

Special Appropriations

State Employee Health Care Benefits

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

Efficiency Reductions and Savings

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

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

The Governor vetoed this item.

Help America Vote Act Match

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

Extraordinary Criminal Justice Costs

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

Assistance to Counties

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

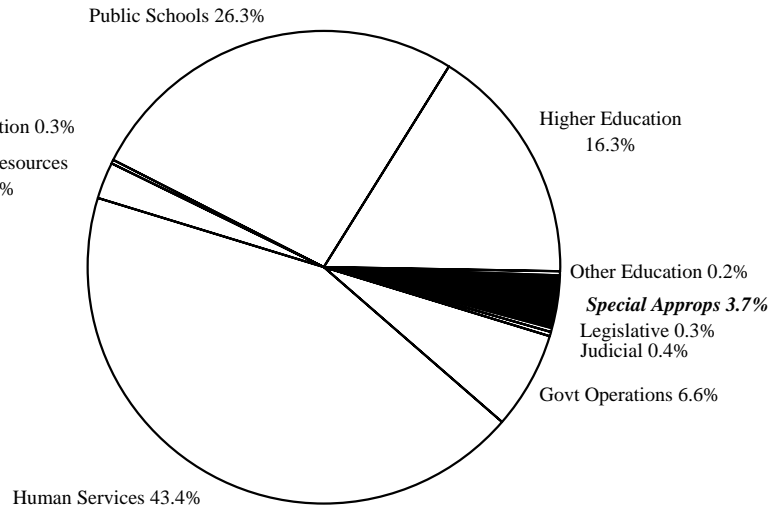
Mader et al. v. Health Care Authority and the state of Washington Settlement

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

2003-05 Washington State Operating Budget Total Budgeted Funds

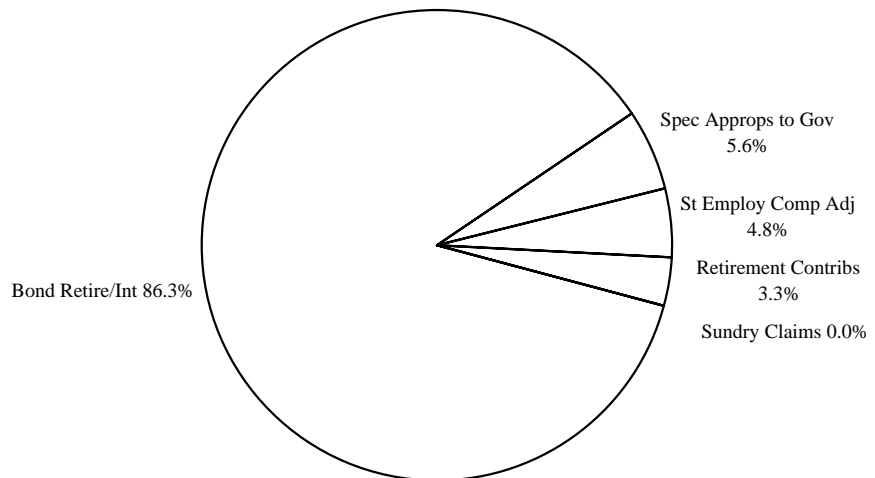
(Dollars in Thousands)

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



Washington State

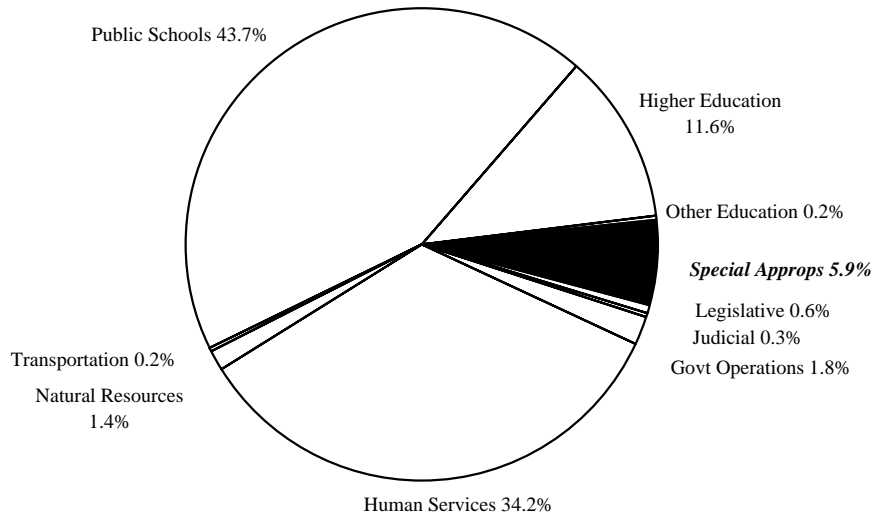
Bond Retire/Int	1,438,962
Spec Approps to Gov	93,210
St Employ Comp Adj	80,079
Retirement Contributions	54,660
Sundry Claims	477
<i>Special Appropriations</i>	<i>1,667,388</i>



Special Appropriations

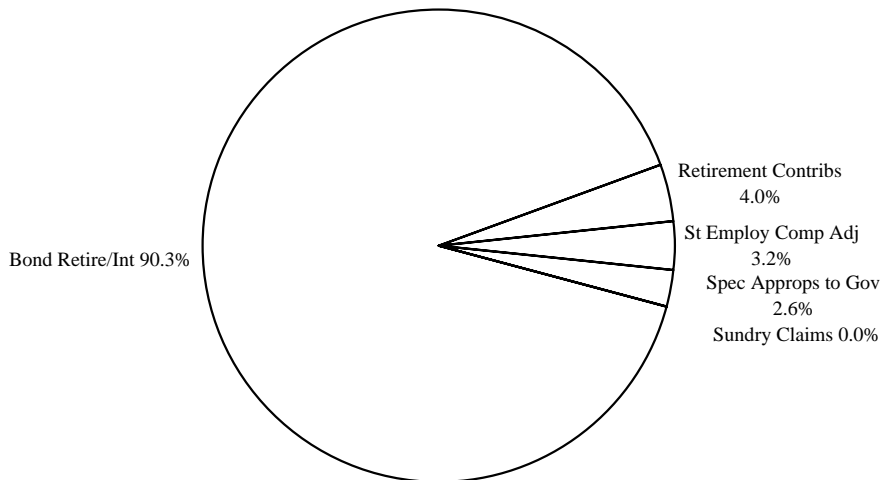
2003-05 Washington State Operating Budget
General Fund-State
(Dollars in Thousands)

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



Washington State

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



Special Appropriations

Bond Retirement and Interest

(Dollars in Thousands)

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

Comments:

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

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

State Employee Compensation Adjustments

(Dollars in Thousands)

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

Comments:

1. **Move Funding from Inactive Account** - Health insurance funding is transferred from the now defunct Salmon Recovery Account to the Recreation Resources Account.

2. **Health Benefits** - The actual cost of health care coverage provided through the Public Employees Benefits Board (PEBB) is less than anticipated in the 2003-05 biennial budget. The resulting surplus in the PEBB Fund is used to hold down health care premium costs. Surplus funds are expended in a manner proportional to current funding practices, with 16 percent of the surplus used to reduce employee contributions and 84 percent used to reduce state contributions. (General Fund-State, various funds)

3. **Reduce Employee Hlth Care Premiums** - In addition to distributing the surplus from FY 2004, approximately \$6.7 million in General Fund-State and \$3.2 million in other funds are appropriated to reduce projected employee premiums for calendar year (CY) 2005. Along with the reduction in employee premiums resulting from the distribution of surplus, this will hold the projected average employee premium for CY 2005 to \$78.63 per month, the same level currently projected for CY 2004. Under the 2003-05 biennial budget, the CY 2005 average employee premium was projected to rise to \$110.64 per month. This budget anticipates that the total cost of medical insurance purchased on behalf of current employees will increase by an average of 15 percent and for retirees enrolled in Medicare by 13.9 percent, between CY 2004 and CY 2005. (General Fund-State, various funds)

4. **Minimum Allowance for TRS/PERS 1** - Funding is provided for increased pension contribution rate costs associated with paying a \$1,000 minimum benefit to certain retirees of the Public Employees' Retirement System (PERS) Plan 1 and the Teachers' Retirement System (TRS) Plan 1, pursuant to Chapter 85, Laws of 2004 (SHB 2538). (General Fund-State, General Fund-Federal, General Fund-Private/Local, Retirement Contribution Increase Revolving Account-State)

Special Appropriations to the Governor

(Dollars in Thousands)

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

Comments:

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

Sundry Claims

(Dollars in Thousands)

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

Comments:

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

Contributions to Retirement Systems

(Dollars in Thousands)

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

Comments:

There were no policy level changes.