,954
9. Hydraulic Proj Approval Reduction	-1,000	0	-1,000
10. Adjust Authority to Avail Revenue	0	-10,500	-10,500
11. Conduct Critical Asset Maintenance	0	500	500
12. Incr Hunting & Fishing License Fees	-4,028	18,490	14,462
13. Shift Funding for Rules Officer	-158	158	0
14. Reduce Winter Elk Feeding	-300	0	-300
15. Reduce Habitat Research	-82	0	-82
16. Reduce Statewide Habitat Coord	-63	0	-63
17. Eliminate Fish Passage Coordinator	-166	0	-166
18. Eliminate Major Projects Manager	-138	0	-138
19. Eliminate Aquatic Educ Activities	-442	0	-442
20. Reduce Fish Management Capabilities	-300	0	-300
21. Eliminate Remaining Full-Time Pilot	-148	0	-148
22. Reduce Technology Costs	-240	0	-240
23. Reduce Hatchery Operations	-200	0	-200
24. Shift Funds for Eco-Region Planner	-186	186	0
25. Administrative Consolidation	-372	0	-372
26. Interagency Charges - AG	-134	-90	-224
27. Collocation Savings	-100	0	-100
28. Executive Reduction	-126	0	-126
29. Grizzly Bear Outreach Program	75	0	75
30. Management Efficiency	-406	0	-406
Policy -- Non-Comp Total	-10,367	36,116	25,749
Policy Changes - Comp			
31. Average Final Compensation Adjust	8	18	26
32. 3% Salary Cut for State Employees	-1,499	-3,186	-4,685
33. Suspend Plan 1 Uniform COLA	-743	-1,764	-2,507
34. Retire-Rehire Changes (State)	-4	-8	-12
Policy -- Comp Total	-2,238	-4,940	-7,178
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Total 2011-13 Biennium	69,387	289,030	358,417
Fiscal Year 2012 Total	35,721	139,006	174,727
Fiscal Year 2013 Total	33,666	150,024	183,690

Comments:

1. **Oil Spill Account Shortfall** - The Washington Department of Fish and Wildlife (WDFW) Oil Spill Team provides technical support to the Department of Ecology's (DOE's) oil spill planning and preparedness efforts. A funding reduction in the 2009-11 biennium was mistakenly labeled as one-time when it should have been labeled as ongoing. WDFW will participate in fewer oil spill response drills and conduct less response preparedness planning. (Oil Spill Prevention Account-State)
2. **Puget Sound Federal Funds** - WDFW is entering into an agreement with the U.S. Environmental Protection Agency

Department of Fish and Wildlife

- (EPA) to protect and restore marine and nearshore habitats of Puget Sound. Funding provided by the EPA will be distributed to state and local partners through a competitive process to fund projects that improve the effectiveness of existing regulatory and stewardship programs, implement protection and restoration projects, prevent or reduce the threats posed by invasive species and oil spills, and address ecosystem problems. (General Fund-Federal)
3. **Extend Aquatic Invasives Fee** - WDFW is responsible for all aquatic invasive species checkpoints and development of management plans in the state. The \$1.50 fee on watercraft registrations to fund these activities expires on June 30, 2012. Chapter 169, Laws of 2011 (SSB 5036), removes the expiration date. Funding is increased on an ongoing basis to match anticipated fee revenue. (Aquatic Invasive Species Prevention Account-State)
 4. **Reduce Back-Office Functions** - Several back-office positions are eliminated: an accounting position, a position in the Director's office, a receptionist, a fleet manager, and an administrative assistant in the Habitat Program. Other reductions include reducing purchasing and contracts and eliminating vehicle replacement for the 2011-13 biennium. The \$128,000 vehicle replacement reduction is a one-time reduction while all other reductions are ongoing.
 5. **Reduce Salmonid Recovery Technical** - This reduction eliminates 10 percent of statewide technical assistance provided to local governments and non-government organizations such as the Salmon Recovery Funding Board, conservation districts, and volunteer groups.
 6. **Elim Dangerous Wildlife Specialist** - This reduction eliminates the dangerous wildlife specialist in western Washington. This position educates local communities about how to avoid confrontations with potentially dangerous wildlife, such as black bears and cougars.
 7. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
 8. **Discover Pass** - Chapter 320, Laws of 2011 (2SSB 5622), creates the annual Discover Pass and Day-Use Permit and requires these permits to be visible in any vehicle located at state recreational sites or recreation lands managed by WDFW, the State Parks and Recreation Commission, and the Department of Natural Resources. Proceeds from fees will support the maintenance and operation of state recreational lands. (General Fund-State, State Wildlife Account-State)
 9. **Hydraulic Proj Approval Reduction** - Funding is reduced for the Hydraulic Project Approval Program, which provides regulatory information and permits for construction activity that will use, divert, obstruct, or change the natural flow or bed of state waters in order to protect the state's fish and shellfish populations.
 10. **Adjust Authority to Avail Revenue** - An adjustment is made to the State Wildlife Account to balance to a structural deficit caused primarily by the expiration of the 10 percent license surcharge and the use of fund balance during the 2009-11 biennium.
 11. **Conduct Critical Asset Maintenance** - The maintenance budget for WDFW's facilities is increased on an ongoing basis to reduce the estimated \$13.3 million deferred maintenance backlog, reduce future capital budget requests for repairs and replacement of assets that are unusable, create utility efficiencies, and provide safe facilities for staff and the public. (State Wildlife Account-State)
 12. **Incr Hunting & Fishing License Fees** - Pursuant to Chapter 339, Laws of 2011 (SSB 5385), revenue in the State Wildlife Account is increased by making a variety of changes to licenses and endorsement fee schedules. The revenue generated in this legislation, primarily by adjusting fishing and hunting fees, is estimated to increase revenue and mitigate a projected shortfall largely related to the expiration of a 10 percent surcharge on fishing and hunting licenses enacted during the 2009-11 biennium. (General Fund-State, State Wildlife Account-State)
 13. **Shift Funding for Rules Officer** - The Rules Officer supports commissioned officers with the interpretation and application of fish and wildlife rules and laws, and assists in the development of administrative rules for WDFW. Funding for this position is shifted on an ongoing basis from General Fund-State to the Fish and Wildlife Enforcement Reward Account. (General Fund-State, Fish and Wildlife Enforcement Reward Account-State)
 14. **Reduce Winter Elk Feeding** - This one-time 50 percent reduction to the winter elk feeding budget will result in the continued closure of the West Valley or Tieton feeding site through the 2011-13 biennium. This site is adjacent to private land and orchards and is currently fenced to keep elk out of the orchards.
 15. **Reduce Habitat Research** - WDFW conducts ecological integrity and habitat research and monitoring on WDFW owned lands. This one-time reduction eliminates funding for a project to improve forest habitats to benefit wildlife in the Sinlahekin Wildlife Area and reduces habitat research and monitoring activities on other WDFW lands throughout the state.
 16. **Reduce Statewide Habitat Coord** - WDFW is a co-leader, with the Washington State Department of Transportation, on the multi-entity Washington Wildlife Habitat Connectivity Working Group. This ongoing reduction in FY 2013 eliminates funding for the biologist currently serving on this group.
 17. **Eliminate Fish Passage Coordinator** - Funding is reduced on an ongoing basis for one of two coordinator positions, thereby increasing the time between project assessment and barrier

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- replacement as well as the total number of projects reviewed for program suitability.
18. **Eliminate Major Projects Manager** - WDFW's conservation planning technical teams are comprised of the Oil Spill Team, Major Projects Section, and Renewable Energy Section. This ongoing reduction eliminates the Major Projects Section Manager and merges remaining staff into the Renewable Energy Section. Future project participation will be prioritized based on potential impact to fish, wildlife, and habitat, with lowest-risk projects being dropped from staff workload.
 19. **Eliminate Aquatic Educ Activities** - Two aquatic education programs, Angler Education and Salmon in the Classroom, integrate messages about aquatic species, scientific inquiry, fish habitat, wetlands, estuaries and local stream protection, and resource conservation. As an ongoing reduction, these programs are eliminated.
 20. **Reduce Fish Management Capabilities** - This ongoing reduction eliminates two fish and wildlife biologist positions and a part-time administrative support position. This reduction may cause a delay of one to two years in the completion of regional steelhead management plans. Reduced staffing will eliminate work currently funded by the state general fund to evaluate chinook and coho salmon release strategies from south Puget Sound hatcheries.
 21. **Eliminate Remaining Full-Time Pilot** - WDFW will eliminate its remaining pilot position and will contract for future pilot needs. Ongoing savings will be realized.
 22. **Reduce Technology Costs** - As an ongoing reduction, WDFW will lower desktop lease costs by moving to server-based applications.
 23. **Reduce Hatchery Operations** - WDFW operates 80 hatcheries across Washington. This reduction to hatchery operations will cut costs such as seasonal personnel, office supplies, and vehicle fuel.
 24. **Shift Funds for Eco-Region Planner** - WDFW is seeking grant funding from the EPA to replace current state funding for an eco-regional planner. This position provides guidance documents and electronic maps that help local governments identify critical areas for protection of fish and wildlife under the Growth Management Act and the Shoreline Management Act. Funding is shifted on an ongoing basis to reflect this change. (General Fund-State, General Fund-Federal)
 25. **Administrative Consolidation** - Funding and FTEs are reduced to encourage coordination and collaboration of administrative functions between the natural resource agencies.
 26. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
 27. **Collocation Savings** - Funding is reduced to reflect savings related to natural resource agencies collocating office space.
 28. **Executive Reduction** - Funding is reduced for executive administrative staff.
 29. **Grizzly Bear Outreach Program** - One-time funding is provided to a community-based organization to disseminate information about grizzly bears in the North Cascades.
 30. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as layering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 31. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 32. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 33. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
 34. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Department of Natural Resources

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	82,209	288,868	371,077
2011 Supplemental *	3,934	-1,076	2,858
Total 2009-11 Biennium	86,143	287,792	373,935
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2011-13 Maintenance Level	82,257	286,494	368,751
Policy Changes - Non-Comp			
1. Lease Rate Adjustment	-43	-112	-155
2. Increase Nursery Planting & Harvest	0	1,800	1,800
3. Increase Forest Road Maintenance	0	1,630	1,630
4. Shift Helicopter Funding	0	-1,972	-1,972
5. Reduce Land Mgmt on Ag Trust Lands	-800	-800	-1,600
6. Reduce Natural Heritage Program	-537	0	-537
7. Reduce Administrative Costs	-1,000	0	-1,000
8. Incr Silviculture Burn Permit Fee	-750	750	0
9. Reduce Fire Control Costs	-1,607	0	-1,607
10. Forest Practices Reduction	-2,000	0	-2,000
11. Maintain Adaptive Management Pgm	0	1,000	1,000
12. State Data Center Rate Increase	209	523	732
13. Discover Pass	-1,173	4,787	3,614
14. Puget Sound Corps	-644	0	-644
15. Absorb Unemployment Cost Increase	-832	0	-832
16. Resume Delayed Lands Mgmt Work	0	3,184	3,184
17. Administrative Consolidation	-525	0	-525
18. Interagency Charges - AG	-104	-264	-368
19. Collocation Savings	-100	0	-100
20. Executive Reductions	-138	0	-138
21. Management Efficiency	-318	0	-318
Policy -- Non-Comp Total	-10,362	10,526	164
Policy Changes - Comp			
22. Average Final Compensation Adjust	6	18	24
23. 3% Salary Cut for State Employees	-1,042	-3,458	-4,500
24. Suspend Plan 1 Uniform COLA	-613	-1,991	-2,604
25. Absorb Health Insurance Increase	-1,330	0	-1,330
26. Retire-Rehire Changes (State)	-3	-7	-10
Policy -- Comp Total	-2,982	-5,438	-8,420
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Total 2011-13 Biennium	68,913	291,582	360,495
Fiscal Year 2012 Total	33,856	141,483	175,339
Fiscal Year 2013 Total	35,057	150,099	185,156

Comments:

1. **Lease Rate Adjustment** - The Department of Natural Resources (DNR) will vacate 7,726 square feet of space on the first floor of the Natural Resource Building effective July 1, 2011. (General Fund-State, Various Other Accounts)
2. **Increase Nursery Planting & Harvest** - Due to an ongoing increase in silviculture activity resulting from the stabilization of timber sales, DNR is anticipated to increase its seedling purchases in the 2011-13 biennium. This will require additional work by the State Forest Nursery to provide the necessary stock. (State Forest Nursery Revolving Account-Non-Appropriated)
3. **Increase Forest Road Maintenance** - DNR's Roads Program maintains a road network of approximately 12,000 miles on DNR managed lands. This ongoing increase will enable the program to complete federally-mandated road maintenance and abandonment planning work by July 1, 2016. (Access Road Revolving Account-Non-Appropriated)
4. **Shift Helicopter Funding** - In Chapter 37, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6444), 50 percent of the funding for DNR's fire suppression helicopter fleet was transferred to the non-appropriated Forest Fire Protection Assessment Account (FFPAA) from the non-budgeted Natural Resources Equipment Account (NREA). This ongoing funding shift back to the

Department of Natural Resources

- NREA will keep the FFPAA balanced and maintain current levels of fire prevention and preparedness activities. (Forest Fire Prevention Assessment Account-Non-Appropriated)
5. **Reduce Land Mgmt on Ag Trust Lands** - The amount of General Fund-State funding provided for deposit into the Agricultural College Trust Management Account (ACTMA) is reduced. Because the ACTMA receives all of its revenue from General Fund-State deposits, expenditure authority in the ACTMA is also reduced by an equal amount. This one-time reduction will lower land management activities on Agricultural College trust lands and will not have an impact on trust revenue. (General Fund-State, Agricultural College Trust Management Account-State)
 6. **Reduce Natural Heritage Program** - General Fund-State support of the Natural Heritage Program is reduced on an ongoing basis. The Natural Heritage Program provides data used by a number of agencies, organizations, companies, and individuals for conservation planning, environmental review processes, and other information requests.
 7. **Reduce Administrative Costs** - DNR will, on a one-time basis, reduce non-emergency equipment purchases, manage vacancies to achieve savings, and reduce travel budgets throughout the agency.
 8. **Incr Silviculture Burn Permit Fee** - RCW 70.94.6534 directs DNR to charge a fee for silviculture burn permits that would raise revenue to a level necessary to cover the costs of the program. The entire General Fund-State expenditure authority for this purpose is shifted on an ongoing basis to the Air Pollution Control Account to match anticipated fee revenue. (General Fund-State, Air Pollution Control Account-State)
 9. **Reduce Fire Control Costs** - On a one-time basis, DNR will reduce discretionary fire training, freeze wages for exempt firefighters, and reorganize administrative support positions in its fire control program. An internal review of the Forest Fire Protection Assessment tax parcels will remain suspended in the 2011-13 biennium.
 10. **Forest Practices Reduction** - The Forest Practices Approval (FPA) Program provides regulatory information and permits for the harvest of timber. The FPA Program is funded with approximately \$23 million state general fund per biennium; this step reduces the Forest Practices Program by \$2.0 million.
 11. **Maintain Adaptive Management Pgm** - The Adaptive Management Program determines if rules protect and restore water quality and aquatic habitat on working forestlands near Puget Sound and other ecosystems across the state. The Program recommends science-based rule adaptations to the Forest Practices Board as needed. This one-time federal appropriation will allow existing research projects to continue while the Program secures long-term sustained funding. (General Fund-Federal)
 12. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
 13. **Discover Pass** - Chapter 320, Laws of 2011 (2SSB 5622), creates the annual Discover Pass and Day-Use Permit and requires these permits to be visible in any vehicle located at state recreational sites or recreation lands managed by the DNR, the Washington Department of Fish and Wildlife, and the State Parks and Recreation Commission. Proceeds from fees will support the maintenance and operation of state recreational lands. (General Fund-State, Park Trust Revolving Account-Non-Appropriated, Non-highway and Off-road Vehicle Account-State)
 14. **Puget Sound Corps** - Funding and FTEs are transferred from DNR's Washington Conservation Corps (WCC) to the Department of Ecology (DOE), pursuant to Chapter 20, Laws of 2011 (SHB 1294). The bill consolidates the administrative functions of the WCC with DOE. Additionally, the Puget Sound Corps is created within the WCC to focus on projects related to the recovery of Puget Sound.
 15. **Absorb Unemployment Cost Increase** - In order to achieve General Fund-State savings in the 2011-13 biennium, DNR will absorb increased unemployment costs as the result of fewer seasonal fire employees returning to work after the fire season. This one-time absorption will be managed as programs across DNR decrease spending, thereby decreasing administrative overhead costs.
 16. **Resume Delayed Lands Mgmt Work** - In Chapter 564, Laws of 2009, Partial Veto (ESHB 1244), the Resource Management Cost Account appropriation was reduced due to the decrease in timber revenues. Revenues have since stabilized and started to increase. Increased expenditure authority will allow resumption of delayed silvicultural activities. (Resource Management Cost Account-State)
 17. **Administrative Consolidation** - Funding and FTEs are reduced to encourage coordination and collaboration of administrative functions between the natural resource agencies.
 18. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
 19. **Collocation Savings** - Funding is reduced to reflect savings related to natural resource agencies collocating office space.
 20. **Executive Reductions** - Funding is reduced for executive administrative staff.
 21. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to

Department of Natural Resources

10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)

22. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
23. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
24. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
25. **Absorb Health Insurance Increase** - DNR will absorb increased health insurance costs resulting from extending health care coverage to seasonal employees. This one-time absorption will be managed as programs across the agency decrease spending, thereby decreasing administrative overhead costs.
26. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Department of Agriculture

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	28,150	112,815	140,965
2011 Supplemental *	-439	662	223
Total 2009-11 Biennium	27,711	113,477	141,188
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2011-13 Maintenance Level	33,348	118,208	151,556
Policy Changes - Non-Comp			
1. Reduce Fair Funding	0	-500	-500
2. State Data Center Rate Increase	25	38	63
3. Eliminate GF - Marketing Assistance	-911	0	-911
4. Administrative Consolidation	-69	0	-69
5. Interagency Charges - AG	-14	-56	-70
6. Collocation Savings	-100	0	-100
7. Executive Reduction	-31	0	-31
8. Management Efficiency	-78	0	-78
9. Reduce Weed Board Support	-170	0	-170
10. Eliminate GF - Weights and Measures	-267	0	-267
Policy -- Non-Comp Total	-1,615	-518	-2,133
Policy Changes - Comp			
11. Average Final Compensation Adjust	2	10	12
12. 3% Salary Cut for State Employees	-408	-1,592	-2,000
13. Suspend Plan 1 Uniform COLA	-225	-902	-1,127
14. Retire-Rehire Changes (State)	-2	-4	-6
Policy -- Comp Total	-633	-2,488	-3,121
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Total 2011-13 Biennium	31,100	115,202	146,302
Fiscal Year 2012 Total	15,729	58,384	74,113
Fiscal Year 2013 Total	15,371	56,818	72,189

Comments:

1. **Reduce Fair Funding** - The Fair Account receives a \$4 million statutory transfer each biennium from the state general fund. The transfer is reduced by \$500,000, leaving \$3.5 million available for fair funding during the 2011-13 biennium. (Fair Account-Non-Appropriated)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Eliminate GF - Marketing Assistance** - State general fund (GF) support for the Washington State Department of Agriculture's (WSDA) domestic marketing program is eliminated.
4. **Administrative Consolidation** - Funding and FTEs are reduced to encourage coordination and collaboration of administrative functions between the natural resource agencies.
5. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
6. **Collocation Savings** - Funding is reduced to reflect savings related to natural resource agencies collocating office space.
7. **Executive Reduction** - Funding is reduced for executive administrative staff.
8. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
9. **Reduce Weed Board Support** - The State Weed Board provides information, education, and outreach about non-native, invasive plants for county and district weed boards, and the

Department of Agriculture

general public. The Board also provides pass-through funding to local government agencies to support on-the-ground projects to eradicate the state's most harmful noxious weeds. The amount of pass-through funding to counties for noxious weed eradication is reduced by 50 percent, and the Board's travel costs are eliminated on an ongoing basis.

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

10. **Eliminate GF - Weights and Measures** - This reduction eliminates two full-time inspector positions and suspends inspections related to price verification, including all retail scanner verification, packaging net contents, and accuracy of labeling for products sold to consumers. The WSDA will suspend efforts to respond to consumer complaints related to sales of firewood and mislabeling of packaged goods. Additionally, enforcement related to antifreeze requirements is eliminated.
11. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
12. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
13. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
14. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Washington Pollution Liability Insurance Program

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	1,639	1,639
2011-13 Maintenance Level	0	1,667	1,667
Policy Changes - Non-Comp			
1. Lease Rate Adjustments	0	72	72
2. State Data Center Rate Increase	0	4	4
3. Relocation Notification	0	26	26
4. Interagency Charges - AG	0	-4	-4
5. Program Transfer to Ecology	0	-848	-848
Policy -- Non-Comp Total	0	-750	-750
Policy Changes - Comp			
6. 3% Salary Cut for State Employees	0	-26	-26
7. Suspend Plan 1 Uniform COLA	0	-15	-15
Policy -- Comp Total	0	-41	-41
Total 2011-13 Biennium	0	876	876
Fiscal Year 2012 Total	0	876	876

Comments:

1. **Lease Rate Adjustments** - One-time funding is provided to collocate the Pollution Liability Insurance Agency (PLIA) within the Department of Ecology (DOE) at DOE's headquarters building in Lacey. On a statewide basis, collocation is expected to save about \$60,000 per fiscal year beginning in FY 2014. (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Program Trust Account-Non-Appropriated)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Relocation Notification** - One-time funding of \$26,000 is provided during FY 2012 for mailing costs associated with the notification of approximately 50,000 participants in PLIA's Oil Heat Insurance Liability Program that PLIA will consolidate into DOE on July 1, 2012, pursuant to E2SSB 5669. Note: This bill did not pass the 2011 regular or first special session of the Legislature. (Heating Oil Pollution Liability Trust Account-Non-Appropriated)
4. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
5. **Program Transfer to Ecology** - Pursuant to E2SSB 5669, PLIA will cease to become an independent agency and will become a program within DOE on July 1, 2012. Note: This bill did not pass the 2011 regular or first special session of the Legislature. (Pollution Liability Insurance Program Trust Account- State, Heating Oil Pollution Liability Trust Account-Non-Appropriated)
6. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
7. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Puget Sound Partnership

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	5,827	8,501	14,328
2011 Supplemental *	-156	882	726
Total 2009-11 Biennium	5,671	9,383	15,054
<hr/>			
2011-13 Maintenance Level	5,967	8,888	14,855
Policy Changes - Non-Comp			
1. Puget Sound Federal Funding	0	1,980	1,980
2. Reduce Agency Costs & Activities	-373	0	-373
3. State Data Center Rate Increase	24	0	24
4. Local Education Grant	0	25	25
5. Reduce LID and Stormwater TA	-130	0	-130
6. Terminate Invasive Species IA w/DFW	-296	0	-296
Policy -- Non-Comp Total	-775	2,005	1,230
Policy Changes - Comp			
7. 3% Salary Cut for State Employees	-84	-82	-166
8. Suspend Plan 1 Uniform COLA	-43	-47	-90
Policy -- Comp Total	-127	-129	-256
<hr/>			
Total 2011-13 Biennium	5,065	10,764	15,829
Fiscal Year 2012 Total	2,545	5,290	7,835
Fiscal Year 2013 Total	2,520	5,474	7,994

Comments:

1. **Puget Sound Federal Funding** - Additional federal expenditure authority is provided for new grant awards. Specific work to be completed with those grants includes tracking progress in implementing the Puget Sound Action Agenda, completing the 2011-13 Biennial Science Work Plan and the 2012 Puget Sound Science Update, implementing the Puget Sound Monitoring Program, and providing grants to local organizations to carry out the Puget Sound Action Agenda at the local level. (General Fund-Federal)
2. **Reduce Agency Costs & Activities** - The Puget Sound Partnership (Partnership) will reduce agency costs and activities, not to include grants to local entities. (General Fund-State, General Fund-Federal)
3. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
4. **Local Education Grant** - During the 2009-11 biennium, the Partnership received a local grant for its education and outreach work, specifically for its online collaboration tool. This appropriation allows the expenditure of the remainder of the grant. (General Fund-Private/Local)
5. **Reduce LID and Stormwater TA** - During the 2009-11 biennium, the Partnership received funding to provide training and technical assistance (TA) to local governments and private developers on the use of Low Impact Development (LID) techniques to manage stormwater. As this program has matured and the use of LID techniques has become more prevalent, the need for these services has been reduced. The Partnership will reduce these services by approximately 30 percent.
6. **Terminate Invasive Species IA w/DFW** - Funding is reduced to reflect the cancellation of an inter-agency agreement (IA) with the Washington Department of Fish and Wildlife (DFW) that supports work on invasive species control.
7. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
8. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit

Puget Sound Partnership

is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Transportation

The majority of the funding for transportation services is included in the transportation budget, not the omnibus appropriations act. For additional information on funding for these agencies and other transportation funding, see the Transportation section of the Legislative Budget Notes. The omnibus appropriations act only includes a portion of the total funding for the Washington State Patrol (WSP) and the Department of Licensing.

Washington State Patrol

The budget reduces the general fund appropriation by \$5.8 million. The savings are achieved through reductions in agency administration and staffing, reductions in funding for the Methamphetamine Response program and Special Weapons and Tactics program, among others.

A total of \$8 million state general fund is provided to WSP for costs related to fighting wildfires.

An increase of \$1.06 million in state funding is provided to WSP for increased costs of DNA analysis kits and testing.

Department of Licensing

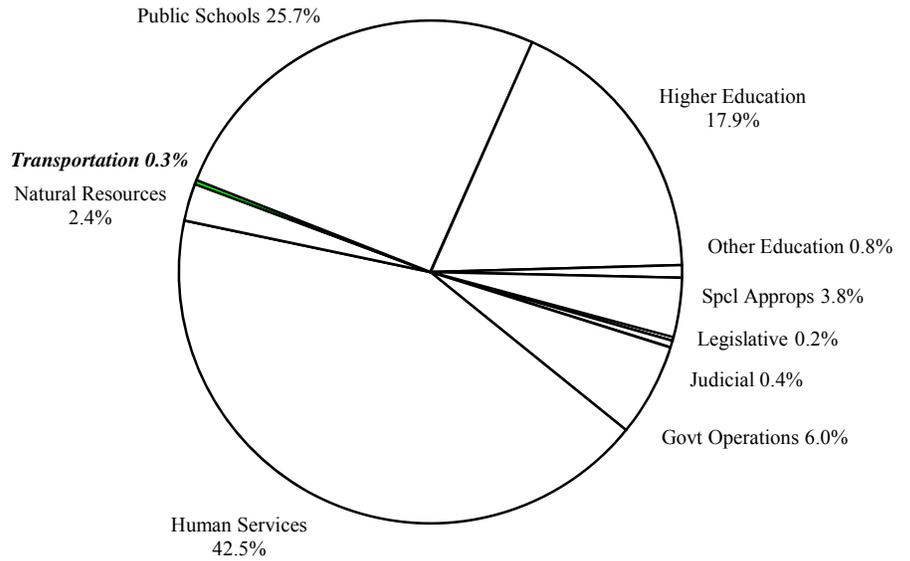
Pursuant to Chapter 298, Laws of 2011 (SHB 2017), the administration of the Master License Service Program is transferred from the Department of Licensing to the Department of Revenue (*see Business Licensing Transfer under the Governmental Operations section for details*).

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

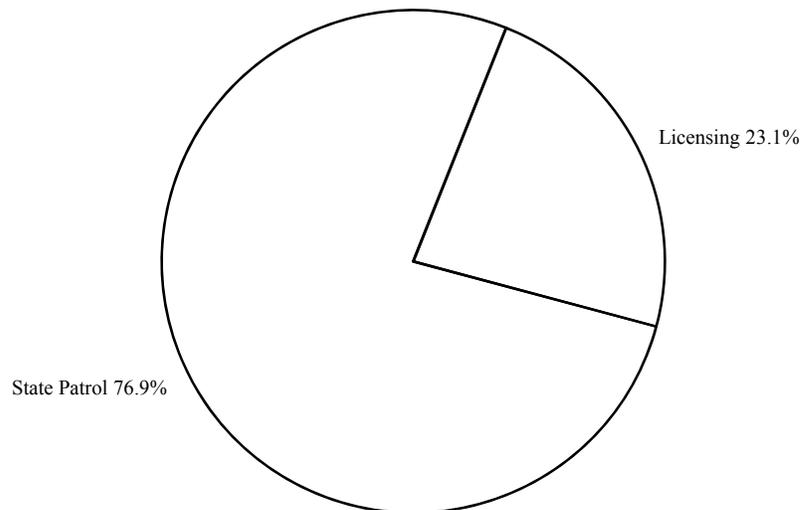
(Dollars in Thousands)

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



Washington State

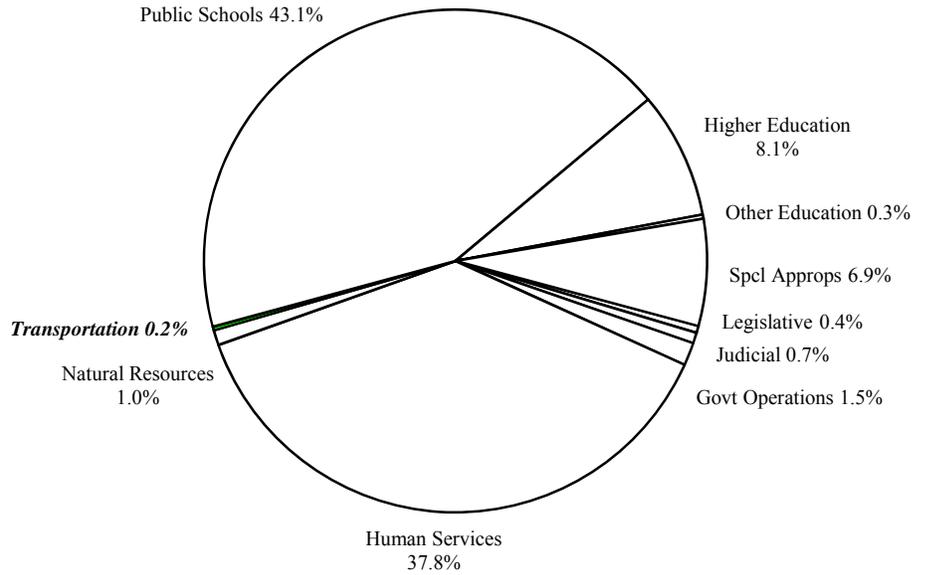
Washington State Patrol	135,640
Dept of Licensing	40,833
Transportation	176,473



Transportation

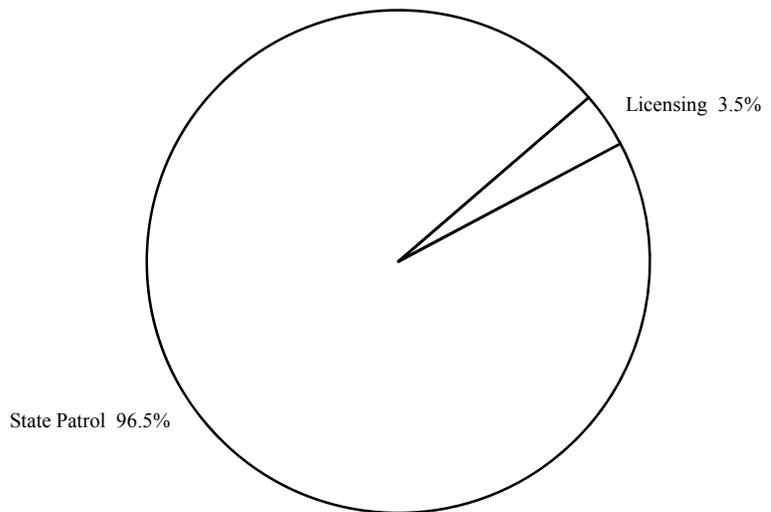
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

Washington State Patrol	75,499
Dept of Licensing	2,773
Transportation	78,272



Transportation

Department of Licensing

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	2,960	53,279	56,239
2011 Supplemental *	-202	0	-202
Total 2009-11 Biennium	2,758	53,279	56,037
<hr/>			
2011-13 Maintenance Level	2,856	55,079	57,935
Policy Changes - Non-Comp			
1. Collection Agency Fee Increase	0	181	181
2. State Data Center Rate Increase	35	75	110
3. Collection Agencies Practices	0	8	8
4. Court Reporter Licensing	0	54	54
5. Master License Program to DOR	0	-16,188	-16,188
6. Interagency Charges - AG	-4	-114	-118
7. Administrative Reduction	-40	0	-40
8. Management Efficiency	-10	0	-10
9. Governor Veto	0	-54	-54
Policy -- Non-Comp Total	-19	-16,038	-16,057
Policy Changes - Comp			
10. Average Final Compensation Adjust	0	3	3
11. 3% Salary Cut for State Employees	-42	-629	-671
12. Suspend Plan 1 Uniform COLA	-22	-355	-377
Policy -- Comp Total	-64	-981	-1,045
<hr/>			
Total 2011-13 Biennium	2,773	38,060	40,833
Fiscal Year 2012 Total	1,265	19,265	20,530
Fiscal Year 2013 Total	1,508	18,795	20,303

Comments:

1. **Collection Agency Fee Increase** - The Department of Licensing (DOL) is authorized to increase fees in the Collection Agency Program for an additional FTE to reduce program backlog, manage the increased workload, and to conduct educational outreach to increase compliance. (Business and Professions Account-State)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Collection Agencies Practices** - Chapter 57, Laws of 2011 (SSB 5574), expands the prohibited practices in the collection agency industry. Funding is provided to handle the anticipated increase in complaint cases as a result of the legislation. (Business and Professions Account-State)
4. **Court Reporter Licensing** - Spending authority is provided for SHB 1205 (Court Reporter Licensing), which would require court reporters and court reporting firms be licensed by DOL. However, the bill was not enacted, and spending authority is therefore rescinded (please see Governor Veto item below). (Business and Professions Account-State)
5. **Master License Program to DOR** - Pursuant to Chapter 298, Laws of 2011 (SHB 2017), administration of and all powers, duties, and functions related to the Master Business License Program is transferred from DOL to the Department of Revenue (DOR). (Master License Account-State)
6. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
7. **Administrative Reduction** - DOL will achieve savings by continuing to implement administrative spending limits and controls on goods and services, travel, and other costs within the Management Support Services and Information Services Divisions.
8. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and

Department of Licensing

cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)

9. **Governor Veto** - The Governor vetoed Section 401(3) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided \$54,000 in spending authority from the Business and Professions Account-State to implement provisions of SHB 1205. The bill was never enacted, and spending authority is therefore rescinded. (Business and Professions Account-State)
10. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
11. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
12. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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.

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

Washington State Patrol

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	75,036	63,927	138,963
2011 Supplemental *	-2,767	0	-2,767
Total 2009-11 Biennium	72,269	63,927	136,196
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2011-13 Maintenance Level	81,984	59,673	141,657
Policy Changes - Non-Comp			
1. Reduce Criminal Records Div Staff	-1,048	0	-1,048
2. Reduce Specialized Progs Staffing	-607	0	-607
3. Reduce Elec Svcs and Risk Staffing	-572	0	-572
4. Eliminate Natl Fire Reporting Staff	-215	0	-215
5. Reduce Cadets at Executive Mansion	-400	0	-400
6. Reduce SWAT and Meth Response	-1,462	0	-1,462
7. Elim Interoperability Comm Support	-504	0	-504
8. Criminal History Record System	0	200	200
9. DNA Kits	936	128	1,064
10. Fire Training Academy Funding	0	345	345
11. State Data Center Rate Increase	83	0	83
12. Child Care Background Checks	0	59	59
13. Vulnerable Adult Referrals	0	6	6
14. Vehicle License Fraud Account	0	318	318
15. Administrative Reduction	-760	0	-760
16. Interagency Charges - AG	-28	0	-28
17. Debt Service Payment	455	0	455
18. Management Efficiency	-238	0	-238
Policy -- Non-Comp Total	-4,360	1,056	-3,304
Policy Changes - Comp			
19. Average Final Compensation Adjust	9	0	9
20. 3% Salary Cut for State Employees	-1,369	-384	-1,753
21. Suspend Plan 1 Uniform COLA	-761	-204	-965
22. Retire-Rehire Changes (State)	-4	0	-4
Policy -- Comp Total	-2,125	-588	-2,713
<hr/>			
Total 2011-13 Biennium	75,499	60,141	135,640
Fiscal Year 2012 Total	38,921	29,418	68,339
Fiscal Year 2013 Total	36,578	30,723	67,301

Comments:

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| <p>1. Reduce Criminal Records Div Staff - The Criminal Records Division is reduced by 7.5 FTEs. This will result in fewer classes being provided to criminal justice agencies and will result in longer response times for identification and criminal history checks by law enforcement agencies.</p> <p>2. Reduce Specialized Progs Staffing - Funding is reduced to reflect the elimination of the following three FTEs and one contracted position: one contracted detective funded by the agency to staff the Missing and Exploited Children Task Force for a local jurisdiction; two office assistants in the Missing/Unidentified Persons Unit; and one detective in the High Tech Crimes Unit.</p> <p>3. Reduce Elec Svcs and Risk Staffing - Funding is reduced to reflect the elimination of the following four positions: three</p> | <p>FTEs in the Electronic Services Division and one FTE in the Risk Management Division.</p> <p>4. Eliminate Natl Fire Reporting Staff - Funding is reduced to reflect the elimination of the position that collects emergency response information from local fire agencies and enters it into a federal database. Funding remains for the Washington State Patrol (WSP) to build the infrastructure to make continued reporting possible.</p> <p>5. Reduce Cadets at Executive Mansion - Funding is reduced to reflect the elimination of 3 FTEs from a total of 12 cadets assigned to the Governor's Mansion.</p> <p>6. Reduce SWAT and Meth Response - Funding is reduced for the Special Weapons and Tactics (SWAT) program, and 1.5 FTE staff are reduced from the Methamphetamine Response</p> |
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Washington State Patrol

- Program. This reduction to SWAT funds will be mitigated by subsidizing current SWAT operations using the State and Federal Seizure Accounts as available.
7. **Elim Interoperability Comm Support** - The two FTE positions that support the State Interoperability Executive Committee (SIEC) are eliminated. This committee was formed in 2003 to ensure that emergency responders across all jurisdictions can talk to each other and share data. With this elimination, there will be no staff support for the SIEC.
 8. **Criminal History Record System** - Funding is provided for a feasibility study to replace the current criminal history record archive and retrieval system, created in the early 1970s, used to store and retrieve over 500,000 criminal history documents received annually. (Fingerprint Identification Account-State)
 9. **DNA Kits** - Funding is provided for deoxyribonucleic acid (DNA) analysis kits for use by WSP's Crime Laboratory to cover increased costs and usage of DNA testing. (General Fund-State, County Criminal Justice Assistance Account-State, Municipal Criminal Justice Assistance Account-State)
 10. **Fire Training Academy Funding** - Funding is provided for regular maintenance of the Fire Training Academy's roads and water systems. (Fire Service Training Account-State)
 11. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
 12. **Child Care Background Checks** - Funding is provided for workload increases related to Chapter 295, Laws of 2011 (2SHB 1903). This legislation assumes an increase in the number of individuals that will require fingerprinting in the 2011-13 biennium. (Fingerprint Identification Account)
 13. **Vulnerable Adult Referrals** - Funding is provided for increased workload due to Chapter 357, Laws of 2011 (ESHB 1494). (Fingerprint Identification Account)
 14. **Vehicle License Fraud Account** - Funding and expenditure authority is provided to the Vehicle License Fraud Account to maintain vehicle license enforcement activities funded from this account. (Vehicle License Fraud Account-State)
 15. **Administrative Reduction** - The administrative functions within WSP are reduced by 10 percent overall. Additional administrative savings is assumed through required Management Efficiencies.
 16. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
 17. **Debt Service Payment** - Funding is provided for the omnibus portion of cash costs and debt service owed on Certificates of Participation used to finance the deployment of computers in WSP vehicles and to upgrade radio equipment to accommodate new Federal Communications Commission standards.
 18. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 19. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 20. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 21. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
 22. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Washington State Patrol

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

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

Public Schools

Summary Statistics on Total and Percentage Changes in the K-12 Budget

	2009-11 2nd Supp Enacted Operating Budget	2011-13 Enacted Operating Budget**	Difference	Percent Change
NGF-S*	\$12,994,104,000	\$13,783,417,000	\$789,313,000	6.1%
NGF-S Per Pupil Funding	\$6,559	\$6,862	\$303	4.6%

* *Near-General Fund-State: General Fund, Education Legacy Trust Account, and Pension Funding Stabilization Account.*

** *Total budgeted figures include a 1-day delay in a portion of the June general apportionment payment to school districts. This delay has the effect of reducing the budget by \$128 million in fiscal year 2011, and increasing the budget by the same amount in fiscal year 2012.*

Maintenance & Carryforward Level Changes

Enrollment, Workload, and Inflation

State funding in the amount of \$687 million is provided for pension rate increases, student enrollment increases, inflation of non-employee related costs, school bus replacement costs, and other workload adjustments projected for the 2011-13 biennium. Included in this cost is \$428 million for the cost of adopting the pension rates recommended by the Pension Funding Council, \$36 million for projected increases in school bus replacement costs, \$16 million to cover reduced revenue offsets to general apportionment due to the anticipated non-renewal of the federal Secure Rural Schools Act funding, \$31 million for projected increases in teachers earning certification from the National Board for Professional Teaching Standards, among other small changes. Additional costs are incurred at maintenance level to cover the rising scoring and contractor costs of the state's assessment system (\$53 million). As compared to the 2010-11 school year enrollment, the number of full-time equivalent (FTE) students is expected to increase by 6,455 in the 2011-12 school year and 16,722 in the 2012-13 school year.

In addition to maintenance-level changes, net increases of \$276 million are funded for technical carryforward level adjustments. These changes include funding both years of ongoing increases that were made in 2009-11, increasing funding for enrollment and workload, and providing an additional \$78 million for levy equalization for the increase in the base local levy lid from 24 percent to 28 percent enacted by the 2010 Legislature.

I-732 Cost-of-Living Adjustments (COLA)

Initiative 732 (I-732) requires an annual COLA increase for school employees based on the Seattle Consumer Price Index (CPI) for the prior calendar year. Based on the most recent CPI data, these COLA increases are estimated at 0.3 percent for the 2011-12 school year and 2.5 percent for the 2012-13 school year. Additionally, statute requires a catch-up COLA increase resulting from the I-732 suspension during the 2009-11 biennium. This requirement adds an additional 1.2 percent in each school year. Total maintenance-level costs associated with these requirements are \$283 million for the 2011-13 biennium. These requirements are suspended in the final 2011-13 enacted budget.

I-728 Student Achievement Fund Allocations

Initiative 728 (I-728), approved by voters in 2000 and later amended by the Legislature, allocates a per-student dollar amount to districts to be used for class-size reduction, extended learning opportunities, early-learning programs, or professional development. If not suspended, per-student allocations would have been approximately \$477 per student for the 2011-12 school year and \$484 per student for the 2012-13 school year. The maintenance-level budget includes approximately \$861 million to fulfill these requirements. These requirements are suspended in the final 2011-13 enacted budget.

Policy Level Reductions

Suspend I-728 Student Achievement Program Allocations

I-728, approved by voters in 2000, allocates a per-student dollar amount to districts to be used for class size reduction, extended learning opportunities, early learning programs, or professional development. I-728 allocations to school districts are suspended for the 2011-13 biennium, resulting in General Fund-state budget reductions of \$861 million.

Plan 1 Uniform COLA Changes

Public Employees' and Teachers' Retirement Systems Plan 1 (PERS Plan 1 and TRS Plan 1) members benefits are no longer increased through the Uniform COLA above the amount in effect on July 1, 2010, unless a retiree qualifies for the basic minimum benefit. Members of PERS Plan 1 and TRS Plan 1 that qualify for the minimum benefit formulas in the plans will continue to receive the Uniform COLA. Within the K-12 budget, the change decreases spending by \$275 million.

Suspend I-732 COLA

I-732 requires an annual COLA increase for school employees based on the Seattle CPI for the prior calendar year. The I-732 COLAs are suspended for the 2011-13 biennium. In addition, the provision is eliminated that required catch-up funding from fiscal year 2012 through fiscal year 2015 for the 2009-11 COLA suspension, resulting in total state budget reductions of \$266 million.

1.9 Percent Salary Reductions for Certificated Instructional & Classified Staff, and 3 Percent Reductions for Administrative Staff

Allocations to school districts for K-12 employee salaries are reduced by 1.9 percent for certificated instructional and classified staff and 3.0 percent for administrative staff in the 2011-12 and 2012-13 school years, or a total state reduction of \$179 million.

Eliminate K-4 Class-Size Reduction

Continuing the policy in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086), funding for the K-4 class size reduction is eliminated for the 2011-12 and 2012-13 school years. The formula for allocating funding to districts is adjusted to reflect the following changes in average class sizes: grades Kindergarten through Grade 3 will become 25.23, up from 23.11; and Grade 4 will become 27, up from 26.15. This reflects minimum statutory funding levels in grades K-4 for general education students and reduces General Fund-state funding by \$170 million. Separately, partial class-size reduction funding is restored for high-poverty schools (see below).

National Board Bonus Changes

Two changes are made to the National Board for Professional Teaching Standards (NBPTS) bonus program. Beginning in the 2011-12 school year, the Office of Superintendent of Public Instruction (OSPI) must pay bonuses on July 1 of each school year, achieving a one-time savings in fiscal year 2012 of approximately \$58 million. Additionally, first-year national board bonuses will be prorated by a factor of 60 percent (a 40 percent reduction); to reflect the percentage of the school year newly NBPTS-certified teachers are certified. The proration produces a first year base bonus amount of \$3,054, and a first year high-poverty school bonus of \$3,000. With the exception of the first year proration, the \$5,090 base bonus and \$5,000 high-poverty school bonus are

fully funded in the 2011-13 biennium. National Board bonus changes result in General Fund-state savings of \$61 million.

Assessment System Changes

State funding for student assessments is reduced by \$51 million to reflect several changes: the implementation of modified graduation requirements in math and science, reductions to assessment staffing, reductions in collections-of-evidence costs, and a shifting of diagnostic testing costs from state to federal sources.

Chapter 22, Laws of 2011, 1st sp.s. (ESHB 1410), requires students, starting with the class of 2015 rather than 2013, to meet the state standard on the high school science assessment to earn a Certificate of Academic Achievement (CAA), which is required for graduation. It also establishes the Biology end-of-course (EOC) assessment as the high school science assessment. Chapter 25, Laws of 2011 (HB 1412), allows students in the classes of 2013 and 2014 to pass one math EOC assessment (rather than two) for purposes of high school graduation and also specifies that retakes of the math assessment will be based on an EOC test, not a comprehensive math test.

In addition to the savings resulting from ESHB 1410 and HB 1412, which total \$37.3 million, the reductions also include \$1.4 million in assessment staff reductions, \$6.4 million in assessment contract cost savings, and \$4.4 million from eliminating state allocations for diagnostic assessments funding. Included in the savings estimate for ESHB 1410 and HB 1412 are reductions to the per-test rates paid for collections-of-evidence (COE), as well the impact of limiting the state subsidy to one COE per student in each subject area. An additional savings of approximately \$1 million is assumed by restricting payment for collections, which do not meet minimum submission requirements.

Alternative Learning Experience (ALE) Changes

Funding is adjusted downward by \$41 million to reflect the changes to ALE programs in Chapter 34, Laws of 2011, 1st sp.s. (ESHB 2065). The ALE programs include online learning programs, as well as parent partnership and contract programs where most education occurs outside the traditional school setting in a more flexible, non-seat time based learning program. Funding is reduced, in aggregate, by 15 percent for ALE programs. OSPI is tasked with determining the methodology for achieving the savings based on specific criteria established by ESHB 2065 and requires that no particular ALE program take less than a 10 percent reduction or more than a 20 percent reduction.

Eliminate Maintenance, Supplies, and Operating Costs (MSOC) from K-4 Class-Size Reduction Funding

Continuing the policy in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086), funding is adjusted to eliminate that portion of MSOC funding for the 2011-12 and 2012-13 school years that is an enhancement above levels required by statute. The new K-12 funding formula adopted pursuant to Chapter 236, Laws of 2010, Partial Veto (SHB 2776), changed the allocation methodology for non-salary related items. In the prior formula, funding was allocated on a per-certificated staff unit basis. Beginning September 1, 2011, non-salary funding is allocated on a per-student basis. As a result of the new formula, \$24 million of the funding for MSOC for 2011-13 is considered an enhancement to basic education, because it was previously allocated on the basis of non-basic education staff units, and is eliminated in the enacted budget.

Reduce Food Service Funding

Continuing the policy in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086), \$6 million in state funds for the National School Lunch Program previously used to meet state matching requirements for federal funding are eliminated. School food-service programs in the education reform budget are transferred to the school food-services budget for the purpose of meeting the federal match requirements.

Running Start

Running Start is a dual-credit program that allows high school juniors and seniors to attend class at institutions of higher education and earn high school and postsecondary credits simultaneously. The enrollment and funding rules for the Running Start Program are adjusted to establish a combined enrollment cap of 1.2 FTEs. Currently, students can participate in running start programs up to a combined enrollment cap of 2.0 FTEs, allowing full-time enrollment in running start programs, as well as full-time high school enrollment. The budgeted savings of \$6 million, General Fund-state, assumes an overall enrollment reduction of 680 student FTEs per year.

Policy Level Enhancements

K-3 Class Size in High Poverty Schools

Funding is provided for lower class sizes in grades K-3 in high-poverty schools. The funding amount of \$34 million assumes class sizes of 24.1 in grades K-3 in schools that have free and reduced-price lunch eligible student populations exceeding 50 percent in the most recently completed school year.

Implement New Funding Formula

Implementation of the new prototypical school model has established new funding formulas for a number of programs, including General Apportionment, the Learning Assistance Program, the Highly Capable Program, and the Transitional Bilingual Program. State funding of \$25 million is provided to hold districts harmless, in total, to per-student funding amounts resulting from these formula changes, after adjustments for staff mix, and other caseload factors. The policy calculates the hold harmless amount *before* considering new funding provided through inflationary increases to maintenance, supplies, and other operating costs, but *after* considering new funding provided through the K-3 class size enhancement in high poverty schools. Because of the high correlation of districts with large high-poverty school populations and districts receiving hold harmless funding, the K-3 class size funding for high-poverty schools reduces hold harmless funding at approximately a 2:1 ratio.

Full-Day Kindergarten Phase-In

A total of \$5 million, General Fund-state, is provided to continue phasing in full-day kindergarten programs in high-poverty schools. The funding supports approximately 21 percent of kindergarten enrollment in the 2011-12 school year, and 22 percent of kindergarten enrollment in the 2012-13 school year. This is calculated to add 265 total FTE students in the

2011-12 school year, and 835 students in the 2012-13 school year. The Office of the Superintendent of Public Instruction will phase in new schools within the limits of these additional student FTEs.

Implement Transportation Cost Model Formula

Chapter 236, Laws of 2010, Partial Veto (SHB 2776), implements a new state formula to allocate funding to districts for pupil transportation to and from school. Pupil transportation allocations are converted to the new formula, and base funding levels are enhanced by \$5 million, in addition to maintenance-level increases for student enrollment and staff pension costs.

Additionally, Chapter 27, Laws of 2011, 1st sp.s., Partial Veto (ESSB 5919), modifies the pupil transportation funding formula to: include only statistically significant cost factors in the funding formula utilizing regression analysis; utilize state allocations for compensation rather than district actual expenditures; and clarify that the indirect cost rate referenced in the formula is the federal restricted indirect rate.

Information Technology K-12 Academy

Funding is provided for an Information Technology (IT) Academy Program, which provides free educational software, as well as IT certification and software training opportunities for students and staff in public schools. The academy provides access to software licenses, and Web-based e-Learning and course materials. Topics range from computer basics to high-level programming, along with information and communications technology management. Students, as well as teachers and administration personnel, can use the training to get certified in a

wide variety of IT areas, including Microsoft Office (which includes Word, Excel, PowerPoint and Access) as well as advanced technical topics including programming, network administration, web development, and database development. The funding amount of \$4 million represents the state match requirement for the program, which is the product of a public-private partnership.

Pay for Actual Student Success (PASS) Act Program

Funding in the amount of \$3 million is provided to implement the PASS Program established in Chapter 288, Laws of 2011, Partial Veto (E2SHB 1599). The PASS Program establishes performance metrics for measuring extended graduation rates and promotes investment in four dropout prevention and intervention programs.

Teacher and Principal Performance-Based Evaluation Pilots

Funding in the amount of \$3 million is provided to support district participation in the development and implementation of improved teacher and principal evaluation systems under reforms initiated in Chapter 235, Laws of 2010 (E2SSB 6696).

Other

June 2011 Apportionment

The 2011-13 operating budget delays \$128 million of the June 2011 apportionment payments to school districts from the last business day of June 2011 to the first business day of July 2011. Additionally, the 2011 supplemental budget also provides \$13 million in financial contingency funding for districts that meet specific financial hardship criteria resulting from the June 2011 apportionment shift. The 2011-13 biennial budget assumes repayment of this funding during fiscal year 2012. The net increase for the 2011-13 budget, combining the apportionment delay with the repayment of contingency funds, is \$115 million.

Various Reductions

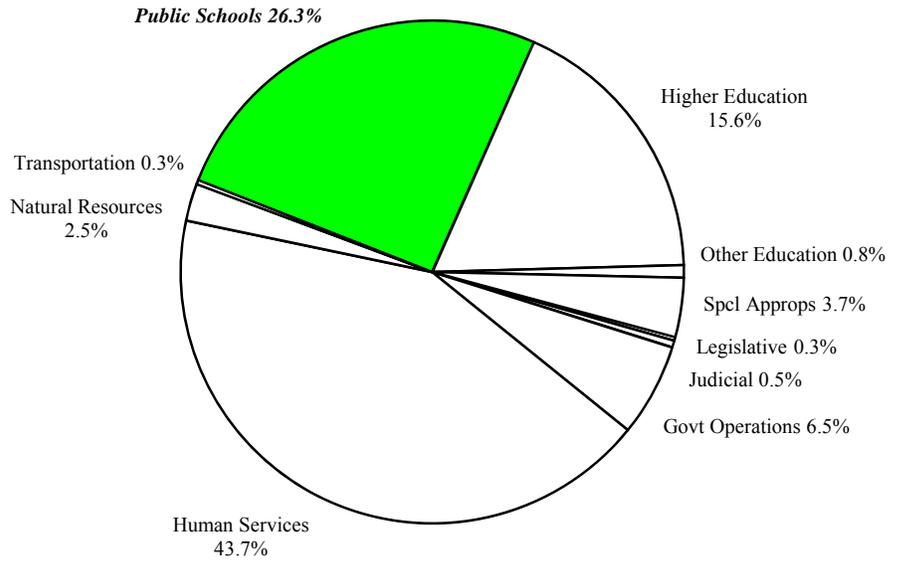
A total of \$64 million in additional savings are realized through a variety of other budget reductions. The largest of these reductions and adjustments include continuation of policy reductions (such as elimination of K-4 class size enhancements) made in the 2010-11 school year for July and August of the 2012 fiscal year (\$20.9 million), adjusting full day kindergarten allocations for reduced pension and salary rates, increased class size, and other general apportionment factors (\$8.4 million), projected savings from a teacher retirement incentive program offering \$250 monthly stipends for health benefit costs (\$7.2 million), elimination of math and science professional development grants (\$3.9 million), reductions to the alternative route program (\$3.2 million), and elimination of state funding for the focused assistance program (\$3.0 million), among other smaller changes.

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

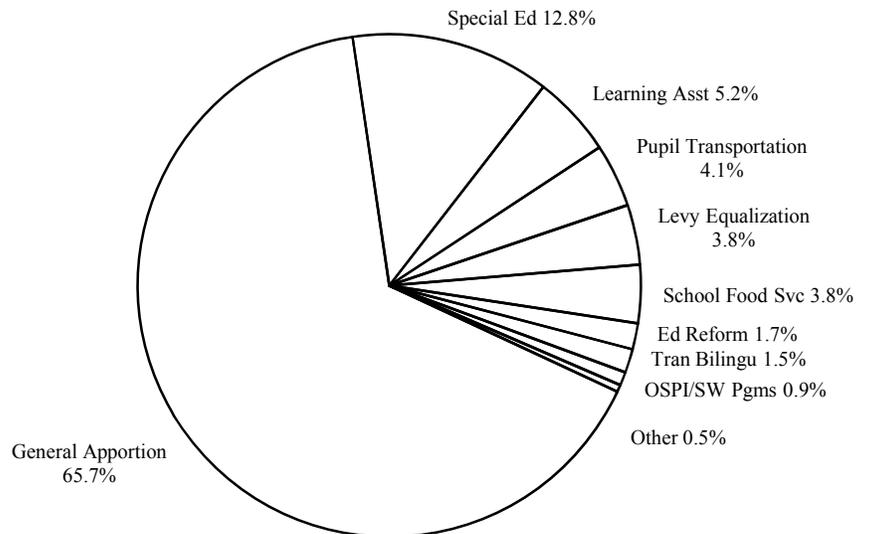
(Dollars in Thousands)

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



Washington State

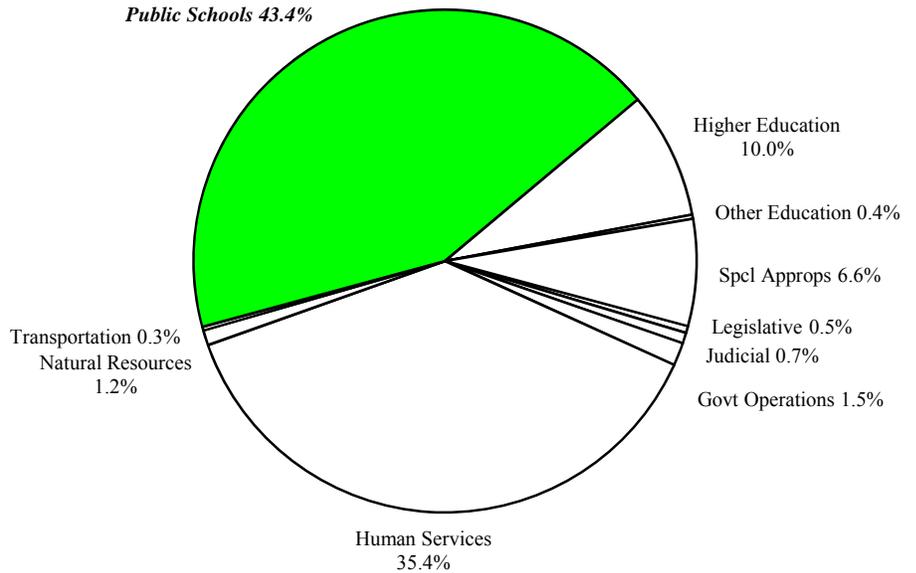
General Apportionment	10,459,774
Special Education	2,041,982
Learning Assist Pgm	833,428
Pupil Transpo	649,813
Levy Equalization	611,782
School Food Services	597,222
Education Reform	266,282
Transit Bilingual Inst	243,540
OSPI & Statewide Pgms	138,300
Other Public Schools	73,314
Public Schools	15,915,437



Public Schools

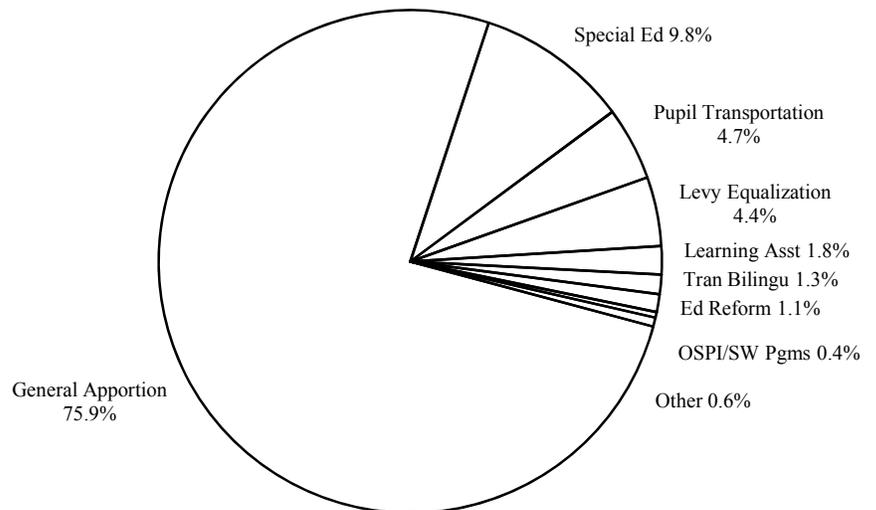
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

General Apportionment	10,459,774
Special Education	1,350,186
Pupil Transportation	649,813
Levy Equalization	611,782
Learning Assistance Program (LAP)	252,221
Transitional Bilingual Instructor	172,539
Education Reform	158,167
OSPI & Statewide Programs	48,657
Other Public Schools	80,182
Public Schools	13,783,321



Public Schools

Public Schools

WORKLOAD HISTORY

By School Year

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Estimated		
							2010-11	2011-12	2012-13
General Apportionment									
FTE Enrollment	966,246	972,079	973,612	975,540	980,955	988,501	992,740	997,724	1,007,990
% Change from prior year		0.6%	0.2%	0.2%	0.6%	0.8%	0.4%	0.5%	1.0%
Special Education									
Funded Enrollment ⁽¹⁾	120,673	121,678	121,612	126,053	127,867	130,315	132,436	134,624	136,908
% Change from prior year		0.8%	-0.1%	3.7%	1.4%	1.9%	1.6%	1.7%	1.7%
Bilingual Education									
Headcount Enrollment	75,255	76,716	76,505	80,689	82,916	84,855	89,855	94,670	99,929
% Change from prior year		1.9%	-0.3%	5.5%	2.8%	2.3%	5.9%	5.4%	5.6%
Learning Assistance Program (LAP)									
Entitlement Units ⁽²⁾	157,935	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Funded Student Units ⁽³⁾	N/A	408,477	419,033	413,797	432,542	451,783	489,158	N/A	N/A
Funded Student Units ⁽⁴⁾								432,591	443,368
% Change from prior year			2.6%	-1.2%	4.5%	4.4%	8.3%		2.5%

⁽¹⁾ For the 2004-05 school year, a portion of the special education enrollment was funded with federal dollars.

⁽²⁾ In the 2005 legislative session, the Legislature made significant changes to the allocation formula for the Learning Assistance Program (LAP). For this reason, the workload amounts for the 2005-07 biennium and beyond are not comparable to prior years.

⁽³⁾ Beginning in the 2008-09 school year, additional LAP units are provided to school districts with concentrations of bilingual students exceeding 20 percent of enrollment pursuant to RCW 28A.165.055, making year-to-year comparisons before and after this change non-comparable.

⁽⁴⁾ Beginning in the 2011-12 school year, LAP units are provided to school districts based on hours of additional instruction per student, as provided in RCW 28A.150.260(10)(a), making year-to-year comparisons of total LAP units before and after this change non-comparable.

Data Sources :

Caseload Forecast Council, March 2011 forecast, and legislative budgets from the 2011 session.

**Public Schools
OSPI & Statewide Programs**

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	65,111	91,694	156,805
2011 Supplemental *	500	0	500
Total 2009-11 Biennium	65,611	91,694	157,305
2011-13 Maintenance Level	62,108	86,401	148,509
Policy Changes - Non-Comp			
1. Funding System Development	200	0	200
2. State Data Center Rate Increase	275	0	275
3. Achievement Gap Committee	-100	0	-100
4. Bullying Prevention Workgroup	112	0	112
5. School District Insolvency	166	0	166
6. Kindergarten Readiness	900	0	900
7. Education Reforms	96	0	96
8. Apportionment System Development	-146	0	-146
9. State Board of Education Reduction	-190	0	-190
10. Reduce OSPI State Office Staffing	-2,167	0	-2,167
11. Online Learning Program Reduction	-140	0	-140
12. Finance Reform Reduction	-78	0	-78
13. Eliminate Skills Center Director	-196	0	-196
14. K-20 Network Reduction	-1,048	0	-1,048
15. E-Certification	-855	0	-855
16. PESB Reduction	-134	0	-134
17. Alt Routes Reduction and Suspension	-3,184	0	-3,184
18. Jobs for America	-30	0	-30
19. Private/Local Authority	0	4,000	4,000
20. Transfer School Safety Functions	-392	0	-392
21. Youth Suicide Prevention	140	0	140
22. Interagency Charges - AG	-102	0	-102
23. Management Efficiency	-536	0	-536
24. Data System Reduction	-462	0	-462
25. Reduce Navigation 101	-624	0	-624
26. Eliminate Supp CTE Organizations	-194	0	-194
27. Eliminate Special Services Pilot	-2,658	0	-2,658
28. Eliminate Dyslexia Pilot Program	-150	0	-150
29. Suspend Pre-Apprenticeship Grants	-350	0	-350
30. Teaching as a Profession Pilot	-150	0	-150
31. Reduce Mentoring of WA Achievers	-150	0	-150
32. Governor Veto	-96	0	-96
Policy -- Non-Comp Total	-12,243	4,000	-8,243
Policy Changes - Comp			
33. Average Final Compensation Adjust	4	2	6
34. 3% Salary Cut for State Employees	-775	-463	-1,238
35. Suspend Plan 1 Uniform COLA	-435	-297	-732
36. Retire-Rehire Changes (State)	-2	0	-2
Policy -- Comp Total	-1,208	-758	-1,966
Total 2011-13 Biennium	48,657	89,643	138,300
Fiscal Year 2012 Total	25,610	43,718	69,328
Fiscal Year 2013 Total	23,047	45,925	68,972

Comments:

1. **Funding System Development** - Funding is provided for apportionment system projects that were underexpended in FY

2011 and for which the amount of underexpenditure is reappropriated in FY 2012 to ensure project completion.

Public Schools OSPI & Statewide Programs

- (General Fund-State)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
 3. **Achievement Gap Committee** - Funding for the achievement gap oversight and accountability committee is reduced by 50 percent. (General Fund-State)
 4. **Bullying Prevention Workgroup** - Funding is provided for the implementation of Chapter 185, Laws of 2011 (2SHB 1163 - Bullying Prevention), which requires the Office of the Superintendent of Public Instruction (OSPI) to convene a workgroup on school bullying and harassment prevention to develop, recommend, and implement strategies to improve the school climate and create respectful learning environments in public schools. (General Fund-State)
 5. **School District Insolvency** - Funding is provided for the implementation of Chapter 192, Laws of 2011 (SHB 1431 - School District Insolvency). Funding is provided to OSPI to work with the educational service districts to conduct an analysis and submit a report with recommendations for a clear legal framework and process for dissolution of a school district. The funding covers convening and consultant costs. (General Fund-State)
 6. **Kindergarten Readiness** - Funding is provided for the implementation of 2SHB 1510 (State-Funded Kindergarten), including the development and implementation of the Washington Kindergarten Inventory of Developing Skills (WaKIDS). Funding supports the development and implementation of the inventory, OSPI staffing for oversight of the program, and training of school district staff. The amount funded assumes the availability of private and federal resources to partially defray costs. (General Fund-State) *This bill did not pass the Legislature - needs some reference to that.*
 7. **Education Reforms** - Funding is provided for the implementation of HB 2111 (Implementing selected recommendations from the 2011 report of the Quality Education Council), including additional funding for the Compensation Working Group to analyze educator professional development and mentoring needs, strengthening the availability of data about transitional bilingual students on OSPI's online report card, development of administrative rules for the Highly Capable Program, and a study of the Learning Assistance Program (LAP) funding by the Washington State Institute for Public Policy. Funding for the LAP study is contained in the budget for The Evergreen State College. (General Fund-State) This appropriation was vetoed by the Governor as the legislation was not enacted.
 8. **Apportionment System Development** - Funding for the development of the pupil transportation and general apportionment school finance systems required by the enactment of Chapter 236, Laws of 2010, Partial Veto (SHB 2776), is reduced. (General Fund-State)
 9. **State Board of Education Reduction** - The State Board of Education's operating budget is reduced by 10 percent. (General Fund-State)
 10. **Reduce OSPI State Office Staffing** - OSPI's operating budget is reduced. (General Fund-State)
 11. **Online Learning Program Reduction** - OSPI staffing and expenses related to online learning programs are reduced by 10 percent. (General Fund-State)
 12. **Finance Reform Reduction** - OSPI's administrative budget contains funding for research, development, and implementation of a new K-12 funding system as required in Chapter 548, Laws of 2009, Partial Veto (ESHB 2261). Funding for these functions is reduced. (General Fund-State)
 13. **Eliminate Skills Center Director** - Funding for the position of Skills Center Director is eliminated at OSPI. (General Fund-State)
 14. **K-20 Network Reduction** - The K-20 Network provides internet, data processing, and video-conferencing capacity to school districts and state offices. State funding support for the K-20 Network at OSPI is reduced by 30 percent. (General Fund-State)
 15. **E-Certification** - Savings are assumed from the implementation of an e-certification system at OSPI, in accordance with Chapter 23, Laws of 2011, 1st sp.s., (ESHB 1449 - Establishing a Processing Fee for Educator Certificates). Once the e-certification system is built, an administrative fee of \$33 is applied to all current teacher certification fees, effective July 1, 2012, to be deposited into the newly-created Educator Certification Processing Account. Funding from the new fee will be used to implement a web-based, centralized educator licensure/certification system. In FY 2013, 12.5 FTE certification staff will be transferred from General Fund-State to the new account, saving General Fund-State \$855,000. OSPI is directed to use federal grant money provided for student longitudinal database development for system construction costs, to the extent allowable. (General Fund-State, Educator Certification Processing Account-State)
 16. **PESB Reduction** - The Professional Educator Standards Board (PESB) operating budget is reduced by 8 percent. (General Fund-State)
 17. **Alt Routes Reduction and Suspension** - Alternative certification routes are teacher-training programs that serve as different options to traditional teacher preparation programs. Funding is reduced to reflect changes in demand for new teachers in the current labor market environment. Funding

Public Schools OSPI & Statewide Programs

- levels will support continuation of scholarships for existing teacher candidates. (General Fund-State)
18. **Jobs for America** - Jobs for America's Graduates is a dropout prevention program at OSPI, started in FY 2011. Funding for the program is reduced by 10 percent. (General Fund-State)
 19. **Private/Local Authority** - Private/local authority is provided for an assortment of gifts, grants, and other funding provided by private parties or local government agencies. (General Fund-Local)
 20. **Transfer School Safety Functions** - School safety functions, including school safety training funds, are transferred to the Criminal Justice Training Commission. (General Fund-State)
 21. **Youth Suicide Prevention** - Funding is provided for youth suicide prevention programs to support implementation of Chapter 185, Laws of 2011 (2SHB 1163 - Bullying Prevention). (General Fund-State)
 22. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
 23. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 24. **Data System Reduction** - Funding for the K-12 data governance group and ongoing implementation of a comprehensive data system that includes financial, student, and educator data is reduced. (General Fund-State)
 25. **Reduce Navigation 101** - Navigation 101 provides implementation grants to districts for guidance and career counseling programs in secondary schools. Funding for this program is reduced by 10 percent. (General Fund-State)
 26. **Eliminate Supp CTE Organizations** - The OSPI provides financial support to assist student Career and Technical Education (CTE) organizations. Funding for support of these organizations is eliminated. (General Fund-State)
 27. **Eliminate Special Services Pilot** - Seven districts participate in the Special Services Pilot Program. The program aims to reduce the number of students inappropriately referred to and placed in special education and increase early identification of students struggling academically. The program expires June 2011. Funding is eliminated in the 2011-13 biennium. (General Fund-State)
 28. **Eliminate Dyslexia Pilot Program** - The Dyslexia Pilot Program provides regional training through the Educational Service Districts for classroom teachers and reading specialists to improve reading skills of students diagnosed with dyslexia. Funding for the pilot is eliminated. (General Fund-State)
 29. **Suspend Pre-Apprenticeship Grants** - Running Start for the Trades are pre-apprenticeship grants offering incentive awards of up to \$10,000 to districts to develop pre-apprenticeship programs in the trades and crafts and to recruit students into the programs. Funding for these grants is eliminated. (General Fund-State)
 30. **Teaching as a Profession Pilot** - OSPI contracts with the Latino/a Educational Achievement Project to identify and mentor bilingual students to become interested in the teaching profession. Due to the decrease in demand for new teachers, funding for this program is eliminated. (General Fund-State)
 31. **Reduce Mentoring of WA Achievers** - Funding for the mentoring of Washington Achievers Scholars is reduced by 10 percent. This funding leverages private funding for the recruitment, training, and matching of volunteer mentors with students selected as Washington Achievers Scholars. The mentoring is provided to low-income high school students in their junior and senior years of high school and into their freshman year of college. (General Fund-State)
 32. **Governor Veto** - The Governor vetoed Section 401(1)(i) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which ... *veto comment needs to be finished*
 33. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 34. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 35. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit

Public Schools OSPI & Statewide Programs

is raised to \$1,500 per month. (General Fund-State, various other funds)

36. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

**Public Schools
General Apportionment**

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	10,038,256	208,098	10,246,354
2011 Supplemental *	-24,734	0	-24,734
Total 2009-11 Biennium	10,013,522	208,098	10,221,620
2011-13 Maintenance Level	10,837,306	0	10,837,306
Policy Changes - Non-Comp			
1. ALE Funding Adjustment	-41,055	0	-41,055
2. Prior School Year Adjustments	-20,650	0	-20,650
3. Eliminate K-4 Class Size Reduction	-165,081	0	-165,081
4. June 2011 Apportionment	128,000	0	128,000
5. June Contingency Repayment	-13,000	0	-13,000
6. Reduce Extended Day Skill Center	-98	0	-98
7. Eliminate MSOC from K-4 CSR	-24,194	0	-24,194
8. Repayment of Contingency Pool	-2,500	0	-2,500
9. Implement New Funding Formula	25,024	0	25,024
10. Transfer Full Day Kindergarten	92,079	0	92,079
11. Running Start	-5,854	0	-5,854
12. K-3 Class Size in High Pov Schools	29,442	0	29,442
13. Summer Skills Ctr Programs	-4,770	0	-4,770
Policy -- Non-Comp Total	-2,657	0	-2,657
Policy Changes - Comp			
14. Suspend Plan 1 Uniform COLA	-221,582	0	-221,582
15. K-12 Salary Reduction	-147,400	0	-147,400
16. Teacher Retirement Incentive	-5,893	0	-5,893
Policy -- Comp Total	-374,875	0	-374,875
Total 2011-13 Biennium	10,459,774	0	10,459,774
Fiscal Year 2012 Total	5,242,704	0	5,242,704
Fiscal Year 2013 Total	5,217,070	0	5,217,070

Comments:

- ALE Funding Adjustment** - Funding for Alternative Learning Experience (ALE) programs is adjusted to reflect savings assumed from the implementation of Chapter 34, Laws of 2011, 1st sp.s. (ESHB 2065), which changes funding rules and requirements related to ALE programs. (General Fund-State)
- Prior School Year Adjustments** - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086 - 2011 Supplemental Budget), for July and August of 2011, the last two months of the 2010-11 school year. School districts budget on a school year basis while the state budgets on a fiscal year basis. As a result, two months of the prior school year are paid for in FY 2012. The savings in the General Apportionment program are from the elimination of the K-4 class size enhancement for the latter part of the 2010-11 school year. (General Fund-State)
- Eliminate K-4 Class Size Reduction** - Funding for Kindergarten through Grade 4 class size reduction is eliminated for the 2011-12 and 2012-13 school years. The formula for allocating funding to districts is adjusted to reflect the following increases in average class sizes: grades Kindergarten through Grade 3 will become 25.23, up from 23.11; Grade 4 will become 27, up from 26.15. This reflects minimum statutory funding levels in grades K-4 for general education students. (General Fund-State)
- June 2011 Apportionment** - The 2011-13 operating budget shifts \$128 million of the June 2011 apportionment payments to school districts from the last business day of June 2011 to the first business day of July 2011. This increases costs for FY 2012 and reduces costs for FY 2011. (General Fund-State)
- June Contingency Repayment** - The 2011-13 operating budget shifts \$128 million of the June 2011 apportionment payments to school districts from the last business day of June 2011 to the first business day of July 2011. The 2011 supplemental budget provides a June financial contingency fund for districts that meet specific financial hardship criteria resulting from the June 2011 apportionment shift. The 2011-13

Public Schools General Apportionment

- biennial budget assumes repayment of this funding during FY 2012. (General Fund-State)
6. **Reduce Extended Day Skill Center** - The Extended Day Skills Center Program provides support services to skills center students at risk of dropping out of school. Funding for this service is reduced by 10 percent for the 2011-13 biennium. (General Fund-State)
 7. **Eliminate MSOC from K-4 CSR** - The new K-12 funding formula adopted pursuant to Chapter 236, Laws of 2010, Partial Veto (SHB 2776), changed the allocation methodology for non-salary related items. In the prior formula, funding was allocated on a per certificated staff unit basis. Beginning September 1, 2011, non-salary funding is allocated on a per student basis. As a result of the conversion to the new funding formula, a portion of the funding for maintenance, supplies, and operating costs (MSOC) is considered an enhancement to basic education because it was previously allocated on the basis of non-basic education staff units associated with the enhanced funding for class-size reduction (CSR). Therefore, funding is adjusted to eliminate that portion of MSOC funding for the 2011-12 and 2012-13 school years that is an enhancement above levels required by statute. (General Fund-State)
 8. **Repayment of Contingency Pool** - The 2011 supplemental budget provides funding for a financial contingency fund for districts that meet specific financial hardship criteria. The 2011-13 biennial budget assumes repayment of this funding during FY 2012. (General Fund-State)
 9. **Implement New Funding Formula** - Chapter 236, Laws of 2010, Partial Veto (SHB 2776), established new formulas for allocating funding for a number of programs, including General Apportionment, Learning Assistance Program, Highly Capable Program, and Transitional Bilingual Program. Funding is provided to hold districts harmless to per student basic education funding amounts that existed prior to the formula conversion. Districts are held harmless in total across the impacted programs for the 2011-12 and 2012-13 school years, after adjusting for caseload and staff mix factors. Because of the high correlation of districts with large high poverty school populations receiving funding via the "K-3 Class Size in High Pov Schools" item, and districts needing hold harmless funding due to the formula conversion, the "K-3 Class Size in High Pov Schools" item reduces hold harmless funding at approximately a 2:1 ratio. (General Fund-State)
 10. **Transfer Full Day Kindergarten** - Funding for Full-Day Kindergarten is transferred from the Education Reform budget to the General Apportionment budget. The program is also no longer supported by funds from the Education Legacy Trust Account. (General Fund-State, Education Legacy Trust Account)
 11. **Running Start** - Running Start is a dual-credit program which allows high school juniors and seniors to attend class at participating community colleges and other institutions of higher education and earn high school and post-secondary credits simultaneously. The enrollment and funding rules for the Running Start Program are adjusted to establish a combined enrollment funding cap of 1.2 FTE. Currently, students can participate in Running Start Programs up to a combined enrollment cap of 2.0 FTE, allowing full-time enrollment in Running Start Programs as well as full-time high school enrollment. The savings amount assumes an overall enrollment reduction of 680 student FTEs per year. (General Fund-State)
 12. **K-3 Class Size in High Pov Schools** - Funding is adjusted to partially restore funding for lower class sizes in grades K-3 in high-poverty schools. The "Eliminate K-4 Class Size Reduction" item above eliminates all funding for K-4 class size enhancements. This item restores some funding for schools that have free and reduced-price lunch eligible student populations exceeding 50 percent, based on a three-year rolling average of enrollment. The funding amount assumes class sizes of 24.1 in eligible schools, grades K-3. Because of the high correlation of districts with large high poverty school populations, and districts needing hold harmless funding due to the formula conversion (see item "Implement New Funding Formula"), this item reduces hold harmless funding at approximately a 2:1 ratio.
 13. **Summer Skills Ctr Programs** - Funding is adjusted to reflect a cap of 1.6 FTE on skill center enrollment, including summer skill center programs. Previously, the budget has funded summer programs in excess of this 1.6 FTE cap through a dedicated proviso in the General Apportionment budget. The dedicated funding proviso is discontinued. Of the amount reduced for this item, about \$500,000 per year reflects the actual reduction in services due to the 1.6 FTE cap, while the remaining amount is shifted to caseload costs incurred through the maintenance level budget process. (General Fund-State)
 14. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
 15. **K-12 Salary Reduction** - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff and 3 percent for administrative staff for the 2011-12 and 2012-13 school years. (General Fund-State)
 16. **Teacher Retirement Incentive** - Savings are assumed from the implementation of a teacher retirement incentive program. The program is designed to incentivize senior teachers to retire as a result of the availability of a \$250 per month health benefit subsidy provided under SSB 5846 (Health Benefit Subsidies) to members of the Teachers' Retirement System Plan 1 (TRS) who retire before the end of October 2011. (General Fund-State)
Note: This bill did not pass.

Public Schools
General Apportionment

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

**Public Schools
Compensation Adjustments**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	-6,220	-1	-6,221
2011-13 Maintenance Level	285,763	2	285,765
Policy Changes - Non-Comp			
1. Eliminate K-4 Class Size Reduction	-4,519	0	-4,519
2. Running Start	-140	0	-140
Policy -- Non-Comp Total	-4,659	0	-4,659
Policy Changes - Comp			
3. Suspend I-732 COLA	-265,717	0	-265,717
4. Suspend Plan 1 Uniform COLA	-8,672	0	-8,672
5. National Board Bonus Adjustments	-1,257	0	-1,257
6. K-12 Salary Reduction	-5,458	0	-5,458
Policy -- Comp Total	-281,104	0	-281,104
Total 2011-13 Biennium	0	2	2
Fiscal Year 2013 Total	0	2	2

Comments:

1. **Eliminate K-4 Class Size Reduction** - Funding for Kindergarten through Grade 4 class size reduction is eliminated for the 2011-12 and 2012-13 school years. The formula for allocating funding to districts is adjusted to reflect the following increases in average class sizes: grades Kindergarten through Grade 3 will become 25.23, up from 23.11; Grade 4 will become 27, up from 26.15. As a result of this change, allocations to districts are reduced. (General Fund-State)
2. **Running Start** - The enrollment and funding rules for the Running Start program are adjusted to impose a combined enrollment cap of 1.2 FTE. (General Fund-State)
3. **Suspend I-732 COLA** - The Initiative 732 cost-of-living adjustments (COLAs) are suspended for the 2011-13 biennium. Initiative 732 requires an annual cost-of-living increase for school employees based on the Seattle Consumer Price Index for the prior calendar year. These cost-of-living increases are estimated at 0.3 percent for the 2011-12 school year and 2.5 percent for the 2012-13 school year. Additionally, the statute requires a catch-up cost-of-living increase resulting from the Initiative 732 suspension during the 2009-11 biennium. This requirement is also suspended for the 2011-13 biennium. (General Fund-State)
4. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
5. **National Board Bonus Adjustments** - Funding is reduced to reflect the suspension of cost-of-living adjustments for national board bonuses in the 2011-13 biennium. (General Fund-State)
6. **K-12 Salary Reduction** - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff and 3 percent for administrative staff for the 2011-12 and 2012-13 school years. (General Fund-State)

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

**Public Schools
 Pupil Transportation**

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	613,863	0	613,863
2011 Supplemental *	-339	0	-339
Total 2009-11 Biennium	613,524	0	613,524
2011-13 Maintenance Level	648,519	0	648,519
Policy Changes - Non-Comp			
1. Prior School Year Adjustments	-157	0	-157
2. Implemt Expected Cost Model Formula	5,000	0	5,000
Policy -- Non-Comp Total	4,843	0	4,843
Policy Changes - Comp			
3. Suspend Plan 1 Uniform COLA	-3,549	0	-3,549
Policy -- Comp Total	-3,549	0	-3,549
Total 2011-13 Biennium	649,813	0	649,813
Fiscal Year 2012 Total	323,759	0	323,759
Fiscal Year 2013 Total	326,054	0	326,054

Comments:

1. **Prior School Year Adjustments** - This item adjusts FY 2012 funding levels to reflect prior school year adjustments that affect the months of July and August of 2011, the last two months of the 2010-11 school year. School districts budget on a school year basis, while the state budgets on a fiscal year basis. As a result, two months of the prior school year are paid for in FY 2012.
2. **Implemt Expected Cost Model Formula** - Chapter 236, Laws of 2010, Partial Veto (SHB 2776), implements a new state formula to allocate funding to districts for pupil transportation to and from school. Pupil transportation allocations are converted to the new formula, and base funding levels are enhanced.
3. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

**Public Schools
 School Food Services**

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	6,318	537,000	543,318
2011 Supplemental *	3,952	56,600	60,552
Total 2009-11 Biennium	10,270	593,600	603,870
2011-13 Maintenance Level	6,318	583,000	589,318
Policy Changes - Non-Comp			
1. Transfer Food Service Programs	13,904	0	13,904
2. Reduce Food Service Funding	-6,000	0	-6,000
Policy -- Non-Comp Total	7,904	0	7,904
Total 2011-13 Biennium	14,222	583,000	597,222
Fiscal Year 2012 Total	7,111	237,294	244,405
Fiscal Year 2013 Total	7,111	345,706	352,817

Comments:

1. **Transfer Food Service Programs** - Funding for food service programs in the Education Reform budget is transferred to the School Food Services budget for the purpose of meeting federal match requirements under the National School Lunch Program. This item is a continuation of the policy enacted in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086). (General Fund-State)
2. **Reduce Food Service Funding** - State matching funds for the National School Lunch Program are eliminated. School food service programs in the Education Reform budget are transferred to the School Food Services budget for the purpose of meeting federal match requirements. This item is a continuation of the policy enacted in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086). (General Fund-State)

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

**Public Schools
Special Education**

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	1,283,748	664,601	1,948,349
2011 Supplemental *	-24,757	0	-24,757
Total 2009-11 Biennium	1,258,991	664,601	1,923,592
2011-13 Maintenance Level	1,392,603	691,796	2,084,399
Policy Changes - Non-Comp			
1. Prior School Year Adjustments	-29	0	-29
2. K-3 Class Size in High Pov Schools	4,150	0	4,150
3. School-Based Medicaid Elimination	549	0	549
4. Management Efficiency	-12	0	-12
Policy -- Non-Comp Total	4,658	0	4,658
Policy Changes - Comp			
5. Suspend Plan 1 Uniform COLA	-27,782	0	-27,782
6. K-12 Salary Reduction	-18,537	0	-18,537
7. Teacher Retirement Incentive	-756	0	-756
Policy -- Comp Total	-47,075	0	-47,075
Total 2011-13 Biennium	1,350,186	691,796	2,041,982
Fiscal Year 2012 Total	660,328	323,761	984,089
Fiscal Year 2013 Total	689,858	368,035	1,057,893

Comments:

- Prior School Year Adjustments** - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086 - 2011 Supplemental Budget), for July and August of 2011, the last two months of the 2010-11 school year. The funding adjustment in the Special Education budget reflects the elimination of the K-4 class size enhancement for the latter part of the 2010-11 school year. (General Fund-State)
- K-3 Class Size in High Pov Schools** - Funding is adjusted to partially restore funding for lower class sizes in grades K-3 in high-poverty schools. Funding impacts the Special Education budget through increases to the basic education rates in impacted districts. (General Fund-State)
- School-Based Medicaid Elimination** - The 2011-13 operating budget creates an intergovernmental transfer program for School-Based Medicaid services that uses school district funds to match federal funding. Because school districts must now pay the state share for these services, it is anticipated that school district claims for safety net support for eligible special education services formerly funded by Medicaid will increase for the 2011-13 biennium.
- Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
- Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- K-12 Salary Reduction** - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff and 3 percent for administrative staff for the 2011-12 and 2012-13 school years. The Special Education budget is impacted through adjustments to the basic education allocation rate upon which special education funding is based. (General Fund-State)
- Teacher Retirement Incentive** - Savings are assumed from the implementation of a teacher retirement incentive program designed to incentivize retirements through offering \$250 per month health benefit subsidies. Special Education funding is impacted through the decrease in the staff mix factor, which is a proxy for educator experience and impacts the projected

**Public Schools
Special Education**

statewide basic education allocation rate next biennium.
(General Fund-State) Legislation (SSB 5846) authorizing the
teacher retirement incentive program was not enacted,
therefore, this decrease in the staff mix factor will not occur.

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

**Public Schools
 Educational Service Districts**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	16,713	0	16,713
2011 Supplemental *	-832	0	-832
Total 2009-11 Biennium	15,881	0	15,881
2011-13 Maintenance Level	17,401	0	17,401
Policy Changes - Non-Comp			
1. ESD Administrative Reductions	-994	0	-994
Policy -- Non-Comp Total	-994	0	-994
Policy Changes - Comp			
2. Suspend Plan 1 Uniform COLA	-326	0	-326
3. K-12 Salary Reduction	-259	0	-259
4. Teacher Retirement Incentive	-7	0	-7
Policy -- Comp Total	-592	0	-592
Total 2011-13 Biennium	15,815	0	15,815
Fiscal Year 2012 Total	7,898	0	7,898
Fiscal Year 2013 Total	7,917	0	7,917

Comments:

- ESD Administrative Reductions** - State support for Educational Service Districts (ESDs) is reduced by 10 percent for the 2011-13 biennium.
- Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- K-12 Salary Reduction** - Allocations for the educational service districts are adjusted to be consistent with reductions in salary allocations for teachers and other K-12 staff. (General Fund-State)
- Teacher Retirement Incentive** - Savings are assumed from the implementation of a teacher retirement incentive program designed to incentivize retirements through offering \$250 per month health benefit subsidies. Funding for ESDs is adjusted to be consistent with K-12 employee salary assumptions. (General Fund-State) Legislation (SSB 5846) authorizing the teacher retirement incentive program was not enacted, therefore, this savings will not be realized.

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

**Public Schools
 Levy Equalization**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	380,052	157,043	537,095
2011-13 Maintenance Level	611,782	0	611,782
Total 2011-13 Biennium	611,782	0	611,782
Fiscal Year 2012 Total	303,337	0	303,337
Fiscal Year 2013 Total	308,445	0	308,445

Comments:

There were no policy level changes.

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

**Public Schools
 Institutional Education**

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	37,065	0	37,065
2011-13 Maintenance Level	33,787	0	33,787
Policy Changes - Non-Comp			
1. Prior School Year Adjustments	17	0	17
Policy -- Non-Comp Total	17	0	17
Policy Changes - Comp			
2. Suspend Plan 1 Uniform COLA	-753	0	-753
3. K-12 Salary Reduction	-441	0	-441
Policy -- Comp Total	-1,194	0	-1,194
Total 2011-13 Biennium	32,610	0	32,610
Fiscal Year 2012 Total	16,420	0	16,420
Fiscal Year 2013 Total	16,190	0	16,190

Comments:

1. **Prior School Year Adjustments** - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086 - 2011 Supplemental Budget), for July and August of 2011, the last two months of the 2010-11 school year.
2. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
3. **K-12 Salary Reduction** - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff and 3 percent for administrative staff for the 2011-12 and 2012-13 school years. The Institutional Education budget is adjusted to remain consistent with K-12 employee salary assumptions used in allocating general apportionment to school districts. (General Fund-State)

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

**Public Schools
Education of Highly Capable Students**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	18,377	0	18,377
2011 Supplemental *	-26	0	-26
Total 2009-11 Biennium	18,351	0	18,351
2011-13 Maintenance Level	18,700	0	18,700
Policy Changes - Non-Comp			
1. Prior School Year Adjustments	-4	0	-4
2. Eliminate WA Imagination Network	-180	0	-180
3. Centrum	-170	0	-170
4. Running Start	-10	0	-10
Policy -- Non-Comp Total	-364	0	-364
Policy Changes - Comp			
5. Suspend Plan 1 Uniform COLA	-498	0	-498
6. K-12 Salary Reduction	-287	0	-287
7. Teacher Retirement Incentive	-16	0	-16
Policy -- Comp Total	-801	0	-801
Total 2011-13 Biennium	17,535	0	17,535
Fiscal Year 2012 Total	8,741	0	8,741
Fiscal Year 2013 Total	8,794	0	8,794

Comments:

- Prior School Year Adjustments** - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086 - 2011 Supplemental Budget), for July and August of 2011, the last two months of the 2010-11 school year. (General Fund-State)
- Eliminate WA Imagination Network** - Funding for the Washington Imagination Network is eliminated. OSPI contracts with the Washington Imagination Network to provide Destination Imagination and Future Problem Solving programs to students across the state and professional development to their teachers and coaches. (General Fund-State)
- Centrum** - Funding for the Centrum program is reduced by 50 percent. OSPI contracts with Centrum to develop, implement, and administer the Experiences in Creativity program, which provides opportunities in the arts and sciences for highly capable students and the educators who serve them. (General Fund-State)
- Running Start** - Running Start is a dual-credit program which allows high school juniors and seniors to attend class at participating community colleges and other institutions of higher education and earn high school and post-secondary credits simultaneously. The enrollment and funding rules for the Running Start Program are adjusted to establish a combined enrollment cap of 1.2 FTE. Because funding for the Highly Capable Program is driven off of total enrollment, there is a small impact to Highly Capable Program funding. (General Fund-State)
- Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- K-12 Salary Reduction** - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff and 3 percent for administrative staff for the 2011-12 and 2012-13 school years. The Highly Capable budget is impacted through adjustments to the salary assumption upon which highly capable allocation is based. (General Fund-State)
- Teacher Retirement Incentive** - Savings are assumed from the implementation of a teacher retirement incentive program designed to incentivize retirements through offering \$250 per month health benefit subsidies. Highly Capable funding is impacted through the decrease in the staff mix factor, which is a proxy for educator experience and impacts the salary assumption used for hourly rates of instruction in the program. (General Fund-State) Legislation (SSB 5846) authorizing the teacher retirement incentive program was not enacted, therefore, these savings will not be realized

Public Schools
Education of Highly Capable Students

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

**Public Schools
 Elementary & Secondary School Improvement**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	0	43,886	43,886
2011-13 Maintenance Level	0	7,352	7,352
Total 2011-13 Biennium	0	7,352	7,352
Fiscal Year 2012 Total	0	3,676	3,676
Fiscal Year 2013 Total	0	3,676	3,676

Comments:

There were no policy level changes.

**Public Schools
Education Reform**

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	286,666	155,589	442,255
2011 Supplemental *	-8,352	0	-8,352
Total 2009-11 Biennium	278,314	155,589	433,903
2011-13 Maintenance Level	381,599	104,329	485,928
Policy Changes - Non-Comp			
1. Reduce LASER/Pacific Science Center	-78	0	-78
2. Eliminate Focused Assistance	-3,046	0	-3,046
3. Eliminate CISL	-450	0	-450
4. Teacher and Principal Evaluations	3,000	0	3,000
5. Reduce Ed Tech Support Centers	-1,958	0	-1,958
6. Full Day Kindergarten Adjustment	-8,359	0	-8,359
7. Transfer Food Service Programs	-13,904	0	-13,904
8. Local Farms Healthy Kids Program	-600	0	-600
9. Math/Science Prof Development	-3,860	0	-3,860
10. Transfer Full Day Kindergarten	-92,079	0	-92,079
11. Kindergarten Phase-In	5,023	0	5,023
12. IT Academy	4,000	0	4,000
13. PASS Act Program	3,000	0	3,000
14. Reading Corps	-211	0	-211
15. Payment for Scorable COE	-988	0	-988
16. Readiness to Learn	-719	0	-719
17. BEST Program	-2,000	0	-2,000
18. Private/Local Authority	0	4,000	4,000
19. CTE Start-Up Grants & Robotics	130	0	130
20. Leadership Academy	-180	0	-180
21. Superintendent/Principal Internship	-106	0	-106
22. Mid/High Sch Applied STEM Grants	-28	0	-28
23. STEM Lighthouses	-30	0	-30
24. Management Efficiency	-142	0	-142
25. Graduation Requirement Changes	-22,337	0	-22,337
26. Suspend Developmt Diagnostic Assmt	-4,400	0	-4,400
27. Assessment Staff Reduction	-1,430	0	-1,430
28. COE Payment Reduction	-7,383	0	-7,383
29. Renew Current Contracts	-6,429	0	-6,429
30. Restructure Collection of Evidence	-7,579	0	-7,579
Policy -- Non-Comp Total	-163,143	4,000	-159,143
Policy Changes - Comp			
31. Average Final Compensation Adjust	2	0	2
32. 3% Salary Cut for State Employees	-266	-160	-426
33. Suspend Plan 1 Uniform COLA	-148	-54	-202
34. National Board Bonus Adjustments	-59,877	0	-59,877
Policy -- Comp Total	-60,289	-214	-60,503
Total 2011-13 Biennium	158,167	108,115	266,282
Fiscal Year 2012 Total	58,876	54,047	112,923
Fiscal Year 2013 Total	99,291	54,068	153,359

Comments:

1. **Reduce LASER/Pacific Science Center** - The Leadership and Assistance for Science Education Reform (LASER) program is a statewide project to implement a hands-on science curriculum

through ten regional school district alliances. Funding for this program is reduced by 10 percent. (General Fund-State)

Public Schools Education Reform

2. **Eliminate Focused Assistance** - The Focused Assistance program provides technical assistance to schools and school districts struggling to meet adequate yearly progress benchmarks established by the federal government and that do not qualify for Title I federal funds for this purpose. Funding for this service is eliminated. (General Fund-State)
3. **Eliminate CISL** - The Center for the Improvement of Student Learning (CISL) provides outreach to districts and communities to improve student outcomes by serving as a clearinghouse for best practices and identifying strategies to improve the success of certain ethnic and racial student groups. Funding for CISL is eliminated. (General Fund-State)
4. **Teacher and Principal Evaluations** - Funding is provided to increase the number of school districts participating on a pilot basis to help develop and implement improved teacher and principal evaluation systems under reforms initiated in Chapter 235, Laws of 2010 (E2SSB 6696). (General Fund-State)
5. **Reduce Ed Tech Support Centers** - Education Technology Support Centers are funds directed to the Educational Service Districts who in turn provide school districts with assistance in technology planning, network development, cost-benefit analysis, and professional development. Funding for this service is reduced by 50 percent. (General Fund-State)
6. **Full Day Kindergarten Adjustment** - Funding for the Full Day Kindergarten Program is reduced to reflect changes made to the K-12 budget such as eliminating funds for K-4 class size reduction; reducing K-12 salaries; and suspending the I-732 cost-of-living adjustment. (Education Legacy Trust Account-State)
7. **Transfer Food Service Programs** - Funding for food service programs in the Education Reform budget are transferred to the School Food Services budget for the purpose of meeting federal match requirements under the National School Lunch Program. This item is a continuation of the policy enacted in Chapter 5, Laws of 2011, Partial Veto (ESHB Bill 1086 - 2011 Supplemental Operating Budget). (General Fund-State)
8. **Local Farms Healthy Kids Program** - Funding is eliminated for the Local Farms & Healthy Kids Program, which provides funding for schools to purchase fruits and vegetables to offer students as a school day snack. (General Fund-State)
9. **Math/Science Prof Development** - Funding for grants to 17 school districts for math and science professional development coaches is discontinued in the Education Reform budget. (General Fund-State)
10. **Transfer Full Day Kindergarten** - Funding for Full Day Kindergarten is transferred from the Education Reform budget to the General Apportionment budget, consistent with its incorporation into RCW 28A.150.220, which defines the minimum instructional requirements of basic education and the components of the basic education allocation rate, effective September 1, 2011. (General Fund-State)
11. **Kindergarten Phase-In** - Funding is provided to continue phasing-in Full Day Kindergarten programs in high poverty schools. Approximately 21 percent of eligible students will be served in the 2011-12 school year, and 22 percent in the 2012-13 school year. (Education Legacy Trust Account-State)
12. **IT Academy** - Funding is provided for an Information Technology (IT) Academy Program, which provides free educational software, as well as IT certification and software training opportunities for students and staff in public schools. The funding amount represents the state match requirement for the program, which is the product of a public-private partnership. (General Fund-State)
13. **PASS Act Program** - Funding is provided to implement the provisions of Chapter 288, Laws of 2011, Partial Veto (E2SHB 1599 - Actual Student Success Dropout Prevention Program), which invests in proven dropout prevention and intervention programs and rewards districts and schools that demonstrate improvement in dropout prevention indicators. (General Fund-State) *PASS needs to be defined in this comment.*
14. **Reading Corps** - The Reading Corps program provides grants to schools with low reading scores to increase student tutoring through the use of AmeriCorps and VISTA members. Funding is cut by 10 percent for the 2011-13 biennium. (General Fund-State)
15. **Payment for Scorable COE** - Currently, payments for collections of evidence (COE) are made based on submittal. Funding is adjusted to reflect payments for submittals that meet all criteria to be scored. (General Fund-State)
16. **Readiness to Learn** - The Readiness to Learn program provides grants to school and community consortia to support students and families with the goal of ensuring that all children are able to attend school prepared to learn. Funding for the grants is reduced by 10 percent. (General Fund-State)
17. **BEST Program** - The Beginning Educator Support Team (BEST) program provides early career educators with mentorship and support. Funding for this service is reduced by 10 percent. (General Fund-State)
18. **Private/Local Authority** - Private/local authority is provided for an assortment of gifts, grants, and other funding provided by private parties or local government agencies. (General Fund-local)
19. **CTE Start-Up Grants & Robotics** - Career and Technical Education (CTE) Start-Up grants provide funding to middle schools, high schools, or skills centers to upgrade high-demand career and technical education programs. FIRST Robotics is a national program, funded through a combination of public and private sources, that is oriented to science, technology, engineering, and mathematics. Within the funding provided for CTE start-up grants, is \$600,000 for the FIRST Robotics program, contingent on availability of private matching funds. Funding for the program is increased by 7 percent. (General Fund-State)

Public Schools Education Reform

20. **Leadership Academy** - The Leadership Academy supports professional development and training for school administrators. Funding for this service is reduced by 10 percent. (General Fund-State)
21. **Superintendent/Principal Internship** - Funding for internships for principals, superintendents, and program administrators completing certification programs is reduced by 10 percent. (General Fund-State)
22. **Mid/High Sch Applied STEM Grants** - OSPI currently staffs coordination and promotion of integrated science, technology, engineering, and math (STEM) programs. Twenty teachers currently receive grants of \$2,500 for summer training to implement programs in schools. Funding for the program is reduced by 10 percent. (General Fund-State)
23. **STEM Lighthouses** - The STEM Lighthouses are three districts that practice best practices in the STEM subjects and provide technical assistance to other districts. Funding for this program is reduced by 10 percent. (General Fund-State)
24. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delaying and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
25. **Graduation Requirement Changes** - Funding is adjusted to reflect changes in assessment requirements for graduation during the 2011-13 biennium. This item reflects savings realized through the implementation of Chapter 25, Laws of 2011 (HB 1412 - High School Math Assessments), and Chapter 22, Laws of 2011, 1st sp.s. (ESHB 1410 - High School Science Assessments). *Because this budget also proposes reduced collection of evidence rates, the net savings for ESHB 1410 and HB 1412, apart from the rate reductions, is shown here. The savings is a result of reduced end-of-course testing costs, as well as reduced collections of evidence portfolios, in both science and math. (General Fund-State) See bold italicized wording above -- this seems like it needs to be reworded.*
26. **Suspend Developmt Diagnostic Assmt** - Funding for the development of diagnostic assessments is anticipation of the State's future work with the SMARTER Balanced Assessment Consortium. The consortium involves 30 states that will collaboratively develop an assessment system to include summative and formative exams, as well as informal assessments teachers will be able to use to diagnose student performance. (Education Legacy Trust Account-State)
27. **Assessment Staff Reduction** - Funding for assessment program staffing is reduced by 10 percent for the 2011-13 biennium. (General Fund-State)
28. **COE Payment Reduction** - The COE assessment is an alternative assessment for the high school graduation program. Districts currently receive a payment of \$300 per COE submitted for grading. Funding is adjusted based on an assumed payment rate of \$200 per COE. (General Fund-State)
29. **Renew Current Contracts** - The budget provides savings through the execution of renewal clause options on state contracts for student assessments. Savings result from reduced costs for rebidding contracts and potential contract cost increases. (General Fund-State)
30. **Restructure Collection of Evidence** - OSPI contracts for COE grading. OSPI is directed to restructure the COE assessment and renegotiate the grading contract to achieve savings. This reduction assumes an average per-unit grading cost of \$200 per COE. (General Fund-State)
31. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
32. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
33. **Suspend Plan 1 Uniform COLA** - Savings are achieved from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
34. **National Board Bonus Adjustments** - Funding is adjusted to reflect two changes to the National Board for Professional Teaching Standards (NBPTS) bonus program: 1) adopting a bonus payment date of July 1st of each school year, beginning in the 2011-12 school year; and 2) prorating the first year national board bonus by 60 percent (a 40 percent reduction) to reflect the percentage of the school year newly NBPTS-certified

Public Schools Education Reform

teachers are certified. This proration produces a first year base bonus amount of \$3,054, and a high poverty school bonus of \$3,000. Except for the first year proration, the base bonus of \$5,090 and the challenging school bonus of \$5,000 are fully funded in the 2011-13 biennium. (General Fund-State)

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

**Public Schools
Transitional Bilingual Instruction**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	154,091	65,263	219,354
2011-13 Maintenance Level	180,526	71,001	251,527
Policy Changes - Non-Comp			
1. Prior School Year Adjustments	-37	0	-37
2. Bilingual Formula Restructure	-284	0	-284
Policy -- Non-Comp Total	-321	0	-321
Policy Changes - Comp			
3. Suspend Plan 1 Uniform COLA	-4,772	0	-4,772
4. K-12 Salary Reduction	-2,741	0	-2,741
5. Teacher Retirement Incentive	-153	0	-153
Policy -- Comp Total	-7,666	0	-7,666
Total 2011-13 Biennium	172,539	71,001	243,540
Fiscal Year 2012 Total	83,959	25,496	109,455
Fiscal Year 2013 Total	88,580	45,505	134,085

Comments:

- 1. Prior School Year Adjustments** - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086 - 2011 Supplemental Budget), for July and August of 2011, the last two months of the 2010-11 school year. (General Fund-State)
- 2. Bilingual Formula Restructure** - A revised funding model for the Transitional Bilingual program will be established effective September 1, 2012. Allocations will be scaled to provide more support to students with beginning levels of English language proficiency who require more intensive intervention and less support to more proficient students. Additionally, the funding model will provide up to two years of bonus funding upon successful exit from the bilingual program to facilitate successful transition to a standard program of education. A statewide method of measuring level of proficiency will be established prior to September 2012 to create consistent placement across districts. Bonus payments for up to two school years following successful exit from the transitional bilingual program will be allocated to the exiting school district. If the student graduates or transfers to another district prior to the district receiving both years' bonuses, the district shall receive the bonus for only the length of time the student remains enrolled in the exiting district. It is expected that total state funding for the program will remain constant, with the differentials designed to provide additional support to least proficient students, encourage successful exit, and support the transition to other educational programs. Savings in school year 2012-13 are calculated by assuming every student will be tested for proficiency each year and historical exit rates will apply. (General Fund-State)
- 3. Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- 4. K-12 Salary Reduction** - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff and 3 percent for administrative staff for the 2011-12 and 2012-13 school years. The Transitional Bilingual Instruction budget is impacted through adjustments to the salary assumptions underlying the hourly instruction cost rate used for Transitional Bilingual Instruction funding allocations. (General Fund-State)
- 5. Teacher Retirement Incentive** - Savings are assumed from the implementation of a teacher retirement incentive program designed to incentivize retirements through offering \$250 per month health benefit subsidies. Transitional Bilingual student funding is impacted through the decrease in the staff mix factor, which is a proxy for educator experience and impacts the salary assumption used for hourly rates of instruction in the program. (General Fund-State) Legislation (SSB 5846) authorizing the teacher retirement incentive program was not enacted, therefore, these savings will not be realized.

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

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

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	262,157	553,925	816,082
2011-13 Maintenance Level	263,265	581,207	844,472
Policy Changes - Non-Comp			
1. Prior School Year Adjustments	-85	0	-85
Policy -- Non-Comp Total	-85	0	-85
Policy Changes - Comp			
2. Suspend Plan 1 Uniform COLA	-6,821	0	-6,821
3. K-12 Salary Reduction	-3,921	0	-3,921
4. Teacher Retirement Incentive	-217	0	-217
Policy -- Comp Total	-10,959	0	-10,959
Total 2011-13 Biennium	252,221	581,207	833,428
Fiscal Year 2012 Total	126,094	267,711	393,805
Fiscal Year 2013 Total	126,127	313,496	439,623

Comments:

- Prior School Year Adjustments** - This item adjusts FY 2012 funding levels to reflect the continuation of policies adopted in Chapter 5, Laws of 2011, Partial Veto (ESHB 1086 - 2011 Supplemental Budget), for July and August of 2011, the last two months of the 2010-11 school year.
- Suspend Plan 1 Uniform COLA** - Savings are achieved from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- K-12 Salary Reduction** - Salary allocations for K-12 employees are reduced by 1.9 percent for certificated instructional and classified staff and 3 percent for administrative staff for the 2011-12 and 2012-13 school years. The Learning Assistance Program budget is impacted through adjustments to the salary assumptions underlying the hourly instruction cost rate used for funding allocations. (General Fund-State)
- Teacher Retirement Incentive** - Savings are assumed from the implementation of a teacher retirement incentive program designed to incentivize retirements through offering \$250 per month health benefit subsidies. Learning Assistance Program funding is impacted through the decrease in the staff mix factor, which is a proxy for educator experience and impacts the salary assumption used for hourly rates of instruction in the program. (General Fund-State) Legislation (SSB 5846) authorizing the teacher retirement incentive program was not enacted, therefore, these savings will not be realized.

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

**Public Schools
 Student Achievement Program**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
2009-11 Expenditure Authority	25,749	200,295	226,044
2011-13 Maintenance Level	860,716	0	860,716
Policy Changes - Non-Comp			
1. Suspend I-728	-860,716	0	-860,716
Policy -- Non-Comp Total	-860,716	0	-860,716
Total 2011-13 Biennium	0	0	0

Comments:

- Suspend I-728** - Initiative 728 allocations to school districts are suspended for the 2011-13 biennium. Initiative 728, approved by voters in 2000 and later amended by the Legislature, allocates a per-student dollar amount to districts to be used for class size reduction, extended learning opportunities, early learning programs, or professional development. If not suspended, per-student allocations would have been approximately \$477 per student for the 2011-12 school year and \$484 per student for the 2012-13 school year.

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

Higher Education

Overview

Overall, 2011-13 biennial state appropriations to the public colleges and universities are \$658.5 million (23.6 percent) below the level appropriated in the 2009-11 biennium. Approximately \$376.4 million of this reduction will be offset by tuition increases. Revenue from tuition increases are assumed to be 16 percent per year at the University of Washington (UW), Washington State University (WSU), and Western Washington University (WWU); 14 percent each year at Central Washington University (CWU) and The Evergreen State College (TESC); 11 percent each year at Eastern Washington University (EWU); and 12 percent each year at the community and technical colleges.

State supported four-year institutions were also provided full tuition setting authority beginning in the 2011-13 biennium through the 2017-19 biennium pursuant to Chapter 10, Laws of 2011, 1st sp.s., Partial Veto (E2SHB 1795 – Higher Education Opportunity Act). In addition to resident undergraduate tuition setting authority, this legislation requires institutions to negotiate a performance plan with the Office of Financial Management that, at a minimum, includes expected outcomes for time and credits to degree; retention and success of students from low-income, diverse, or underrepresented communities; baccalaureate degree production of resident students; and degree production in high-demand fields of study. Additionally, any four-year institution that increases tuition beyond the levels assumed in the omnibus appropriations act will be required to mitigate any additional tuition increase, as prescribed in the legislation, for those students with incomes below 125 percent of the median family income.

Major Increases

Maintain Financial Aid Policy

Funding of \$124.4 million is provided for the State Need Grant and State Work Study programs to offset the cost to recipients of resident undergraduate tuition increases of 16 percent each year at UW, WSU, and WWU; 14 percent each year at CWU and TESC; 11 percent at EWU; and 12 percent each year at the community and technical colleges.

Worker Retraining

A total of \$9.0 million in funding is provided for an additional 970 worker retraining slots each year at community and technical colleges. Worker retraining programs provide financial aid and other support services to jobless workers who need to change careers in order to re-enter the workforce.

Opportunity Scholarships

Pursuant to Chapter 13, Laws of 2011, 1st sp.s (ESHB 2088 – Opportunity Scholarship Board), a total of \$5.0 million in state matching funds are provided to match private contributions to the Opportunity Scholarship Program, which provides scholarships to low- and middle-income students who pursue a four-year degree in a high-demand field of study.

Washington/Wyoming/Alaska/Montana/Idaho (WWAMI) Medical Education Program

A total of \$900,000 is provided for development of integrated medical curriculum for the WWAMI Medical Education Program at UW and for expansion of the program at WSU.

Aerospace Training Scholarships and Loans

A total of \$500,000 is provided to implement a loan program for students in certain aerospace training or educational programs pursuant to Chapter 8, Laws of 2011 (ESHB 1846 – Aerospace Student Loans).

Institutional Reductions

A total of \$535.5 million in savings will be achieved with general reductions to the institutions and an additional \$82.1 million in savings will be realized as a result of a 3 percent salary reduction. These reductions will be partially offset by tuition increases of \$376.4 million, for an overall net reduction of 5.1 percent. For additional information on the salary reductions, please see the Special Appropriations Section of this document.

Financial Aid Reductions

State Work Study

A total of \$31.0 million in funding for the State Work Study program is reduced by: 1) making permanent changes made during fiscal year 2011, including increasing the required employer share of wages and discontinuing non-resident student eligibility for the program; and 2) adjusting employer match rates and revising distribution methods to institutions by taking into consideration other factors such as off-campus job development, historical utilization trends, and student need.

State Need Grant

A total of \$16.7 million in funding for the State Need Grant program is reduced by: 1) aligning increases in awards given to private institutions with their average annual tuition increase experience of 3.5 percent each year, as opposed to increasing private institution award amounts at the same rate as for public institutions; and 2) reducing the awards given to for-profit institutions by 50 percent, although students currently receiving these awards will be held harmless for the length of their program.

Additional Financial Aid Reductions

State funds are reduced by \$18.8 million for a variety of smaller financial aid programs administered by the Higher Education Coordinating Board (HECB), including suspending new awards in the Washington Scholars and Washington Award for Vocational Excellence (WAVE) programs; suspension of new awards from the health professionals and future teacher conditional scholarship programs; elimination of the funds for the Educational Opportunity Grants pursuant to Chapter 215, Laws of 2009, Partial Veto (E2SHB 2021), which placed the eligibility of this program into the State Need Grant; and suspension of Community Scholarship Matching Grant Program, the Foster Care Endowed Scholarship, and student support fees provided via the Western Interstate Commission for Higher Education. Students who are currently receiving awards through Washington Scholars, WAVE, the health professionals' conditional scholarship program, or the future teacher conditional scholarship program will not be impacted by this reduction.

Other Reductions

Community and Technical Colleges Efficiencies

General fund savings of \$7.5 million are achieved from various efficiencies implemented in the community and technical college system including: consolidation of college districts; consolidation of administrative and governance functions including, but not limited to, human resources, budget and accounting services, and president's offices; consolidation of student service functions including, but not limited to, financial aid services, student advising, and libraries; compensation reductions; and other administrative efficiencies including, but not limited to, greater use of telephone and video conferencing and reduced travel costs.

Elimination of the Higher Education Coordinating Board

Pursuant to Chapter 11, Laws of 2011, 1st sp.s., Partial Veto (E2SSB 5182 – Student Financial Assistance), in fiscal year 2013, the HECB is eliminated and replaced with two state agencies: the Council for Higher Education and the Office of Student Financial Assistance. Savings of \$2.6 million in general fund are achieved as a result of eliminating, or shifting to other entities, a number of policy, planning, coordination, and research activities previously conducted by HECB.

Life Transitions Program

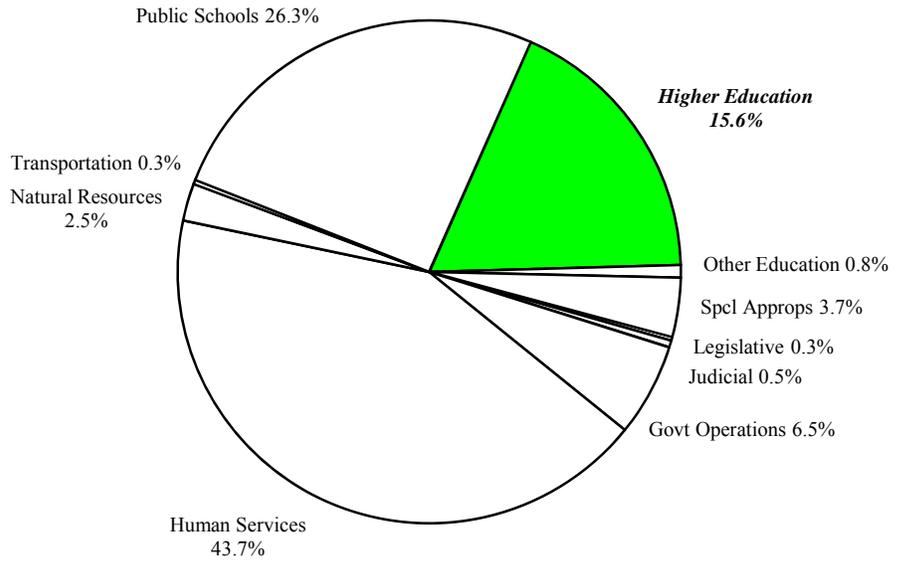
Funding is eliminated for the Displaced Homemaker program, also known as the Life Transitions Program, for a total savings of \$824,000. This program is administered by the State Board for Community and Technical Colleges and assists individuals who are dealing with the challenges of re-entering the workforce after a divorce or the death or disability of a spouse or partner.

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

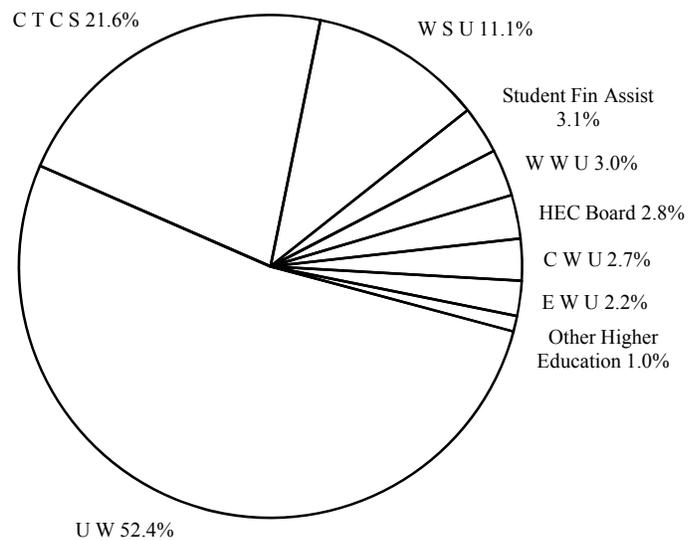
(Dollars in Thousands)

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



Washington State

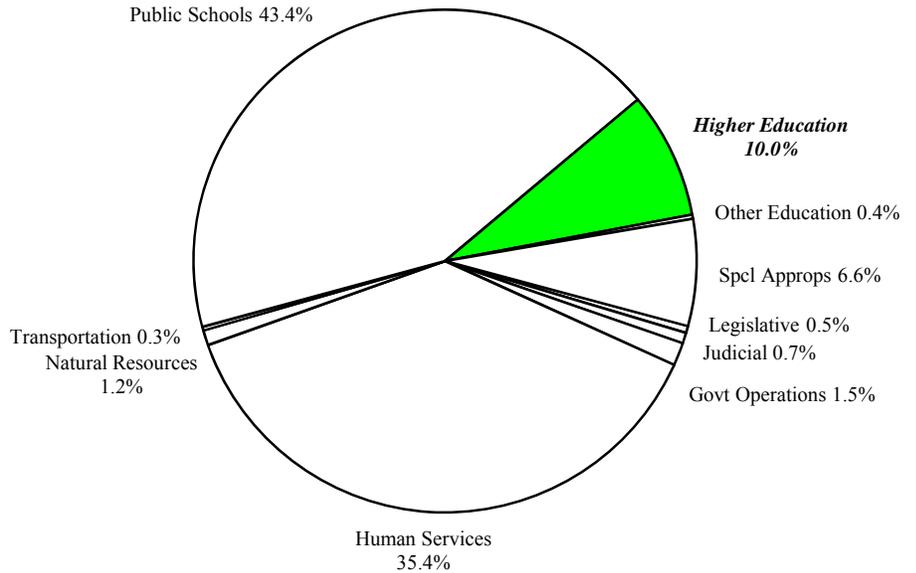
Univ of Washington	5,829,242
C T C S	2,406,728
Washington State Univ	1,238,606
Student Financial Assist	341,628
Western Washington Univ	336,810
Higher Ed Coord Bd	312,279
Central Washington Univ	299,585
Eastern Washington Univ	249,680
Other Higher Education	111,937
Higher Education	11,126,495



Higher Education

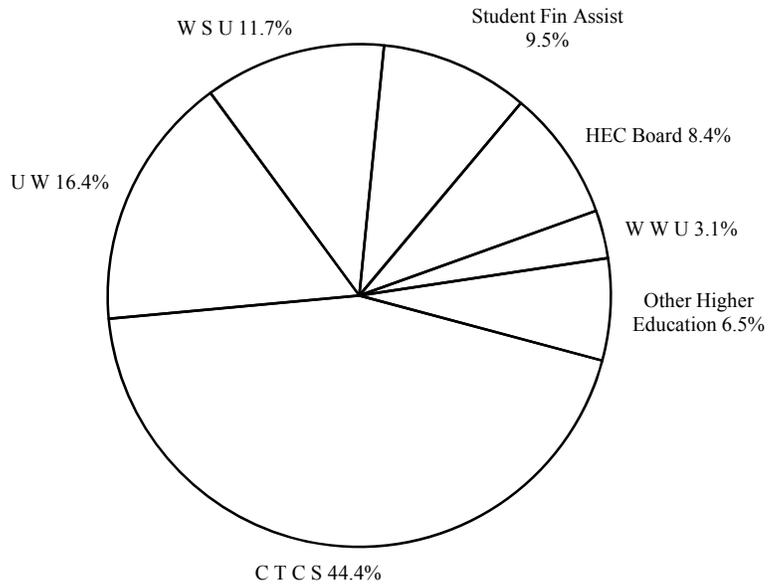
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

CTCS	1,154,723
Univ of Washington	426,573
Washington State Univ	303,366
Student Financial Assist	247,932
Higher Ed Coord Bd	218,980
Western Washington Univ	80,629
Other Higher Education	170,439
Higher Education	2,602,642



Higher Education

Higher Education
Budgeted Enrollment Increases
 By Academic Year

FTE Student Enrollment

	Budgeted Level 2009-10	Increase for 2010-11	Total Budgeted 2010-11	Increase for 2011-12	Total Budgeted 2011-12
Community & Technical Colleges	139,237	3,809	143,046	-3,809	139,237
Four-Year Schools	91,328	1,601	92,929	-22	92,907
University of Washington	36,546	616	37,162	0	37,162
Seattle					
Bothell					
Tacoma					
Washington State University	22,250	0	22,250	-22	22,228
Pullman/Spokane					
Tri-Cities					
Vancouver					
Eastern Washington University	8,477	257	8,734	0	8,734
Central Washington University	8,469	339	8,808	0	8,808
The Evergreen State College	4,213	0	4,213	0	4,213
Western Washington University	11,373	389	11,762	0	11,762
Total Higher Education	230,565	5,410	235,975	-3,831	232,144

Higher Education
FTE Student Enrollment History
 By Academic Year

	Actual Enrollment						Projected	Budgeted	
	<u>2004-05</u> ⁽¹⁾	<u>2005-06</u> ⁽¹⁾	<u>2006-07</u> ⁽¹⁾	<u>2007-08</u> ⁽¹⁾	<u>2008-09</u> ⁽¹⁾	<u>2009-10</u> ⁽¹⁾	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Community & Technical Colleges	141,283	141,217	143,019	147,908	159,845	173,237	154,604	150,795	150,795
Adult Students	131,489	130,933	132,176	136,723	148,000	160,778	143,046	139,237	139,237
Running Start Students ⁽²⁾	9,794	10,284	10,843	11,185	11,845	12,459	11,558	11,558	11,558
Four-Year Schools	91,358	91,547	92,182	94,310	98,292	101,165	92,929	92,907	92,907
University of Washington ⁽³⁾	36,357	36,022	36,647	37,525	39,729	40,943	37,162	37,162	37,162
Washington State University	21,157	21,301	21,244	22,334	23,316	23,992	22,250	22,228	22,228
Eastern Washington University	9,126	9,281	9,189	9,111	9,287	9,486	8,734	8,734	8,734
Central Washington University	8,885	9,057	9,204	8,931	9,082	9,673	8,808	8,808	8,808
The Evergreen State College	4,120	4,131	4,114	4,269	4,470	4,596	4,213	4,213	4,213
Western Washington University	11,713	11,755	11,784	12,140	12,408	12,475	11,762	11,762	11,762
Total Higher Education ⁽²⁾	222,847	222,480	224,358	231,033	246,292	261,943	235,975	232,144	232,144

⁽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⁾ Beginning with school year 2009-10, Community and Technical Colleges budgeted enrollment targets include Running Start students. For comparability with previous years, Running Start students are excluded from the "All Higher Education" total.

⁽³⁾ University of Washington enrollment for 2008-09 and subsequent years includes: a) 445 FTEs for the WWAMI (Washington, Wyoming, Alaska, Montana, and Idaho) medical school partnership; and b) 148 FTEs for the Molecular and Cellular Biology program. Enrollments for these programs were reported as self-sustaining from 2003-04 through 2007-08 and as state-supported both before and after that period.

Community & Technical College System

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	1,330,135	1,155,374	2,485,509
2011-13 Maintenance Level	1,390,537	1,154,816	2,545,353
Policy Changes - Non-Comp			
1. Higher Education Reductions	-170,269	102,050	-68,219
2. M&O for 2011-13 State-Funded Prjcts	754	0	754
3. Displaced Homemaker	-824	0	-824
4. Interagency Charges - AG	-124	-122	-246
5. Efficiency Savings	-7,500	0	-7,500
6. Worker Retraining	9,000	0	9,000
Policy -- Non-Comp Total	-168,963	101,928	-67,035
Policy Changes - Comp			
7. Suspend Initiative 732	-29,637	-3,131	-32,768
8. Average Final Compensation Adjust	68	15	83
9. 3% Salary Cut for State Employees	-30,001	0	-30,001
10. Suspend Plan 1 Uniform COLA	-7,245	-1,623	-8,868
11. Retire-Rehire Changes (State)	-36	0	-36
Policy -- Comp Total	-66,851	-4,739	-71,590
Total 2011-13 Biennium	1,154,723	1,252,005	2,406,728
Fiscal Year 2012 Total	581,058	604,352	1,185,410
Fiscal Year 2013 Total	573,665	647,653	1,221,318

Comments:

1. **Higher Education Reductions** - Ongoing savings of \$157.1 million and one-time savings of \$13.2 million are achieved by: carrying forward the 4 percent reduction taken by the State Board for Community and Technical Colleges (SBCTC) in the 2011 supplemental budget; assuming tuition waiver authority provided in RCW 28B.15.910 is maintained at the level waived by the system during FY 2010; and, after accounting for tuition increases of 12 percent per year, reducing funding for SBCTC by 5 percent for the 2011-13 biennium. (General Fund-State, Higher Education Operating Fees Account-Non-Appropriated)
2. **M&O for 2011-13 State-Funded Prjcts** - Funding is provided for the maintenance and operation (M&O) of new or renovated facilities scheduled to be occupied in the 2011-13 biennium.
3. **Displaced Homemaker** - Funding is eliminated for the Displaced Homemaker Program. This program, which is also known as the Life Transitions Program, assists individuals who are dealing with the challenges of re-entering the workforce after a divorce or the death or disability of a spouse or partner.
4. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
5. **Efficiency Savings** - A total of \$7.5 million in savings is anticipated from various efficiencies implemented in the Community and Technical College System. Qualified changes include: consolidation of college districts; consolidation of administrative and governance functions including, but not limited to, human resources, budget and accounting services, and presidents' offices; consolidation of student service functions including, but not limited to, financial aid services, student advising, and libraries; and other administrative efficiencies including, but not limited to, greater use of telephone and videoconferencing and reduced travel costs.
6. **Worker Retraining** - Ongoing funding is provided for an additional 970 worker retraining slots each year at community and technical colleges. Worker retraining programs provide financial aid and other support services to jobless workers who need to change careers in order to re-enter the workforce.
7. **Suspend Initiative 732** - During the 2009-11 biennium, the Legislature suspended the I-732 cost-of-living adjustment. However, it mandated a catch-up cost-of-living adjustment to be provided in equal increments during the 2011-13 and 2013-15 biennia, so that by the end of the catch-up period, recipients would have received the same salary as if the initiative had not been suspended. The catch-up cost-of-living increment, calculated as 1.2 percent per year for the four-year period, is suspended for the 2011-13 biennium. (General Fund-State, various other funds)
8. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary

Community & Technical College System

reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)

9. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
10. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
11. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

University of Washington

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	583,811	3,700,797	4,284,608
2011-13 Maintenance Level	635,628	5,283,868	5,919,496
Policy Changes - Non-Comp			
1. Higher Education Reductions	-182,990	129,480	-53,510
2. Washington Park Arboretum	287	0	287
3. Interagency Charges - AG	-176	-174	-350
4. Embodied Energy and Carbon	88	0	88
5. WWAMI Medical Education Program	300	0	300
Policy -- Non-Comp Total	-182,491	129,306	-53,185
Policy Changes - Comp			
6. Average Final Compensation Adjust	26	104	130
7. 3% Salary Cut for State Employees	-24,010	-178	-24,188
8. Suspend Plan 1 Uniform COLA	-2,567	-10,431	-12,998
9. Retire-Rehire Changes (State)	-13	0	-13
Policy -- Comp Total	-26,564	-10,505	-37,069
Total 2011-13 Biennium	426,573	5,402,669	5,829,242
Fiscal Year 2012 Total	212,197	2,655,232	2,867,429
Fiscal Year 2013 Total	214,376	2,747,437	2,961,813

Comments:

1. **Higher Education Reductions** - Ongoing savings of \$173.3 million and one-time savings of \$9.7 million are achieved by: carrying forward the 4 percent reduction taken by the University of Washington (UW) in the 2011 supplemental budget; assuming tuition waiver authority provided in RCW 28B.15.910 is maintained at the level waived by the University during FY 2010; and, after accounting for tuition increases of 16 percent per year, reducing funding for the University by 6 percent for the 2011-13 biennium. (General Fund-State, Higher Education Operating Fees Account-Non-Appropriated)
2. **Washington Park Arboretum** - Funds are provided for the ongoing management by UW of Washington Park Arboretum.
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **Embodied Energy and Carbon** - Pursuant to Chapter 341, Laws of 2011 (ESSB 5485), one-time funds are provided for UW to prepare a summary of findings from research conducted regarding embodied energy and embodied carbon in building materials and make recommendations to the Legislature.
5. **WWAMI Medical Education Program** - Funds are provided for development of integrated medical curriculum for the Washington/Wyoming/Alaska/Montana/Idaho (WWAMI) Medical Education Program.
6. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
7. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
8. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
9. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws

University of Washington

of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Washington State University

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	374,596	776,501	1,151,097
2011-13 Maintenance Level	412,118	866,957	1,279,075
Policy Changes - Non-Comp			
1. Higher Education Reductions	-93,573	69,097	-24,476
2. Interagency Charges - AG	-68	-68	-136
3. Applied Sciences Laboratory	500	0	500
4. WWAMI Medical Education Program	600	0	600
Policy -- Non-Comp Total	-92,541	69,029	-23,512
Policy Changes - Comp			
5. Average Final Compensation Adjust	20	7	27
6. 3% Salary Cut for State Employees	-14,267	-2	-14,269
7. Suspend Plan 1 Uniform COLA	-1,955	-751	-2,706
8. Retire-Rehire Changes (State)	-9	0	-9
Policy -- Comp Total	-16,211	-746	-16,957
Total 2011-13 Biennium	303,366	935,240	1,238,606
Fiscal Year 2012 Total	151,445	455,153	606,598
Fiscal Year 2013 Total	151,921	480,087	632,008

Comments:

1. **Higher Education Reductions** - Ongoing savings of \$88.6 million and one-time savings of \$5.0 million are achieved by carrying forward the 4 percent reduction taken by: the Washington State University in the 2011 supplemental budget; assuming tuition waiver authority provided in RCW 28B.15.910 is maintained at the level waived by the University during FY 2010; and, after accounting for tuition increases of 16 percent per year, reducing funding for the University by 5 percent for the 2011-13 biennium. (General Fund-State, Higher Education Operating Fees Account-Non-Appropriated)
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
3. **Applied Sciences Laboratory** - Funds are provided for the Spokane-based Applied Sciences Laboratory, which emphasizes applied research, technology transfer, and the development of spin-off companies in the physical sciences and engineering.
4. **WWAMI Medical Education Program** - Funds are provided for the expansion of health sciences capacity through the Washington/Wyoming/Alaska/Montana/Idaho (WWAMI) Medical Education Program.
5. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
6. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
7. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
8. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

Washington State University

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

Eastern Washington University

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	85,856	144,383	230,239
2011-13 Maintenance Level	93,936	164,624	258,560
Policy Changes - Non-Comp			
1. Higher Education Reductions	-21,113	16,243	-4,870
2. Interagency Charges - AG	-14	-16	-30
Policy -- Non-Comp Total	-21,127	16,227	-4,900
Policy Changes - Comp			
3. Average Final Compensation Adjust	6	1	7
4. 3% Salary Cut for State Employees	-3,257	0	-3,257
5. Suspend Plan 1 Uniform COLA	-598	-129	-727
6. Retire-Rehire Changes (State)	-3	0	-3
Policy -- Comp Total	-3,852	-128	-3,980
Total 2011-13 Biennium	68,957	180,723	249,680
Fiscal Year 2012 Total	34,327	87,430	121,757
Fiscal Year 2013 Total	34,630	93,293	127,923

Comments:

1. **Higher Education Reductions** - Ongoing savings of \$19.8 million and one-time savings of \$1.3 million are achieved by: carrying forward the 4 percent reduction taken by the Eastern Washington University in the 2011 supplemental budget; assuming tuition waiver authority provided in RCW 28B.15.910 is maintained at the level waived by the University during FY 2010; and, after accounting for tuition increases of 11 percent per year, reducing funding for the University by 4 percent for the 2011-13 biennium. (General Fund-State, Higher Education Operating Fees Account-Non-Appropriated)
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
3. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
6. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Central Washington University

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	81,684	174,984	256,668
2011-13 Maintenance Level	93,320	215,126	308,446
Policy Changes - Non-Comp			
1. Higher Education Reductions	-24,844	20,423	-4,421
2. Interagency Charges - AG	-10	-10	-20
Policy -- Non-Comp Total	-24,854	20,413	-4,441
Policy Changes - Comp			
3. Average Final Compensation Adjust	7	0	7
4. 3% Salary Cut for State Employees	-3,558	0	-3,558
5. Suspend Plan 1 Uniform COLA	-770	-95	-865
6. Retire-Rehire Changes (State)	-4	0	-4
Policy -- Comp Total	-4,325	-95	-4,420
Total 2011-13 Biennium	64,141	235,444	299,585
Fiscal Year 2012 Total	32,030	112,791	144,821
Fiscal Year 2013 Total	32,111	122,653	154,764

Comments:

1. **Higher Education Reductions** - Ongoing savings of \$22.8 million and one-time savings of \$2.0 million are achieved by: carrying forward the 4 percent reduction taken by Central Washington University in the 2011 supplemental budget; assuming tuition waiver authority provided in RCW 28B.15.910 is maintained at the level waived by the University during FY 2010; and, after accounting for tuition increases of 14 percent per year, reducing funding for the University by 4 percent for the 2011-13 biennium. (General Fund-State, Higher Education Operating Fees Account-Non-Appropriated)
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
3. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
6. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

The Evergreen State College

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	43,659	62,683	106,342
2011-13 Maintenance Level	50,688	63,239	113,927
Policy Changes - Non-Comp			
1. Higher Education Reductions	-12,152	9,014	-3,138
2. Expanded Family Caregiver Review	75	0	75
3. State Drug Policies Study	25	0	25
4. Learning Assistance Program Study	145	0	145
5. Interagency Charges - AG	-6	-6	-12
6. WSIPP Commitment of SVP Study	75	0	75
7. Governor Veto	-170	0	-170
Policy -- Non-Comp Total	-12,008	9,008	-3,000
Policy Changes - Comp			
8. Average Final Compensation Adjust	4	0	4
9. 3% Salary Cut for State Employees	-1,920	0	-1,920
10. Suspend Plan 1 Uniform COLA	-418	-28	-446
11. Retire-Rehire Changes (State)	-2	0	-2
Policy -- Comp Total	-2,336	-28	-2,364
Total 2011-13 Biennium	36,344	72,219	108,563
Fiscal Year 2012 Total	18,307	34,517	52,824
Fiscal Year 2013 Total	18,037	37,702	55,739

Comments:

1. **Higher Education Reductions** - Ongoing savings of \$11.4 million and one-time savings of \$0.8 million are achieved by: carrying forward the 4 percent reduction taken by The Evergreen State College in the 2011 supplemental budget; assuming tuition waiver authority provided in RCW 28B.15.910 is maintained at the level waived by the College during FY 2010; and, after accounting for tuition increases of 14 percent per year, reducing funding for the College by 5 percent for the 2011-13 biennium. (General Fund-State, Higher Education Operating Fees Account-Non-Appropriated)
2. **Expanded Family Caregiver Review** - Funding is provided for the Washington State Institute for Public Policy (WSIPP) to review and report to the Legislature on the results the Family Caregiver Support Program and Memory Wellness.
3. **State Drug Policies Study** - One-time funding is provided for WSIPP to conduct a study of the fiscal and other costs and benefits to state and local governments, and to the people of Washington, that result from current state controlled substance policies.
4. **Learning Assistance Program Study** - Funding is provided for the implementation of E2SHB 1443 (Education Reforms), including additional funding for the Compensation Working Group to analyze educator professional development and mentoring needs, strengthening the availability of data about transitional bilingual students on Office of the Superintendent of Public Instruction's (OSPI's) online report card, development of administrative rules for the Highly Capable program by OSPI, and a study of the Learning Assistance Program funding by WSIPP. This item was vetoed by the Governor.
5. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
6. **WSIPP Commitment of SVP Study** - One-time funding is provided for the WSIPP to conduct a detailed study of the commitment of sexually violent predators (SVPs) to the Special Commitment Center pursuant to Chapter 71.09 RCW and the subsequent release of SVPs to less restrictive alternatives.
7. **Governor Veto** - The Governor vetoed Section 610(3) and (9) of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087). Section 610(3) provided funding for WSIPP to study the Learning Assistance Program, and Section 610(9) provided funding for WSIPP to conduct a study of the fiscal and other costs and benefits of the state's controlled substances policies.
8. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for

The Evergreen State College

State and Local Government Employees). (General Fund-State, various other funds)

9. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
10. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
11. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Western Washington University

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	102,422	227,870	330,292
2011-13 Maintenance Level	116,998	226,291	343,289
Policy Changes - Non-Comp			
1. Higher Education Reductions	-30,554	30,107	-447
2. Interagency Charges - AG	-20	-20	-40
Policy -- Non-Comp Total	-30,574	30,087	-487
Policy Changes - Comp			
3. Average Final Compensation Adjust	8	2	10
4. 3% Salary Cut for State Employees	-5,037	0	-5,037
5. Suspend Plan 1 Uniform COLA	-762	-199	-961
6. Retire-Rehire Changes (State)	-4	0	-4
Policy -- Comp Total	-5,795	-197	-5,992
Total 2011-13 Biennium	80,629	256,181	336,810
Fiscal Year 2012 Total	40,356	121,111	161,467
Fiscal Year 2013 Total	40,273	135,070	175,343

Comments:

1. **Higher Education Reductions** - Ongoing savings of \$28.4 million and one-time savings of \$2.2 million are achieved by: carrying forward the 4 percent reduction taken by Western Washington University in the 2011 supplemental budget; assuming tuition waiver authority provided in RCW 28B.15.910 is maintained at the level waived by the University during FY 2010; and, after accounting for tuition increases of 16 percent per year, reducing funding for the University by 2 percent for the 2011-13 biennium. (General Fund-State, Higher Education Operating Fees Account-Non-Appropriated)
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
3. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-

appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
6. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Higher Education Coordinating Board

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	438,573	113,628	552,201
2011 Supplemental *	-25,763	0	-25,763
Total 2009-11 Biennium	412,810	113,628	526,438
<hr/>			
2011-13 Maintenance Level	407,368	189,621	596,989
Policy Changes - Non-Comp			
1. Suspend Health Professionals Pgm	-3,820	0	-3,820
2. Eliminate Rural Health Program	-200	0	-200
3. Reduce State Work Study Program	-14,320	0	-14,320
4. Suspend Small Grant Programs	-466	0	-466
5. Suspend Future Teachers Program	-1,000	0	-1,000
6. Suspend WAVE and WA Scholars	-674	0	-674
7. Passport to College	200	0	200
8. Educational Opportunity Grants	-2,598	0	-2,598
9. Opportunity Scholarships-ESHB 2088	5,000	0	5,000
10. Leadership 1000	100	0	100
11. Health Science and Services Program	-33	0	-33
12. For Profit SNG	-1,250	0	-1,250
13. Maintain Financial Aid Policy	37,330	0	37,330
14. SNG Awards to Private Institutions	-4,562	0	-4,562
15. Elimination of HECB	-200,882	-96,204	-297,086
16. Aerospace Trng Scholarship & Loans	250	0	250
17. Interagency Charges - AG	-4	-2	-6
18. Efficiency Savings	-1,313	0	-1,313
Policy -- Non-Comp Total	-188,242	-96,206	-284,448
Policy Changes - Comp			
19. 3% Salary Cut for State Employees	-99	-79	-178
20. Suspend Plan 1 Uniform COLA	-47	-37	-84
Policy -- Comp Total	-146	-116	-262
<hr/>			
Total 2011-13 Biennium	218,980	93,299	312,279
Fiscal Year 2012 Total	218,980	93,299	312,279

Comments:

1. **Suspend Health Professionals Pgm** - Funds are reduced for the Health Professionals Conditional Scholarship Program for the 2011-13 biennium. This will result in fewer awards provided to new recipients. This program provides scholarships or loan forgiveness for health professionals who agree to work in rural and underserved areas of the state. Those students who received awards in previous years will maintain those awards until they complete their programs.
2. **Eliminate Rural Health Program** - The Higher Education Coordinating Board (HECB) will suspend payments to the Pacific Northwest University of Health Sciences. These payments were intended to provide training and education of health care professionals to promote osteopathic physician services in rural and underserved areas of the state.
3. **Reduce State Work Study Program** - Funding for the State Work Study program is reduced. Changes made during FY 2011 will become permanent, including increasing the required employer share of wages and discontinuing non-resident student eligibility for the program, and HECB will adjust employer match rates and revise distribution methods to institutions by considering other factors such as off-campus job development, historical utilization trends, and student need. (General Fund-State, Education Legacy Trust Account-State)
4. **Suspend Small Grant Programs** - Funding for several small grant programs is suspended for the 2011-13 biennium, including the Community Scholarship Matching Grant program, Western Interstate Commission for Higher Education student exchange, and state contributions to the Foster Care Endowed Scholarship Trust Fund.
5. **Suspend Future Teachers Program** - HECB will make no new awards in the Future Teachers Conditional Scholarship Program during the 2011-13 biennium. This program provides scholarships or loan forgiveness for teachers who agree to work in certain shortage areas, including English as a second language instruction, secondary math, and secondary science. Those students who received awards in prior years and are

Higher Education Coordinating Board

- continuing their education in the 2011-13 biennium will continue to receive awards.
6. **Suspend WAVE and WA Scholars** - The Washington Scholars and the Washington Award for Vocational Excellence (WAVE) programs are suspended for the 2011-13 biennium. Students who received these awards in prior years and will continue their education during the 2011-13 biennium will not be affected, but no new recipients will receive awards.
 7. **Passport to College** - Funds are provided for the Passport to College Program. The Passport to College Program provides scholarships for tuition and living expenses to former foster youth.
 8. **Educational Opportunity Grants** - The Educational Opportunity Grant Program provided additional financial assistance for community and technical college graduates who would otherwise be unable to attend a distant public baccalaureate institution because of work or financial obligations in their home community. Per Chapter 215, Laws of 2009, Partial Veto (E2SHB 2021), the Educational Opportunity Grant program was phased out as a stand-alone financial aid program and the eligibility requirements of the State Need Grant (SNG) were modified so that these students could qualify for a SNG award. Separate funding for this program is eliminated.
 9. **Opportunity Scholarships-ESHB 2088** - Per Chapter 13, Laws of 2011, 1st sp.s. (ESHB 2088), state funds are provided to match private contributions to the Opportunity Scholarship Match Transfer Account.
 10. **Leadership 1000** - Funding is provided to develop and implement the Leadership 1000 Scholarship Program. This program matches private donors with selected economically disadvantaged students who would otherwise be unable to attend college after depleting all other sources of financial aid.
 11. **Health Science and Services Program** - Savings are captured by transferring the duties of monitoring and reporting to the Legislature biennially on the performance of the Health Sciences and Services Authority (HSSA) program in Spokane County to the HSSA's local board of directors, pursuant to Chapter 155, Laws of 2011 (HB 1425).
 12. **For Profit SNG** - Savings are achieved by reducing SNG awards for students at for-profit institutions. Sufficient funding remains to allow current SNG recipients to complete their programs without a change in their award amount. Students not currently enrolled will receive one half of the current award amount.
 13. **Maintain Financial Aid Policy** - Funding is provided to the SNG and State Work Study (SWS) programs to offset the cost to recipients of resident undergraduate tuition increases of 16 percent each year at the University of Washington, Washington State University, and Western Washington University; 14 percent each year at Central Washington University and The Evergreen State College; 11 percent at Eastern Washington University; and 12 percent each year at the community and technical colleges.
 14. **SNG Awards to Private Institutions** - Funding for the SNG Program is reduced to align increases in awards given to private institutions with their average annual tuition increase experience of 3.5 percent each year.
 15. **Elimination of HECB** - Pursuant to Chapter 11, Laws of 2011, 1st sp.s., Partial Veto (E2SSB 5182), HECB is eliminated as of July 1, 2012. All funds associated with non-financial aid activities are transferred to a new state agency, the Council for Higher Education. All funds associated with financial aid activities are transferred to a new state agency, the Office of Student Financial Assistance.
 16. **Aerospace Trng Scholarship & Loans** - Funds are provided to implement a loan program for students in certain aerospace training or educational programs, pursuant to Chapter 8, Laws of 2011 (ESHB 1846).
 17. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
 18. **Efficiency Savings** - Savings are achieved as a result of several administrative efficiencies, including those resulting from Chapter 11, Laws of 2011, 1st sp.s., Partial Veto (E2SSB 5182), which, effective July 1, 2011, eliminates or shifts to other entities a number of policy, planning, coordination, and research activities now conducted by HECB.
 19. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 20. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
- * Please see the 2011 Supplemental Operating Budget Section for additional information.

Council for Higher Education

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	0	0
2011-13 Maintenance Level	0	0	0
Policy Changes - Non-Comp			
1. Eliminate Rural Health Program	-200	0	-200
2. Health Science and Services Program	-33	0	-33
3. Elimination of HECB	2,699	2,389	5,088
4. Efficiency Savings	-1,312	0	-1,312
Policy -- Non-Comp Total	1,154	2,389	3,543
Policy Changes - Comp			
5. Average Final Compensation Adjust	1	0	1
6. 3% Salary Cut for State Employees	-96	-7	-103
7. Suspend Plan 1 Uniform COLA	-62	-5	-67
Policy -- Comp Total	-157	-12	-169
Total 2011-13 Biennium	997	2,377	3,374
Fiscal Year 2013 Total	997	2,377	3,374

Comments:

- Eliminate Rural Health Program** - The Council for Higher Education will suspend payments to the Pacific Northwest University of Health Sciences. These payments were intended to provide training and education of health care professionals to promote osteopathic physician services in rural and underserved areas of the state.
- Health Science and Services Program** - Savings are captured by transferring the duties of monitoring and reporting to the Legislature biennially on the performance of the Health Sciences and Services Authority (HSSA) program in Spokane County to the HSSA's local board of directors, pursuant to Chapter 155, Laws of 2011 (HB 1425).
- Elimination of HECB** - Pursuant to Chapter 11, Laws of 2011, 1st sp.s., Partial Veto (2ESSB 5182), the Higher Education Coordinating Board (HECB) is eliminated as of July 1, 2012. All funds associated with non-financial aid activities are transferred to a new state agency, the Council for Higher Education. All funds associated with financial aid activities are transferred to a new state agency, the Office of Student Financial Assistance.
- Efficiency Savings** - Savings are achieved as a result of several administrative efficiencies, including those resulting from 2ESSB 5182, which, effective July 1, 2011, eliminates or shifts to other entities a number of policy, planning, coordination, and research activities now conducted by HECB.
- Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
- 3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
- Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Office of Student Financial Assistance

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	0	0	0
2011-13 Maintenance Level	0	0	0
Policy Changes - Non-Comp			
1. Suspend Health Professionals Pgm	-3,820	0	-3,820
2. Reduce State Work Study Program	-16,668	0	-16,668
3. Suspend Small Grant Programs	-466	0	-466
4. Suspend Future Teachers Program	-1,000	0	-1,000
5. Suspend WAVE and WA Scholars	-2,367	0	-2,367
6. Passport to College	200	0	200
7. Educational Opportunity Grants	-2,598	0	-2,598
8. Leadership 1000	100	0	100
9. For Profit SNG	-1,250	0	-1,250
10. Maintain Financial Aid Policy	87,038	0	87,038
11. SNG Awards to Private Institutions	-9,665	0	-9,665
12. Elimination of HECB	198,183	93,815	291,998
13. Aerospace Trng Scholarship & Loans	250	0	250
Policy -- Non-Comp Total	247,937	93,815	341,752
Policy Changes - Comp			
14. 3% Salary Cut for State Employees	-3	-72	-75
15. Suspend Plan 1 Uniform COLA	-2	-47	-49
Policy -- Comp Total	-5	-119	-124
Total 2011-13 Biennium	247,932	93,696	341,628
Fiscal Year 2013 Total	247,932	93,696	341,628

Comments:

- Suspend Health Professionals Pgm** - Funds are reduced for the Health Professionals Conditional Scholarship Program for the 2011-13 biennium. This will result in fewer awards provided to new recipients. This program provides scholarships or loan forgiveness for health professionals who agree to work in rural and underserved areas of the state. Those students who received awards in previous years will maintain those awards until they complete their programs.
- Reduce State Work Study Program** - Funding for the State Work Study program is reduced. Changes made during FY 2011 will become permanent, including increasing the required employer share of wages and discontinuing non-resident student eligibility for the program, and the Higher Education Coordinating Board will adjust employer match rates and revise distribution methods to institutions by considering other factors such as off-campus job development, historical utilization trends, and student need. (General Fund-State, Education Legacy Trust Account-State) *This says HECB will do stuff - doesn't it need to refer to the Office of Student Financial Aid?*
- Suspend Small Grant Programs** - Funding for several small grant programs is suspended for the 2011-13 biennium, including the Community Scholarship Matching Grant program, Western Interstate Commission for Higher Education student exchange, and state contributions to the Foster Care Endowed Scholarship Trust Fund.
- Suspend Future Teachers Program** - The Office of Student Financial Aid will make no new awards in the Future Teachers Conditional Scholarship Program during the 2011-13 biennium. This program provides scholarships or loan forgiveness for teachers who agree to work in certain shortage areas, including English as a second language instruction, secondary math, and secondary science. Those students who received awards in prior years and are continuing their education in the 2011-13 biennium will continue to receive awards.
- Suspend WAVE and WA Scholars** - The Washington Scholars and the Washington Award for Vocational Excellence (WAVE) programs are suspended for the 2011-13 biennium. Students who received these awards in prior years and will continue their education during the 2011-13 biennium will not be affected, but no new recipients will receive awards.
- Passport to College** - Funds are provided for the Passport to College Program. The Passport to College Program provides scholarships for tuition and living expenses to former foster youth.
- Educational Opportunity Grants** - The Educational Opportunity Grant Program provided additional financial assistance for community and technical college graduates who

Office of Student Financial Assistance

- would otherwise be unable to attend a distant public baccalaureate institution because of work or financial obligations in their home community. Per Chapter 215, Laws of 2009, Partial Veto (E2SHB 2021), the Educational Opportunity Grant program was phased out as a stand-alone financial aid program and the eligibility requirements of the State Need Grant (SNG) were modified so that these students could qualify for a SNG award. Separate funding for this program is eliminated.
8. **Leadership 1000** - Funding is provided to develop and implement the Leadership 1000 Scholarship Program. This program matches private donors with selected economically disadvantaged students who would otherwise be unable to attend college after depleting all other sources of financial aid.
 9. **For Profit SNG** - Savings are achieved by reducing SNG awards for students at for-profit institutions. Sufficient funding remains to allow current SNG recipients to complete their programs without a change in their award amount.
 10. **Maintain Financial Aid Policy** - Funding is provided to the SNG and the State Work Study (SWS) programs to offset the cost to recipients of resident undergraduate tuition increases of 16 percent each year at the University of Washington, Washington State University, and Western Washington University; 14 percent each year at Central Washington University and The Evergreen State College; 11 percent at Eastern Washington University; and 12 percent each year at the community and technical colleges.
 11. **SNG Awards to Private Institutions** - Funding for the SNG program is reduced to align increases in awards given to private institutions with their average annual tuition increase experience of 3.5 percent each year.
 12. **Elimination of HECB** - Pursuant to Chapter 11, Laws of 2011, 1st sp.s., Partial Veto (E2SSB 5182), the Higher Education Coordinating Board (HECB) is eliminated as of July 1, 2012. All funds associated with non-financial aid activities are transferred to a new state agency, the Council for Higher Education. All funds associated with financial aid activities are transferred to a new state agency, the Office of Student Financial Assistance.
 13. **Aerospace Trng Scholarship & Loans** - Funds are provided to implement a loan program for students in certain aerospace training or educational programs, pursuant to Chapter 8, Laws of 2011 (ESHB 1846).
 14. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 15. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

Spokane Intercollegiate Research & Technology Inst

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	3,088	2,278	5,366
2011 Supplemental *	-163	0	-163
Total 2009-11 Biennium	2,925	2,278	5,203
<hr/>			
2011-13 Maintenance Level	2,885	2,152	5,037
Policy Changes - Non-Comp			
1. SIRTI Service Reduction	-574	0	-574
2. Interagency Charges - AG	-4	0	-4
3. Innovate Washington	-2,307	-2,152	-4,459
Policy -- Non-Comp Total	-2,885	-2,152	-5,037
<hr/>			
Total 2011-13 Biennium	0	0	0

Comments:

1. **SIRTI Service Reduction** - State funding for the State Intercollegiate Research and Technology Institute (SIRTI) is reduced 20 percent.
2. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
3. **Innovate Washington** - Pursuant to Chapter 14, Laws of 2011, 1st sp.s., Partial Veto (2ESB 5764), Innovate Washington is created as the successor agency to the Washington Technology Center and SIRTI and is the primary state agency responding to the technology transfer needs of existing businesses in the state. Funds and full-time employees are transferred from SIRTI to Innovate Washington.

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

Other Education

Department of Early Learning

Savings of \$3.0 million state general fund are achieved through the elimination of the Career and Wage Ladder program. The program contracted with approximately 55 childcare centers in the state to provide increases in pay for employees, based on education and longevity.

Funding for the Early Childhood Education and Assistance Program (ECEAP) is increased by \$2.3 million. The increased funding is a result of a greater award in the federal Child Care and Development Fund Block Grant.

Funding for home visiting services is increased by \$3.9 million total funds (\$1.3 million General Fund-State) is provided in the 2011-13 biennium. Funds are directed for deposit into the Home Visiting Services Account.

The Medicaid Treatment Child Care program is transferred to the Department of Early Learning from the Department of Social and Health Services Children's Administration. This is a transfer of \$9.4 million (\$5.0 million General Fund-State).

Arts and Heritage Agencies Funding Shift

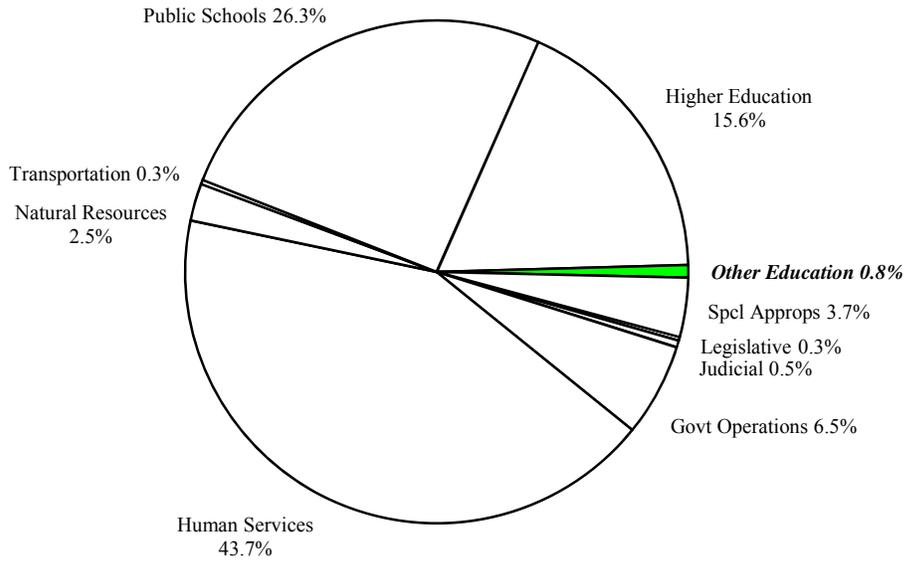
All Near General Fund-State support for the operating expenses of the Arts Commission, the Washington State Historical Society, and the Eastern Washington State Historical Society are eliminated and supplanted with funds from the Washington State Heritage Center Account. Over \$9.4 million in operating expenses for these agencies are supported by the fee revenue previously collected for the Heritage Center project, a facility in the planning stages of construction on the Capitol Campus that would house the State Library and Archives. The redistribution of funds is one-time and ongoing fee revenue remains dedicated to the Heritage Center project.

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

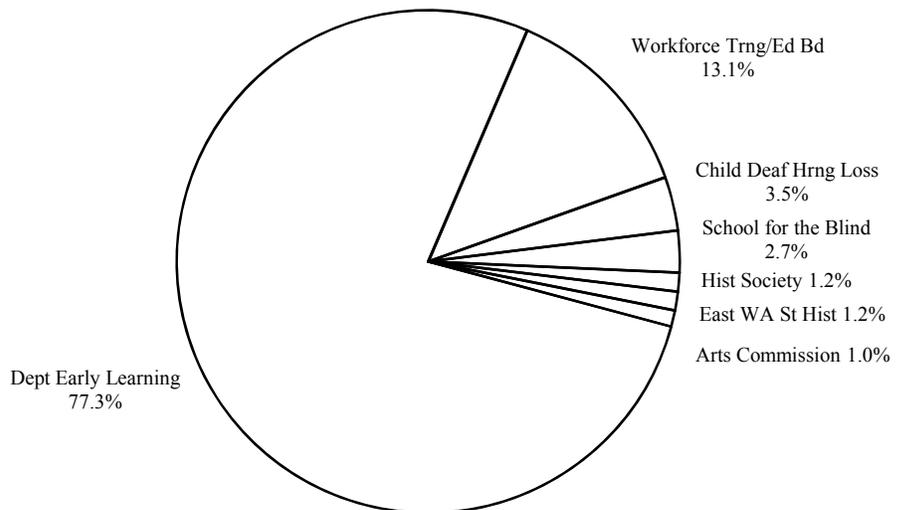
(Dollars in Thousands)

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



Washington State

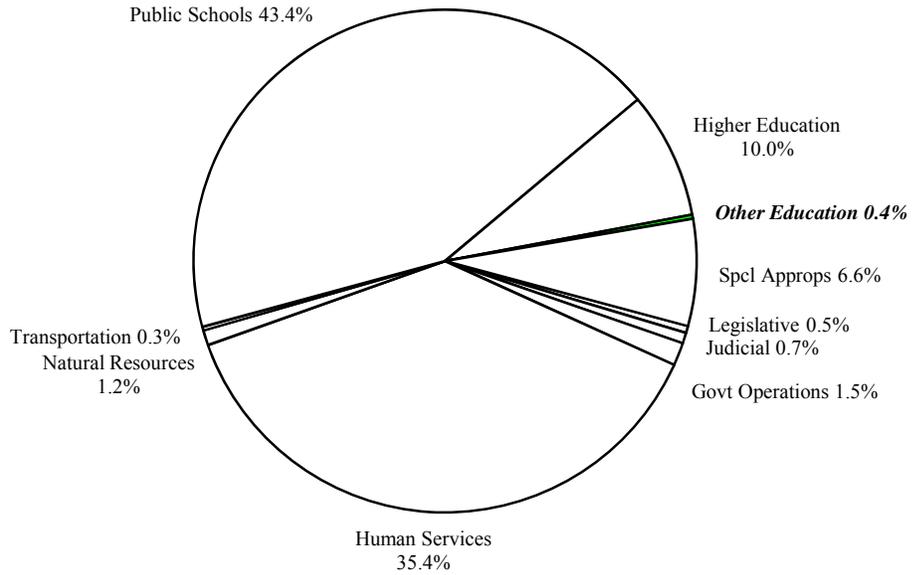
Dept Early Learning	389,035
Workforce Trng/Ed Bd	66,031
Child Deaf Hrng Loss	17,426
School for the Blind	13,487
Historical Society	6,134
East WA State Hist Society	6,092
Arts Commission	5,230
Other Education	503,435



Other Education

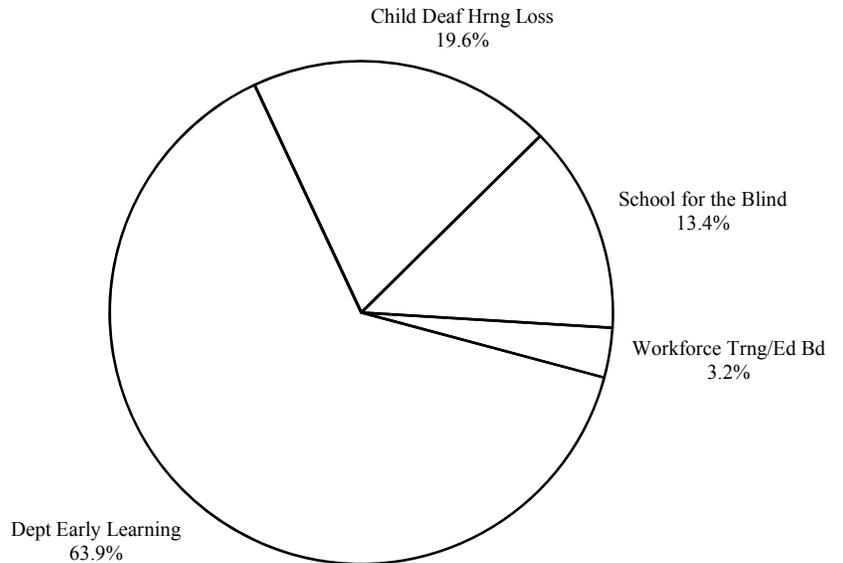
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

Dept Early Learning	55,127
Child Deaf Hrng Loss	16,900
School for the Blind	11,526
Workforce Trng/Ed Bd	2,770
Other Education	86,323



Other Education

Workforce Training & Education Coordinating Board

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	2,909	54,523	57,432
2011 Supplemental *	-91	0	-91
Total 2009-11 Biennium	2,818	54,523	57,341
<hr/>			
2011-13 Maintenance Level	3,169	63,305	66,474
Policy Changes - Non-Comp			
1. Reduced Coordination/Oversight	-315	0	-315
2. State Data Center Rate Increase	5	0	5
3. Interagency Charges - AG	-2	-2	-4
Policy -- Non-Comp Total	-312	-2	-314
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-54	-26	-80
5. Suspend Plan 1 Uniform COLA	-33	-16	-49
Policy -- Comp Total	-87	-42	-129
<hr/>			
Total 2011-13 Biennium	2,770	63,261	66,031
Fiscal Year 2012 Total	1,382	30,727	32,109
Fiscal Year 2013 Total	1,388	32,534	33,922

Comments:

1. **Reduced Coordination/Oversight** - The Workforce Training and Education Coordinating Board's General Fund-State appropriation is reduced by 10 percent.
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers'

Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Department of Early Learning

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	81,641	305,305	386,946
2011 Supplemental *	-1,906	699	-1,207
Total 2009-11 Biennium	79,735	306,004	385,739
<hr/>			
2011-13 Maintenance Level	52,295	325,085	377,380
Policy Changes - Non-Comp			
1. Administrative Reduction	-541	0	-541
2. Eliminate Career and Wage Program	-3,000	0	-3,000
3. State Data Center Rate Increase	70	0	70
4. Child Care Background Checks	0	378	378
5. CCDF Quality Award	0	282	282
6. Medicaid Treatment Childcare	5,044	4,304	9,348
7. Interagency Charges - AG	-2	-38	-40
8. Reach Out and Read	300	0	300
9. Home Visiting	1,268	2,600	3,868
10. ECEAP	0	2,256	2,256
11. Management Efficiency	-12	0	-12
Policy -- Non-Comp Total	3,127	9,782	12,909
Policy Changes - Comp			
12. Average Final Compensation Adjust	1	4	5
13. 3% Salary Cut for State Employees	-192	-608	-800
14. Suspend Plan 1 Uniform COLA	-104	-353	-457
15. Retire-Rehire Changes (State)	0	-2	-2
Policy -- Comp Total	-295	-959	-1,254
<hr/>			
Total 2011-13 Biennium	55,127	333,908	389,035
Fiscal Year 2012 Total	27,570	167,581	195,151
Fiscal Year 2013 Total	27,557	166,327	193,884

Comments:

1. **Administrative Reduction** - Funding for agency administration is reduced. Savings will be achieved through reduced personal service contracts, reductions to information technology contractors, vacancy savings, and other efficiencies.
2. **Eliminate Career and Wage Program** - Funding for the Department of Early Learning (DEL) to operate the Career and Wage Ladder pilot program is eliminated. This elimination will end contracts with approximately 55 child care centers in Washington. A contracted staff position associated with the program is also eliminated.
3. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
4. **Child Care Background Checks** - Funding is provided through the Individual-Based/Portable Background Check Clearance Account for development and implementation of Chapter 295, Laws of 2011 (2SHB 1903). Fees established in this legislation will be used to support this program, which creates a three-year child care license for individuals working in licensed child care. (Individual-Based/Portable Background Check Clearance Account)
5. **CCDF Quality Award** - Expenditure authority is provided for increased federal Child Care and Development Funds (CCDF) targeted to specific quality initiatives.
6. **Medicaid Treatment Childcare** - Funding for Medicaid Treatment Child Care (MTCC) is transferred from the Department of Social and Health Services' Children's Administration to DEL. This transfer also includes administrative funding and FTE authority for the program. The MTCC provides intensive child development services to young children. (General Fund-State, General Fund-Federal)
7. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by

Department of Early Learning

- the Office of the Attorney General (AG). (General Fund-State, various other funds)
8. **Reach Out and Read** - Funding is provided for DEL to contract with Reach Out and Read for services that promote early literacy by giving new books to children during pediatric doctor visits and advising parents about the importance of reading.
 9. **Home Visiting** - Funding is appropriated to DEL for deposit into the Home Visiting Services Account for evidence-based home visiting services. This deposit increases state funding to DEL for home visiting to \$1.868 million. The funding is intended to meet state maintenance of effort requirements for the federal Maternal, Infant, and Early Childhood Home Visitation Program. The state anticipates receiving \$1.3 million in federal funds per year from this program and anticipates private matching funds. (General Fund-State, Home Visiting Services Account)
 10. **ECEAP** - Additional Early Childhood Education and Assistance Program (ECEAP) slots are provided through federal CCDF. These funds represent an additional 165 slots per year.
 11. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delaying and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
 12. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)
 13. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
 14. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
 15. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)
- * Please see the 2011 Supplemental Operating Budget Section for additional information.

State School for the Blind

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	11,887	1,942	13,829
2011 Supplemental *	-476	0	-476
Total 2009-11 Biennium	11,411	1,942	13,353
<hr/>			
2011-13 Maintenance Level	12,569	2,046	14,615
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	27	0	27
2. Biennialization of Across-the-Board	-476	0	-476
3. Interagency Charges - AG	-6	0	-6
4. Management Efficiency	-56	0	-56
Policy -- Non-Comp Total	-511	0	-511
Policy Changes - Comp			
5. Suspend Initiative 732	-102	-34	-136
6. Average Final Compensation Adjust	2	0	2
7. 3% Salary Cut for State Employees	-227	-10	-237
8. Suspend Plan 1 Uniform COLA	-204	-41	-245
9. Retire-Rehire Changes (State)	-1	0	-1
Policy -- Comp Total	-532	-85	-617
<hr/>			
Total 2011-13 Biennium	11,526	1,961	13,487
Fiscal Year 2012 Total	5,780	970	6,750
Fiscal Year 2013 Total	5,746	991	6,737

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Biennialization of Across-the-Board** - Funding for the Washington State School for the Blind was reduced as a result of Chapter 5, Laws of 2011, Partial Veto (ESHB 1086). The same reduction assumed in that act is applied to the 2011-13 biennial appropriation.
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
5. **Suspend Initiative 732** - The Initiative 732 cost-of-living adjustment requirements are suspended for the 2011-13 biennium. Initiative 732 requires an annual cost-of-living increase for school employees based on the Seattle Consumer Price Index for the prior calendar year. These cost-of-living increases are estimated at 0.4 percent for the 2011-12 school year and 1.9 percent for the 2012-13 school year. Additionally, statute requires a catch-up cost-of-living increase of 1.2 percent per school year resulting from the Initiative 732 suspension during the 2009-11 biennium. (General Fund-State, General Fund-Private/Local)
6. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)

State School for the Blind

7. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
8. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
9. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Center for Childhood Deafness & Hearing Loss

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	17,375	526	17,901
2011 Supplemental *	-552	0	-552
Total 2009-11 Biennium	16,823	526	17,349
<hr/>			
2011-13 Maintenance Level	18,055	526	18,581
Policy Changes - Non-Comp			
1. State Data Center Rate Increase	27	0	27
2. Biennialization of Across-the-Board	-552	0	-552
3. Interagency Charges - AG	-6	0	-6
4. Management Efficiency	-38	0	-38
Policy -- Non-Comp Total	-569	0	-569
Policy Changes - Comp			
5. Suspend Initiative 732	-130	0	-130
6. Average Final Compensation Adjust	2	0	2
7. 3% Salary Cut for State Employees	-198	0	-198
8. Suspend Plan 1 Uniform COLA	-258	0	-258
9. Retire-Rehire Changes (State)	-2	0	-2
Policy -- Comp Total	-586	0	-586
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Total 2011-13 Biennium	16,900	526	17,426
Fiscal Year 2012 Total	8,451	242	8,693
Fiscal Year 2013 Total	8,449	284	8,733

Comments:

1. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
2. **Biennialization of Across-the-Board** - Funding for the Washington Center for Childhood Deafness and Hearing Loss was reduced as a result of Chapter 5, Laws of 2011, Partial Veto (ESHB 1086). The same reduction assumed in that act is applied to the 2011-13 biennial appropriation.
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **Management Efficiency** - Funding is reduced to reflect management and administrative reforms, such as delayering and streamlining of support functions, that will result in increased efficiency. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the course of the biennium. State agencies can anticipate continuous legislative policy and fiscal committee examination of the architecture and cost of the state's career and executive workforce, and shall be prepared to provide relevant information in hearings and work sessions. (General Fund-State, various other funds)
5. **Suspend Initiative 732** - The Initiative 732 cost-of-living adjustment requirements are suspended for the 2011-13 biennium. Initiative 732 requires an annual cost-of-living increase for school employees based on the Seattle Consumer Price Index for the prior calendar year. These cost-of-living increases are estimated at 0.4 percent for the 2011-12 school year and 1.9 percent for the 2012-13 school year. Additionally, statute requires a catch-up cost-of-living increase of 1.2 percent per school year resulting from the Initiative 732 suspension during the 2009-11 biennium. (General Fund-State, General Fund-Private/Local)
6. **Average Final Compensation Adjust** - Funding is provided for the pension rate impacts from adjusting Average Final Compensation for state or local government employee members of the state retirement systems who have reduced compensation during the 2011-13 fiscal biennium due to reduced work hours, mandatory leave without pay, temporary layoffs, or salary reductions that affect pension benefit calculations and would otherwise have reduced benefits, pursuant to Chapter 5, Laws of 2011, 1st sp.s. (HB 2070 - Average Final Compensation for State and Local Government Employees). (General Fund-State, various other funds)

Center for Childhood Deafness & Hearing Loss

7. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
8. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)
9. **Retire-Rehire Changes (State)** - Employer contribution rates to the Public Employees' Retirement System and the Teachers' Retirement System are reduced to reflect savings from reduced pension benefit costs through implementing Chapter 47, Laws of 2011, 1st sp.s. (ESHB 1981 - Higher Education Retirement Plan and Post-Retirement Employment). (General Fund-State, various other funds)

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

Washington State Arts Commission

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	3,191	2,996	6,187
2011 Supplemental *	-117	0	-117
Total 2009-11 Biennium	3,074	2,996	6,070
<hr/>			
2011-13 Maintenance Level	2,865	3,021	5,886
Policy Changes - Non-Comp			
1. Reductions and Efficiency Measures	-2,795	2,203	-592
2. State Data Center Rate Increase	0	10	10
3. Interagency Charges - AG	-2	0	-2
Policy -- Non-Comp Total	-2,797	2,213	-584
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-42	-2	-44
5. Suspend Plan 1 Uniform COLA	-26	-2	-28
Policy -- Comp Total	-68	-4	-72
<hr/>			
Total 2011-13 Biennium	0	5,230	5,230
Fiscal Year 2012 Total	0	2,596	2,596
Fiscal Year 2013 Total	0	2,634	2,634

Comments:

1. **Reductions and Efficiency Measures** - The Arts Commission will achieve savings through vacancies, reductions in staff hours, and continuing to implement administrative spending limits and controls on goods and services, travel, and other costs. Near General Fund-State support during the biennium is replaced by funds from the Washington State Heritage Center Account. (Washington State Heritage Center Account-State, General Fund-State)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Washington State Historical Society

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	5,199	2,499	7,698
2011 Supplemental *	-226	0	-226
Total 2009-11 Biennium	4,973	2,499	7,472
<hr/>			
2011-13 Maintenance Level	5,428	1,898	7,326
Policy Changes - Non-Comp			
1. Reductions and Efficiency Measures	-5,262	4,219	-1,043
2. State Data Center Rate Increase	0	32	32
3. Interagency Charges - AG	-2	0	-2
Policy -- Non-Comp Total	-5,264	4,251	-1,013
Policy Changes - Comp			
4. 3% Salary Cut for State Employees	-104	-10	-114
5. Suspend Plan 1 Uniform COLA	-60	-5	-65
Policy -- Comp Total	-164	-15	-179
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Total 2011-13 Biennium	0	6,134	6,134
Fiscal Year 2012 Total	0	3,080	3,080
Fiscal Year 2013 Total	0	3,054	3,054

Comments:

1. **Reductions and Efficiency Measures** - The Washington State Historical Society will achieve savings through vacancies, reductions in staff hours, and continuing to implement administrative spending limits and controls on goods and services, travel, and other costs. Near General Fund-State support during the biennium is replaced by funds from the Washington State Heritage Center Account. (Washington State Heritage Center Account-State, General Fund-State)
2. **State Data Center Rate Increase** - Funds are provided for this agency's share of the cost to design, acquire, and install infrastructure (cabling, cabinets, and fiber connectivity) for the new State Data Center. These funds will also pay for setting up existing data center infrastructure (network, storage, security, servers, mainframe and tape backup, and telephone equipment) in the new location. This new allocation is distributed based on the number of virtual server instances for each agency. (General Fund-State, various other funds)
3. **Interagency Charges - AG** - Funding levels are adjusted to reflect anticipated changes in billings for services provided by the Office of the Attorney General (AG). (General Fund-State, various other funds)
4. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)
5. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Eastern Washington State Historical Society

(Dollars in Thousands)

	NGF-S	Other	Total
2009-11 Expenditure Authority	3,244	3,086	6,330
2011 Supplemental *	-142	111	-31
Total 2009-11 Biennium	3,102	3,197	6,299
<hr/>			
2011-13 Maintenance Level	3,512	3,149	6,661
Policy Changes - Non-Comp			
1. Reductions and Efficiency Measures	-3,399	2,965	-434
Policy -- Non-Comp Total	-3,399	2,965	-434
Policy Changes - Comp			
2. 3% Salary Cut for State Employees	-72	-12	-84
3. Suspend Plan 1 Uniform COLA	-41	-10	-51
Policy -- Comp Total	-113	-22	-135
<hr/>			
Total 2011-13 Biennium	0	6,092	6,092
Fiscal Year 2012 Total	0	3,072	3,072
Fiscal Year 2013 Total	0	3,020	3,020

Comments:

1. **Reductions and Efficiency Measures** - The Eastern Washington Historical Society will achieve savings through vacancies, reductions in staff hours, and continuing to implement administrative spending limits and controls on goods and services, travel, and other costs. Near General Fund-State support during the biennium is replaced by funds from the Washington State Heritage Center Account. (Washington State Heritage Center Account-State, General Fund-State)

2. **3% Salary Cut for State Employees** - Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of the Washington State Patrol and the Washington State Department of Transportation. Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject the 3 percent of salary reduction. The reduction is temporary through the 2011-13 biennium only. (General Fund-State, various other funds)

3. **Suspend Plan 1 Uniform COLA** - This item reflects savings from ending future automatic benefit increases in the Public Employees' Retirement System Plan 1 and the Teachers' Retirement System Plan 1. The basic minimum benefit amount in the plans is not affected, and the alternative minimum benefit is raised to \$1,500 per month. (General Fund-State, various other funds)

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

Special Appropriations

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

Special Appropriations (Non-Compensation Related Items)

Central Services Efficiencies

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

Workers Compensation

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

Special Appropriations (Compensation Related Items)

Health Care Authority

K-12 Health Benefits Consolidated Purchasing Implementation Plan

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

State Employee Compensation

Average Final Salary Adjustments for Retiring Employees

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

Eliminate Future Plan 1 Annual Increases

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

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

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

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

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

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

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

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

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

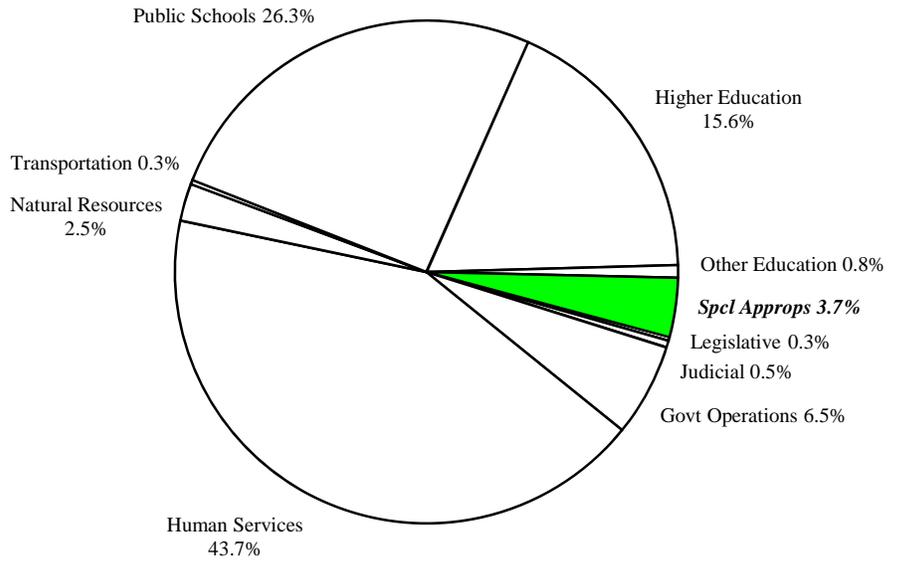
Agencies are required to implement management and administrative reforms, such as de-layering and streamlining of support functions that will result in increased efficiency and reduce agency expenditures. For most agencies, management reductions of 7 to 10 percent are expected to be achieved over the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

2011-13 Washington State Omnibus Operating Budget

Total Budgeted Funds

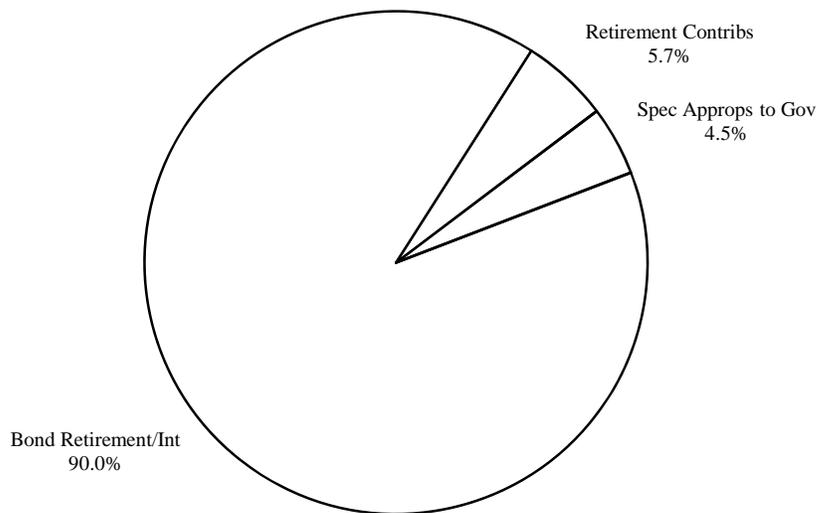
(Dollars in Thousands)

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



Washington State

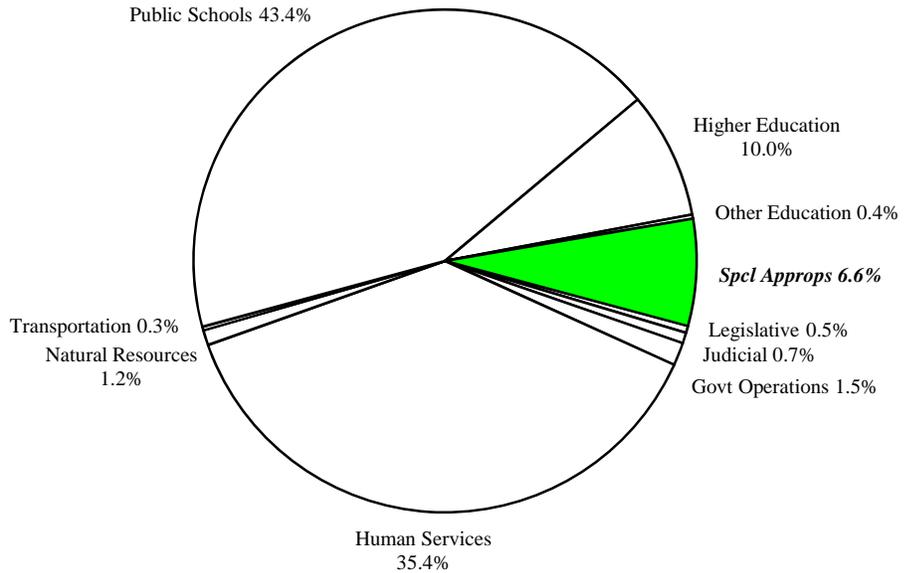
Bond Retire/Int	2,120,814
Retirement Contributions	133,476
Spec Approps to Gov	105,507
Other Spcl Approps	-3,850
Special Appropriations	2,355,947



Special Appropriations

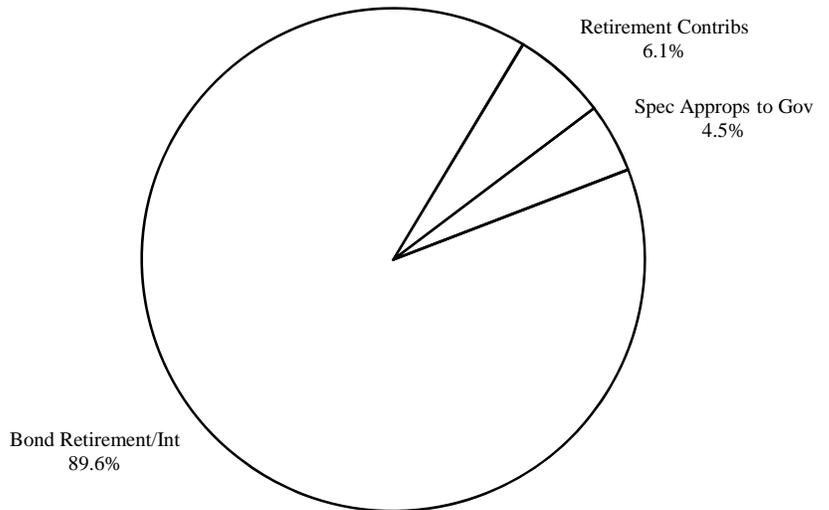
2011-13 Washington State Omnibus Operating Budget
Near General Fund-State
(Dollars in Thousands)

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



Washington State

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



Special Appropriations

Bond Retirement and Interest

(Dollars in Thousands)

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

Comments:

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

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

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

Special Appropriations to the Governor

(Dollars in Thousands)

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

Comments:

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

(Dollars in Thousands)

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

Comments:

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

State Employee Compensation Adjustments

(Dollars in Thousands)

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

Comments:

1. **Teacher Retirement Incentive** - Funding is provided for a \$250 per month health benefit subsidy payable for up to three years under SSB 5846 (Health Benefit Subsidies) to members of the Teachers' Retirement System Plan 1 (TRS) who retire before the end of October 2011. SSB 5846 was not passed, so these savings will not be achieved.

2. **Governor Veto** - The Governor vetoed Section 724 of Chapter 50, Laws of 2011, 1st sp.s., Partial Veto (2ESHB 1087), which provided funding for health benefit subsidies payable for up to three years under SSB 5846 (Health Benefit Subsidies).

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

Sundry Claims

(Dollars in Thousands)

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

Comments:

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

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

Other Legislation

(Dollars in Thousands)

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

Comments:

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