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**2003-05 Omnibus Operating Budget**  
**House of Representatives**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	389.8	56,319	56,364
2003-05 Maintenance Level	386.8	57,033	57,078
<b>Policy Changes:</b>			
1. Project Citizen	0.0	25	25
2. Staff Reduc. & Oper. Efficiencies	-19.2	-2,851	-2,851
Total Policy Changes	-19.2	-2,826	-2,826
Total 2003-05 Biennium	367.6	54,207	54,252
Difference from 2001-03	-22.2	-2,112	-2,112
% Change from 2001-03	-5.6%	-3.8%	-3.7%

*Comments:*

**1. Project Citizen** - Funds are provided for a grant to maintain Project Citizen, a program to encourage civic participation by middle school and high school students.

**2. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

**2003-05 Omnibus Operating Budget****Senate**

(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	306.6	46,513	46,558
2003-05 Maintenance Level	303.6	45,887	45,932
<b>Policy Changes:</b>			
1. Project Citizen	0.0	25	25
2. Staff Reduc. & Oper. Efficiencies	-15.2	-2,294	-2,294
Total Policy Changes	-15.2	-2,269	-2,269
Total 2003-05 Biennium	288.4	43,618	43,663
Difference from 2001-03	-18.2	-2,895	-2,895
% Change from 2001-03	-6.2%	-6.2%	-6.2%

*Comments:*

**1. Project Citizen** - Funds are provided for a grant to maintain Project Citizen, a program to encourage civic participation by middle school and high school students.

**2. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

**2003-05 Omnibus Operating Budget**  
**Jt Leg Audit & Review Committee**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	18.0	4,136	4,136
2003-05 Maintenance Level	18.0	3,436	3,436
Total 2003-05 Biennium	18.0	3,436	3,436
Difference from 2001-03	0.0	-700	-700
% Change from 2001-03	0.0%	-16.9%	-16.9%

*Comments:*



**2003-05 Omnibus Operating Budget**  
**LEAP Committee**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	11.7	2,801	3,008
2003-05 Maintenance Level	11.7	3,292	3,292
<b>Policy Changes:</b>			
1. Regional Cost of Living Index	0.0	50	50
Total Policy Changes	0.0	50	50
Total 2003-05 Biennium	11.7	3,342	3,342
Difference from 2001-03	0.0	541	334
% Change from 2001-03	0.0%	19.3%	11.1%

*Comments:*

**1. Regional Cost of Living Index** - Funding is provided for the Legislative Evaluation and Accountability Program Committee, in consultation with Office of Forecast Council, to gather data that could be used to develop a regional cost-of-living index for each region served by an Educational Service District of the K-12 system.

**2003-05 Omnibus Operating Budget**  
**Office of the State Actuary**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	10.5	0	2,089
2003-05 Maintenance Level	10.5	0	2,143
Total 2003-05 Biennium	10.5	0	2,143
Difference from 2001-03	0.0	0	54
% Change from 2001-03	0.0%	0.0%	2.6%

*Comments:*

**2003-05 Omnibus Operating Budget**  
**Joint Legislative Systems Comm**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	49.0	13,439	15,145
2003-05 Maintenance Level	48.0	13,664	15,477
<b>Policy Changes:</b>			
1. Staff Reduc. & Oper. Efficiencies	-1.0	-131	-131
Total Policy Changes	-1.0	-131	-131
Total 2003-05 Biennium	47.0	13,533	15,346
Difference from 2001-03	-2.0	94	201
% Change from 2001-03	-4.1%	0.7%	1.3%

*Comments:*

**1. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

**2003-05 Omnibus Operating Budget**  
**Statute Law Committee**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	53.5	7,973	10,212
2003-05 Maintenance Level	53.0	8,105	10,368
<b>Policy Changes:</b>			
1. Retire-Rehire Implementation	-0.5	-65	-65
2. Staff Reduc. & Oper. Efficiencies	-1.3	-143	-143
Total Policy Changes	-1.8	-208	-208
Total 2003-05 Biennium	51.2	7,897	10,160
Difference from 2001-03	-2.3	-76	-52
% Change from 2001-03	-5.6%	-1.0%	-0.5%

*Comments:*

**1. Retire-Rehire Implementation** - A reduction is made to reflect reduced work hours of the Code Reviser and Chief Assistant Code Reviser under the state retire-rehire program.

**2. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

**2003-05 Omnibus Operating Budget**  
**Supreme Court**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	64.3	11,158	11,158
2003-05 Maintenance Level	64.3	11,435	11,435
<b>Policy Changes:</b>			
1. General Inflation	0.0	-32	-32
2. Hiring Freeze & Admin. Reduction	-1.5	-226	-226
Total Policy Changes	-1.5	-258	-258
Total 2003-05 Biennium	62.8	11,177	11,177
Difference from 2001-03	-1.5	19	19
% Change from 2001-03	-1.6%	0.2%	0.2%

*Comments:*

**1. General Inflation** - The Supreme Court, as all state agencies, is expected to find efficiencies sufficient to cover the increased cost of goods and services occurring during the 2003-05 biennium.

**2. Hiring Freeze & Admin. Reduction** - The proposed Senate budget extends the statewide hiring freeze in the Governor's proposed budget to non-cabinet agencies. FTE reductions are assumed to be permanent and will reduce ongoing expenditures.

**2003-05 Omnibus Operating Budget**  
**State Law Library**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	15.0	3,949	3,949
2003-05 Maintenance Level	15.0	3,942	3,942
<b>Policy Changes:</b>			
1. General Inflation	0.0	-12	-12
2. One-time Pub. Renewal Relief	0.0	175	175
3. Hiring Freeze and Admin. Reduction	-1.0	-98	-98
Total Policy Changes	-1.0	65	65
Total 2003-05 Biennium	14.0	4,007	4,007
Difference from 2001-03	-1.0	58	58
% Change from 2001-03	-6.7%	1.5%	1.5%

*Comments:*

**1. General Inflation** - The State Law Library, as all state agencies, is expected to find efficiencies sufficient to cover the increased cost of goods and services occurring during the 2003-05 biennium.

**2. One-time Pub. Renewal Relief** - Library material costs are projected to increase by over 20 percent in 2003-05. The Senate budget provides a 10 percent increase in funding over the 2001-03 level, as one-time relief to renew the most essential law publications and subscriptions.

**3. Hiring Freeze and Admin. Reduction** - The proposed Senate budget extends the statewide hiring freeze in the Governor's proposed budget to non-cabinet agencies. FTE reductions are assumed to be permanent and will reduce ongoing expenditures.

**2003-05 Omnibus Operating Budget**  
**Court of Appeals**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	147.6	25,942	25,942
2003-05 Maintenance Level	146.1	26,016	26,016
<b>Policy Changes:</b>			
1. General Inflation	0.0	-93	-93
2. Division II Security	0.0	30	30
3. Hiring Freeze & Admin. Reduction	-3.7	-527	-527
Total Policy Changes	-3.7	-590	-590
Total 2003-05 Biennium	142.4	25,426	25,426
Difference from 2001-03	-5.2	-516	-516
% Change from 2001-03	-4.1%	-2.0%	-2.0%

*Comments:*

**1. General Inflation** - The Court of Appeals, as all state agencies, is expected to find efficiencies sufficient to cover the increased cost of goods and services occurring during the 2003-05 biennium.

**2. Division II Security** - Funding is provided to add contracted court security personnel for Division II of the Court of Appeals. Current security is being temporarily provided free of charge by General Administration, but a permanent arrangement is needed. Security personnel is needed to staff metal detectors and provide a level of public safety and security comparable to the other Court of Appeals Divisions.

**3. Hiring Freeze & Admin. Reduction** - The proposed Senate budget extends the statewide hiring freeze in the Governor's proposed budget to non-cabinet agencies. FTE reductions are assumed to be permanent and will reduce ongoing expenditures.

**2003-05 Omnibus Operating Budget**  
**Commission on Judicial Conduct**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	9.6	1,926	1,926
2003-05 Maintenance Level	9.6	1,820	1,820
<b>Policy Changes:</b>			
1. Staff Reduc. & Oper. Efficiencies	-1.0	-100	-100
Total Policy Changes	-1.0	-100	-100
Total 2003-05 Biennium	8.6	1,720	1,720
Difference from 2001-03	-1.0	-206	-206
% Change from 2001-03	-10.0%	-10.7%	-10.7%

*Comments:*

**1. Staff Reduc. & Oper. Efficiencies** - The proposed Senate budget extends the statewide hiring freeze in the Governor's proposed budget to non-cabinet agencies. FTE reductions are assumed to be permanent and will reduce ongoing expenditures.



**2003-05 Omnibus Operating Budget**  
**Office of Administrator for Courts**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	356.0	30,151	85,894
2003-05 Maintenance Level	351.5	33,465	75,584
<b>Policy Changes:</b>			
1. General Inflation	0.0	-65	-634
2. Fund Truancy Petitions for Schools	0.0	0	3,000
3. Judicial Info System Improvements	1.0	0	9,937
4. Becca Funding Shifted from DSHS	0.0	7,132	13,224
5. Fund Becca with PSEA Account	0.0	-7,132	0
6. LFO Billing Shifted from DOC	1.3	3,375	3,375
7. Shift JIS Costs to JIS Account	0.0	0	0
8. Hiring Freeze and Admin. Reduction	-53.0	0	-7,489
Total Policy Changes	-50.7	3,310	21,413
Total 2003-05 Biennium	300.8	36,775	96,997
Difference from 2001-03	-55.2	6,624	11,103
% Change from 2001-03	-15.4%	22.0%	12.9%

*Comments:*

**1. General Inflation** - The Office for the Administrator for the Courts, as all state agencies, is required to find sufficient operating efficiencies to absorb standard inflation costs. (General Fund State, Public Safety and Education Account-State, various other funds)

**2. Fund Truancy Petitions for Schools** - Funding is provided for school district petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The Office of the Administrator for the Courts shall develop an interagency agreement with the Office of the Superintendent of Public Instruction (OSPI) to allocate the funding provided in this subsection. This program was formerly administered by OSPI as part of the Flexible Education Funds Block Grant. Allocation of this money to school districts shall be based on the number of petitions filed.

**3. Judicial Info System Improvements** - Funding is provided to implement several Judicial Information System (JIS) improvement projects. JIS provides case management automation to appellate, superior, limited jurisdiction, and juvenile courts. It also functions to automate and support the daily operations of the courts, and maintain a statewide network connecting courts and partner agencies such as the Department of Corrections, State Patrol, and Department of Licensing to a statewide database.

Building on investments by the Legislature in the 2001-03 biennium, funding is provided to:

- \*migrate JIS to a web-based system;
- \*provide additional on-line user help;
- \*build a data warehouse;
- \*support software licensing and hardware needs; and
- \*provide juvenile parole case management.

These projects will assist courts statewide and prevent the need for local courts to develop stand-alone systems. Funding is also provided to enable JIS to exchange all state-shared data with non-JIS courts and criminal justice agencies using Seattle Municipal Court as the pilot site. This project will enhance public safety by enabling additional exchange of criminal justice information, such as case histories, with non-JIS courts. The Office of the Administrator for the Courts may prioritize projects within the JIS appropriation as needed. (Judicial Information Systems Account-State)

## 2003-05 Omnibus Operating Budget Office of Administrator for Courts

**4. Becca Funding Shifted from DSHS** - Funding for "Becca" petitions, including local truancy petitions, and local at-risk-youth and child-in-need-of-services (ARY/CHINS) petitions is shifted from the Department of Social & Health Services-Juvenile Rehabilitation Administration (JRA) to the Office for the Administrator of the Courts (OAC). Total current funding levels are retained. All funds shall be distributed to county courts in accordance with current practice, and OAC shall not deduct any amounts for indirect costs, consistent with past policy at JRA. (General Fund-State, Public Safety and Education Account-State)

**5. Fund Becca with PSEA Account** - \$7.1 million in funding for "Becca" petitions, including local truancy petitions, and local at-risk-youth and child-in-need-of-services(ARY/CHINS) petitions, is shifted from the state general fund to the Public Safety and Education Account (PSEA), due to additional funds available in PSEA. (General Fund-State, Public Safety and Education Account-State)

**6. LFO Billing Shifted from DOC** - Funding is transferred from the Department of Corrections (DOC) to the Office for the Administrator of the Courts (OAC), pursuant to Senate Bill 6002 (financial obligations) to implement billing and collection of all offender fines. Billing duties currently performed by DOC will be performed by OAC, as of January 1, 2004. Of the total \$3.4 million, \$1.8 million is for collection duties to be handled by the county clerks beginning in October, 2003. The county clerks will be funded through pass-through grants administered by OAC, under the a formula determined by the Washington Association of County Officials. 1.3 FTEs is provided to OAC to handle billing, computer support, returned mail, and to liason with the clerks. The Senate proposal recognizes that half of the revenue from fines goes to counties, acknowledges the success several county clerks have made in pursuing collections to date, and recognizes that counties with existing expertise can serve as models for other counties to begin collections.

**7. Shift JIS Costs to JIS Account** - Funding for some ongoing JIS costs is shifted from the Public Safety and Education Account to the Judicial Information Systems account, which is dedicated for this purpose. (Public Safety and Education Account-State, Judicial Information Systems Account)

**8. Hiring Freeze and Admin. Reduction** - The proposed Senate budget extends the statewide hiring freeze in the Governor's proposed budget to non-cabinet agencies. FTE reductions are assumed to be permanent and will reduce ongoing expenditures. (Public Safety and Education Account-State, Judicial Information System Account)

**2003-05 Omnibus Operating Budget**  
**Office of Public Defense**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	5.5	600	12,964
2003-05 Maintenance Level	5.5	0	12,383
<b>Policy Changes:</b>			
1. Dependency and Termination Program	0.0	1,550	1,550
Total Policy Changes	0.0	1,550	1,550
Total 2003-05 Biennium	5.5	1,550	13,933
Difference from 2001-03	0.0	950	969
% Change from 2001-03	0.0%	158.3%	7.5%

*Comments:*

**1. Dependency and Termination Program** - Funds are provided for the continuation of the agency's Dependency and Termination Parents' Representation Program. Early results show the program has promise in improving family reunification and reducing the time children spend in foster care before cases are resolved. Funds will allow for the maintenance of the current program, including 800 caseloads in Benton-Franklin and Pierce County Juvenile Courts. Due to the state's current fiscal situation, funding is not provided for expansion of the program into additional counties at this time.

**2003-05 Omnibus Operating Budget**  
**Office of the Governor**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	67.0	8,662	12,875
2003-05 Maintenance Level	64.0	8,325	13,547
<b>Policy Changes:</b>			
1. General Inflation	0.0	-62	-88
2. Kindergarten Readiness	0.0	400	400
3. Revolving Funds	0.0	-6	-6
4. Staff Reduc. & Oper. Efficiencies	-9.3	-676	-1,036
Total Policy Changes	-9.3	-344	-730
Total 2003-05 Biennium	54.7	7,981	12,817
Difference from 2001-03	-12.3	-681	-58
% Change from 2001-03	-17.9%	-7.9%	-0.5%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Kindergarten Readiness** - Funding is provided for the Kindergarten Readiness program, which will develop voluntary guidelines for preschool and child-care providers to prepare children to enter school.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Office of the Lieutenant Governor**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	6.0	891	891
2003-05 Maintenance Level	8.0	1,154	1,154
<b>Policy Changes:</b>			
1. General Inflation	0.0	-4	-4
2. Revolving Funds	0.0	2	2
3. Staff Reduc. & Oper. Efficiencies	-0.1	-54	-54
Total Policy Changes	-0.1	-56	-56
Total 2003-05 Biennium	8.0	1,098	1,098
Difference from 2001-03	2.0	207	207
% Change from 2001-03	33.3%	23.2%	23.2%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Public Disclosure Commission**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	25.7	3,823	3,823
2003-05 Maintenance Level	25.7	3,920	3,920
<b>Policy Changes:</b>			
1. General Inflation	0.0	-11	-11
2. Revolving Funds	0.0	-6	-6
3. Staff Reduc. & Oper. Efficiencies	-1.2	-330	-330
Total Policy Changes	-1.2	-347	-347
Total 2003-05 Biennium	24.6	3,573	3,573
Difference from 2001-03	-1.1	-250	-250
% Change from 2001-03	-3.8%	-6.5%	-6.5%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Office of the Secretary of State**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	174.5	17,170	35,952
2003-05 Maintenance Level	283.2	42,096	68,278
<b>Policy Changes:</b>			
1. General Inflation	0.0	-133	-258
2. Administration	0.0	0	-94
3. Initiative & Referendum Verify	0.0	-200	-200
4. Elections - Supervision	0.0	134	134
5. Information Technology	0.0	0	-14
6. Oral History Program	-2.9	-250	-250
7. Public Affairs Broadcasting	0.0	-177	-177
8. State Archives	1.3	0	1,471
9. Help America Vote Act	0.0	0	13,121
10. State Library reduction	-25.0	-2,678	-2,678
11. Revolving Funds	0.0	-16	-48
12. Staff Reduc. & Oper. Efficiencies	-13.0	-1,008	-1,388
Total Policy Changes	-39.6	-4,328	9,619
Total 2003-05 Biennium	243.6	37,768	77,897
Difference from 2001-03	69.1	20,598	41,945
% Change from 2001-03	40.2%	120.0%	116.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Administration** - Funding adjustments are made to expenditures for administrative services that provide the agency with management, policy direction, and financial and human resources services. (Department of Personnel Service Account)

**3. Initiative & Referendum Verify** - This activity facilitates the filing and processing of proposed initiatives and referenda, filing of completed petitions, and verification of voter signatures on filed petitions. All qualified initiatives and referenda are certified to the county auditors. Historic petition verification expenditures support reducing this expenditure by \$200,000 in the 2003-05 biennium.

**4. Elections - Supervision** - The Secretary of State's Office will reimburse the Attorney General's Office \$134,000 for legal expenses related to defending the state's statutorily mandated blanket primary system in the 2003-05 Biennium.

**5. Information Technology** - This activity provides the agency with central oversight and coordination of technology, including, but not limited to agency servers maintenance, security software, virus programs, and connectivity of a general nature. (General Fund-State, various other funds)

**6. Oral History Program** - This Oral History program is eliminated.

**7. Public Affairs Broadcasting** - The Secretary of State's Office contracts with a non-profit organization to produce gavel-to-gavel television coverage of state government deliberations or other events of statewide significance. Funding is not provided for the implicit price deflator increase.  
(General Fund-State)

## **2003-05 Omnibus Operating Budget Office of the Secretary of State**

**8. State Archives** - Revolving fund appropriations for state and local government archive services, funded on a reimbursement basis, are adjusted as follows:

An additional \$600,000 in disaster recovery funds are provided to allow the State Archives to provide immediate assistance to local governments with protecting and preserving archival documents in the event of an unanticipated disaster. (Archives and Records Management Account-Private/Local)

An additional \$580,000 is provided to contract services for the brown-toning (polysulfide treatment) of all essential local government security microfilm and complete the security microfilm project. (Archives and Records Management Account-Private/Local)

An additional \$143,000 is provided to the State Archives for off-site storage lease space and one temporary warehouse worker to consolidate records holdings. This will ensure that adequate storage space is available for the next 10 years or until the current State Archives Building in Olympia is expanded. Account fund balance will be used to fund this item; the archive revolving fund charge will not be increased. (Archives and Records Management Account)

An additional \$60,000 and one microfilm technician is provided to conduct a physical inventory of all state agency security microfilm and inspect all reels holding permanent, essential records. Account fund balance will fund this item; the archive revolving fund charge will not be increased. (Archives and Records Management Account-State)

An additional \$88,000 is provided to support increased State Archives preservation microfilming and local government archives preservation microfilming. Account fund balance will be used to fund this item. (Archives and Records Management Account-State, Archives and Records Management Account-Private/Local)

**9. Help America Vote Act** - Federal funding will be received by the Secretary of State under the federal Help America Vote Act to implement election reforms. (General Fund--Federal)

**10. State Library reduction** - State funding for the State Library is reduced 20 percent. Support for the libraries in the state institutions, which will continue to be operated by the State Library, is not reduced. (General Fund--State)

**11. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**12. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTEs, salaries, benefits, and other operating costs. (General Fund-State, various other funds)



**2003-05 Omnibus Operating Budget**  
**Governor's Office of Indian Affairs**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	4.0	552	552
2003-05 Maintenance Level	4.0	565	565
<b>Policy Changes:</b>			
1. General Inflation	0.0	-4	-4
2. Co-Locate Ethnic Commissions	-1.7	-83	-83
3. Revolving Funds	0.0	4	4
Total Policy Changes	-1.7	-83	-83
Total 2003-05 Biennium	2.3	482	482
Difference from 2001-03	-1.7	-70	-70
% Change from 2001-03	-50.0%	-12.7%	-12.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Co-Locate Ethnic Commissions** - In an effort create administrative efficiencies, the Commission on Asian Pacific American Affairs, Commission on African American Affairs, Commission on Hispanic Affairs, and the Governor's Office of Indian Affairs, are co-located and administrative functions are shared.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

**2003-05 Omnibus Operating Budget**  
**Asian-Pacific-American Affrs**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	2.7	441	441
2003-05 Maintenance Level	2.3	423	423
<b>Policy Changes:</b>			
1. General Inflation	0.0	-4	-4
2. Asian/Pacific-American Issues	-0.5	-39	-39
3. Revolving Funds	0.0	4	4
Total Policy Changes	-0.5	-39	-39
Total 2003-05 Biennium	1.8	384	384
Difference from 2001-03	-0.9	-57	-57
% Change from 2001-03	-33.3%	-12.9%	-12.9%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Asian/Pacific-American Issues** - In an effort to create administrative efficiencies, the Commission on Asian Pacific American Affairs, Commission on African American Affairs, Commission on Hispanic Affairs, and the Governor's Office of Indian Affairs, are co-located and administrative functions are shared.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

**2003-05 Omnibus Operating Budget**  
**Office of the State Treasurer**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	74.5	0	13,190
2003-05 Maintenance Level	74.5	0	13,799
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-48
2. Revolving Funds	0.0	0	-26
3. Staff Reduc. & Oper. Efficiencies	-2.4	0	-1,012
Total Policy Changes	-2.4	0	-1,086
Total 2003-05 Biennium	72.2	0	12,713
Difference from 2001-03	-2.3	0	-477
% Change from 2001-03	-2.7%	0.0%	-3.6%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Office of the State Auditor**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	315.2	1,990	44,332
2003-05 Maintenance Level	310.7	1,831	47,356
<b>Policy Changes:</b>			
1. General Inflation	0.0	-2	-185
2. Audits of Local Government	0.0	0	658
3. Audits of State Government	0.0	0	609
4. Governmental Accountability	0.0	800	800
5. Revolving Funds	0.0	0	-16
6. Staff Reduc. & Oper. Efficiencies	-27.4	-416	-5,670
Total Policy Changes	-27.4	382	-3,804
Total 2003-05 Biennium	283.4	2,213	43,552
Difference from 2001-03	-31.8	223	-780
% Change from 2001-03	-10.2%	11.2%	-1.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Audits of Local Government** - The State Auditor's Office (SAO) examines the financial activities of approximately 2,400 local governments, comprised of over 30 different government types including counties, cities, schools, ports, public utilities, hospital districts and fire districts. These examinations ensure public funds are accounted for and internal controls are in place to protect public resources. Also, SAO reviews local governments' compliance with federal and state laws and regulations. The results are reported to the public. (Municipal Revolving Account-Nonappropriated)

Internal security will be updated to authenticate the auditors accessing the SAO network from field offices throughout the state. The cost will be \$56,000 for this activity.

SAO will move staff out of the General Administration Building and out of the Department of Social and Health Services offices to the Sunset Life Building when the Treasurer's Office moves back to the Legislative Building. The cost will be \$602,000 for tenant improvements, equipment, and increased rent.

**3. Audits of State Government** - Internal security will be updated to authenticate the auditors accessing the SAO network from field offices throughout the state. The cost will be \$24,000 for this activity. The State Auditor will be moving staff out of the General Administration Building and Department of Social and Health Services offices to the Sunset Life Building when the Treasurer's office moves back to the Legislative Building. The cost will be \$585,000 for this activity for tenant improvements and increased rent.

**4. Governmental Accountability** - Funding is provided for performance audits under SSB 5909. This funding level assumes two performance audits in the first year of the biennium, with additional funding requests for the second year of the biennium to be submitted to the Legislature by the Priorities of Government Oversight Board.

**5. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**6. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Comm Salaries for Elected Officials**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.9	231	231
2003-05 Maintenance Level	1.2	232	232
<b>Policy Changes:</b>			
1. General Inflation	0.0	-2	-2
2. Revolving Funds	0.0	4	4
3. Staff Reduc. & Oper. Efficiencies	0.0	-7	-7
Total Policy Changes	0.0	-5	-5
Total 2003-05 Biennium	1.2	227	227
Difference from 2001-03	0.3	-4	-4
% Change from 2001-03	0.0%	-1.7%	-1.7%

*Comments:*

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

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund - State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund - State)

**2003-05 Omnibus Operating Budget**  
**Office of the Attorney General**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,097.8	12,187	174,659
2003-05 Maintenance Level	1,145.6	9,854	184,716
<b>Policy Changes:</b>			
1. General Inflation	0.0	-56	-1,023
2. Executive Ethics Board	0.0	-697	0
3. Homicide Investigation Tracking Sys	-1.5	-539	-449
4. Legal Services to State Agencies	9.1	0	3,063
5. Revolving Funds	0.0	0	26
6. Staff Reduc. & Oper. Efficiencies	-69.3	-238	-5,048
7. Self-Insurance Premiums	0.0	0	674
Total Policy Changes	-61.7	-1,530	-2,757
Total 2003-05 Biennium	1,084.0	8,324	181,959
Difference from 2001-03	-13.8	-3,863	7,300
% Change from 2001-03	-1.3%	-31.7%	4.2%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Executive Ethics Board** - The Executive Ethics Board funding is changed from General Fund-State to the Legal Services Revolving Account.

**3. Homicide Investigation Tracking Sys** - The Homicide Investigation Tracking System (HITS) is a database program within the Attorney General's Office that assists in the investigation of homicides and other violent crimes. It is a statewide central repository for information relating to violent crimes against persons and is used by local law enforcement officers to link offenses and offenders across jurisdictions. HITS is also the clearinghouse for data related to SMART, the Supervised Management and Recidivism Tracking system that is designed to allow officers to access information gathered by fellow officers in the field as well as the Department of Corrections. The SMART system is eliminated. Funding for the HITS system is maintained at the current level. In the 2001-03 biennium, \$90,000 of the HITS funding is from General Fund-State; this is shifted to the Public Safety and Education Account.

## 2003-05 Omnibus Operating Budget Office of the Attorney General

**4. Legal Services to State Agencies** - The Office of the Attorney General provides legal advice and representation to over 230 state agencies, boards, and commissions. Funding modifications are described below.

The Department of Social and Health Services requires additional legal assistance for the following reasons: the Children's Administration is experiencing additional court cases related to foster children; the Division of Developmental Disabilities has a significant increase in individual challenges to service decisions; the Long Term Care Administration has a backlog of requested legal services related to adult protective service cases; the Medical Assistance Administration anticipates litigation as a result of reduced reimbursement to provider groups; and the Mental Health Division has increased needs related to the Special Commitment Center. The Office of the Attorney General is provided \$1,633,000 and 6.6 FTE staff years to address these needs.

Funding is also provided for the culvert case (\$863,000 and 2.0 FTE staff years). The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag[ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing ground." Trial is anticipated in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology and the Washington State Parks and Recreation Commission.

In July 2000, political parties in Washington State filed suit in federal court against the Secretary of State, alleging the blanket primary statutes are unconstitutional. The case is currently pending in the Ninth Circuit Court of Appeals and has a potential for filing in the United States Supreme Court. Funding is provided to pay for legal services associated with the case, including attorney time and expert witnesses (\$134,000 and 0.5 FTE staff years).

Two divisions will relocate during the 2003-05 Biennium. The Torts Division is presently located in a building with health and safety problems (including mold and mildew, leaking roof, walls, and windows, and a flooding parking lot) which the landlord will not address. The Attorney General Revenue Division has been sharing office space with the Department of Revenue. The Department is moving from the current building, and the Attorney General staff will move to a separate building. A total of \$403,000 is provided to cover these relocation expenses.

**5. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**6. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**7. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**Caseload Forecast Council**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	7.0	1,257	1,257
2003-05 Maintenance Level	7.0	1,279	1,279
<b>Policy Changes:</b>			
1. General Inflation	0.0	-4	-4
2. Revolving Funds	0.0	4	4
Total Policy Changes	0.0	0	0
Total 2003-05 Biennium	7.0	1,279	1,279
Difference from 2001-03	0.0	22	22
% Change from 2001-03	0.0%	1.8%	1.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)



**2003-05 Omnibus Operating Budget**  
**Dept of Financial Institutions**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	140.3	0	24,392
2003-05 Maintenance Level	139.3	0	24,387
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-70
2. Agency Mgmt/Admin Services	0.0	0	2,162
3. Comm/Public Ed/Resolve Complaints	0.0	0	-1
4. Examination	2.0	0	276
5. Bank Consumer Protection	5.7	0	1,178
6. Money Transmitters	6.0	0	884
7. Revolving Funds	0.0	0	-10
8. Staff Reduc. & Oper. Efficiencies	-4.0	0	-257
Total Policy Changes	9.7	0	4,162
Total 2003-05 Biennium	149.0	0	28,549
Difference from 2001-03	8.7	0	4,157
% Change from 2001-03	6.4%	0.0%	17.0%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Financial Services Regulation Fund)

**2. Agency Mgmt/Admin Services** - Funding is provided for: (1) workforce planning which merges two job classifications in order to meet pay scale demands and reduce turnover; (2) space request to allow agency to move into new office space; (3) escrow regulation & enforcement to increase escrow agent examinations; (4) IT Security & Software to make agency's e-mail, database and file servers more secure; and (5) a non-appropriated funding adjustment which will allow the agency to hire experts in the field of credit union examinations through personal service contracts. (Financial Services Regulation Fund)

**3. Comm/Public Ed/Resolve Complaints** - Correction made in the Governor's 2003-05 budget. (Financial Services Regulation Account)

**4. Examination** - Funding is provided for the agency to conduct regular examinations to ensure state-chartered banks and credit unions are operating in a safe and sound manner and in compliance with statutes, rules, and regulations. This activity is self-supporting from fees paid by these institutions. (Financial Services Regulation Fund)

**5. Bank Consumer Protection** - Funding is provided for the agency to provide consumer protection by increasing the investment adviser examination cycles to every three years vs. every seven years. (Financial Services Regulation Fund)

**6. Money Transmitters** - Funding is provided for the agency to conduct periodic examinations, investigate possible illegal activity, and perform administrative enforcement actions of firms that transmit funds to other locations. (Financial Services Regulation Fund)

**7. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Financial Services Regulation Fund)

**8. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, including salaries and benefits. (Financial Services Regulation Fund)

**2003-05 Omnibus Operating Budget**  
**Dept Community, Trade, Econ Dev**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	325.6	131,799	355,537
2003-05 Maintenance Level	320.7	123,003	378,916
<b>Policy Changes:</b>			
1. Washington Manufacturing Service	0.0	300	300
2. General Inflation	0.0	-174	-375
3. Foreign Offices	0.0	800	800
4. Intl Trade Small Business Asst	0.0	-380	-380
5. Assist Local Economic Development	0.0	400	400
6. Financial Assistance to Business	-0.2	-49	-49
7. Construction of Affordable Housing	0.0	-993	1,212
8. Provide Shelter to the Homeless	0.0	-645	0
9. Distr of Funds for Local Purposes	-5.1	-82	-343
10. Growth Management Assistance	-11.7	-4,634	-4,634
11. Archeology & Historic Preservation	-6.0	0	0
12. Developmentally Disabled Endow Fund	0.0	-471	0
13. Business Retention and Expansion	0.0	600	600
14. VRDE Reduction	0.0	0	-425
15. Energy Policy Division	-8.7	-477	-3,931
16. IAG FTE Reduction	-15.3	0	0
17. Tourism	0.0	400	400
18. Revolving Funds	0.0	-44	-76
19. Staff Reduc. & Oper. Efficiencies	-12.4	-552	-800
Total Policy Changes	-59.4	-6,001	-7,301
Total 2003-05 Biennium	261.4	117,002	371,615
Difference from 2001-03	-64.2	-14,797	16,078
% Change from 2001-03	-19.9%	-11.2%	4.5%

*Comments:*

**1. Washington Manufacturing Service** - Funding is provided for Washington Manufacturing Service to provide technical guidance to Washington-based manufacturers to enhance their competitiveness in the global market place.

**2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, General Fund-Local, Public Safety and Education Account, Public Works Assistance Account, Public Facility Construction Loan Revolving Account, Violence Reduction and Drug Enforcement Account, Building Code Council Account, Administrative Contingency Account, Low-Income Weatherization Assistance Account, Energy Account, Manufactured Home Installation Training Account, Washington Housing Trust Account)

**3. Foreign Offices** - Additional funding is provided to expand local capacity for China; expand operations in Shanghai, Beijing and Hong Kong; and Mexico in order to assist Washington exporters expand their sales opportunities.

**4. Intl Trade Small Business Asst** - Funding level is reduced to reflect the end of a pilot project in which Bellingham, Spokane and Center for International Trade and Forest Products (CINTRAFOR) received contracts.

**5. Assist Local Economic Development** - Additional funding is provided for business development activities to conduct state-wide or regional business recruitment and client lead generation services.

## 2003-05 Omnibus Operating Budget

### Dept Community, Trade, Econ Dev

**6. Financial Assistance to Business** - The Child Care Advantages and Facility Fund is eliminated, saving \$49,000 in General Fund-State.

**7. Construction of Affordable Housing** - Fund transfer for the construction and rehabilitation of low-income housing from the General Fund-State account to the Washington Housing Trust Fund Account. (General Fund-State, Housing Trust Fund Account)

**8. Provide Shelter to the Homeless** - Fund transfer for the emergency shelter and homeless families program from General Fund-State to the Washington Housing Trust Account. (General Fund-State, Washington Housing Trust Account)

**9. Distr of Funds for Local Purposes** - Funding for the Drug Prosecution Assistance Program is reduced by \$261,000 in the Violence Reduction and Drug Enforcement Account. In addition, administrative savings of \$82,000 General Fund-State are achieved through efficiencies made in the distribution of Municipal Criminal Justice Assistance Account funds to counties and cities. (General Fund-State, Violence Reduction and Drug Enforcement Account)

**10. Growth Management Assistance** - Growth Management Services provides technical and financial assistance on growth management issues. The program offers grants, data, training, technical publications, and guidance to local governments to assist them in carrying out planning requirements under the Growth Management Act. Funding/FTEs are reduced to reflect decreased technical assistance and grants attributable to passage of ESSB 5680. This bill exempts counties with a population density of fewer than fifty-five persons per square mile from updating their comprehensive plans and development regulations.

**11. Archeology & Historic Preservation** - FTE are removed for interagency agreements. There is no reduction in the Archeology & Historic Preservation activity.

**12. Developmentally Disabled Endow Fund** - Fund transfer in the developmental disabilities endowment program from General Fund-State to the Community and Economic Development Fee Account. (General Fund-State, Community and Economic Development Fee Account)

**13. Business Retention and Expansion** - Additional funding is provided for the expansion of business retention and expansion activities throughout the state.

**14. VRDE Reduction** - Due to revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 5 percent across-the-board reduction is made to all agencies funded from the account. This reduction applies to the Community Mobilization Grant Program (\$170,000), Office of Crime Victims Advocacy (\$106,000), and Civil Indigent Legal Services (\$149,000). The Drug Prosecution and Assistance Program is not affected. (Violence Reduction and Drug Enforcement Account)

**15. Energy Policy Division** - Funding is eliminated for Energy Policy Division, including Energy Emergencies. (General Fund-State, General Fund-Federal, Petroleum Violation Escrow Account)

**16. IAG FTE Reduction** - FTEs reduced associated with Interagency Agreement for the WorkFirst program.

**17. Tourism** - Additional funding is provided for the Washington State Tourism Office to market the state as a travel destination to other northwest states, including California and British Columbia in order to increase visitor revenues.

**18. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Public Safety and Education Account, Public Works Assistance Account, Administrative Contingency Account, Washington Housing Trust Account)

**2003-05 Omnibus Operating Budget**  
**Dept Community, Trade, Econ Dev**

**19. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Public Safety and Education Account, Public Works Assistance Account, Public Facility Construction Loan Revolving Account, Violence Reduction and Drug Enforcement Account, Building Code Council Account, Washington Housing Trust Account)

**2003-05 Omnibus Operating Budget**  
**Economic & Revenue Forecast Council**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	5.2	1,029	1,029
2003-05 Maintenance Level	5.2	1,039	1,039
<b>Policy Changes:</b>			
1. General Inflation	0.0	-4	-4
2. Revolving Funds	0.0	2	2
Total Policy Changes	0.0	-2	-2
Total 2003-05 Biennium	5.2	1,037	1,037
Difference from 2001-03	0.0	8	8
% Change from 2001-03	0.0%	0.8%	0.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Office of Financial Management**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	235.7	25,599	71,602
2003-05 Maintenance Level	257.0	27,004	76,533
<b>Policy Changes:</b>			
1. General Inflation	0.0	-107	-197
2. Acting Svcs for Other Agencies	0.0	-43	-43
3. Environmental Permits - SB 5694	0.0	100	100
4. Governmental Accountability	2.0	1,206	1,206
5. VRDE Reduction	0.0	0	-12
6. Revolving Funds	0.0	-322	-332
7. Staff Reduc. & Oper. Efficiencies	-7.3	-648	-680
Total Policy Changes	-5.3	186	42
Total 2003-05 Biennium	251.8	27,190	76,575
Difference from 2001-03	16.1	1,591	4,973
% Change from 2001-03	6.8%	6.2%	6.9%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Acting Svcs for Other Agencies** - OFM provides accounting, budgeting, and payroll services to small agencies. Small Agency Client Services serves as the fiscal officer, financial advisor, budget officer, and service coordinator to these agencies. The SACS rate increase included in the maintenance level revolving fund line item reduces the need for General Fund-State funding by \$43,000.

**3. Environmental Permits - SB 5694** - Senate Bill 5694 establishes a pilot project to develop an integrated environmental permit system. One-time funding is provided for the contract to develop this system.

**4. Governmental Accountability** - Funding is provided for the Priorities of Government Oversight Board to implement the performance audits and activity assessments under SSB 5909.

**5. VRDE Reduction** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 5 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

**6. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**7. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Office of Administrative Hearings**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	137.7	0	22,864
2003-05 Maintenance Level	147.7	0	25,033
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-120
2. Revolving Funds	0.0	0	12
3. Staff Reduc. & Oper. Efficiencies	-3.7	0	-375
4. Self-Insurance Premiums	0.0	0	61
Total Policy Changes	-3.7	0	-422
Total 2003-05 Biennium	144.0	0	24,611
Difference from 2001-03	6.3	0	1,747
% Change from 2001-03	4.3%	0.0%	7.6%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. This adjustment reduces FTEs based on estimates by the Office of Financial Management. Funding reductions are based on the actual average staff costs per FTE. (Administrative Hearings Account)

**4. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium.

**2003-05 Omnibus Operating Budget**  
**Department of Personnel**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	216.9	0	33,347
2003-05 Maintenance Level	207.6	0	32,841
<b>Policy Changes:</b>			
1. Civil Service Work Increase	1.3	0	142
2. General Inflation	0.0	0	-328
3. Governor's Internship Program	-1.2	0	-165
4. Human Resource Info Systems	0.0	0	10,592
5. Staff Reduc. & Oper. Efficiencies	-7.5	0	-659
Total Policy Changes	-7.5	0	9,582
Total 2003-05 Biennium	200.2	0	42,423
Difference from 2001-03	-16.7	0	9,076
% Change from 2001-03	-7.8%	0.0%	27.2%

*Comments:*

**1. Civil Service Work Increase** - Funding is provided for miscellaneous expenses related to the implementation of civil service reform but not associated with the development of the new Human Resource Information System. (Department of Personnel Service Account - State)

**2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund - State, Data Processing Revolving Account)

**3. Governor's Internship Program** - This activity has been eliminated. (Department of Personnel Service Account - State)

**4. Human Resource Info Systems** - Funding is appropriated to begin development of a new Human Resource Information System to replace the current system. \$2.8 million of the 2003-05 biennial appropriation is for debt service on a 12-year certificate of participation to be sold in Fiscal Year 2004. The remainder of the appropriation will be spent directly on the project. A surcharge will be added to client agencies' revolving fund assessments. (Data Processing Revolving Account)

**5. Staff Reduc. & Oper. Efficiencies** - This item, together with another adjustment made in the carryforward level, adjusts funding levels to reflect the full biennial savings resulting from the impact of the Governor's hiring freeze and efficiency measures in Fiscal Year 2003. (Department of Personnel Service Account - State)



**2003-05 Omnibus Operating Budget**  
**State Lottery Commission**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	148.8	0	812,814
2003-05 Maintenance Level	146.5	0	722,283
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-2,248
2. Information Services	1.0	0	158
3. Legal Services	0.0	0	50
4. Mega Millions Implementation	1.7	0	430
5. Revolving Funds	0.0	0	-52
6. Staff Reduc. & Oper. Efficiencies	-6.7	0	-670
Total Policy Changes	-4.0	0	-2,332
Total 2003-05 Biennium	142.5	0	719,951
Difference from 2001-03	-6.3	0	-92,863
% Change from 2001-03	-4.7%	0.0%	-11.4%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Information Services** - Funding is provided for a computer security specialist to enhance the protection of Lottery assets from unauthorized access, destruction, or tampering. This new staff member will conduct additional comprehensive security reviews, evaluations, and systems analysis to ensure the security of Lottery information technology operations. (Lottery Administrative Account)

**3. Legal Services** - Funding is provided for legal services for the procurement of the Commission's online electronic gaming vendor contract and for online electronic gaming acceptance testing. The next online vendor contract is expected to cost in excess of \$10 million per year, with a six-to-ten year contract commitment.

**4. Mega Millions Implementation** - Funding is provided for one financial analyst, one programmer, one district sales representative, one part-time customer service specialist, and one security investigator as a result of the Mega Millions multi-jurisdictional lottery game. Agency is expected to use its 2.6 current FTE vacancies for these positions.

**5. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**6. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Washington State Gambling Comm**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	196.7	0	29,353
2003-05 Maintenance Level	188.2	0	29,112
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-126
2. Non-Appropriated Fund Adjustment	-10.2	0	-1,880
Total Policy Changes	-10.2	0	-2,006
Total 2003-05 Biennium	178.0	0	27,106
Difference from 2001-03	-18.7	0	-2,247
% Change from 2001-03	-9.6%	0.0%	-7.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Non-Appropriated Fund Adjustment** - 8.4 FTEs are eliminated to sum, with the maintenance level elimination of 15.6 FTEs, to 24, which is the average number of vacancies in FY2003. In addition, 12 FTEs are eliminated as a general efficiency measure, and the \$972,000 associated with them (half in FY04 and half in FY05).

**2003-05 Omnibus Operating Budget**  
**WA State Comm on Hispanic Affairs**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	2.8	444	444
2003-05 Maintenance Level	2.3	439	439
<b>Policy Changes:</b>			
1. General Inflation	0.0	-4	-4
2. Coordinate Hispanic Comm Issues	-0.5	-35	-35
3. Revolving Funds	0.0	2	2
Total Policy Changes	-0.5	-37	-37
Total 2003-05 Biennium	1.8	402	402
Difference from 2001-03	-1.0	-42	-42
% Change from 2001-03	-33.3%	-9.5%	-9.5%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Coordinate Hispanic Comm Issues** - In an effort to create administrative efficiencies, the Commission on Asian Pacific American Affairs, Commission on African American Affairs, Commission on Hispanic Affairs, and the Governor's Office of Indian Affairs, are co-located and administrative functions are shared.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

**2003-05 Omnibus Operating Budget**  
**African-American Affairs Comm**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	2.7	425	425
2003-05 Maintenance Level	2.3	447	447
<b>Policy Changes:</b>			
1. General Inflation	0.0	-3	-3
2. Coordinate African-American Issues	-0.5	-53	-53
3. Revolving Funds	0.0	2	2
Total Policy Changes	-0.5	-54	-54
Total 2003-05 Biennium	1.8	393	393
Difference from 2001-03	-0.9	-32	-32
% Change from 2001-03	-33.3%	-7.5%	-7.5%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Coordinate African-American Issues** - In an effort to create administrative efficiencies, the Commission on Asian Pacific American Affairs, Commission on African American Affairs, Commission on Hispanic Affairs, and the Governor's Office of Indian Affairs, are co-located and administrative functions are shared.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

**2003-05 Omnibus Operating Budget**  
**Personnel Appeals Board**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	11.0	0	1,738
2003-05 Maintenance Level	11.0	0	1,737
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-6
2. Revolving Funds	0.0	0	4
3. Staff Reduc. & Oper. Efficiencies	-0.1	0	-6
Total Policy Changes	-0.1	0	-8
Total 2003-05 Biennium	11.0	0	1,729
Difference from 2001-03	0.0	0	-9
% Change from 2001-03	0.0%	0.0%	-0.5%

*Comments:*

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

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Department of Personnel Service Account - State)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Department of Personnel Service Account - State)

**2003-05 Omnibus Operating Budget**  
**Department of Retirement Systems**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	296.0	0	54,111
2003-05 Maintenance Level	274.6	0	45,886
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-318
2. EMT Service Credit Transfer	0.0	0	125
3. Substitute Employee Service Credit	0.0	0	124
4. Fallen Hero Survivor Benefits	0.0	0	77
5. Retire-Rehire Oversight	0.3	0	324
6. Complete Imaging of Member Files	0.0	0	830
7. Essential Maintenance of EDIMS	0.0	0	405
8. Plan 3 Contributions	0.0	0	21
9. Death Benefit for Public Employees	0.0	0	30
10. Staff Reduc. & Oper. Efficiencies	-9.7	0	-827
Total Policy Changes	-9.4	0	791
Total 2003-05 Biennium	265.2	0	46,677
Difference from 2001-03	-30.8	0	-7,434
% Change from 2001-03	-10.5%	0.0%	-13.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Dependent Care Administrative Account - State, Department of Retirement Systems Expense Account - State)

**2. EMT Service Credit Transfer** - Funds are appropriated to pay for the administrative costs associated with the opportunity provided by SB 5089 for Emergency Medical Technicians having prior service credit Public Employees' Retirement System to transfer their credit into the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2. This appropriation is contingent upon the enactment of SB 5089. (Department of Retirement Systems Expense Account - State)

**3. Substitute Employee Service Credit** - Funds are appropriated to pay for the administrative costs associated with making the purchase of service credit in the School Employees' Retirement System by substitute employees optional as required by SB 5094. This appropriation is contingent upon the enactment of SB 5094. (Department of Retirement Systems Expense Account - State)

**4. Fallen Hero Survivor Benefits** - Funds are appropriated to pay for the administrative costs associated complying with the Fallen Hero Survivor Benefit Fairness Act of 2001, which exempted survivor annuities paid to beneficiaries of public safety officers killed in the line of duty from the federal income tax. This appropriation is contingent upon the enactment of SB 5100. (Department of Retirement Systems Expense Account - State)

**5. Retire-Rehire Oversight** - Funds are appropriated to pay for the administrative costs associated with the changes to post-retirement employment statutes in SSB 5742. This appropriation is contingent upon the enactment of SSB 5742 or SHB 1829. (Department of Retirement Systems Expense Account - State)

**6. Complete Imaging of Member Files** - Funds are appropriated to complete the conversion of over half a million member files to electronic images that will be stored in the agency's Electronic Document Image Management System (EDIMS). In future biennia it is anticipated that administrative and storage savings will be realized as a result of the project. (Department of Retirement Systems Expense Account - State)

## **2003-05 Omnibus Operating Budget Department of Retirement Systems**

**7. Essential Maintenance of EDIMS** - Funds are appropriated for the ongoing maintenance of the mission critical Electronic Document Image Management System (EDIMS). The funding will be used to meet significant maintenance fee increases, the replacement of computer hardware, and necessary software upgrades. (Department of Retirement Systems Expense Account - State)

**8. Plan 3 Contributions** - Funds are appropriated to pay for the administrative costs associated with provision of additional contribution options in Plan 3 of the Public Employees', Teachers', and School Employees' Retirement Systems under HB 1206. This appropriation is contingent upon the enactment of HB 1206. (Department of Retirement Systems Expense Account - State)

**9. Death Benefit for Public Employees** - Funds are appropriated to pay for the administrative costs associated with provision of additional contribution options in Plan 3 of the Public Employees', Teachers', and School Employees' Retirement Systems under HB 1206. This appropriation is contingent upon the enactment of HB 1206. (Department of Retirement Systems Expense Account - State)

**10. Staff Reduc. & Oper. Efficiencies** - This item adjusts funding levels to reflect the full biennial savings resulting from the impact of the Governor's hiring freeze and efficiency measures in Fiscal Year 2003. (Department of Retirement Systems Expense Account - State)

**2003-05 Omnibus Operating Budget**  
**State Investment Board**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	61.6	0	13,678
2003-05 Maintenance Level	61.6	0	13,337
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-41
2. Investment Activities	0.0	0	150
3. Investment Consultant for Fircrest	0.0	100	100
4. Revolving Funds	0.0	0	-18
5. Staff Reduc. & Oper. Efficiencies	-4.6	0	-1,032
Total Policy Changes	-4.6	100	-841
Total 2003-05 Biennium	57.0	100	12,496
Difference from 2001-03	-4.6	100	-1,182
% Change from 2001-03	-8.1%	0.0%	-8.6%

*Comments:*

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

**2. Investment Activities** - The securities industry is moving towards the settlement of transactions within the same day for a security trade which is called straight-through-processing. Funding is provided to hire a consultant to develop a detailed plan with the securities industry and the Department of Information Services that will move the State Investment Board into this new era of investment processing. (State Investment Board Expense Account - State)

**3. Investment Consultant for Fircrest** - Funding is provided for a contract with a real estate investment expert to develop a preferred strategy and timeline for the disposition of the Fircrest School property. The intent of the strategy is to maximize the long term return from the property in accordance with ESB 5971. (General Fund - State)

**4. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (State Investment Board Expense Account - State)

**5. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (State Investment Board Expense Account - State)



**2003-05 Omnibus Operating Budget**  
**Department of Revenue**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	999.2	153,458	163,854
2003-05 Maintenance Level	1,036.5	160,114	171,329
<b>Policy Changes:</b>			
1. Property tax funds for counties	0.0	263	263
2. Implementing the SSTA	1.7	303	303
3. Revolving Funds	0.0	-156	-160
4. Staff Reduc. & Oper. Efficiencies	-33.9	-3,710	-3,833
5. Self-Insurance Premiums	0.0	154	154
Total Policy Changes	-32.2	-3,146	-3,273
Total 2003-05 Biennium	1,004.3	156,968	168,056
Difference from 2001-03	5.1	3,510	4,202
% Change from 2001-03	0.5%	2.3%	2.6%

*Comments:*

**1. Property tax funds for counties** - Funding is provided for Senate Bill 5034, Property Tax Relief for Senior Citizens Due to Disability, to reimburse counties for their costs of the relief.

**2. Implementing the SSTA** - Funding is provided for Senate Bill 5783, Implementing the Streamlined Sales and Use Tax Agreement, to perform a study on sourcing issues, to assist taxpayers with new definitions and tax liability, and to amend rules pursuant to the agreement.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. Agencies are expected to absorb the full dollar savings associated with the FTE reductions. (General Fund-State, various other funds)

**5. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium.

**2003-05 Omnibus Operating Budget**  
**Board of Tax Appeals**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	11.0	2,238	2,238
2003-05 Maintenance Level	11.0	2,205	2,205
<b>Policy Changes:</b>			
1. General Inflation	0.0	-12	-12
2. Revolving Funds	0.0	4	4
3. Staff Reduc. & Oper. Efficiencies	-1.1	-81	-81
Total Policy Changes	-1.1	-89	-89
Total 2003-05 Biennium	10.0	2,116	2,116
Difference from 2001-03	-1.0	-122	-122
% Change from 2001-03	-9.1%	-5.5%	-5.5%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Municipal Research Council**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	0	4,575
2003-05 Maintenance Level	0.0	0	4,621
Total 2003-05 Biennium	0.0	0	4,621
Difference from 2001-03	0.0	0	46
% Change from 2001-03	0.0%	0.0%	1.0%

*Comments:*

**2003-05 Omnibus Operating Budget**  
**Minority & Women's Business Enterp**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	20.0	0	2,670
2003-05 Maintenance Level	20.0	0	2,721
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-23
2. Adjust to Current Spending	-3.0	0	-164
Total Policy Changes	-3.0	0	-187
Total 2003-05 Biennium	17.0	0	2,534
Difference from 2001-03	-3.0	0	-136
% Change from 2001-03	-15.0%	0.0%	-5.1%

*Comments:*

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

**2. Adjust to Current Spending** - Funding is reduced for FTE staff years, salaries and benefits to reflect current spending. (OMWBE Enterprises Account-State)

**2003-05 Omnibus Operating Budget**  
**Dept of General Administration**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	603.2	1,256	130,222
2003-05 Maintenance Level	583.8	1,202	131,188
<b>Policy Changes:</b>			
1. General Inflation	0.0	-2	-1,266
2. Barrier Free Facilities Prog:BFFP	0.0	0	20
3. Campus Tours	0.0	-616	0
4. Commute Trip Reduction	0.0	0	-2
5. Dist Surplus Food/Prop:TEFAP/CSFP	0.0	0	967
6. Parking Management	0.0	0	302
7. Project Management Services	13.1	0	2,091
8. Revolving Funds	0.0	0	-126
9. Staff Reduc. & Oper. Efficiencies	-26.9	-56	-1,344
Total Policy Changes	-13.8	-674	642
Total 2003-05 Biennium	570.0	528	131,830
Difference from 2001-03	-33.2	-728	1,608
% Change from 2001-03	-5.5%	-58.0%	1.2%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Barrier Free Facilities Prog:BFFP** - In the 2003-05 Biennium, the reimbursable (fee for service) component of the Division of Engineering and Architectural Services' (E&AS) two programs, Project Management Services and Barrier Free Facilities, will be budgeted through the operating budget instead of the capital budget. Previously, the authority to provide reimbursable services was provided through the capital budget. This budgeting methodology change will provide a true accounting of actual project management and barrier free services accomplished through the state's capital budget.

**3. Campus Tours** - State Capitol Tours provides educational tours to the visiting public, school children, Washington State citizens, constituents and visiting dignitaries. In the 2003-05 Biennium, this activity will be funded through the Seat of Government charge instead of State General Funds. (General Administration Services Account)

**4. Commute Trip Reduction** - In the 2001-03 Biennium, campus parking fees were used to fund the Commute Trip Reduction (CTR) Program Coordinator and some program administrative expenses. Beginning in the 2003-05 Biennium, the Seat of Government charge will fund this program. (General Administration Services Account)

**5. Dist Surplus Food/Prop:TEFAP/CSFP** - The United State Department of Agriculture (USDA) established a new grant, Commodity Supplemental Food Program (CSFP) to provide food and administrative funds to meet the needs of a client base that was not being served by other federal programs. The client will receive a monthly food package targeted to meet the special nutritional needs of children and the elderly. In the 2003-05 Biennium, this activity will receive \$967,000 dollars from this grant. (General Fund-Federal)

## **2003-05 Omnibus Operating Budget Dept of General Administration**

**6. Parking Management** - A Parking Utility will be created in the 2003-05 Biennium, funded completely by parking revenues from state employees. Parking fee revenue will be placed in the State Vehicle Parking Account to pay costs in support of parking facility operational maintenance, parking regulation and enforcement, and parking facility capital reinvestment costs. The parking revenues and expenditures will be budgeted as a nonappropriated, allotted line-of-business. (State Vehicle Parking Account-Nonappropriated)

**7. Project Management Services** - In the 2003-05 Biennium, the reimbursable (fee for service) component of the Division of Engineering & Architectural Services' (E&AS) Project Management Services will be budgeted through the operating budget instead of the capital budget. This budgeting methodology change will provide a true accounting of actual project management and barrier free services accomplished through the state's capital budget.

**8. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**9. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Department of Information Services**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	428.1	0	207,456
2003-05 Maintenance Level	443.6	0	209,287
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-2,764
2. Revolving Funds	0.0	0	-122
3. Staff Reduc. & Oper. Efficiencies	-14.1	0	-676
Total Policy Changes	-14.1	0	-3,562
Total 2003-05 Biennium	429.5	0	205,725
Difference from 2001-03	1.4	0	-1,731
% Change from 2001-03	0.5%	0.0%	-0.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. This adjustment reduces FTEs based on estimates by the Office of Financial Management. Funding reductions are based on the actual average staff costs per FTE. (Data Processing Revolving Fund)

**2003-05 Omnibus Operating Budget**  
**Office of Insurance Commissioner**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	181.1	0	31,127
2003-05 Maintenance Level	190.1	0	31,526
<b>Policy Changes:</b>			
1. Automated Systems Examinations	1.0	0	212
2. Market Conduct Examinations	3.0	0	544
3. Health Plan Provider Networks	1.2	0	195
4. Agent & Broker Licensing	1.0	0	110
5. Revolving Funds	0.0	0	388
6. Staff Reduc. & Oper. Efficiencies	-11.9	0	-1,192
Total Policy Changes	-5.7	0	257
Total 2003-05 Biennium	184.4	0	31,783
Difference from 2001-03	3.3	0	656
% Change from 2001-03	1.7%	0.0%	2.1%

*Comments:*

**1. Automated Systems Examinations** - Funds are provided to establish an automation examination specialist position to assess the automated systems of insurance companies as part of each company's financial examination. This examination will comply with national accreditation standards of the National Association of Insurance Commissioners. (Insurance Commissioner's Regulatory Account)

**2. Market Conduct Examinations** - Increased staffing for market conduct examinations will allow a five-year cycle for examination of the marketing practices of insurance carriers. (Insurance Commissioner's Regulatory Account)

**3. Health Plan Provider Networks** - Funding is provided for on-going analysis of health care provider networks, to be performed in conjunction with the Department of Social and Health Services and the Health Care Authority. (Insurance Commissioner's Regulatory Account)

**4. Agent & Broker Licensing** - An additional position is funded to address increased insurance agent and broker licensing backlog and to reduce the waiting period for issuance of licenses. (Insurance Commissioner's Regulatory Account)

**5. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**6. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTEs, salaries, benefits, and other operating costs. (General Fund-State, various other funds)



**2003-05 Omnibus Operating Budget**  
**State Board of Accountancy**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	9.0	0	1,738
2003-05 Maintenance Level	8.3	0	1,649
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-11
2. Revolving Funds	0.0	0	2
3. Staff Reduc. & Oper. Efficiencies	0.0	0	-6
Total Policy Changes	0.0	0	-15
Total 2003-05 Biennium	8.3	0	1,634
Difference from 2001-03	-0.7	0	-104
% Change from 2001-03	-11.1%	0.0%	-6.0%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Forensic Investigations Council**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	0	276
2003-05 Maintenance Level	0.0	0	274
Total 2003-05 Biennium	0.0	0	274
Difference from 2001-03	0.0	0	-2
% Change from 2001-03	0.0%	0.0%	-0.7%

*Comments:*

**2003-05 Omnibus Operating Budget**  
**Washington Horse Racing Commission**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	29.0	0	4,528
2003-05 Maintenance Level	28.5	0	4,633
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-12
Total Policy Changes	0.0	0	-12
Total 2003-05 Biennium	28.5	0	4,621
Difference from 2001-03	-0.5	0	93
% Change from 2001-03	-3.4%	0.0%	2.1%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2003-05 Omnibus Operating Budget**  
**WA State Liquor Control Board**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	949.5	2,969	157,961
2003-05 Maintenance Level	942.0	2,932	150,338
<b>Policy Changes:</b>			
1. General Inflation	0.0	-13	-1,332
2. Criminal Justice Training	0.0	44	220
3. Liquor Store Relocations	0.0	0	369
4. Open Five New Liquor Stores	16.0	0	2,172
5. Reinstate Expenses for Liquor Store	0.0	0	3,136
6. MBS-Maintain Production System	3.0	0	1,309
7. MBS-Complete Migration	0.0	0	2,000
8. Revolving Funds	0.0	0	880
9. Staff Reduc. & Oper. Efficiencies	-38.5	0	-3,179
10. Self-Insurance Premiums	0.0	0	954
Total Policy Changes	-19.5	31	6,529
Total 2003-05 Biennium	922.5	2,963	156,867
Difference from 2001-03	-27.0	-6	-1,094
% Change from 2001-03	-2.9%	-0.2%	-0.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Criminal Justice Training** - Funding is provided for eight existing Liquor and Tobacco Enforcement Officers to attend the Basic Law Enforcement Academy (BLEA). Legislation passed during the 2001 session required BLEA training for all newly hired Enforcement Officers. Additional funding will expand the training to all existing officers, and will implement the recommendation of the 1999 Governor's Citizens' Review Panel to improve professional standards and the clarity of operational procedures. From Fiscal Year 2004 through 2012, the Board will send an additional eight Enforcement Officers per year to BLEA, to ensure that all currently assigned officers receive the training. (General Fund-State, Liquor Revolving Account)

**3. Liquor Store Relocations** - Funding is provided to to relocate thirteen of the 157 total state-run stores to new locations consistent with population growth and improved marketing practices. The new locations are projected to increase net revenue to the General Fund-State by \$2.6 M and local governments by \$1.1 million during the 2003-05 biennium. (Liquor Revolving Account)

**4. Open Five New Liquor Stores** - Expenditure authority is provided for the Liquor Control Board to open five new liquor stores in areas of the state that are under-served due to rapid population growth. The new stores will generate \$3.4 million in net revenue for state and \$1 million in net revenue for local governments during the 2003-05 biennium. (Liquor Revolving Account-Non-Appropriated)

**5. Reinstate Expenses for Liquor Store** - Funding authority of \$3.1 million is provided for adequate staffing to prevent the closure of eleven state liquor stores and to increase store hours for 82 liquor stores. Previous budget reductions, combined with costs unanticipated by the Legislature, resulted in store hours being reduced, expected store closures, and a reduction in revenues. This increased level of funding will prevent a \$1.2 million reduction in future state general fund revenues. (Liquor Revolving Account)

## 2003-05 Omnibus Operating Budget WA State Liquor Control Board

**6. MBS-Maintain Production System** - In the 2001-03 biennium, the Legislature appropriated funding for new point-of-sale technology, known as the Merchandising Business System (MBS), to replace the agency's obsolete system. The new MBS system will allow tracking of all state store retail sales, and include forecasting and data analysis that should encourage more effective purchasing and business practices. Additional funding is provided to purchase MBS software licenses, provide training, and hire technical staff to support the system. (Liquor Revolving Account)

**7. MBS-Complete Migration** - In the 2001-03 biennium, the Legislature appropriated \$4.8 million to build a new Merchandising Business System (MBS) to improve point-of-sale data analysis and business practices. \$2 million of the \$4.8 million planned expenditures that are unspent for the current biennium due to contractor and other delays are reappropriated for the 2003-05 biennium. The total expenditures for the project shall not exceed the original appropriation of \$4.8 million, but the additional time to expend the funds should allow the agency to implement the project effectively. (Liquor Revolving Account)

**8. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**9. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. The Liquor Control Board shall make staff reductions so that neither revenues nor enforcement is negatively impacted. (Liquor Revolving Fund)

**10. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium.

**2003-05 Omnibus Operating Budget**  
**Utilities and Transportation Comm**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	167.1	0	31,356
2003-05 Maintenance Level	162.1	0	30,655
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-103
2. Financial and Budget Services	0.0	0	150
3. Revolving Funds	0.0	0	-50
4. Staff Reduc. & Oper. Efficiencies	-8.8	0	-1,092
5. Self-Insurance Premiums	0.0	0	98
Total Policy Changes	-8.8	0	-997
Total 2003-05 Biennium	153.4	0	29,658
Difference from 2001-03	-13.7	0	-1,698
% Change from 2001-03	-8.4%	0.0%	-5.4%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Financial and Budget Services** - Funding is provided to complete the Utilities and Transportation Commission's financial system upgrade. The upgrade will automate accounting entries, increase security and internal controls, and provide more timely and accurate data to agency managers through improved reporting. Maintenance level funding for this activity is \$1.856 million. (Public Service Revolving Account, Pipeline Safety Account)

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Public Service Revolving Account, Pipeline Safety Account)

**5. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium.

**2003-05 Omnibus Operating Budget**  
**Board for Volunteer Firefighters**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	3.0	0	577
2003-05 Maintenance Level	3.0	0	687
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-2
2. Revolving Funds	0.0	0	20
3. Staff Reduc. & Oper. Efficiencies	0.0	0	-6
Total Policy Changes	0.0	0	12
Total 2003-05 Biennium	3.0	0	699
Difference from 2001-03	0.0	0	122
% Change from 2001-03	0.0%	0.0%	21.1%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administrative Account - State)

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administrative Account - State)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administrative Account - State)

**2003-05 Omnibus Operating Budget**  
**Military Department**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	213.5	18,214	149,028
2003-05 Maintenance Level	248.0	17,908	133,482
<b>Policy Changes:</b>			
1. General Inflation	0.0	-116	-371
2. Disaster Response and Recover	0.0	0	190
3. Employer Support of Guard/Reserves	0.0	-28	-28
4. Enhanced 911 Program	2.5	0	11,152
5. Facility Operations & Maintenance	0.0	-500	0
6. Military Records Management	0.0	-286	0
7. Real Property Management	0.0	-133	0
8. Homeland Security Federal Support	4.0	200	13,838
9. Homeland Security Supplemental	4.0	0	39,917
10. Vehicle/Equipment Maintenance	-1.2	-263	-263
11. WA Emergency Mgmt Council	-0.6	-133	-133
12. Washington State Guard	0.0	-26	-26
13. Additional Camp Murray Security	14.0	0	980
14. Extend Earthqk. Discretionary Fund	0.0	0	3,000
15. Reprioritize Funds for Fires	0.0	0	0
16. Revolving Funds	0.0	128	128
17. Staff Reduc. & Oper. Efficiencies	-6.2	-290	-639
18. Self-Insurance Premiums	0.0	262	262
Total Policy Changes	16.5	-1,185	68,007
Total 2003-05 Biennium	264.5	16,723	201,489
Difference from 2001-03	51.0	-1,491	52,461
% Change from 2001-03	23.4%	-8.2%	35.2%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Disaster Response and Recover** - One-time funding is provided to develop an automated system to efficiently and effectively collect and track damage assessment information following a disaster. The system will allow impacted organizations to provide information through an Internet template, and produce a database that can be updated as projects are developed, approved, and modified throughout the recovery process. Currently, the Military Department is managing over \$135 million in federal and state funds for recovery from floods and the Nisqually Earthquake. The funding level assumes modification of systems currently available through vendors. (Disaster Response Account-State)

**3. Employer Support of Guard/Reserves** - Funding is eliminated for the Employer Support of Guard/Reserves Program. The program provides advice to employers and military members about their rights and responsibilities under the law and seeks resolutions to misunderstandings between employers and reservists when forces are called for national defense. Full-time, federally-funded counsel is still available to provide legal advice and intervention. (General Fund-State)



## 2003-05 Omnibus Operating Budget Military Department

**4. Enhanced 911 Program** - Funding is provided to support the Enhanced 911 (E911) Program. An increased level of support for counties is required due to new federal requirements that mandate that E911 systems work with wireless calls, and due to out-of-date equipment to continue to support wireline calls. Funding covers three areas: (1) State E911 funds are used to cover the difference between local tax revenues and costs to maintain minimum service requirements (all counties are collecting the maximum local taxes permitted by law to cover E911 local expenses; only seven counties collect sufficient revenue to maintain minimum service requirements). (2) State funds are used to pay for statewide expenses at a more economical cost than individual counties would be able to obtain. (3) Funding is provided for technical support staff at the Emergency Management Division who specialize in wireless systems, similar to the current ongoing technical support to counties for wireline systems. Total funding includes \$2.2 million for one-time equipment purchases, and the difference from the Governor's proposed level reflects a technical correction. (Enhanced 911 Account)

**5. Facility Operations & Maintenance** - \$500,000 in funding for maintenance costs of Army and Air National Guard and Emergency Management Division facilities is shifted from state to federal funding. The majority of use of the facilities is for federal purposes. (General Fund-State, General Fund-Federal)

**6. Military Records Management** - \$286,000 in state funding for military records management is entirely shifted to federal funding. Requirements for record keeping of all active, reserve, retired officers, and service records is primarily for federal purposes. (General Fund-State, General Fund-Federal)

**7. Real Property Management** - State funding for real property management of Army and Air National Guard and Emergency Management Division facilities is eliminated. Many of these facilities are used by local organizations which currently pay nominal rent for utility, maintenance, and operation costs. Real property management, which includes the rental agreement function, will also need to be covered by rental fees. (General Fund-State, General Fund-Private/Local)

**8. Homeland Security Federal Support** - Based on recent congressional action, \$13.6 million in total federal funding is expected to be available to assist Washington state in improving homeland security, with no state or local matching fund requirements (except \$200,000 for state Terrorism Consequence Management). The Military Department will receive the funds and distribute them as required as determined by the Adjutant General and the Governor's Homeland Security Executive Group in conjunction with federal requirements and approval. \$11.3 million in confirmed funding from the federal fiscal year 2003 budget is available. Federal budget projections indicate another \$2.3 million will likely become available for statewide interoperable communication equipment, competitive grants for local governments, and Community Emergency Response Training (CERT)/Citizen Corps, bringing the total federal funding for state Fiscal Year 2004 to \$13.6 million. Note the expected breakout of funding for state and local governments below. (General Fund-Federal)

Funding for State Needs:

\$2.97 million in federal funds, and \$200,000 in state funds, for prescribed equipment, exercises, planning and administration, Terrorism Consequence Management, and training.

Funding for Local Needs:

\$8.3 million for prescribed equipment, exercises, planning and administration, Terrorism Consequence Management, and competitive grants.

## 2003-05 Omnibus Operating Budget Military Department

**9. Homeland Security Supplemental** - Based on the President's proposed federal Fiscal Year 2003 supplemental budget, an additional \$39.9 million in federal homeland security funding is anticipated, with no state or local matching fund requirements. The Military Department will receive the funds and distribute them as required as decided by the Adjutant General and the Governor's Homeland Security Executive Group in conjunction with federal requirements and approval. Note the expected breakout of funding for state and local governments below. (General Fund-Federal)

Funding for State Needs:

\$5.9 million for prescribed equipment, training, exercises, and planning.

\$6.5 million for enhanced security at critical infrastructure facilities, as part of Operation Liberty Shield.

Funding for Local Needs:

\$23.9 million for prescribed equipment, training, exercises, and planning.

\$3.5 million for enhanced security at critical infrastructure facilities, as part of Operation Liberty Shield.

**10. Vehicle/Equipment Maintenance** - Funding is eliminated for the on-site repair of vehicles belonging to the state, or issued to the state by the federal government. Repairs will be continued through the use of local vendors. The Military Department may also increase the use of the state motor pool, equipment rental, and contract maintenance. (General Fund-State)

**11. WA Emergency Mgmt Council** - Funding is eliminated for administrative support to the Emergency Management Council (EMC). The EMC will continue to operate, but travel and support costs will be covered by the member organizations of the EMC, or funded by outside grants, if possible. The Emergency Management Division will absorb costs for the annual assessment report produced by the EMC. (General Fund-State)

**12. Washington State Guard** - Funding is eliminated for the uniform allowance for members of the Washington State Guard (WSG). The WSG is composed primarily of retired members of the Washington Army and Air National Guards, and consists 55 total officers. Members meet monthly, in a non-pay status, and serve as a resource to the Adjutant General.

**13. Additional Camp Murray Security** - Federal funding is provided for additional security staff at entrances to Camp Murray, consistent with federal readiness measures. (General Fund-Federal)

**14. Extend Earthqk. Discretionary Fund** - A total of \$17.2 million was provided in the 2001 Supplemental budget as a discretionary fund for the Office of Financial Management (OFM) to cover earthquake damage claims that will not be covered by the Federal Emergency Management Agency (FEMA) but have merit. To date, \$7.8 million of these claims have been approved, leaving \$9.4 million. \$3 million of the remaining \$9.4 million is reappropriated for claims that still have appeals pending with FEMA or are otherwise waiting for approval. OFM shall manage the \$3 million by providing assistance only where it is most critical, and reporting to the Legislature on any project approved over \$1 million. (Nisqually Earthquake Account-State)

**15. Reprioritize Funds for Fires** - \$6.2 million in unexpended funding that was originally provided for the discretionary Nisqually earthquake pool is reprioritized for expected firefighting costs in the 2003 fire season. The Nisqually funds are transferred to the Disaster Response Account for this purpose. (Nisqually Earthquake Account-State, Disaster Response Account-State)

**16. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**17. Staff Reduc. & Oper. Efficiencies** - Funding is reduced as a result of a statewide hiring freeze imposed by the Governor to reduce FTEs statewide. Reductions are assumed to be permanent and will reduce ongoing expenditures. (General Fund-State, various other funds)

## **2003-05 Omnibus Operating Budget Military Department**

**18. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium.

**2003-05 Omnibus Operating Budget**  
**Public Employment Relations Comm**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	25.2	4,646	4,646
2003-05 Maintenance Level	29.2	4,820	5,355
<b>Policy Changes:</b>			
1. General Inflation	0.0	-16	-16
2. Resolve Pub Employer Labor Disputes	12.4	0	2,099
3. Charter Schools Implementation	0.3	40	40
4. Revolving Funds	0.0	2	2
5. Staff Reduc. & Oper. Efficiencies	-0.2	-10	-99
Total Policy Changes	12.5	16	2,026
Total 2003-05 Biennium	41.7	4,836	7,381
Difference from 2001-03	16.5	190	2,735
% Change from 2001-03	68.0%	4.1%	58.9%

*Comments:*

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

**2. Resolve Pub Employer Labor Disputes** - Funds are appropriated for the Public Employment Relations Commission to participate in the certification of additional bargaining units under the Personnel Service Reform Act of 2002. The Department of Personnel will add these costs to the amount billed to all agencies. (Department of Personnel Service Account - State)

**3. Charter Schools Implementation** - Funding is provided for the Public Employment Relations Commission's (PERC) costs in the implementation of SSB 5012 (charter schools), which provides for the establishment of a limited number of charter schools. As the result of the establishment of additional bargaining units associated with charter schools, it is anticipated that PERC will have additional certification, mediation, and hearing workload. (General Fund - State)

**4. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund - State)

**5. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund - State, Department of Personnel Service Account - State)

**2003-05 Omnibus Operating Budget**  
**Growth Management Hearings Board**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	12.0	3,008	3,008
2003-05 Maintenance Level	12.0	3,067	3,067
<b>Policy Changes:</b>			
1. Eliminate GMHB (SB 5282)	-12.0	-3,067	-3,067
Total Policy Changes	-12.0	-3,067	-3,067
Total 2003-05 Biennium	0.0	0	0
Difference from 2001-03	-12.0	-3,008	-3,008
% Change from 2001-03	-100.0%	-100.0%	-100.0%

*Comments:*

**1. Eliminate GMHB (SB 5282)** - Funding for the Growth Management Hearings Boards is eliminated to reflect passage of SB 5282 which eliminates the boards. The venue for parties appealing local government actions on comprehensive plans and ordinances will shift from the Hearings Boards to Superior Court.

**2003-05 Omnibus Operating Budget**  
**State Convention and Trade Center**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	155.0	0	67,734
2003-05 Maintenance Level	155.0	0	71,349
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-190
2. Convention Center Construction Pymt	0.0	0	525
3. Revolving Funds	0.0	0	2
4. Staff Reduc. & Oper. Efficiencies	-1.8	0	-68
Total Policy Changes	-1.8	0	269
Total 2003-05 Biennium	153.3	0	71,618
Difference from 2001-03	-1.7	0	3,884
% Change from 2001-03	-1.3%	0.0%	5.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Convention Center Construction Pymt** - Funding of \$525,000 is provided for maintenance of the building in the 2003-05 Biennium, including replacement and restoration of worn wall coverings, portable chairs, slate, steam traps, and the air system.

**3. Revolving Funds** - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**WA State Health Care Authority**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	300.7	6,665	723,447
2003-05 Maintenance Level	322.3	0	915,792
<b>Policy Changes:</b>			
1. Consolidated Drug Purchasing	2.0	0	1,159
2. I-773 Basic Health Expansion	-35.8	0	-205,850
3. General Inflation	0.0	0	-209
4. Managed Basic Health Enrollment	0.0	0	-11,985
5. Restructure the Basic Health Plan	-1.3	0	-176,032
6. Pharmacy Connection Program	0.0	0	500
7. Drug Purchasing Pool	9.8	0	1,365
8. Immigrant Prenatal Care	0.0	0	5,000
9. Revolving Funds	0.0	0	-172
10. Staff Reduc. & Oper. Efficiencies	-12.2	0	-1,112
Total Policy Changes	-37.5	0	-387,336
Total 2003-05 Biennium	284.9	0	528,456
Difference from 2001-03	-15.8	-6,665	-194,991
% Change from 2001-03	-5.3%	-100.0%	-27.0%

*Comments:*

**1. Consolidated Drug Purchasing** - As proposed by the Governor, the Medical Assistance Administration, the Health Care Authority, and the Department of Labor and Industries will consolidate their drug purchasing by jointly developing a list of preferred drugs in each of at least sixteen therapeutic classes. A statewide pharmacy and therapeutics committee, consisting of nine professional members, will utilize research from the Evidence-Based Practice Center at the Oregon Health Sciences University to select the preferred drug or drugs in each class based upon safety, efficacy, and cost. This is expected to reduce the growth in state drug expenditures by \$84 million (\$30 million state funds) across the three agencies. This item funds the administrative cost of operating the program. (State Health Care Authority Administrative Account-State, Health Services Account-State, Medical Aid Account-State, General Fund-Federal)

**2. I-773 Basic Health Expansion** - Under the 2002 Supplemental budget, increased tax revenues generated by Initiative 773 were to be used to expand Basic Health Plan (BHP) enrollments to a total of 172,000 person per month by June 2003. However, the Initiative requires that the state first fund 125,000 BHP enrollments before the new revenues may be expended. The portion of the Health Services Account from which those 125,000 enrollments would be funded is projected to be over \$560 million in deficit over the next three years. Consequently, both the Governor's and the Senate budget discontinue the planned enrollment expansion, and propose amendment of Initiative 773 so that the revenues may instead be used to support coverage for persons already enrolled in the BHP. This item represents the difference in cost between the increase to 160,000 enrollments for which funding is assumed in the "maintenance level" budget base, and the projected June 2003 BHP enrollment level of 120,777. (Health Services Account-State, General Fund-Federal, Basic Health Trust Account-Non-Appropriated)

**3. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

## 2003-05 Omnibus Operating Budget WA State Health Care Authority

**4. Managed Basic Health Enrollment** - As an alternative to terminating coverage for tens of thousands of current Basic Health Plan enrollees in order to address the substantial deficit in the Health Services Account, the Senate budget directs the agency to continue limiting admissions to the program through the end of calendar year 2003. Under the agency's managed enrollment policy, the only persons admitted to the subsidized Basic Health Plan are those who have temporarily left the program due to a Medicaid-covered pregnancy; children not eligible for Medicaid due to their immigration status; enrollees who become current on their account after losing a month's coverage due to late payment; and new dependents of existing enrollees. Under this policy, subsidized enrollments are expected to decrease to approximately 105,000 by December 2003. Staff time freed up as a result of the reduced enrollment levels is to be re-directed to verifying that persons enrolled in the program are in fact eligible for the level of subsidy they are receiving. (Health Services Account-State, Basic Health Trust Account-Non-Appropriated)

**5. Restructure the Basic Health Plan** - The Senate budget provides sufficient funding for approximately 93,000 persons per month to receive state-subsidized health insurance coverage through the Basic Health Plan during January 2004 - June 2005. As provided in Substitute Senate Bill 5807, the Basic Health Plan is to be restructured, in order to afford coverage for as many low-income persons as possible. The restructured plan is budgeted to include a re-designed benefit package comparable to the one proposed by the Governor in February (\$200 deductibles for persons under 100% of poverty, \$500 deductibles for those over the poverty level, 20% co-insurance, and financial incentives for access to prevention services). Other budgetary changes include elimination of subsidies for persons with incomes in excess of 175 percent of the federal poverty level; and a \$30-\$60 annual increase, depending upon income, in the minimum premium charged to enrollees whose incomes are below 125 percent of the poverty level. (Health Services Account-State, General Fund-Federal, Basic Health Trust Account-Non-Appropriated)

**6. Pharmacy Connection Program** - As provided in Substitute Senate Bill 5904 (senior and disabled drug assistance), funding is provided for the Health Care Authority to contract with a university or other qualified organization to link state residents with manufacturer-sponsored drug assistance programs. This new pharmacy connection program will employ staff, students, and volunteers to help persons who do not have prescription drug coverage identify and apply for the particular manufacturer-sponsored program which best fits the individual's income level and pharmaceutical needs. (Health Services Account-State)

**7. Drug Purchasing Pool** - As directed by Substitute Senate Bill 5904 (senior and disabled drug assistance), the Health Care Authority is to develop a purchasing pool which will enable certain state residents who do not have prescription drug coverage to benefit from the discounted prices which the state is able to achieve as a result of its volume purchasing power. This item provides start-up funding for the agency to select a qualified private firm to manage operation of the pool; to cover the initial cost of staff who will determine financial eligibility for participation in the program; and to cover initial cash-flow needs so that, as required by the bill, the discounts available to pool members are not at the expense of community pharmacies. After the initial start-up period, the purchasing pool is to be fully supported from fees paid by program enrollees. (Health Services Account - State)

**8. Immigrant Prenatal Care** - Funding is provided for community clinics to deliver pre-natal care to illegal immigrants who will no longer be eligible for such coverage through the Medical Assistance program. (Health Services Account-State)

**9. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Health Services Account -- State, Health Care Authority Administration Account -- State, General Fund-Federal)

**10. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Health Services Account -- State, Health Care Authority Administration Account -- State, General Fund-Federal)



**2003-05 Omnibus Operating Budget**  
**Human Rights Commission**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	51.9	5,426	7,095
2003-05 Maintenance Level	51.4	5,434	7,149
<b>Policy Changes:</b>			
1. General Inflation	0.0	-27	-31
2. Administration	0.0	-62	-62
3. Civil Right Complaint Investigation	-1.5	-413	-465
4. Commission Meetings	0.0	-3	-3
5. Revolving Funds	0.0	-10	-10
6. Staff Reduc. & Oper. Efficiencies	-2.3	-140	-219
Total Policy Changes	-3.8	-655	-790
Total 2003-05 Biennium	47.7	4,779	6,359
Difference from 2001-03	-4.2	-647	-736
% Change from 2001-03	-7.7%	-11.9%	-10.4%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Administration** - Funding is reduced for administrative support.

**3. Civil Right Complaint Investigation** - Funding is reduced for this activity. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

**4. Commission Meetings** - Funding is reduced for this activity.

**5. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

**6. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund - Federal, General Fund - Local/Private)

**2003-05 Omnibus Operating Budget**  
**Bd of Industrial Insurance Appeals**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	159.8	0	30,115
2003-05 Maintenance Level	163.8	0	30,695
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-190
2. SB 5271 (Wkrs Comp/hearing Loss)	1.5	0	384
3. Revolving Funds	0.0	0	-4
4. Staff Reduc. & Oper. Efficiencies	-4.8	0	-562
Total Policy Changes	-3.3	0	-372
Total 2003-05 Biennium	160.6	0	30,323
Difference from 2001-03	0.8	0	208
% Change from 2001-03	0.6%	0.0%	0.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. SB 5271 (Wkrs Comp/hearing Loss)** - Funding is provided for the appeals workload resulting from the enactment of SB 5271 (Workers' Compensation/Hearing Loss). The bill is expected to have a one-time savings against workers compensation trust fund reserves of \$200 million. Ongoing savings for the fund is expected to be \$28 million per biennium. (Accident Account-State, Medical Aid Account-State)

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. This adjustment reduces FTEs based on estimates by the Office of Financial Management. Funding reductions are based on the actual average staff costs per FTE. (Accident Account, Medical Aid Account)

**2003-05 Omnibus Operating Budget**  
**Criminal Justice Training Comm**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	40.9	0	18,881
2003-05 Maintenance Level	40.0	0	18,861
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-227
2. Revolving Funds	0.0	0	-6
3. Staff Reduc. & Oper. Efficiencies	-3.2	0	-350
Total Policy Changes	-3.2	0	-583
Total 2003-05 Biennium	36.8	0	18,278
Difference from 2001-03	-4.1	0	-603
% Change from 2001-03	-9.8%	0.0%	-3.2%

*Comments:*

**1. General Inflation** - The Criminal Justice Training Commission, as all state agencies, is required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Public Safety and Education Account-State)

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Public Safety and Education Account-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Department of Labor and Industries**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	2,751.4	11,430	470,481
2003-05 Maintenance Level	2,661.6	11,623	476,367
<b>Policy Changes:</b>			
1. General Inflation	0.0	-27	-1,898
2. Operating Costs/Exist Capital Proj	0.0	0	1,000
3. Apprenticeship	0.0	0	0
4. Claims Appeal	1.9	0	280
5. Claims Management	0.0	0	9,923
6. Health Services Analysis	0.0	0	398
7. Provider Fraud Unit	1.9	0	268
8. Third Party	1.0	0	149
9. New Accts Rec'v'able & Collections	14.3	416	6,718
10. Eliminate Health and Safety Grants	0.0	0	-10,000
11. 2SSB 5890 (Agriculture Workers)	1.3	0	370
12. SSB 5713 (Electrical Contractors)	2.0	0	416
13. SSB 5378 (Workers Compensation)	2.2	0	2,000
14. SSB 5212 (Electricians)	-1.0	0	-72
15. Revolving Funds	0.0	-10	-1,708
16. Staff Reduc. & Oper. Efficiencies	-93.5	-333	-10,070
17. Self-Insurance Premiums	0.0	0	725
Total Policy Changes	-70.0	46	-1,501
Total 2003-05 Biennium	2,591.6	11,669	474,866
Difference from 2001-03	-159.8	239	4,385
% Change from 2001-03	-5.8%	2.1%	0.9%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Operating Costs/Exist Capital Proj** - Funding is provided to eliminate a growing backlog of extraordinary facility repairs that have exceeded the routine maintenance threshold, provides certain upgrades related to employee safety, and improves the environmental infrastructure that promotes continuous operations. (Accident Account, Medical Aid Account)

**3. Apprenticeship** - A technical adjustment in the Apprenticeship program is made to transfer the federal funding from General Fund-Federal to the Accident Account--Federal and the Medical Aid Account--Federal to reflect actual fund source distributions. (General Fund-Federal, Accident Account-Federal, Medical Aid Account-Federal)

**4. Claims Appeal** - Funding is increased for the Office of Claims Appeals to improve the timeliness of the reconsideration process and reduce the backlog of internal appeals cases. (Accident Account, Medical Aid Account)

**5. Claims Management** - In the 2001-2003 Biennium, L&I conducted a feasibility study of methods to exchange claim related information electronically with employers, health care providers, and workers. The feasibility study also supported a comprehensive new system for electronic management of workers' compensation claims and employer information. The Online Reporting and Customer Access Project (ORCA) will provide customers the ability to exchange information and establish and manage workers' compensation claims online 24 hours a day. The cost to implement this online availability of information is \$9.923 million. (Accident Account, Medical Aid Account)

## 2003-05 Omnibus Operating Budget

### Department of Labor and Industries

**6. Health Services Analysis** - L&I annually spends \$16 million on Independent Medical Examinations (IME) for injured workers. When the exams do not provide the necessary information to make a decision, the medical costs and treatment can be delayed, which can increase costs. This quality assurance program will allow for a systematic review of IMEs by independent peer professionals. These reviews will result in quality IME's which will reduce the number of repeat exams and provide better information for decisions on injured workers. The cost of this program is \$398,000. (Medical Aid Account)

**7. Provider Fraud Unit** - Collections, Third Party, Provider Fraud, and Firm Appeals share a common responsibility to support L&I by making sure employers pay their premiums, responsible parties pay for the damage they cause, fraud is kept to a minimum, and appeals are handled in a timely manner. Provider Fraud will add 1.9 FTEs for a cost of \$268,000. These additional FTEs will investigate more cases of fraud and recover more funds for the workers' compensation system. At least \$1 million dollars per year in fraudulent billings will be identified by these additional FTEs. (Accident Account, Medical Aid Account)

**8. Third Party** - Collections, Third Party, Provider Fraud, and Firm Appeals share a common responsibility to support L&I by making sure employers pay their premiums, responsible parties pay for the damage they cause, fraud is kept to a minimum, and appeals are handled in a timely manner. Third Party will add 1.0 FTE staff year at a cost of \$149,000. This investigator will increase the recovery of benefits by \$600,000 per year. (Accident Account, Medical Aid Account)

**9. New Accts Rec'able & Collections** - Funding is provided for the development of an enterprise accounts receivable system. This system will combine the 16 separate accounts receivable systems within the agency for greater accountability and reconciliation with the state accounting system. (General Fund-State, various other funds)

**10. Eliminate Health and Safety Grants** - The Safety and Health Impact Grant program can only continue when there are excess funds over the 10 percent contingency reserve. Since there will be no excess funds in the 2003-05 Biennium, this \$10 million dollar program is eliminated. (Medical Aid Account)

**11. 2SSB 5890 (Agriculture Workers)** - Funding is provided to implement the provisions of 2SSB 5890 (Agricultural Workers). The legislation calls for a pilot project to determine whether mandatory monitoring of cholinesterase blood enzyme levels is a feasible and beneficial way to promote the safety of agricultural workers who work with certain pesticides. (Accident Account, Medical Aid Account)

**12. SSB 5713 (Electrical Contractors)** - Funding is provided to implement the provisions of SSB 5713 (Electrical Contractors). The legislation changes the requirements for permits and licensed contractors for the repair, maintenance, and replacement of certain appliances, industrial and commercial equipment, and electrical work done in the course of work on boilers and plumbing projects. (Electrical License Account--State, Plumbing Certificate Account--State, Pressure Systems Safety Account--State)

**13. SSB 5378 (Workers Compensation)** - Funding is provided to implement the provisions of ESSB 5378 (Workers Compensation). The legislation simplifies the calculation of workers' compensation benefits. (Accident Account, Medical Aid Account)

**14. SSB 5212 (Electricians)** - Funding is reduced based on the savings generated by the passage of SSB 5212 (Electricians). The legislation exempts repair of existing electrical installation at residential rented or leased property from permitting and licensing requirements. (Electrical License Account--State)

**15. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**16. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. The 2003 supplemental budget reduced 66 FTEs from the agency's Fiscal Year 2003 appropriation. This was a 2.5% reduction. This adjustment for the 2003-2005 carries that reduction forwards and further reduces FTEs by 1 percent. Funding reductions are based on the actual average staff costs per FTE (salaries, benefits, travel and a portion of goods and services). (General Fund-State, various other funds)

## **2003-05 Omnibus Operating Budget Department of Labor and Industries**

**17. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium. (Accident Account, Medical Aid Account)

**2003-05 Omnibus Operating Budget**  
**Indeterminate Sentence Review Board**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	8.2	1,994	1,994
2003-05 Maintenance Level	8.2	2,000	2,000
<b>Policy Changes:</b>			
1. General Inflation	0.0	-10	-10
2. Revolving Funds	0.0	4	4
3. Staff Reduc. & Oper. Efficiencies	0.0	-16	-16
Total Policy Changes	0.0	-22	-22
Total 2003-05 Biennium	8.2	1,978	1,978
Difference from 2001-03	0.0	-16	-16
% Change from 2001-03	0.0%	-0.8%	-0.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Home Care Quality Authority**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1.6	152	152
2003-05 Maintenance Level	5.0	509	509
<b>Policy Changes:</b>			
1. Registry of Home Care Providers	-0.1	150	150
2. Revolving Funds	0.0	-2	-2
Total Policy Changes	-0.1	148	148
Total 2003-05 Biennium	4.9	657	657
Difference from 2001-03	3.3	505	505
% Change from 2001-03	150.0%	332.2%	332.2%

*Comments:*

**1. Registry of Home Care Providers** - This item provides funds to establish a referral registry of individual home care providers as required by Initiative 775. The Home Care Quality Authority will also develop procedures for removal from the registry of providers who commit improper acts in the performance of their duties. The Department of Social and Health Services provide an additional \$150,000 from federal Medicaid matching funds. (General Fund - State)

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State)



**2003-05 Omnibus Operating Budget**  
**Department of Health**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,183.5	113,882	656,829
2003-05 Maintenance Level	1,260.7	119,213	696,548
<b>Policy Changes:</b>			
1. Expand Food Safety Program	1.5	266	266
2. Add Newborn Screening Tests	4.8	0	2,350
3. Web-Based Death Certificate System	6.6	0	3,434
4. Vital Records Fee Increase	0.0	-2,452	0
5. Transfer AIDS Insurance Program	0.0	6,798	6,798
6. State Toxics Account Reduction	-0.8	0	-231
7. General Inflation	0.0	-345	-1,477
8. Child Death Reviews	-1.0	-1,000	-1,000
9. Reduce CHARS Subsidy	0.0	0	0
10. Increase HIV Cost-Sharing	0.0	-1,545	-1,545
11. Additional Federal Grants	3.4	0	28,223
12. Family Planning Waiver	0.0	-6,000	-6,000
13. Recreational Shellfish Testing	0.0	-938	0
14. Transfer Trauma Funding	0.0	0	12,194
15. Water Reclamation Assistance	-3.9	-678	-678
16. Shellfish Bed Restoration	-2.5	-392	-392
17. Municipal Water Systems	2.1	290	461
18. Revolving Funds	0.0	-40	-140
19. Staff Reduc. & Oper. Efficiencies	-26.2	-442	-1,108
Total Policy Changes	-16.0	-6,478	41,155
Total 2003-05 Biennium	1,244.7	112,735	737,703
Difference from 2001-03	61.2	-1,147	80,874
% Change from 2001-03	5.2%	-1.0%	12.3%

*Comments:*

**1. Expand Food Safety Program** - Funding is provided for a 33 percent increase in statewide coordination and quality enhancement of local food safety inspection efforts. Such an increase is needed in light of a large increase in local and nationwide food recalls; the need to update training materials, exams, and inspection forms to conform with the comprehensive revision of the state's food service rules scheduled for implementation in January 2005; requests from the food industry and local health jurisdictions for the state to take a more active leadership role in promoting consistent food safety policies and training statewide; and the need to develop and implement a plan to respond to emergencies which might result from sabotage of the food supply.

**2. Add Newborn Screening Tests** - The State Board of Health has recommended that all newborns be screened by the state public health laboratory for five additional disorders which can cause mental or motor retardation, blindness, hearing loss, physical abnormalities, and/or death if undetected. Washington is the only state which does not screen for one of the disorders, and among the roughly half which presently do not screen for the other four. Testing for the five conditions will increase public health laboratory expenditures by approximately \$1.6 million per year beginning in Calendar Year 2004, requiring an estimated \$20.50 (50 percent) increase in the fee charged for newborn screenings. An estimated \$0.8 million of the annual cost (\$0.4 million state) will be borne by the state's Medical Assistance program, which pays for 43 percent of all births in the state. (General Fund-Local)

## 2003-05 Omnibus Operating Budget Department of Health

**3. Web-Based Death Certificate System** - The fee for certified copies of birth, death, marriage, and divorce certificates is to be increased from \$13 to \$15. This is expected to generate approximately \$600,000 per year of additional revenue for local health departments, and \$1.7 million of additional revenue per year for the state Center for Vital Statistics. The Center for Vital Statistics will use approximately \$3.0 million of the additional revenue to develop and begin statewide implementation of an internet-based system which will enable physicians, coroners, and funeral directors to prepare and retrieve death certificates electronically. Local health departments are expected to use their \$600,00 of new fee revenue to operate as the "user administrators" of the digital certificates which will be needed for local personnel to use the web-based system, while still assuring its confidentiality and integrity. The Center for Vital Statistics will use the remaining \$0.5 million of biennial revenue to complete optical imaging of paper death records to eliminate the risk of loss and disintegration, and to create electronic images of birth certificates issued prior to 1938 so that the public may obtain certified copies locally, rather than from Olympia. (General Fund-Local)

**4. Vital Records Fee Increase** - As provided in Substitute Senate Bill 5545, the fee for a certified copy of all birth, death, marriage, and divorce certificates is to be increased by an additional \$2, from \$15 to \$17, in order to reduce the need for general tax subsidy of the vital records and statistics system. Maintenance and operation of the statewide system has become increasingly reliant upon general tax revenues since implementation of the state's automated birth certificate system in 1992. The automated system enables the public to pick up certified copies of birth certificates at local health departments, rather than driving or writing to Olympia. However, the more user-friendly system has also resulted in reduced revenues to maintain and operate the databases upon which the entire vital records system depends, since current law provides for all fees collected to remain with the local issuer. Substitute Senate Bill 5545 will provide for \$2 of all fees collected, regardless of issuer, to be deposited with the Department of Health to support maintenance and operation of the statewide system. (General Fund-State, General Fund-Private/Local)

**5. Transfer AIDS Insurance Program** - Administrative responsibility for the Evergreen Health Insurance Program, which pays for insurance coverage for persons with AIDS who are not eligible for Medicaid, is transferred from the Department of Social and Health Services to the Department of Health. This will consolidate into a single agency management and budgetary responsibility for all non-Medicaid services for persons with HIV disease.

**6. State Toxics Account Reduction** - As proposed by the Governor, due to a shortfall in the toxics control account, the Department of Health will reduce lower priority field studies, site inspections, and technical assistance related to potential environmental health risks. (State Toxics Control Account)

**7. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**8. Child Death Reviews** - Since 1999, the state Department of Health has provided financial assistance for local health department staff to review the circumstances surrounding unexpected child deaths, and has collected, analyzed, and disseminated the result of the teams' findings. State funding for this activity is discontinued. Unusual circumstances will continue to be investigated by local health and law enforcement officials. Patterns and factors associated with avoidable deaths will likely continue to be analyzed and disseminated by private organizations, such as the Sudden Infant Death Syndrome (SIDS) Foundation.

**9. Reduce CHARS Subsidy** - The Comprehensive Hospital Accounting and Reporting System (CHARS) has since its inception been funded by a statutory assessment on hospital revenues. During 1992-2000, this assessment averaged .033% of hospital revenues. During the 2000 legislative session, the system received a public subsidy for the first time, from the Health Services Account. As a result, the assessment was reduced by almost 50%, to .014% of revenues. To help eliminate the deficit confronting the Health Services Account -- currently estimated at \$560 million over three years -- the subsidy is eliminated. As a result, the assessment is expected to need to be increased to approximately .018% of hospital revenues, still less than 60% of the average rate charged during the 1990's. (Health Services Account - State, Hospital Commission Account - State)

**10. Increase HIV Cost-Sharing** - To partially offset the \$6.4 million increase in projected state expenditures for the AIDS Drug Assistance Program, without denying access to life-sustaining medications by lowering eligibility levels or establishing program waiting lists, recipient cost-sharing is to be increased to the maximum allowed under the federal Ryan White CARE Act. Recipient cost-sharing will average 5-10% of family income, compared to 2-4% now.

## 2003-05 Omnibus Operating Budget Department of Health

**11. Additional Federal Grants** - The Department of Health has received more federal funding than anticipated in the base-level budget, including: \$18.9 million for the Women, Infant, and Child (WIC) nutrition program; \$2.1 million for sexually transmitted disease projects; \$2.1 million for childhood immunization operations; \$1.8 million for infectious disease laboratory work; \$1 million for small rural hospitals; and \$0.9 million for HIV-AIDS services and epidemiology. (General Fund-Federal)

**12. Family Planning Waiver** - In light of the substantial increases in funding for such services available through the state Medical Assistance program, state grant support for family planning clinics is reduced. Under a Medicaid waiver implemented in July 2001, the federal government now pays 90 percent of the cost of providing free family planning services for any legal resident with family income below 200 percent of the poverty level. As a result, total state and federal funding for low-income family planning services increased by \$45 million (136 percent) during the 2001-03 biennium, and is expected to increase by another \$16 million (20 percent) in 2003-05 after accounting for this adjustment.

**13. Recreational Shellfish Testing** - The Department of Health inspects and tests shellfish from public beaches for the presence of bacteria and biotoxins to ensure that contaminated shellfish are not consumed by the public. The cost of this inspection and testing function is currently paid by all state taxpayers, through the state General Fund. The Senate budget proposes that the fee for recreational shellfish licenses issued by the Department of Fish and Wildlife be increased by an average of \$2, so that lab testing and on-site inspection of recreationally-harvested shellfish will be fee-supported rather than state-subsidized. (General Fund-State, General Fund-Private/Local)

**14. Transfer Trauma Funding** - Emergency Medical Services and Trauma Account revenues previously appropriated to the Department of Social and Health Services are transferred to the Department of Health, for distribution among hospitals, trauma professionals, and other trauma services through fixed grants and contracts. The previous system of attempting to distribute such funding through add-ons to the standard Medicaid fee-for-service payment rates in order to generate federal matching funds resulted in over-expenditures of \$3.8 million in FY 2000, \$13 million in FY 2001, and \$11 million more through the first ten months of FY 2002. Those over-expenditures had to be charged to the state general fund. The departments are authorized to devise a new system for collecting Medicaid or other federal match for trauma account grant and contract expenditures, provided such a system does not impose any additional unbudgeted and unauthorized obligations upon the state, and is specifically authorized in the biennial appropriations act before implementation. (Emergency Medical Systems and Trauma Account - State)

**15. Water Reclamation Assistance** - During the 1999-01 biennium, the state's Drinking Water Program expanded efforts to promote water conservation and re-use by providing technical assistance and training to local water systems, and by promoting improved coordination among state and local agencies. Because a solid foundation has now been laid for continuation of such efforts locally, and because this is a lower priority activity of government, state funding for this expanded effort is discontinued.

**16. Shellfish Bed Restoration** - A number of state and local agencies and groups are working to restore commercial and recreational shellfish beds which have been closed or threatened due to pollution. Because private and local groups are working on these matters, and because this is a lower public health priority, funding for the Department of Health's active participation in these efforts is discontinued.

**17. Municipal Water Systems** - Funding is provided for implementation of Substitute Senate Bill 5024 (Municipal Water Rights). The legislation is expected to result in 50 additional water systems seeking plan reviews each year, in order to secure water rights. The department is expected to prioritize within existing funding levels in order to complete the evaluation and report on current and historical conservation efforts required by the legislation. (General Fund-State, General Fund-Private/Local)

**18. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**19. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Department of Veterans' Affairs**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	582.3	20,636	73,811
2003-05 Maintenance Level	611.8	22,143	79,425
<b>Policy Changes:</b>			
1. General Inflation	0.0	-292	-292
2. Revolving Funds	0.0	-2	-10
3. Staff Reduc. & Oper. Efficiencies	-21.9	-304	-1,070
Total Policy Changes	-21.9	-598	-1,372
Total 2003-05 Biennium	590.0	21,545	78,053
Difference from 2001-03	7.7	909	4,242
% Change from 2001-03	1.4%	4.4%	5.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Department of Corrections**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	7,792.4	1,093,745	1,131,558
2003-05 Maintenance Level	8,283.4	1,202,358	1,236,427
<b>Policy Changes:</b>			
1. General Inflation	0.0	-4,637	-4,785
2. Comm. Corr. Officer Training	0.0	400	400
3. Reduce Low/Mod-Risk Supervision	-198.5	-26,312	-26,312
4. Cut LFO Billing and Collection	-43.2	-1,662	-1,662
5. Shift LFO Billing and Collection	0.0	-3,375	-3,375
6. Drug Treatment Funding Adj.	0.0	0	2,984
7. Sentencing & Early Release Changes	-218.3	-20,780	-20,780
8. VRDE Reduction	0.0	0	-230
9. Revolving Funds	0.0	4,182	4,182
10. Staff Reduc. & Oper. Efficiencies	-55.8	-5,681	-5,738
11. Self-Insurance Premiums	0.0	12,846	12,846
Total Policy Changes	-515.8	-45,019	-42,470
Total 2003-05 Biennium	7,767.6	1,157,339	1,193,957
Difference from 2001-03	-24.8	63,594	62,399
% Change from 2001-03	-0.3%	5.8%	5.5%

*Comments:*

**1. General Inflation** - The Department of Corrections, as all state agencies, is required to find sufficient efficiencies in its operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

**2. Comm. Corr. Officer Training** - The Governor's maintenance level budget assumed funding of \$400,000 to pay for expanded training for community corrections officers from 3 to 4 weeks at the Criminal Justice Training Commission. The Senate budget proposes adding this funding in conjunction with reductions in low and moderate risk offenders on supervision through Senate Bill 5990 (see item 3 below). The offenders that will remain on supervision are higher risk offenders. Expanding the academy will allow for additional training to enhance community safety, such as defensive tactics and arrest/search and seizure.

## 2003-05 Omnibus Operating Budget Department of Corrections

**3. Reduce Low/Mod-Risk Supervision** - Funding is reduced pursuant to Engrossed Substitute Senate Bill 5990 (Changing Times and Supervision Standards for Release of Offenders). The legislation proposes reducing the number of low and moderate-risk offenders subject to supervision. These offenders are assessed by the Department of Corrections as moderate or low-risk for violent reoffenses by scientifically validated risk-assessment tools (Risk Management Level C-moderate, or "RM-C"; and Risk Management Level D-low risk, or "RM-D"). RM-C and D offenders are primarily drug offenders but also may be domestic violence offenders or low-level sex offenders.

Under the proposal, many offenders in the RM-C and RM-D categories will *remain* supervised. Those sentenced to the First Time Offender Waiver (FTOW), Special Sex Offender Sentencing Alternative (SSOSA) and the Drug Offender Sentencing Alternative (DOSA) will remain supervised to insure compliance with treatment required by their sentences. Supervision of RM-C and RM-D offenders will also continue for the following groups of offenders to provide an additional measure of public safety:

- \*Offenders with a prior sex or serious violent offense;
- \*Offenders with chemical dependency treatment orders under the Drug Reform Act of 2002;
- \*Offenders with a current or prior methamphetamine-related offense (manufacture/delivery/possession with intent to deliver);
- \*Offenders with a current or prior conviction for delivery of a controlled substance to a minor;
- \*Offenders with an offender "score" of more than 6 on the sentencing grid, a figure used in sentencing which reflects the number of total prior offenses of any kind and in some cases the type of the offense--this will increase the number of recidivist criminals who are subject to supervision.

In total, the Senate legislation will eliminate supervision for about 15,500 low-risk offenders over the course of the biennium. About 14,000 of these offenders are felons who have served jail rather than prison time.

**4. Cut LFO Billing and Collection** - Funding is reduced pursuant to Senate Bill 6002 (financial obligations), which clarifies that offenders released from prison who have served their terms of community custody, but who still owe legal financial obligations, including restitution to victims and court fines, are no longer under the supervision of the Department of Corrections (DOC). Billing for these outstanding financial obligations is shifted from DOC to the Office of the Administrator for the Courts (OAC) beginning January 1, 2004. Billing for offenders still under DOC supervision is also transferred to OAC, but supervision duties will continue by DOC staff. Collection duties will be handled by county clerks ( see item 5). The total reduction to DOC is \$5 million. The net reduction in dollars, after shifting \$3.4 million in funds to OAC, is \$1.6 million.

**5. Shift LFO Billing and Collection** - Funding is transferred to the Office for the Administrator of the Courts, pursuant to Senate Bill 6002 (financial obligations) to implement billing and collection of all offender fines. Billing duties currently performed by the Department of Corrections will be performed by OAC, as of January 1, 2004. Collection duties will be handled by the county clerks, through pass-through grants handled by OAC, under the a formula determined by the Washington Association of County Officials, beginning October 1, 2003. The Senate proposal recognizes that half of the revenue from fines goes to counties, acknowledges the success several county clerks have made in pursuing collections to date, and recognizes that counties with existing expertise can serve as models for other counties to begin collections.

**6. Drug Treatment Funding Adj.** - Additional funding for treatment of drug offenders in prison is provided pursuant to the Drug Reform Act of 2002. The legislation specified that cost avoidance created by reducing drug offender sentences would be reinvested in treatment for offenders in prison and drug courts in the community. The legislation endorsed a funding formula that specifies that \$2.9 M is the state's portion that is to be reinvested in drug treatment for offenders during the 2003-05 biennium. (Funds for counties appear in the Department of Social and Health Services, Division of Alcohol and Substance Abuse budget as pass-through grants and distributions.) (Violence Reduction and Drug Enforcement Account)

## 2003-05 Omnibus Operating Budget Department of Corrections

**7. Sentencing & Early Release Changes** - Funding is reduced pursuant to Engrossed Substitute Senate Bill 5990 (Changing Times and Supervision Standards for Release of Offenders), which (1) implements the new drug sentencing grid established under the Drug Reform Act of 2002 one year early; and (2) increases the maximum allowable earned early release (EER) time for certain non-violent offenders. Details follow:

(1) Rather than going into effect July 1, 2004, the new drug sentencing grid created by the Drug Reform Act will be effective July 1, 2003. The effect of the new drug grid is to decrease sentences for some lower-level drug offenses and increase the sentences for others. On the whole, the new grid is expected to reduce average drug prison sentences.

(2) The legislation proposes retroactively and prospectively increasing the maximum allowable earned early release (EER) time from 33 percent to 50 percent of the sentence for offenders without current convictions for sex or violent offenses, or a crime against persons. EER time is earned by offenders who participate in programming and engage in appropriate behavior while incarcerated, and applies only to the standard sentence, not sentencing enhancements. Under the provisions of the bill, EER will no longer be a right under the state constitution. The legislation sunsets in 2010, allowing time for completion of a study by the Washington State Institute for Public Policy to determine whether the increased EER led to an increase in recidivism.

The Senate proposal also prospectively reduces the maximum allowable EER for serious violent and Class A sex offenses (such as Rape in the First Degree) from the current level of 15 percent to 10 percent of the sentence. Further, the following drug and unclassified offenders are excluded from the available EER of 50 percent and will remain at the current standard of 33 percent in the Senate bill:

- \*Offenders with a prior sex or serious violent offense;
- \*Offenders sentenced under the Drug Offender Sentencing Alternative (DOSA) or the Special Sex Offender Sentencing Alternative (SSOSA) who already receive a shorter sentence with their orders for treatment;
- \*Offenders with a current or prior methamphetamine-related offense (manufacture/delivery/possession with intent to deliver);
- \*Offenders with a current or prior conviction for delivery of a controlled substance to a minor;
- \*Offenders with an offender score of more than 6 on the sentencing grid, a figure used in sentencing which reflects the number of total prior offenses of any kind and in some cases the type of the offense--this will increase the number of recidivist criminals who remain at the current EER level of 33 percent.

In total, the Senate legislation reduces the average monthly prison population by 517 over the course of biennium. Also, \$7 million of the total savings of the EER and drug grid policies is appropriated by ESSB 5990 as additional resources for high-risk offender supervision (See "Appropriations Contained in Other Legislation".)

**8. VRDE Reduction** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 5 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

**9. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**10. Staff Reduc. & Oper. Efficiencies** - Funding is reduced as a result of a statewide hiring freeze to reduce FTEs statewide. The reduction in staffing is assumed to be permanent and will reduce ongoing 2003-05 expenditures. In order to preserve staff safety, offender management, and public safety, the Senate budget does not propose reductions in prison staff. (General Fund-State, Public Safety and Education Account-State)

**11. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium.

**2003-05 Omnibus Operating Budget**  
**Dept of Services for the Blind**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	71.9	3,301	17,963
2003-05 Maintenance Level	71.9	3,621	18,606
<b>Policy Changes:</b>			
1. Federal match update/revision	0.0	0	1,437
2. General Inflation	0.0	-23	-95
3. Revolving Funds	0.0	0	-2
4. Staff Reduc. & Oper. Efficiencies	-4.3	-52	-212
Total Policy Changes	-4.3	-75	1,128
Total 2003-05 Biennium	67.6	3,546	19,734
Difference from 2001-03	-4.3	245	1,771
% Change from 2001-03	-5.6%	7.4%	9.9%

*Comments:*

**1. Federal match update/revision** - The Senate budget provides sufficient state funding for the department to match all federal funding which is expected to be available during 2003-05 for the vocational rehabilitation of people who are blind or visually impaired. This item adjusts appropriation levels to reflect the anticipated amount of federal funding. (General Fund-Federal)

**2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)



**2003-05 Omnibus Operating Budget**  
**Sentencing Guidelines Commission**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	12.1	1,798	1,798
2003-05 Maintenance Level	11.5	1,698	1,698
<b>Policy Changes:</b>			
1. General Inflation	0.0	-10	-10
2. Revolving Funds	0.0	4	4
3. Staff Reduc. & Oper. Efficiencies	-0.5	-214	-214
Total Policy Changes	-0.5	-220	-220
Total 2003-05 Biennium	11.0	1,478	1,478
Difference from 2001-03	-1.1	-320	-320
% Change from 2001-03	-8.3%	-17.8%	-17.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Staff Reduc. & Oper. Efficiencies** - Funding is reduced, assuming agency actions to limit operating costs and a statewide hiring freeze. Actions may include, but are not limited to, staffing efficiencies, reduction in printing expenses through additional use of electronic media for reports, and moving to quarterly rather than monthly Commission meetings. FTEs are adjusted to reflect past reductions in positions.

**2003-05 Omnibus Operating Budget**  
**Department of Employment Security**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	2,174.8	0	444,950
2003-05 Maintenance Level	2,159.4	0	515,415
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-1,694
2. Employment & Trg Svc: Targeted Pop	0.0	0	-109
3. Re-Employment of UI Claimants	0.0	0	301
4. Unemployment Ins/Benefits/Taxation	14.0	0	5,368
5. Revolving Funds	0.0	0	-1,274
6. Staff Reduc. & Oper. Efficiencies	-80.4	0	-8,451
7. Self-Insurance Premiums	0.0	0	202
Total Policy Changes	-66.4	0	-5,657
Total 2003-05 Biennium	2,093.0	0	509,758
Difference from 2001-03	-81.8	0	64,808
% Change from 2001-03	-3.8%	0.0%	14.6%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-Federal, General Fund - Local, Unemployment Insurance Administration - Federal, Administrative Contingency Fund - State, Employment Services Administrative Account - State)

**2. Employment & Trg Svc: Targeted Pop** - A technical adjustment is made to correct fund splits in carryforward level. Appropriation is increased in the Unemployment Insurance Administration- Federal and Employment Services Administrative Account-State funds. Appropriation is decreased in General Fund-Federal, General Fund-Local, Administrative Contingency Fund-State. (General Fund-Federal, General Fund-Local, Administrative Contingency Account, Employment Services Administration Account)

**3. Re-Employment of UI Claimants** - Funding is provided for the replacement of obsolete computers in an effort to improve efficiencies in delivering re-employment services to claimants. (Claimant Placement Program)

**4. Unemployment Ins/Benefits/Taxation** - Funding is provided for the following items:

- a) Interactive Voice Response (IVR) technology (\$2,058 and 3 FTE staff years);
- b) Improved and Timely Decisions (\$1,881,000);
- c) Social Security Crossmatch (\$644,000 and 5 FTE staff years);
- d) Overpayment Cash Processing (\$387,000)
- e) Increased Revenue Collection (\$1,105,000 and 6 FTE staff years); and
- f) Correction to carryforward level (\$293,000).

(General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account, Administrative Contingency Account)

**5. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-Federal, General Fund - Local, Unemployment Insurance Administration - Federal, Administrative Contingency Fund - State, Employment Services Administrative Account - State)

## **2003-05 Omnibus Operating Budget**

### **Department of Employment Security**

**6. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. Using the Governor's 2003-05 FTE reduction of -80.4, this budget calculates the total corresponding fund reduction. (General Fund-Federal, General Fund - Local, Unemployment Insurance Administration - Federal, Administrative Contingency Fund - State, Employment Services Administrative Account - State)

**7. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium. (General Fund-Federal, General Fund - Local, Unemployment Insurance Administration - Federal, Administrative Contingency Fund - State, Employment Services Administrative Account - State)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Children and Family Services**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	2,292.8	465,657	846,800
2003-05 Maintenance Level	2,378.9	491,475	913,397
<b>Policy Changes:</b>			
1. General Inflation	0.0	-548	-1,452
2. Cncl: Child Abuse/Neglect-WCPCAN #	0.0	0	873
3. VRDE Reduction	0.0	0	-282
4. Preserve Youth Programs w/PSEA \$	0.0	-23,000	0
5. Adoption Support-Federal Tax Credit	0.0	-2,544	-2,544
6. Increase Licensed Resources	8.0	1,024	1,406
7. Transfer Funds Between Years	0.0	0	0
8. Additional Admin Reductions	-12.0	-1,371	-1,512
9. Crosswalk program	0.0	100	100
10. Staff Reduc. & Oper. Efficiencies	-60.1	-4,114	-5,346
Total Policy Changes	-64.1	-30,453	-8,757
Total 2003-05 Biennium	2,314.8	461,022	904,640
Difference from 2001-03	22.0	-4,635	57,840
% Change from 2001-03	1.0%	-1.0%	6.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Cncl: Child Abuse/Neglect-WCPCAN #** - The Washington Council for the Prevention of Child Abuse and Neglect is eliminated and some of its duties along with federal grant funding for child abuse prevention are transferred to the Family Policy Council. (General Fund--State, General Fund--Federal)

**3. VRDE Reduction** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 5 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

**4. Preserve Youth Programs w/PSEA \$** - Increased funding from the Public Safety and Education Account is provided to preserve programs that help youth and families in crisis. Programs that are preserved included Family Reconciliation Services, Crisis Residential Centers and Secure Crisis Residential Centers, Hope Beds, and the Street Youth Program. Increases in fines charged for traffic infractions provide \$16 million of this additional funding.

**5. Adoption Support-Federal Tax Credit** - Congress has enacted a new federal tax credit for families adopting special needs children. Special needs children include foster children. This adjustment is based on the estimated number of new adoption support cases with family incomes large enough to benefit from the maximum of the new \$10,000 tax credit over a five year period. The adjustment will not result in a change in adoption support payments for current adoption support families.

**6. Increase Licensed Resources** - Funding is provided in response to the Braams lawsuit. This adjustment provides \$1.4 million and 8 FTEs for the Foster Parent Training Initiative. (General Fund--State, General Fund--Federal)

**7. Transfer Funds Between Years** - A technical adjustment of funding between fiscal years is made.

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Children and Family Services**

**8. Additional Admin Reductions** - Funding is reduced for program support and other administrative functions as recommended by the Governor's Priorities of Government initiative. (General Fund--State, General Fund-Federal)

**9. Crosswalk program** - Funding is provided for a program in Spokane that works with high risk street youth.

**10. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. This adjustment reduces FTEs based on estimates by the Office of Financial Management. Funding reductions are based on the actual average staff costs per FTE. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Juvenile Rehabilitation**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	1,223.6	165,644	234,239
2003-05 Maintenance Level	1,172.9	159,796	226,146
<b>Policy Changes:</b>			
1. General Inflation	0.0	-500	-506
2. CATS Maintenance	2.0	240	240
3. Disposition Alternative Savings	-32.9	-8,774	-8,774
4. Pymt. to Cos. for Disposition Alts.	0.0	6,760	6,760
5. VRDE Reduction	0.0	0	-1,867
6. Shift Becca Funds to Courts Admin.	0.0	-7,132	-13,224
7. Reseach-Based Parole Adjustment	-24.0	-1,886	-2,515
8. Research-Based Treatment Services	2.0	943	943
9. Staff Reduc. & Oper. Efficiencies	-30.7	-2,392	-2,451
Total Policy Changes	-83.5	-12,741	-21,394
Total 2003-05 Biennium	1,089.4	147,055	204,752
Difference from 2001-03	-134.2	-18,589	-29,487
% Change from 2001-03	-11.0%	-11.2%	-12.6%

*Comments:*

**1. General Inflation** - The Juvenile Rehabilitation Administration, as all state agencies, is required to find sufficient efficiencies in its operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

**2. CATS Maintenance** - Funding is provided for maintenance for the Client Activity Tracking System (CATS). The Senate budget provides this funding recognizing that adjustments to the parole system (see item 7 below) will require system changes to CATS, and that the federal funds the agency has leveraged to maintain CATS in the past are expected to be reduced or eliminated.

**3. Disposition Alternative Savings** - Pursuant to Substitute Senate Bill 5903 (juvenile offender sentencing), funding is reduced to reflect savings from sentencing youth to local sanctions who would otherwise be committed to the Juvenile Rehabilitation Administration (JRA). An estimated average daily population of 102 youth for the biennium will receive the new disposition alternatives established by the bill, including a community suspended disposition option, a mental health disposition option, and a community commitment placement. The total reduction to JRA is \$8.8 million; after compensating counties for serving the youth locally the net savings to the state is \$2 million.

**4. Pymt. to Cos. for Disposition Alts.** - Funding is provided to pay for reimbursement to counties pursuant to Substitute Senate Bill 5903 (juvenile offender sentencing). These costs offset the savings in item 3. The total payments to counties are estimated based on an average daily population of 102 youth for the biennium. Actual reimbursement to counties will depend on the utilization of the disposition alternatives. Also, the Juvenile Rehabilitation Administration shall adjust rates paid to counties for the community commitment placement based on the extent that youth kept locally are placed in alternatives to secure detention and/or become eligible for services from the Department of Social & Health Services, Division of Alcohol and Substance Abuse.

**5. VRDE Reduction** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 5 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Juvenile Rehabilitation**

**6. Shift Becca Funds to Courts Admin.** - The Senate budget shifts administration of funds for the "Becca" programs, including local truancy petitions, and local at-risk-youth and child-in-need-of-services (ARY/CHINS) petitions from the Juvenile Rehabilitation Administration (JRA) to the Office of the Administrator for the Courts (OAC). Current funding levels are retained, and the net difference to the state is no change in total funding. All funds shall be distributed to county courts, and OAC shall not deduct any amounts for direct or indirect costs, consistent with current practice at JRA. (General Fund-State, Public Safety and Education Account-State)

**7. Research-Based Parole Adjustment** - Funding is reduced for intensive parole consistent with the Washington State Institute for Public Policy's (WSIPP) 2002 findings on intensive parole services. \$1.9 million in state savings is achieved by increasing the size of intensive parole caseloads from 12 parolees to 20, the same level as for enhanced and sex offender parole. Recent WSIPP studies show intensive parole to be ineffective in reducing recidivism, and that it returns no benefits in crime reduction for every dollar spent. \$943,000 of the state savings from this reduction is reinvested in research-based therapies proven to reduce recidivism, see item 8. (General Fund-State, General Fund-Federal)

**8. Research-Based Treatment Services** - Half of the state general fund savings from adjusting parole caseloads in item 7 is reprogrammed for research-based therapies for parolees and youth transitioning out of institutions, such as aggression replacement training (ART), mentoring, and functional family therapy (FFT). All of these programs have been shown to reduce recidivism by the Washington State Institute for Public Policy (WSIPP), and produce in excess of \$6 dollars in benefits in crime reduction for every dollar spent. This funding level will allow the extension of research-based therapies to paroled youth who do not currently receive them. The Juvenile Rehabilitation Administration shall invest some of the reprogramming in quality-control efforts, to ensure that research-based therapies are performed correctly, consistent with WSIPP findings that effective quality control is vital to positive outcomes. Also, up to \$55,000 in funds may be used to train additional staff in suicide precaution watches.

**9. Staff Reduc. & Oper. Efficiencies** - Funding is reduced as a result of a statewide hiring freeze to reduce FTEs statewide. The reduction in staffing is assumed to be permanent and will reduce ongoing 2003-05 expenditures. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Mental Health**  
 (Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	3,054.7	598,681	1,165,178
2003-05 Maintenance Level	3,075.0	680,231	1,227,353
<b>Policy Changes:</b>			
1. General Inflation	0.0	-732	-953
2. ESSB 5223 (MH Adv Directives)	0.7	80	155
3. McNeil Transportation Needs	0.2	1,176	1,176
4. Program Support - Mental Health	-2.6	-305	-559
5. On-Island SCTF Changes	-10.7	-2,175	-2,175
6. Special Projects - Mental Health #	0.0	-902	-902
7. Fund Off-Island SCTF	18.2	2,353	2,353
8. Increased Eligibility Verification	0.0	-2,131	-4,262
9. Children's Medical Premiums	0.0	-1,371	-2,742
10. Reduce Children's Eligibility Level	0.0	-5,806	-11,612
11. Marr Lawsuit	2.0	516	704
12. Staff Reduc. & Oper. Efficiencies	-65.0	-3,427	-3,817
Total Policy Changes	-57.2	-12,724	-22,634
Total 2003-05 Biennium	3,017.8	667,507	1,204,719
Difference from 2001-03	-36.9	68,826	39,541
% Change from 2001-03	-1.2%	11.5%	3.4%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. ESSB 5223 (MH Adv Directives)** - Funding is provide to implement the training requirements of ESSB 5223 (Mental Health Advanced Directives).

**3. McNeil Transportation Needs** - One-time funding is provided for the purchase of a used passenger vessel to support additional staffing at the Special Commitment Center on McNeil Island beginning in January, 2004. The staffing level is required to operate the newly constructed facility.

**4. Program Support - Mental Health** - Funding is reduced for program support and other administrative functions as recommended by the Governor's Priorities of Government initiative. (General Fund--State, General Fund-Federal)

**5. On-Island SCTF Changes** - Funding is reduced pursuant to Senate Bill 5991 (secure community transition facilities). The legislation changes staffing ratios and State Patrol support to reflect the level of isolation and security at the McNeil Island Facility. No changes are made to proposed SCTFs not on McNeil Island. Staffing will be reduced to one staff per three residents during normal waking hours, and one staff per four residents during normal sleeping hours; however, in no case shall the staffing ratio permit fewer than two staff per housing unit. Also, one-to-one staffing will remain when residents leave the facility for therapy, etc. DSHS currently has agreements with the Department of Corrections McNeil Island Corrections Center Emergency Response Team to provide responses to emergencies or escapes, so the roving patrol car provided by the Washington State Patrol is removed. In addition, escape from an SCTF is a Class A felony.



**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Mental Health**

**6. Special Projects - Mental Health #** - Funding of \$902,000 is discontinued for the operation of the Mentally Ill Offender Program, RCW 71.24.450-460, that provides special services to assist approximately 25 mentally ill individuals released from a Department of Correction facility in successfully transitioning back into the community. An annual report about the program provided to the Legislature will also be discontinued. (General Fund-State)

**7. Fund Off-Island SCTF** - Consistent with direction from the federal court, funding is provided for the operational and staffing costs for the first phase of a Secure Community Transition Facility (SCTF) located off of McNeil Island that can house up to twelve residents. The funding level is based on expected occupancy by October 1, 2003, and a projected population of 6 residents by the end of the biennium. Staffing ratios for this facility will be one staff per resident during waking hours and two staff per three residents during sleeping hours.

**8. Increased Eligibility Verification** - As proposed and directed by the Governor, the agency will increase efforts to assure that recipients of publicly-funded medical assistance meet the applicable income, residency, and other eligibility requirements. Specific changes are to include (1) verifying applicants' declared income through employer contacts and electronic records checks, rather than accepting the applicant's declaration as was previously done for children's medical and pregnancy coverage; (2) re-verifying eligibility at least every six months, rather than annually as was previously done for children's and family medical coverage; and (3) discontinuing coverage if subsequent income changes make the child ineligible for coverage, rather than continuing the coverage for a full year despite such changes as was previously done.

These changes are expected to result in approximately 4,800 (1.9 percent) fewer persons qualifying for publicly-funded medical assistance in Fiscal Year 2004, and in approximately 19,000 (3.4 percent) fewer receiving such assistance in Fiscal Year 2005. The Fiscal Year 2004 savings are significantly lower because electronic eligibility system changes needed to implement the six-month eligibility changes cannot be implemented until January 2004.

In addition to those shown here, these changes are expected to result in \$4.3 million (\$2.1 million state) of avoided expenditures in the mental health program. Additionally, 96 full-time equivalent staff are funded in the Economic Services program to conduct the necessary eligibility reviews, at a cost of \$9.7 million (\$5.3 million state). With those offsetting costs and savings, the net state savings from this change are expected to total approximately \$24 million for the biennium. (General Fund-State, Health Services Account-State, General Fund-Federal)

**9. Children's Medical Premiums** - Beginning in January 2004, families with incomes over the federal poverty level will be required to pay monthly premiums for their child's medical, dental, and vision coverage. Premiums will average about \$25 per child per month for families with income between 100-150 percent of poverty (\$1,300 - \$1,900 per month for a family of three); \$35 per child per month for families with incomes up to 200 percent of poverty (\$1,900 - \$2,500 per month for a family of three); and \$45 per child per month for families with incomes up to 250 percent of poverty (\$2,500 - \$3,200 per month for a family of three). In order to assure that no families are required to pay more than 5 percent of income -- the maximum consistent with federal guidelines -- premiums will be capped at three children per household. Implementation of this change is delayed until January 2004 to allow time for the department to secure necessary federal waivers, and to complete necessary premium collection rules, systems development, and recipient communications.

The savings figure presented here anticipates that an average of approximately 7 percent of the families subject to premium payments will drop coverage. This will result in an average of about 14,000 fewer children receiving publicly-funded medical assistance coverage in Fiscal Year 2005, and accounts for about 20 percent of the total projected savings. Approximately \$3.9 million of administrative costs are budgeted in the Economic Services Administration to accomplish the premium collections, and approximately \$1.3 million of reduced state fund expenditures will occur in the mental health program as a result of the reduction in the number of eligible children. (General Fund--State, General Fund--Federal)

**10. Reduce Children's Eligibility Level** - Effective July 2003, children whose family incomes exceed 175% of the federal poverty level will no longer be eligible for state medical assistance coverage. (General Fund-State, General Fund-Federal)

**11. Marr Lawsuit** - Funding is provided for the settlement of the Marr Lawsuit to support mentally ill, developmentally disabled patients at Eastern State Hospital, \$710,000 (General Fund-State, General Fund-Federal, General Fund-Local).

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Mental Health**

**12. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. This adjustment reduces FTEs based on estimates by the Office of Financial Management. Funding reductions are based on the actual average staff costs per FTE. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Developmental Disabilities**  
 (Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	3,425.9	635,348	1,217,934
2003-05 Maintenance Level	3,398.4	678,510	1,292,831
<b>Policy Changes:</b>			
1. General Inflation	0.0	-595	-1,327
2. Raise Level of Care Standard	-1.2	-588	-1,479
3. Program Support-Dev Disabilities	-0.2	-129	-170
4. Reduce Funding for the ARC lawsuit	0.0	-6,000	-12,000
5. MPC Adjustment	0.0	-1,626	-3,252
6. Marr Settlement Funding	3.5	453	731
7. Required SSP Funding	0.0	10,000	10,000
8. Fircrest Closure Plan	5.0	-2,414	-4,828
9. Staff Reduc. & Oper. Efficiencies	-18.0	-1,196	-2,008
Total Policy Changes	-10.9	-2,095	-14,333
Total 2003-05 Biennium	3,387.5	676,415	1,278,498
Difference from 2001-03	-38.4	41,067	60,564
% Change from 2001-03	-1.1%	6.5%	5.0%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Raise Level of Care Standard** - The level of care which people must require in order to qualify for publicly-funded long-term care is to be raised, so that persons will need to require a higher level of care before qualifying for publicly-funded long-term care. Specifically, persons who require only minimal assistance with three activities of daily living will no longer be eligible under the COPES program, and those who require minimal assistance in only two areas will no longer be eligible for personal care. This is expected to result in an average of approximately 700 fewer persons receiving publicly-funded assistance in their own homes. However, after the change, Washington will still have one of the eight most generous eligibility standards in the nation. Persons currently receiving care in community residential settings who do not meet the higher eligibility standard will continue to be served, without the benefit of federal matching funds, but no new applicants with such lower levels of care will be admitted to residential care.

In addition to the savings shown here, this change is expected to result in approximately \$2.6 million of avoided expenditure growth in the medical assistance program, and approximately \$1.2 million of savings in the developmental disabilities program. (General Fund-State, General Fund-Federal)

**3. Program Support-Dev Disabilities** - Funding is reduced for program support and other administrative functions as recommended by the Governor's Priorities of Government initiative. (General Fund--State, General Fund-Federal)

**4. Reduce Funding for the ARC lawsuit** - Funding was provided in 2002 for a proposed settlement to the ARC lawsuit. The state fund level in the carry forward level for that settlement is \$26.8 million. The settlement was not accepted by the federal court. This adjustment removes funding that has not yet been committed. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Developmental Disabilities**

**5. MPC Adjustment** - After the Caseload Forecast Council adopted the forecast for medicaid personal care (MPC) in the developmental disabilities program, new information was developed that helps explain a recent decline in the growth trend for children receiving MPC. Prior to this new information the reduced trend was discounted as a one time change. The new information show that only part of the reduction in the trend would be expected to be one time. The remaining portion of the reduction in the trend is due to the freeze on waiver enrollment. The Senate budget also assumes that the department will continue its more diligent review of eligibility to ensure that persons are not receiving MPC while they are ineligible. (General Fund-State, General Fund-Federal)

**6. Marr Settlement Funding** - Funding is provided to meet the requirements of the Marr tentative settlement for the support of mentally ill developmentally disabled clients at Eastern State Hospital. (\$731,000 total funds) A total of 3 biennialized FTE staff years are included in this funding. (General Fund--State, General Fund--Federal)

**7. Required SSP Funding** - One time funding is provided to meet the required maintenance of effort level for SSI State Supplemental Payments. The department may transfer a portion of this funding to other programs within agency in order to meet the required spending level.

**8. Fircrest Closure Plan** - ESB 5971 calls for the closure of Fircrest School and the establishment of the Fircrest Legacy Trust Account to receive the proceeds of the disposal of the surplus Fircrest property. \$10.6 million (total funds) is provide for community services for RHC residents who choose to move to community placements. \$15.5 million (total funds) are saved from the closure of cottages at Fircrest during the biennium. \$7.9 million (total funds) are provided in the DSHS Administration budget to support the transition of residents and closure of the facility, and to mitigate the effect on employees. \$10 million is also provided in the capital budget for renovation of vacant cottages at Yakima Valley School, Lakeland Village and Rainier School. The capital plan also includes funding for a new 60 bed skilled nursing facility at Rainier. \$100,000 is also provided in the State Investment Board budget to contract with a real estate investment expert to develop a strategy for the disposal of the Fircrest property that yields the largest long term return from the property. (General Fund--State, General Fund--Federal)

**9. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. This adjustment reduces FTEs based on estimates by the Office of Financial Management. Funding reductions are based on the actual average staff costs per FTE. The Senate budget does not reduce the FTEs in the RHCs because those reductions are made as part of the proposal to close Fircrest School. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Long-Term Care**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,069.3	1,022,487	2,094,619
2003-05 Maintenance Level	1,142.6	1,073,773	2,206,292
<b>Policy Changes:</b>			
1. General Inflation	0.0	-306	-678
2. Limit Waiver Enrollment Growth	0.0	-5,195	-10,390
3. Spousal Resource Limits	15.0	-5,769	-11,538
4. Raise Level of Care Standard	0.0	-3,610	-9,086
5. Senior Drug Information	0.0	325	325
6. Nursing Home Quality Maintenance	0.0	46,116	92,232
7. Additional Admin Reductions	-6.2	-650	-1,133
8. Staff Reduc. & Oper. Efficiencies	-28.4	-666	-1,306
Total Policy Changes	-19.6	30,245	58,426
Total 2003-05 Biennium	1,123.0	1,104,018	2,264,718
Difference from 2001-03	53.7	81,531	170,099
% Change from 2001-03	5.1%	8.0%	8.1%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Limit Waiver Enrollment Growth** - The Department of Social and Health Services is directed to limit growth in the number of persons receiving community-based care through the "COPEs" waiver program to 1.1 percent per year, which is the projected growth in the total state population aged 75 and older. This will allow an average of about 24,375 people to receive such services during the 2003-05 biennium. That is 1,000 more people than are receiving such services during the current year, but approximately 700 fewer than would be served if the program continued to grow without limits. To manage within these enrollment limits, the department may need to establish waiting lists for services, as is done in most other states. If waiting lists are established, the department is directed to prioritize access to service for persons with the greatest care needs, and who are at greatest risk of requiring nursing home or other out-of-home placement, rather than date of application.

In addition to the avoided expenditure growth shown here, this change is expected to result in approximately \$5.4 million (\$2.7 million state) of avoided expenditure increases in the medical assistance program. (General Fund-State, General Fund-Federal)

**3. Spousal Resource Limits** - Under federal Medicaid rules, when a spouse applies for publicly-funded long-term care in a nursing home or in the community, the other spouse is able to retain a house, furnishings, and an automobile; about \$2,100 per month of income; and, at the state's discretion, between about \$18,000 and \$91,000 in savings or other liquid assets. Like approximately half the states, Washington presently sets the spousal resource limit at the federal maximum.

Under this option, legislation would be enacted to reduce the limit to \$40,000 effective October 2003. Spouses of new applicants for nursing home and community-based care would need to "spend down" all savings over \$40,000 before the state would pay for their long-term care. Persons already receiving publicly-funded care would be exempted from the new asset limitation, because they did not have an opportunity for a "spousal share" determination before applying for publicly-funded care. Additional staffing is authorized to conduct such determinations on all future applicants.

As a result of this change, by the end of the 2003-05 biennium, approximately 500 persons per month are expected to cover more of the cost of their long-term care before qualifying for public assistance. In addition to the savings shown here, state medical assistance expenditures will also be reduced by \$1.4 million for the biennium. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Long-Term Care**

**4. Raise Level of Care Standard** - The amount of care which people must require in order to qualify for publicly-funded long-term care is to be increased. Persons who require only minimal assistance with three activities of daily living will no longer be eligible under the COPES program, and those who require minimal assistance in only two areas will no longer be eligible for personal care. This is expected to result in an average of approximately 700 fewer persons receiving publicly-funded assistance in their own homes. However, after the change, Washington will still have one of the eight most generous eligibility standards in the nation. Persons currently receiving care in community residential settings who do not meet the higher eligibility standard will continue to be served, without the benefit of federal matching funds, but no new applicants with such lower levels of care will be admitted to residential care.

In addition to the savings shown here, this change is expected to result in approximately \$2.6 million of avoided expenditure growth in the medical assistance program, and approximately \$1.2 million of savings in the developmental disabilities program. (General Fund-State, General Fund-Federal)

**5. Senior Drug Information** - As provided in Substitute Senate Bill 5904 (senior and disabled drug assistance), Area Agencies on Aging are eligible for grants of up to \$25,000 to organize and conduct informational programs to help senior citizens learn more about the safe and effective use of prescription drugs, and how to access discount drug purchasing programs for which they may be eligible. (General Fund-State)

**6. Nursing Home Quality Maintenance** - As provided in Second Substitute Senate Bill 5341, a fee of \$6.50 per day is to be applied to most days of nursing home care provided in the state. This will support a 3.0% increase in Medicaid payment rates effective July 1, 2003, to help maintain the quality of nursing home care in the state. (General Fund-State, General Fund-Federal)

**7. Additional Admin Reductions** - As proposed by the Governor, administrative costs in the Long-Term Care program are to be reduced by an additional two percent. When combined with the administrative reductions directed in the 2002 supplemental budget, and with those directed in 2003 as described below, total expenditures on state-staffed activities are reduced by about 5 percent. (General Fund-State, General Fund-Federal)

**8. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Economic Services Administration**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	4,777.5	847,787	2,236,624
2003-05 Maintenance Level	4,651.4	830,502	2,235,551
<b>Policy Changes:</b>			
1. General Inflation	0.0	-2,275	-6,141
2. Child Support Field Operations	0.0	0	999
3. Employment Support Svc:Refugees	0.0	-1,962	-1,962
4. Immigrants State Food Assistance	0.0	0	0
5. County Legal-Clerk Reimbursement	0.0	0	13,852
6. Other Client Services	0.0	0	0
7. Administrative Reduction	-65.8	-6,775	-7,162
8. Workfirst Employment and Training	0.0	0	0
9. Increased Eligibility Verification	80.8	5,313	9,659
10. Children's Medical Premiums	16.5	1,100	1,964
11. Time Limit for General Assistance	0.0	-19,945	-19,945
12. Staff Reduc. & Oper. Efficiencies	-174.9	-7,375	-18,437
Total Policy Changes	-143.4	-31,919	-27,173
Total 2003-05 Biennium	4,508.0	798,583	2,208,378
Difference from 2001-03	-269.5	-49,204	-28,246
% Change from 2001-03	-5.7%	-5.8%	-1.3%

*Comments:*

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

**2. Child Support Field Operations** - The additional funding of \$999,000 is an errata made by the Governor's office. (General Fund-Federal)

**3. Employment Support Svc:Refugees** - The state-funded portion of this activity is eliminated. Approximately \$13.2 million remains in federal funds. (General Fund-State, General Fund-Federal)

**4. Immigrants State Food Assistance** - The Immigrant State Food Assistance program provides food assistance for legal immigrants who are no longer eligible for federal food assistance. This activity transfers funding between the two fiscal years.

**5. County Legal-Clerk Reimbursement** - Federal funding is increased for County Prosecutors/Clerks to cover increased costs associated with filing child-support pleadings on behalf of the state. (General Fund-Federal)

**6. Other Client Services** - Other Client Services includes incapacity examinations, Supplemental Security Income (SSI) consultative evaluations, interpretative services, and naturalization services that are provided directly to clients. This activity transfers funding between the two fiscal years.

**7. Administrative Reduction** - Funding for program support & administration is reduced by 4 percent. Reduction is made so that the oversight of client eligibility is not reduced. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Economic Services Administration**

**8. Workfirst Employment and Training** - The WorkFirst Employment Program offers job search, subsidized employment, post-job search employability evaluation, job readiness training, basic education, career counseling, and non-salaried work experience to TANF-eligible clients. This federally mandated program is designed to move clients from public assistance to self-sufficiency permanently. This activity transfers funding between the two fiscal years.

**9. Increased Eligibility Verification** - As proposed and directed by the Governor, the agency will increase efforts to assure that recipients of publicly-funded medical assistance meet the applicable income, residency, and other eligibility requirements. Specific changes are to include (1) verifying applicants' declared income through employer contacts and electronic records checks, rather than accepting the applicant's declaration as was previously done for children's medical and pregnancy coverage; (2) re-verifying eligibility at least every six months, rather than annually as was previously done for children's and family medical coverage; and (3) discontinuing coverage if subsequent income changes make the child ineligible for coverage, rather than continuing the coverage for a full year despite such changes as was previously done.

These changes are expected to result in approximately 4,800 (1.9 percent) fewer persons qualifying for publicly-funded medical assistance in Fiscal Year 2004, and in approximately 19,000 (3.4 percent) fewer receiving such assistance in Fiscal Year 2005. The Fiscal Year 2004 savings are significantly lower because electronic eligibility system changes needed to implement the six-month eligibility changes cannot be implemented until January 2004.

In addition to those shown here, these changes are expected to result in \$4.3 million (\$2.1 million state) of avoided expenditures in the mental health program. Additionally, 96 full-time equivalent staff are funded in the Economic Services program to conduct the necessary eligibility reviews, at a cost of \$9.7 million (\$5.3 million state). With those offsetting costs and savings, the net state savings from this change are expected to total approximately \$24 million for the biennium. (General Fund-State, Health Services Account-State, General Fund-Federal)

**10. Children's Medical Premiums** - Beginning in January 2004, families with incomes over the federal poverty level will be required to pay monthly premiums for their child's medical, dental, and vision coverage. Premiums will average about \$25 per child per month for families with income between 100-150 percent of poverty (\$1,300 - \$1,900 per month for a family of three); \$35 per child per month for families with incomes up to 200 percent of poverty (\$1,900 - \$2,500 per month for a family of three); and \$45 per child per month for families with incomes up to 250 percent of poverty (\$2,500 - \$3,200 per month for a family of three). In order to assure that no families are required to pay more than 5 percent of income -- the maximum consistent with federal guidelines -- premiums will be capped at three children per household. Implementation of this change is delayed until January 2004 to allow time for the department to secure necessary federal waivers, and to complete necessary premium collection rules, systems development, and recipient communications.

The savings figure presented here anticipates that an average of approximately 7 percent of the families subject to premium payments will drop coverage. This will result in an average of about 14,000 fewer children receiving publicly-funded medical assistance coverage in Fiscal Year 2005, and accounts for about 20 percent of the total projected savings. Approximately \$3.9 million of administrative costs are budgeted in the Economic Services Administration to accomplish the premium collections, and approximately \$1.3 million of reduced state fund expenditures will occur in the mental health program as a result of the reduction in the number of eligible children.

**11. Time Limit for General Assistance** - The General Assistance Program comprise of eight subtype programs. The subtype programs General Assistance - Unemployable (GA-U) and General Assistance - Regular (GA-R) are limited to six months within any 24 months. The estimated 2003-05 biennial savings in cash assistance expenditure is \$18,628,000 and savings in medical assistance is \$20,727,000. The estimated combined savings of cash assistance and medical assistance in the 2005-07 biennium is \$28,238,000. Subtype programs General Assistance - Aged (GA-A), General Assistance - Blind (GA-B), and General Assistance - D (GA-D), which provides cash and medical benefits to aged, blind and disabled individuals who are not citizens, will have an 18-month lifetime limit. The estimated combined savings of cash assistance and medical assistance for the 2003-05 biennium is \$4,800,000 and \$9,600,000 for the 2005-07 biennium.

**12. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. Using the Governor's 2003-05 FTE reduction, this budget calculates the total corresponding fund reduction. (General Fund-State, General Fund-Federal)



**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Alcohol & Substance Abuse**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	105.5	73,224	231,259
2003-05 Maintenance Level	102.9	73,739	231,107
<b>Policy Changes:</b>			
1. General Inflation	0.0	-186	-388
2. Time Limit for General Assistance	0.0	3,000	3,000
3. VRDE Reduction	0.0	0	-2,417
4. Fund shifts (PSEA, VRDE & GF-S)	0.0	0	0
5. Reduce Svcs to Gravely Disabled	0.0	-1,000	-1,000
6. New Svcs for Offenders	0.0	0	8,950
7. Reduce DASA Headquarters	-1.9	-209	-209
8. Eliminate TASC	0.0	0	-6,648
9. Eliminate Small County Detox	0.0	-252	-252
10. Staff Reduc. & Oper. Efficiencies	-3.5	-309	-340
Total Policy Changes	-5.4	1,044	696
Total 2003-05 Biennium	97.6	74,783	231,803
Difference from 2001-03	-7.9	1,559	544
% Change from 2001-03	-7.5%	2.1%	0.2%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Time Limit for General Assistance** - In response to the imposition of time limits on the receipt of general assistance (GA-U) and the resulting reduction in the GA-U caseload, funding is increased for drug and alcohol treatment in the ADATSA program.

**3. VRDE Reduction** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 5 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

**4. Fund shifts (PSEA, VRDE & GF-S)** - Funding from the Violence Reduction and Drug Education Account (VRDE) is reduced by \$4 million and increase in the Public Safety and Education Account (PSEA) by the same amount.

**5. Reduce Svcs to Gravely Disabled** - Funding is reduced for the treatment of people gravely disabled by drug or alcohol abuse. Gravely disabled persons often don't meet the priority populations for the allocation of treatment resources, yet their condition typically results in frequent use of emergency medical care. Funding for gravely disabled treatment was originally provided at \$1.4 million per year in the appropriation for the 2001-2003 biennium. That amount was reduced to \$1 million per year in the 2002 supplemental budget, and this reduction drops the funding level to \$500,000 per year.

**6. New Svcs for Offenders** - Funding is increased for county managed drug and alcohol treatment for offenders, as intended by Chapter 290, Laws of 2002. The law revised sentencing for drug crimes and diverts savings from reduced incarceration into the Criminal Justice Treatment Account. (Criminal Justice Treatment Account)

**7. Reduce DASA Headquarters** - Funding is reduced for program support and other administrative functions as recommended by the Governor's Priorities of Government initiative. (General Fund--State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Alcohol & Substance Abuse**

**8. Eliminate TASC** - The Senate budget eliminates funding for the Treatment Alternatives for Street Crimes (TASC) program, while preserving funding for Drug Courts. All counties with TASC programs also have drug courts. The 2002 supplemental budget reduced TASC by one third and called for its consolidation with drug court funding. (Public Safety and Education Account)

**9. Eliminate Small County Detox** - Funding is eliminated for hospital-based detox services in small counties.

**10. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. This adjustment reduces FTEs based on estimates by the Office of Financial Management. Funding reductions are based on the actual average staff costs per FTE. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Medical Assistance Payments**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	936.1	2,206,555	7,153,805
2003-05 Maintenance Level	987.4	2,728,221	7,593,973
<b>Policy Changes:</b>			
1. Additional Newborn Screening Tests	0.0	424	848
2. Transfer AIDS Insurance Program	0.0	-6,798	-6,798
3. Consolidated Drug Purchasing	9.0	-24,200	-46,540
4. General Inflation	0.0	-388	-1,173
5. Limit Waiver Enrollment Growth	0.0	-2,745	-5,490
6. Spousal Resource Limits	0.0	-1,360	-2,720
7. Raise Level of Care Standard	0.0	-1,078	-2,538
8. Restructure Medically Indigent	0.0	-110,558	-73,585
9. Increase Rural Hospital Grants	0.0	0	6,200
10. Increase Other Hospital Grants	0.0	-32,000	40,000
11. Adult Dental Services	0.0	-12,984	-25,166
12. Adult Vision Services	0.0	-117	-234
13. Medical Equipment Co-Pay	0.0	-780	-1,560
14. Disabled Workers Health Care	0.0	0	-5,005
15. Managed Care Rate Increases	0.0	-15,472	-65,822
16. Increased Eligibility Verification	0.0	-13,104	-53,010
17. Children's Medical Premiums	0.0	0	-105,200
18. Illegal Immigrant Pre-Natal Care	0.0	-46,476	-46,476
19. Reduce Children's Eligibility Level	0.0	0	-84,548
20. Time Limit for General Assistance	0.0	-20,727	-20,727
21. Medicaid Integration Project	0.0	-6,335	-12,670
22. Transfer Trauma Funding	0.0	0	-9,200
23. Staff Reduc. & Oper. Efficiencies	-35.6	-840	-1,714
Total Policy Changes	-26.6	-295,538	-523,128
Total 2003-05 Biennium	960.8	2,432,683	7,070,845
Difference from 2001-03	24.7	226,128	-82,960
% Change from 2001-03	2.7%	10.2%	-1.2%

*Comments:*

**1. Additional Newborn Screening Tests** - The State Board of Health has recommended that all newborns be screened by the state public health laboratory for five additional disorders which can cause mental or motor retardation, blindness, hearing loss, physical abnormalities, and/or death if undetected. Washington is the only state which does not screen for one of the disorders, and among the roughly half which presently do not screen for the other four. Testing for the five conditions will result in an estimated \$20.50 (50 percent) increase in the fee charged for newborn screenings. This item represents the share of that cost which will be borne by the state's Medical Assistance program, which pays for 43 percent of all births in the state. (General Fund-State, General Fund-Federal)

**2. Transfer AIDS Insurance Program** - Administrative responsibility for the Evergreen Health Insurance Program, which pays for insurance coverage for persons with AIDS who are not eligible for Medicaid, is transferred from the Department of Social and Health Services to the Department of Health. This will consolidate into a single agency management and budgetary responsibility for all non-Medicaid services for persons with HIV disease.

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Medical Assistance Payments**

**3. Consolidated Drug Purchasing** - As proposed by the Governor, the Medical Assistance Administration, the Health Care Authority, and the Department of Labor and Industries will consolidate their drug purchasing by jointly developing a list of preferred drugs in each of at least sixteen therapeutic classes. A statewide pharmacy and therapeutics committee, consisting of nine professional members, will utilize research from the Evidence-Based Practice Center at the Oregon Health Sciences University to select the preferred drug or drugs in each class based upon safety, efficacy, and cost. This will reduce the rate of growth in state drug expenditures by prioritizing purchase of the less costly safe and effective brand, and by creating a financial incentive for manufacturers of more expensive brands to provide price discounts. Drugs not on the preferred list are expected to be authorized approximately one-third of the time, in order to assure recipients have access to drugs best-suited to their particular medical condition. (General Fund-State, General Fund-Federal)

**4. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**5. Limit Waiver Enrollment Growth** - The Department of Social and Health Services is directed to establish waiting lists to the extent necessary to limit growth in the "COPEs" long-term care waiver to 1.1 percent per year. This is expected to result in an average of about 720 fewer elderly and disabled persons per year qualifying for publicly-funded medical assistance services. (General Fund-State, General Fund-Federal)

**6. Spousal Resource Limits** - The Aging and Disability Services Administration is to reduce the amount of cash, savings, and other liquid assets which a couple may retain and still qualify for publicly-funded long-term care. This is expected to result in approximately 300 fewer persons per month qualifying for Medicaid coverage of their acute and long-term care costs. (General Fund-State, General Fund-Federal)

**7. Raise Level of Care Standard** - The Aging and Disability Services Administration is to raise the level of care which people must require in order to qualify for publicly-funded long-term care. This is expected to result in an average of approximately 540 fewer persons per month qualifying for Medicaid by reason of their participation in home- and community-based waiver services. Persons currently receiving publicly-funded residential care who do not meet the higher level of care standard will continue to receive state medical care, if they do not otherwise qualify for Medicaid. (General Fund-State, General Fund-Federal)

**8. Restructure Medically Indigent** - The medically indigent program provides partial compensation to hospitals and physicians for emergency care delivered to low-income, uninsured persons. As proposed by the Governor, the program will no longer operate as an open-ended, fully state-funded entitlement, but will instead be replaced with annually budgeted, lidded state and federal grants to hospitals which serve a disproportionate share of medically indigent persons. (General Fund-State, General Fund-Private/Local, General Fund-Federal)

**9. Increase Rural Hospital Grants** - In order to protect the viability of struggling rural hospitals, the Senate budget (1) prohibits the elimination of the rural hospital disproportionate share program proposed by the department; (2) increases net hospital grants under that program to \$7.3 million per year, in order to replace the full amount which rural hospitals would otherwise have received under the medically indigent program, had it not been discontinued; and (3) directs the department to adopt a new formula for allocating funds under the program, so that hospitals which are operating at a loss, or with a relatively small net positive margin, are allocated more of the available revenue than are more profitable hospitals. (Health Services Account-State, General Fund-Federal)

**10. Increase Other Hospital Grants** - Grant payments to non-rural hospitals which serve a disproportionate share of Medicaid and uncompensated care patients are increased by \$20 million per year. The Senate budget also directs the department to adopt a new allocation formula for the program, so that (1) hospitals which bear a larger share of the totally medically indigent cost burden; and (2) those which are relatively less profitable, receive a relatively larger share of the available resources. In order to align programs with revenue sources, the Senate budget also replaces the general fund-state funding for the original program with health services account funding. (General Fund-State, Health Services Account-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Medical Assistance Payments**

**11. Adult Dental Services** - As an alternative to the proposal to eliminate non-emergency dental services for adults, the Senate budget provides that the scope of such coverage is to be reduced by approximately one-third. The department is directed to work with dental providers and recipient representatives to select the highest priority populations and procedures to include in the reduced benefit package. Examples might include continuation of full-scope dental coverage for persons eligible for federal financial participation because of their nursing home residency or participation in community-based waiver programs; support for programs providing specialized care for persons with disabilities; dentures for those in need; and preventative coverage. (General Fund-State, General Fund-Federal)

**12. Adult Vision Services** - As an alternative to the proposal to eliminate optical services and eyeglasses for adults, the Senate budget requires recipients to make a \$2 co-pay for adult optical services and equipment costing \$25 - \$50, and a \$3 co-pay for those costing more than \$50. These are the maximum co-pays allowed by federal Medicaid rules. (General Fund-State, General Fund-Federal)

**13. Medical Equipment Co-Pay** - As an alternative to the proposal to eliminate hearing services, the Senate budget requires recipients to make a \$2 co-pay for medical supplies and equipment costing \$25 - \$50, and a \$3 co-pay for supplies and equipment costing more than \$50. These are the maximum co-pays allowed by federal Medicaid rules. (General Fund-State, General Fund-Federal)

**14. Disabled Workers Health Care** - As proposed by the Governor, in light of the substantial deficit in the Health Services Account, this item eliminates the new program which allows disabled persons with incomes up to approximately 450 percent of the federal poverty to purchase subsidized Medicaid coverage. Approximately 200 persons are enrolled in the program at this time. The large majority will qualify for coverage, at a somewhat higher cost to the enrollee, under the state's "medically needy" Medicaid program. (Health Services Account-State, General Fund-Federal)

**15. Managed Care Rate Increases** - Funding is provided to increase managed care payment rates by an average of 4.4 percent in calendar year 2004, and by an average of 5.0 percent in 2005. The Senate budget provides for payment rates to be established on a plan-specific basis, while continuing to operate within the total amount of increased funding provided, so that plans which have been substantially profitable on their Medicaid line of business over the past several years receive smaller increases, while those which have been less profitable receive larger ones. (General Fund-State, Health Services Account-State, General Fund-Federal)

**16. Increased Eligibility Verification** - As proposed and directed by the Governor, the agency will increase efforts to assure that recipients of publicly-funded medical assistance meet the applicable income, residency, and other eligibility requirements. Specific changes are to include (1) verifying applicants' declared income through employer contacts and electronic records checks, rather than accepting the applicant's declaration as was previously done for children's medical and pregnancy coverage; (2) re-verifying eligibility at least every six months, rather than annually as was previously done for children's and family medical coverage; and (3) discontinuing coverage if subsequent income changes make the child ineligible for coverage, rather than continuing the coverage for a full year despite such changes as was previously done.

These changes are expected to result in approximately 4,800 (1.9 percent) fewer persons qualifying for publicly-funded medical assistance in Fiscal Year 2004, and in approximately 19,000 (3.4 percent) fewer receiving such assistance in Fiscal Year 2005. The Fiscal Year 2004 savings are significantly lower because electronic eligibility system changes needed to implement the six-month eligibility changes cannot be implemented until January 2004.

In addition to those shown here, these changes are expected to result in \$4.3 million (\$2.1 million state) of avoided expenditures in the mental health program. Additionally, 96 full-time equivalent staff are funded in the Economic Services program to conduct the necessary eligibility reviews, at a cost of \$9.7 million (\$5.3 million state). With those offsetting costs and savings, the net state savings from this change are expected to total approximately \$24 million for the biennium. (General Fund-State, Health Services Account-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Medical Assistance Payments**

**17. Children's Medical Premiums** - Beginning in January 2004, families with incomes over the federal poverty level will be required to pay monthly premiums for their child's medical, dental, and vision coverage. Premiums will average about \$25 per child per month for families with income between 100-150 percent of poverty (\$1,300 - \$1,900 per month for a family of three); and \$35 per child per month for families with incomes up to 175 percent of poverty (\$2,200 per month for a family of three). In order to assure that no families are required to pay more than 5 percent of income -- the maximum consistent with federal guidelines -- premiums will be capped at three children per household. Implementation of this change is delayed until January 2004 to allow time for the department to secure necessary federal waivers, and to complete necessary premium collection rules, systems development, and recipient communications.

The savings figure presented here anticipates that an average of approximately 7 percent of the families subject to premium payments will drop coverage. This will result in an average of about 14,000 fewer children receiving publicly-funded medical assistance coverage in Fiscal Year 2005, and accounts for about 20 percent of the total projected savings. Approximately \$1.9 million of administrative costs are budgeted in the Economic Services Administration to accomplish the premium collections, and approximately \$1.3 million of reduced state fund expenditures will occur in the mental health program as a result of the reduction in the number of eligible children. (Health Services Account-State, General Fund-Federal)

**18. Illegal Immigrant Pre-Natal Care** - Each month, over 6,500 women who are not in the country legally receive state-funded prenatal care through Washington's medical assistance program, at a cost to state taxpayers of over \$22 million per year. Beginning July 1, Washington will join the 37 other states which do not provide such coverage, which is not an allowable service under the federal Medicaid program. Illegal immigrants will continue to be eligible for Medicaid coverage of emergency services and deliveries. (General Fund-State)

**19. Reduce Children's Eligibility Level** - Effective July 2003, children whose family incomes exceed 175% of the federal poverty level (\$2,200 per month for a family of 3) will no longer be eligible for state medical assistance coverage. (Health Services Account-State, General Fund-Federal)

**20. Time Limit for General Assistance** - Effective July 2003, persons will be allowed to receive cash and medical benefits through the General Assistance for the Unemployed (GA-U) program for no more than 6 months out of any 24-month period. There are currently no time limits on participation in the program.

**21. Medicaid Integration Project** - The Department of Social and Health Services plans to contract with a specialty organization to provide medical care to interested nursing home residents. Based upon similar efforts conducted on a limited basis in other states, the department anticipates that total state hospitalization expenditures for nursing home residents can be reduced by 20 percent, and drug expenditures by 10 percent, through increased access to specialized care. The extent to which savings are actually occurring will begin to be known approximately one-year after initial implementation. The department also plans to seek a waiver arrangement with the federal government, so that the state may share in the substantial hospitalization savings which will accrue to the federal Medicare program if this state effort is successful. (General Fund-State, General Fund-Federal)

**22. Transfer Trauma Funding** - Emergency Medical Services and Trauma Account revenues previously appropriated to the Department of Social and Health Services are transferred to the Department of Health, for distribution among hospitals, trauma professionals, and other trauma services through fixed grants and contracts. The previous system of attempting to distribute such funding through add-ons to the standard Medicaid fee-for-service payment rates in order to generate federal matching funds resulted in over-expenditures of \$3.8 million in FY 2000; \$13 million in FY 2001, and \$11 million more through the first ten months of FY 2002. Those over-expenditures had to be paid by the state general fund, rather than by the special-purpose trauma fund. The departments are authorized to devise a new system for collecting Medicaid or other federal match for trauma account grant and contract expenditures, provided such a system does not impose any additional unbudgeted and unauthorized obligations upon the state, and is specifically authorized in the biennial appropriations act before implementation. (Emergency Medical Systems and Trauma Account - State)

**23. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Vocational Rehabilitation**  
 (Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	337.1	21,486	104,086
2003-05 Maintenance Level	337.1	19,793	100,317
<b>Policy Changes:</b>			
1. General Inflation	0.0	-48	-335
2. Increase Work Opportunities	6.5	527	5,435
Total Policy Changes	6.5	479	5,100
Total 2003-05 Biennium	343.5	20,272	105,417
Difference from 2001-03	6.4	-1,214	1,331
% Change from 2001-03	2.1%	-5.7%	1.3%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Increase Work Opportunities** - The Senate budget provides sufficient state funds to collect the full amount of vocational rehabilitation funding which is expected to be available to Washington in 2003-05. With this funding, an average of 18,000 people with significant disabilities are expected to receive job training and placement services each year, and 4,000 are expected to become competitively employed. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Administration/Support Svcs**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	684.2	54,595	103,163
2003-05 Maintenance Level	628.9	54,268	100,654
<b>Policy Changes:</b>			
1. General Inflation	0.0	-132	-611
2. RHC Transition Unit	0.0	3,925	7,850
3. Cncl: Child Abuse/Neglect-WCPCAN #	-6.0	-1,298	-2,171
4. Reduce Admin & Support Services	-21.3	-1,362	-2,181
5. SSP Coordination	2.0	240	320
6. HIPAA Standard Transactions	17.7	3,396	15,248
7. Staff Reduc. & Oper. Efficiencies	-25.0	-1,458	-2,335
Total Policy Changes	-32.6	3,311	16,120
Total 2003-05 Biennium	596.3	57,579	116,774
Difference from 2001-03	-87.9	2,984	13,611
% Change from 2001-03	-12.9%	5.5%	13.2%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. RHC Transition Unit** - ESB 5971 calls for the closure of Fircrest School and the establishment of the Fircrest Legacy Trust Account to receive the proceeds of the disposal of the surplus Fircrest property. \$10.6 million (total funds) is provide for community services for RHC residents who choose to move to community placements. \$15.5 million (total funds) are saved from the closure of cottages at Fircrest during the biennium. \$7.9 million (total funds) are provided in the DSHS Administration budget to support the transition of residents and closure of the facility, and to mitigate the effect on employees. \$10 million is also provided in the capital budget for renovation of vacant cottages at Yakima Valley School, Lakeland Village and Rainier School. The capital plan also includes funding for a new 60 bed skilled nursing facility at Rainier. \$100,000 is also provided in the State Investment Board budget to contract with a real estate investment expert to develop a strategy for the disposal of the Fircrest property that yields the largest long term return from the property. (General Fund--State, General Fund--Federal)

**3. Cncl: Child Abuse/Neglect-WCPCAN #** - The Washington Council for the Prevention of Child Abuse and Neglect is eliminated and some of its duties along with federal grant funding for child abuse prevention are transferred to the Family Policy Council. (General Fund--State, General Fund--Federal)

**4. Reduce Admin & Support Services** - Funding is reduced for program support and other administrative functions as recommended by the Governor's Priorities of Government initiative. (General Fund--State, General Fund-Federal)

**5. SSP Coordination** - Funding is provided for the agency-wide coordination of SSI State Supplemental Payments. (General Fund--State, General Fund--Federal)

**6. HIPAA Standard Transactions** - The Health Insurance Portability and Accountability Act was signed into law in August 1996. This act covers health care fraud and abuse prevention, medical liability reform, and administrative simplifications. Administrative simplification is being implemented in three rules. This activity funds the implementation of the first of the three administrative rules, which requires standard electronic transactions and code sets to be in place by October 2003. Under this rule, all health care organizations must standardize electronic transactions between organizations. (General Fund-State, General Fund-Federal)



**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Administration/Support Svcs**

**7. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, the Governor imposed a hiring freeze. This adjustment reduces FTEs based on estimates by the Office of Financial Management. Funding reductions are based on the actual average staff costs per FTE. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Payments to Other Agencies**  
 (Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	86,106	112,771
2003-05 Maintenance Level	0.0	85,508	111,954
<b>Policy Changes:</b>			
1. General Inflation	0.0	-72	-84
2. Revolving Funds	0.0	2,328	3,372
3. Self-Insurance Premiums	0.0	0	16,196
Total Policy Changes	0.0	2,256	19,484
Total 2003-05 Biennium	0.0	87,764	131,438
Difference from 2001-03	0.0	1,658	18,667
% Change from 2001-03	0.0%	1.9%	16.6%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**3. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (General Fund--Federal)

**2003-05 Omnibus Operating Budget**  
**Dept of Social and Health Services**  
**Information System Services**  
 (Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	161.2	0	0
2003-05 Maintenance Level	161.2	0	0
<b>Policy Changes:</b>			
1. Information System Svc Div (ISSD)	-4.1	0	0
2. Staff Reduc. & Oper. Efficiencies	-5.8	0	0
Total Policy Changes	-9.9	0	0
Total 2003-05 Biennium	151.4	0	0
Difference from 2001-03	-9.8	0	0
% Change from 2001-03	-6.2%	0.0%	0.0%

*Comments:*

**1. Information System Svc Div (ISSD)** - The Information System Services Division (ISSD) is the department's primary center for information technology (IT) services. The division is also responsible for formulating agency IT policy; facilitating the dependent of agency IT standards, guidelines, and best practices; maintaining a portfolio of IT projects used in strategic agency priority setting; and oversight reporting to the Information Services Board.

Four FTE staff years are eliminated as part of the Department of Social and Health Services' administrative staff reduction proposal.

**2. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

**2003-05 Omnibus Operating Budget**  
**Columbia River Gorge Commission**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	9.8	791	1,550
2003-05 Maintenance Level	9.8	768	1,511
<b>Policy Changes:</b>			
1. Lease Rate Adjustments	0.0	15	30
2. General Inflation	0.0	-3	-6
3. Transfers	0.0	410	410
4. Refocus on Core Activities	-2.9	-224	-448
5. Revolving Funds	0.0	2	4
6. Staff Reduc. & Oper. Efficiencies	-0.1	-6	-12
Total Policy Changes	-3.0	194	-22
Total 2003-05 Biennium	6.9	962	1,489
Difference from 2001-03	-2.9	171	-61
% Change from 2001-03	-30.0%	21.6%	-3.9%

*Comments:*

**1. Lease Rate Adjustments** - Funding is provided for the Commission to relocate to new office site in White Salmon. In addition to ongoing increase lease costs, one-time funding of \$7,000 is provided for moving costs. (General Fund-State, General Fund-Private Local)

**2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**3. Transfers** - \$410,000 is transferred to the Columbia River Gorge Commission from the Department of Community, Trade and Economic Development for grants to Clark and Skamania counties to implement responsibilities under the National Scenic Area Management Plan.

**4. Refocus on Core Activities** - Funding is reduced for the Commission. With remaining funding the Commission will review county-approved plans for development to ensure consistency with the Scenic Area Act and Management Plan. Maintenance level funding for these activities is \$1,931,000. (General Fund-State, General Fund-Local)

**5. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**6. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Department of Ecology**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,459.8	75,269	324,721
2003-05 Maintenance Level	1,438.0	70,096	302,371
<b>Policy Changes:</b>			
1. General Inflation	0.0	-586	-1,018
2. Air: Reduce Outreach	-1.5	-374	-274
3. Reduce Smoke & Dust in Eastern WA	0.0	-500	0
4. Eliminate PBT Strategy	0.0	0	-800
5. Haz Waste: Reduce Tech Assistance	-2.0	0	-406
6. Nuclear Program Office Move	0.0	0	650
7. 401 Cert: Shift to WQA	0.0	-160	0
8. Reduce FCAAP Grants	0.0	0	-2,000
9. Reappropriate Watershed Grants	0.0	0	3,000
10. Solid Waste: Tech Assist Reduction	-0.4	0	-152
11. Site Cleanup Tech Assist. Reduction	-4.0	0	1,126
12. US v. WA Culverts Litigation	0.0	16	44
13. Metals Mining Inspection Transfer	-1.0	0	14
14. Aquatic Weeds Reappropriation	0.0	0	1,050
15. Delay Water Right Decisions	-3.0	-2,000	-1,000
16. Municipal Water Rights (SB 5024)	0.7	211	211
17. Ensure Drought Response	-2.6	0	226
18. Support Stream Gauging	0.0	0	221
19. Support Water Purchase/Lease	3.5	0	631
20. Pine Hollow EIS	0.0	0	325
21. Well Regulation: Reduce Tech. Asst	-1.0	-454	-154
22. Dam Safety: New Fee Revenue	0.5	90	90
23. Administrative Services	-1.0	-131	-131
24. Communication and Education	0.0	-12	-12
25. Employee Services	0.0	-29	-29
26. Executive Management & Support	0.0	-26	-26
27. Field Offices	0.0	-19	-19
28. Financial Services	-0.5	-67	-67
29. Governmental Relations	0.0	-17	-17
30. Regional Offices	-0.5	-55	-55
31. Revolving Funds	0.0	-74	-198
32. Staff Reduc. & Oper. Efficiencies	-41.7	-1,382	-5,053
33. Self-Insurance Premiums	0.0	374	1,034
Total Policy Changes	-54.5	-5,195	-2,789
Total 2003-05 Biennium	1,383.5	64,901	299,582
Difference from 2001-03	-76.3	-10,368	-25,139
% Change from 2001-03	-5.2%	-13.8%	-7.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

## 2003-05 Omnibus Operating Budget Department of Ecology

**2. Air: Reduce Outreach** - Funding for education and community-outreach activities for the air program is reduced. The reduction of \$274,000 will eliminate or reduce public opinion surveys, community-based outreach initiatives that encourage the use of less polluting vehicles, and K-12 presentations and course material development that communicate the negative effects of air pollution to school children. (General Fund-State, Air Pollution Control Account-State)

**3. Reduce Smoke & Dust in Eastern WA** - Funding for activities to reduce regional smoke and dust pollution in central and eastern Washington is shifted from the General fund to the Air Pollution Control Account. Maintenance level funding for these activities is \$2.522 million. (General Fund-State, Air Pollution Control Account)

**4. Eliminate PBT Strategy** - Funding is eliminated for a strategy to address persistent, bioaccumulative toxic chemicals. Maintenance level funding for this activity is \$700,000. (State Toxics Control Account)

**5. Haz Waste: Reduce Tech Assistance** - Funding is reduced for education and technical assistance for businesses that generate less than 220 pounds of dangerous waste a month, otherwise known as small quantity generators. This equates to 3,000 less technical assistance visits for the biennium out of a total of approximately 18,000 inspections. Maintenance level funding for this activity is \$4.530 million. (General Fund-Federal, State Toxics Account-State)

**6. Nuclear Program Office Move** - Funding is provided for the Nuclear Waste Program to move to new office space in Richland. Fees, agreed to by the United State Department of Energy, will be utilized for moving to a new office site and for the increased inflationary lease costs. The office is currently located in Kennewick and the facilities lease expires in August 2004. (State Toxics Account, General Fund - Federal)

**7. 401 Cert: Shift to WQA** - Funding is shifted from the state General Fund to the Water Quality Account for the issuance of water quality certifications and Coastal Zone Management Act consistency determinations for water-related construction projects. Water Quality Certifications determine if proposed projects will meet state water quality standards. Maintenance level funding for this activity is \$2.757 million. (General Fund-State, Water Quality Account)

**8. Reduce FCAAP Grants** - Funding for the Flood Control Assistance Account Program is reduced by 50 percent for the 2003-05 Biennium. A total of \$2.0 million will be continued for Local Government flood damage reduction projects, Comprehensive Hazard Management Plans and flood mapping and flood damage reduction projects. Maintenance level funding for this activity is \$4 million. (Flood Control Assistance Account-State)

**9. Reappropriate Watershed Grants** - Funding for watershed planning grants is re-appropriated in the 2003-05 Biennium to cover grants obligated in the 2001-03 Biennium, but not paid out. Total funding for watershed planning grants is \$11.563 million. (Water Quality Account-State)

**10. Solid Waste: Tech Assist Reduction** - Funding is reduced for technical assistance to local health districts foreengineering reviews for new landfills and moderate risk waste facilities, landfill closure, and groundwater monitoring. Local health districts can utilize existing Local Toxics grant funding for projects to offset this engineering and hydrology technical assistance reduction. In addition, revenue generated from the Biosolids permit program will be utilized to provide additional technical assistance and permit processing for the Biosolids program. Maintenance level funding for these activities is \$6.518 million. (State Toxics Control Account)

**11. Site Cleanup Tech Assist. Reduction** - Funding is reduced for technical assistance related to hydrogeology, sediment, chemistry, and biological impact analysis for site clean-up. One-time \$2.1 million fund balance from delayed payments to the United States Environmental Protection Agency and other savings will be utilized for emergency site clean-ups. Maintenance level funding for these activities is \$16.380 million. (State Toxics Control Account-State, Local Toxics Control Account-State, Water Quality Permit Account-State)

## 2003-05 Omnibus Operating Budget Department of Ecology

**12. US v. WA Culverts Litigation** - Funding is provided for Assistant Attorney General staff support for the US vs Washington State (Culverts Case). The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag[ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing ground." Trial is anticipated in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology and the Washington State Parks and Recreation Commission. (General Fund-State, General Fund-Federal, and various other funds)

**13. Metals Mining Inspection Transfer** - The State Metal Mining and Milling Act requires state agencies to conduct quarterly inspections for mining and milling operations. Currently, both the Department of Ecology and the Department of Natural Resources (DNR) have appropriations from this account to complete inspections, but only Ecology collects the revenue associated with the cost of the inspections. To reduce administration of this small \$18,000 expenditure, DNR's funding is transferred to Ecology. Ecology will contract with DNR for inspections that DNR would be required to complete. (Metals Mining Account-State)

**14. Aquatic Weeds Reappropriation** - Funding from the Freshwater Aquatic Weed Account is re-appropriated for payment to local governments in the 2003-05 Biennium. Funds were obligated in the 2001-03 Biennium to local governments to reduce the propagation of freshwater aquatic weeds, but not dispersed due to seasonal limitations of weed control. (Freshwater Aquatic Weeds Account)

**15. Delay Water Right Decisions** - A \$1 million reduction will extend the timeline for reducing the 2,000 water right change and transfer applications backlog. The Department of Ecology is responsible for making decisions on applications for new water rights and changes and transfers to existing water rights. The 2001 Legislature enacted a law allowing the agency to provide priority processing for water right changes and provided a budget increase that more than doubled the number of staff dedicated to processing water rights. Maintenance level funding for these activities is \$11.090 million. (General Fund-State, Water Quality Account-State)

**16. Municipal Water Rights (SB 5024)** - Funding is provided to partially implement SB 5024, municipal water rights. The bill requires the Department of Ecology to review new water system plans to determine whether the water supplier is changing its defined utility service area.

**17. Ensure Drought Response** - To ensure adequate capacity exists for potential drought response activities in the 2003-05 Biennium, an additional \$226,000 is provided. Maintenance level funding is \$286,000. (State Emergency Water Projects Revolving Account-State)

**18. Support Stream Gauging** - Funding from the State Drought Preparedness Account is provided to maintain and operate new stream gauging facilities installed during the 2001-03 Biennium. Funding will also provide the additional state match needed for the federal stream gauging program. Maintenance level funding for these activities is \$3.014 million. (State Drought Preparedness Account)

**19. Support Water Purchase/Lease** - Funding of \$631,000 from the State Drought Preparedness Account is provided to support the \$4.3 million capital water right acquisition and/or leasing program. (State Drought Preparedness Account)

**20. Pine Hollow EIS** - Funding from the State Drought Preparedness Account is provided to complete an Environmental Impact Statement for the Pine Hollow water storage project, contingent on the outcome of the planning process. (State Drought Preparedness Account)

**21. Well Regulation: Reduce Tech. Asst** - Funding is shifted from the state General Fund to the State Reclamation Account to support for data management and technical assistance. Funding is also reduced by 8.8 percent. Maintenance level funding for well regulation activities is \$1.750 million. (Reclamation Account-State)

**22. Dam Safety: New Fee Revenue** - Funding is increased to reflect new fees for approving new dam construction and modifications to cover the actual cost of plan reviews. Fees for periodic dam inspections will be instituted to begin covering the cost of inspections. Maintenance level funding for dam safety activities is \$1.296 million. (General Fund-State, General Fund-Federal)

## 2003-05 Omnibus Operating Budget Department of Ecology

**23. Administrative Services** - An administration reduction is taken related to program activity cuts. Maintenance level funding is \$15.588 million.

**24. Communication and Education** - An administration reduction is taken related to program activity cuts. Maintenance level funding for these activities is \$1.360 million.

**25. Employee Services** - An administration reduction is taken related to program activity cuts. Maintenance level funding for these activities is \$3.202 million.

**26. Executive Management & Support** - An administration reduction is taken related to program activity cuts. Maintenance level funding for these activities is \$2.832 million.

**27. Field Offices** - An administration reduction is taken related to program activity cuts. Maintenance level funding for these activities is \$2.036 million.

**28. Financial Services** - An administration reduction is taken related to program activity cuts. Maintenance level funding for these activities is \$7.290 million.

**29. Governmental Relations** - An administration reduction is taken related to program activity cuts. Maintenance level funding for these activities is \$1.824 million.

**30. Regional Offices** - An administration reduction is taken related to program activity cuts. Maintenance level funding for these activities is \$6.016 million.

**31. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**32. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**33. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.



**2003-05 Omnibus Operating Budget**  
**WA Pollution Liab Insurance Program**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	9.1	0	2,170
2003-05 Maintenance Level	9.1	0	2,042
<b>Policy Changes:</b>			
1. General Inflation	0.0	0	-6
2. Fund Adjustment	0.0	0	0
3. Revolving Funds	0.0	0	-2
4. Staff Reduc. & Oper. Efficiencies	-2.0	0	-272
Total Policy Changes	-2.0	0	-280
Total 2003-05 Biennium	7.1	0	1,762
Difference from 2001-03	-2.0	0	-408
% Change from 2001-03	-22.2%	0.0%	-18.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Fund Adjustment** - (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Nonappropriated)

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Pollution Liability Insurance Program Trust Account-State)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Nonappropriated)

**2003-05 Omnibus Operating Budget**  
**State Parks and Recreation Comm**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	647.5	63,723	100,878
2003-05 Maintenance Level	648.7	63,445	102,352
<b>Policy Changes:</b>			
1. Technical Adjustment	1.6	0	0
2. General Inflation	0.0	-547	-626
3. Operating Costs/Exist Capital Proj	11.1	1,439	1,439
4. Cama Beach Reduction	-17.3	-1,978	-1,978
5. Administrative Reduction	-0.4	-43	-43
6. US v. Washington Culverts	0.0	22	22
7. Implement Parking Fee	50.0	0	4,061
8. Decrease Maintenance Backlog	0.0	0	750
9. 2003 Park Closure Savings	0.0	-163	-233
10. Revolving Funds	0.0	-2	-2
11. Staff Reduc. & Oper. Efficiencies	-49.2	-3,008	-4,484
12. Self-Insurance Premiums	0.0	1,020	1,458
Total Policy Changes	-4.3	-3,260	364
Total 2003-05 Biennium	644.4	60,185	102,716
Difference from 2001-03	-3.1	-3,538	1,838
% Change from 2001-03	-0.6%	-5.6%	1.8%

*Comments:*

- 1. Technical Adjustment** - Technical adjustments are made to several funds.
- 2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
- 3. Operating Costs/Exist Capital Proj** - A combination of one-time and on-going funding is provided for operating and maintenance impacts for capital projects funded in the 2001-03 and prior biennia.
- 4. Cama Beach Reduction** - Funding and staffing are reduced \$1.9 million in General Fund-State to reflect delays in opening Cama Beach State Park.
- 5. Administrative Reduction** - General Fund-State expenditures are reduced \$43,000 to reflect administrative reductions tied to program reductions.
- 6. US v. Washington Culverts** - Funding is provided for Assistant Attorney General staff support for the US vs Washington State (Culverts Case). The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag[ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing ground." Trial is anticipated in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology and the Washington State Parks and Recreation Commission.

## **2003-05 Omnibus Operating Budget State Parks and Recreation Comm**

**7. Implement Parking Fee** - Funding and staffing are increased \$4,061,000 in the Parks Renewal and Stewardship Account on an ongoing basis to reflect the agency's collection of system-wide parking fees. State Parks projects total revenues of \$10 million from the parking fee. The net revenue of \$5,939,000 is provided in the capital budget for facility preservation. (Parks Renewal and Stewardship Account)

**8. Decrease Maintenance Backlog** - Funding is provided on an ongoing basis to decrease the backlog of maintenance projects at state parks. (Parks Renewal and Stewardship Account-State)

**9. 2003 Park Closure Savings** - Funding is reduced to reflect the closure of Lyons Ferry, Crow Butte, Lake Cushman, Central Ferry and Chief Timothy State Parks in 2002. (General Fund-State, Parks Renewal and Stewardship Account)

**10. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**11. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**12. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**Interagency Comm for Outdoor Rec**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	23.4	338	14,346
2003-05 Maintenance Level	22.7	329	20,273
<b>Policy Changes:</b>			
1. Salmon Monitoring Strategy	0.0	500	500
2. Aquatic Lands Enhancement Grants	2.0	0	254
3. General Inflation	0.0	-2	-16
4. Lead Entities	0.0	1,625	3,250
5. Regional Recovery Boards	0.0	0	3,375
6. Natural Resources Data Portal	0.5	82	82
7. Fund Adjust to Match Revenue	0.0	0	-15
8. Revolving Funds	0.0	-2	-4
9. Staff Reduc. & Oper. Efficiencies	-1.1	0	-136
Total Policy Changes	1.4	2,203	7,290
Total 2003-05 Biennium	24.1	2,532	27,563
Difference from 2001-03	0.7	2,194	13,217
% Change from 2001-03	4.3%	649.1%	92.1%

*Comments:*

**1. Salmon Monitoring Strategy** - Funding is provided to implement the priority recommendations of the Monitoring Oversight Committee to include improved watershed health monitoring, increased data coordination and access, and production of a State Watershed Health Report Card.

**2. Aquatic Lands Enhancement Grants** - Funding is provided to administer the Aquatic Lands Enhancement Account grant program, which is transferred from the Department of Natural Resources. (Aquatic Lands Enhancement Account)

**3. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**4. Lead Entities** - Funding is provided to continue operation of lead entities. (General Fund-State, General Fund-Federal)

**5. Regional Recovery Boards** - Funding is provided for grants to Regional Recovery Boards for the recovery regions identified in the Statewide Strategy to Recover Salmon. (General Fund-Federal)

**6. Natural Resources Data Portal** - Funding is provided for operation and maintenance of the Natural Resources Data Portal.

**7. Fund Adjust to Match Revenue** - Statute dictates a maximum of ten percent of the Off-Road Vehicles Activities Program Account and the Firearms Range Account revenue may be used for operating expenses. This reduction (\$15,000) aligns available revenue and operating expenses with the statutory requirements for these two accounts. (Firearms Range Account-State, Nonhighway and Off-Road Vehicle Activities Program Account-State)

**8. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

## 2003-05 Omnibus Operating Budget Interagency Comm for Outdoor Rec

**9. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Environmental Hearings Office**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	8.0	1,698	1,698
2003-05 Maintenance Level	9.0	1,963	1,963
<b>Policy Changes:</b>			
1. General Inflation	0.0	-8	-8
2. Revolving Funds	0.0	2	2
3. Staff Reduc. & Oper. Efficiencies	0.0	-158	-158
Total Policy Changes	0.0	-164	-164
Total 2003-05 Biennium	9.0	1,799	1,799
Difference from 2001-03	1.0	101	101
% Change from 2001-03	12.5%	5.9%	5.9%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

**3. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

**2003-05 Omnibus Operating Budget**  
**State Conservation Commission**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	15.0	4,292	7,811
2003-05 Maintenance Level	12.5	4,258	6,540
<b>Policy Changes:</b>			
1. General Inflation	0.0	-10	-30
2. Staff Reduc. & Oper. Efficiencies	-0.2	-2	-10
Total Policy Changes	-0.2	-12	-40
Total 2003-05 Biennium	12.3	4,246	6,500
Difference from 2001-03	-2.7	-46	-1,311
% Change from 2001-03	-20.0%	-1.1%	-16.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Dept of Fish and Wildlife**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,557.5	92,942	292,171
2003-05 Maintenance Level	1,609.2	90,368	284,034
<b>Policy Changes:</b>			
1. General Inflation	0.0	-502	-1,515
2. Reduce Regional Customer Service	-9.0	-850	-1,050
3. US v. Washington Culvert Lawsuit	0.0	112	112
4. Safety Equipment Upgrade	0.0	60	110
5. Admin Technical Adjustment	0.0	0	-24
6. Admin General Reduction	0.0	-405	-405
7. Fleet Vehicle Replacement	0.0	0	501
8. Computer & Software Upgrade	0.0	0	400
9. Enforcement: Evidence Storage	0.0	0	300
10. Enforcement Vacancy Savings	0.0	-1,000	-1,000
11. Spartina Funding to ALEA	0.0	0	466
12. Reduce Warm Water Assessment	-2.0	-550	-300
13. Hatchery Closure	-6.0	-1,284	-1,284
14. Hatchery Science Review Group	0.0	450	1,000
15. Habitat: Cut Pre-Project Screening	-2.2	-465	-465
16. HPA Reform (SB 5375)	0.6	145	145
17. WCC: Working Circles with DNR	0.0	-410	-410
18. Lands - Stewardship & Maintenance	0.0	0	850
19. Migratory Waterfowl	0.0	0	900
20. Wildlife - Marine Bird Monitoring	0.0	0	402
21. Body Gripping Traps (SB 5179)	0.6	51	102
22. Wildlife Decals (SB 5204)	0.1	0	24
23. Revolving Funds	0.0	-40	-70
24. Staff Reduc. & Oper. Efficiencies	-63.4	-3,418	-6,952
25. Self-Insurance Premiums	0.0	949	1,721
Total Policy Changes	-81.3	-7,157	-6,442
Total 2003-05 Biennium	1,527.9	83,211	277,592
Difference from 2001-03	-29.6	-9,731	-14,579
% Change from 2001-03	-1.9%	-10.5%	-5.0%

**Comments:**

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Reduce Regional Customer Service** - Customer service staff within each regional office is eliminated. License sales will be eliminated in all regional offices which will require customers to purchase licenses through a retail establishment.

**3. US v. Washington Culvert Lawsuit** - One-time funding is provided for the culvert case. The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag[ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing ground." Trial is anticipated in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission.



## 2003-05 Omnibus Operating Budget Dept of Fish and Wildlife

**4. Safety Equipment Upgrade** - Funding is provided for safety equipment upgrades. (General Fund-State, State Wildlife Account-State)

**5. Admin Technical Adjustment** - Administrative technical adjustments are made. (General Fund-Federal, General Fund-Local, Wildlife Fund-Federal, Wildlife Fund-Local)

**6. Admin General Reduction** - A general reduction to administration is taken.

**7. Fleet Vehicle Replacement** - Many of the Department's fleet vehicles are far in excess of generally accepted replacement standards and are inefficient and unreliable. To ensure maximum safety for agency staff, additional funding is provided to replace fleet vehicles. Maintenance level funding for business services engineering activities is \$2.654 million. (Wildlife Fund-State, Wildlife Fund-Federal)

**8. Computer & Software Upgrade** - Funding for the Information Services Division includes an additional \$400,000 to upgrade agency computer backup systems and to continue the transition of agency personal computers and software to current standards. Maintenance level funding for business services information services activities is \$7.551 million. (Wildlife Fund-State, Wildlife Fund-Federal)

**9. Enforcement: Evidence Storage** - Currently, enforcement infrastructure is inadequate to meet safety and law enforcement standards for storage of evidence, vehicle reliability and data sharing needs from remote locations. Funding is provided to implement evidence storage upgrades, provide mobile data terminals to all officers, and to replace vehicles in order to conform to recognized replacement schedules and ensure employee safety. Maintenance level funding for enforcement field operation activities is \$27.262 million. (State Wildlife Account-State)

**10. Enforcement Vacancy Savings** - The Enforcement Program will continue to hold open five vacancies. Maintaining vacancies of field officers reduces the overall ability of the Department to respond to damage complaints, dangerous wildlife, and to protect fish and wildlife resources and the public. Maintenance level funding for enforcement field operation activities is \$27.262 million.

**11. Spartina Funding to ALEA** - Funding is provided to the Fish Management Division to continue efforts to control and manage Spartina infestations within the state. Maintenance level funding for fish management program activities is \$47.465 million. (Aquatic Lands Enhancement Account)

**12. Reduce Warm Water Assessment** - Savings within this activity are realized through the elimination of the Western Washington Warm Water Assessment Team and the transfer of certain General Fund-State activities to other fund sources. Elimination of the Warm Water Assessment Team will result in reduced public opportunity for warm water gamefish due to implementation of a much more conservative setting of fishing seasons and limits. Maintenance level funding for fish management program activities is \$47.465 million.

**13. Hatchery Closure** - Funding is eliminated for fish hatchery operations at the Hurd Creek hatchery near Sequim, Coulter Creek hatchery near Belfair and the Naselle hatchery in Willapa Bay. Maintenance level funding for fish hatchery program activities is \$55.714 million.

## 2003-05 Omnibus Operating Budget Dept of Fish and Wildlife

**14. Hatchery Science Review Group** - Funding is provided to implement the Hatchery Scientific Review Group recommendations to reform hatchery programs for the benefit of recovering wild salmon and providing sustainable fisheries. Maintenance level funding for fish hatchery program activities is \$55.714 million. (General Fund-State, Wildlife Fund-State)

**15. Habitat: Cut Pre-Project Screening** - Reductions to the Environmental Restoration Division include the elimination of pre-project screening activities of habitat restoration projects that will result in a delay of project approval and/or implementation. While this activity is being eliminated, project screening will continue at a reduced level through other department staff. Maintenance level funding for habitat environmental restoration program activities is \$4.912 million.

**16. HPA Reform (SB 5375)** - Funding is provided to implement SB 5375. The bill requires rulemaking in fiscal year 2004 as part of developing general permits. Savings of \$60,000 will begin in fiscal year 2005 and growth to \$586,000 in the 2005-07 biennium. Maintenance level funding for habitat environmental restoration program activities is \$4.912 million.

**17. WCC: Working Circles with DNR** - Funding and staffing are reduced for this activity on an on-going basis. The Department of Natural Resources and the Departments of Fish and Wildlife will coordinate the management of remaining WCC crews in "working circles" around the state. Maintenance level funding for wildlife program land division activities is \$23.297 million.

**18. Lands - Stewardship & Maintenance** - Funding is provided to address stewardship and maintenance needs on roughly 90,000 acres of agency land and over 600 water access sites. Maintenance level funding for wildlife program land division activities is \$23.297 million. (General Fund-Local, State Wildlife Account-State, State Wildlife Account-Local)

**19. Migratory Waterfowl** - Wetland restoration and landowner incentives to create or maintain habitat for migratory waterfowl are funded. These activities are supported by revenue from an increase in the migratory waterfowl stamp, authorized by SB 5363 in 2002. Maintenance level funding for wildlife program land division activities is \$23.297 million. (Wildlife Fund-State)

**20. Wildlife - Marine Bird Monitoring** - Funding is provided to investigate and begin addressing the reductions of marine bird populations. Recent declines in marine bird populations within Puget Sound require further investigation to determine their cause(s) and begin implementation of a recovery plan. Maintenance level funding the wildlife diversity program activities is \$5.125 million.

**21. Body Gripping Traps (SB 5179)** - Funding is provided to implement SB 5179. (General Fund-State, Wildlife Fund-State)

**22. Wildlife Decals (SB 5204)** - Funding is provided to implement SB 5204. (Wildlife Fund-State)

**23. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**24. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**25. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**Department of Natural Resources**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,581.0	67,425	280,474
2003-05 Maintenance Level	1,576.2	75,764	284,434
<b>Policy Changes:</b>			
1. Culverts Lawsuit Funding	0.0	0	302
2. General Inflation	0.0	-517	-1,426
3. Improved Data Storage & Access	0.0	262	913
4. Administrative Reduction	-4.2	-429	-429
5. Fund Adjustment to Match Revenue	-49.7	-296	-5,049
6. Aquatic Restoration Land Mgmt	1.0	0	254
7. Transfer ALEA Grant Program to IAC	-2.0	0	-254
8. Geoduck Research (SB 5400)	0.0	0	400
9. Contaminated Sediments Liability	0.0	0	1,000
10. Derelict Vessel Removal	0.0	0	1,050
11. Dredged Material Program Monitoring	0.0	0	250
12. Fund Shift to FFPA	0.0	-110	0
13. Suppression: Shift to Disaster Acct	0.0	-6,200	0
14. Fire Control: Fund Shift to FFPA	0.0	-2,000	0
15. Fire Prevent: Adjustment to Revenue	-1.0	0	-101
16. Forest Practices HCP	0.0	0	1,077
17. Increase Forest & Fish Info System	5.6	1,200	1,200
18. Forest Stewardship: Cut Level 3	-2.5	-920	-920
19. Reduce Geology Public Information	-5.5	-730	-730
20. Fund Shift to NRCA Stewardship	0.0	-49	0
21. Natural Area Operating Impacts	1.3	176	176
22. Aquatic Land ESA	5.5	0	1,101
23. Shellfish Biotoxin Testing	0.0	0	40
24. Spartina Control: Shift to ALEA	0.0	-182	0
25. Contract Harvesting (SB 5074)	0.0	0	500
26. PSAMP Expenditures	0.0	0	300
27. Metals Mining Transfer	-1.0	0	-64
28. Surface Mining: Match Revenue	0.0	0	-157
29. WCC: Working Circles with WDFW	-1.2	-779	-779
30. Revolving Funds	0.0	26	108
31. Staff Reduc. & Oper. Efficiencies	-86.5	-2,278	-8,602
32. Self-Insurance Premiums	0.0	390	1,090
Total Policy Changes	-140.2	-12,436	-8,750
Total 2003-05 Biennium	1,436.0	63,328	275,684
Difference from 2001-03	-145.0	-4,097	-4,790
% Change from 2001-03	-9.2%	-6.1%	-1.7%

**Comments:**

**1. Culverts Lawsuit Funding** - One-time funding is provided for the culvert case. The court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag[ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing ground." Trial is anticipated in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission. (Resource Management Cost Account, Forest Development Account)

## 2003-05 Omnibus Operating Budget

### Department of Natural Resources

**2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**3. Improved Data Storage & Access** - Funding is provided to improve how data are stored and for the network structure to access this information. Maintenance level funding for administration activities is \$58.493 million. (General Fund-State, Resource Management Cost Account, Forest Development Account, various other funds)

**4. Administrative Reduction** - Funding and staffing are reduced \$429,000 on an on-going basis to reflect an administrative reduction. Maintenance level funding for administration activities is \$58.493 million.

**5. Fund Adjustment to Match Revenue** - General Fund-State funding and associated staffing are reduced on a one-time basis to take advantage of one-time operational efficiencies. Land management activities are adjusted to match available revenues in the Forest Development Account and Resource Management Cost Account, respectively. (General Fund-State, Forest Development Account, Resource Management Cost Account)

**6. Aquatic Restoration Land Mgmt** - A combination of one-time and on-going funding and staffing is provided to develop and manage conservation and restoration projects on state-owned aquatic lands. Maintenance level funding for aquatic land and business management activities is \$4.863 million. (Aquatic Lands Enhancement Account-State)

**7. Transfer ALEA Grant Program to IAC** - The ALEA grant program is transferred from the Department to the Interagency Committee for Outdoor Recreation. (Aquatic Lands Enhancement Account)

**8. Geoduck Research (SB 5400)** - Funding is provided from the Aquatic Lands Enhancement Account to implement SSB 5400 relating to a geoduck research project. Of the \$400,000 provided, \$140,000 is for a contract with the University of Washington to conduct a comprehensive literature of geoduck aquaculture research and to design a pilot project to develop the guidelines for the research project; \$180,000 is for the Department of Natural Resources to manage the project and \$80,000 is for the Department of Fish and Wildlife to provide biological support to the project. Ongoing funding is \$260,000. (Aquatic Lands Enhancement Account)

**9. Contaminated Sediments Liability** - One-time funding is provided to complete clean-up contaminated sediments in the Thea Foss waterway and to fulfill the state's obligations at other contaminated sites. Maintenance level funding for contaminated sediments activities is \$958,000. (Aquatic Lands Enhancement Account-State)

**10. Derelict Vessel Removal** - Funding is provided for costs associated with removing derelict vessels. The 2002 Legislature passed Engrossed Substitute House Bill 2376, which gives authorized public entities the authority to seize, remove, and dispose of derelict vessels. Maintenance level funding for derelict vessel program activities is \$278,000. (Aquatic Lands Enhancement Account-State, Derelict Vessel Removal Account-State)

**11. Dredged Material Program Monitoring** - On-going funding is provided for increased costs associated with environmental monitoring of open-water disposal sites used for the disposal of dredged material. Maintenance level funding for dredge disposal program activities is \$1.032 million. (Aquatic Land Dredged Material Disposal Site Account-State)

**12. Fund Shift to FFPA** - All General Fund-State expenditure authority for this activity is shifted on an on-going basis to the Forest Fire Protection Assessment Account. Primary activities include providing accurate and timely collection of fire protection assessments by annually auditing 20 percent of tax assessment rolls, monitoring county collections for accurate distributions of funds; and providing appropriate refunds to taxpayers as provided by law. Maintenance level funding for forest fire protection assessment program activities is \$450,000. (General Fund-State, General Fund-Federal, various other funds)

## 2003-05 Omnibus Operating Budget

### Department of Natural Resources

**13. Suppression: Shift to Disaster Acct** - A one-time fund shift is made from the state General Fund to the Disaster Response Account for fire suppression activities in fiscal year 2004. Maintenance level funding for forest fire suppression program activities is \$26.159 million. (General Fund-State, Disaster Response Account)

**14. Fire Control: Fund Shift to FFPA** - A portion of General Fund-State expenditures are shifted on a one-time basis to the Forest Fire Protection Assessment Account. Maintenance level funding for forest fire preparedness program activities is \$12.520 million. (General Fund-State, General Fund-Federal, Clarke-McNary Account-Nonappropriated, Forest Fire Protection Assessment Account-Nonappropriated)

**15. Fire Prevent: Adjustment to Revenue** - Regulation of burning on timber lands is reduced to match available revenues in the Air Pollution Control Account. (Air Pollution Control Account)

**16. Forest Practices HCP** - Authority is provided to spend federal funds to support the development of a statewide habitat conservation plan for non-federal forest landowners. No additional staff are required. The Department will prepare the environmental impact statement and the draft implementation agreement with the federal agencies implementing the Endangered Species Act. Maintenance level funding for forest practices activities is \$12.942 million. (General Fund-Federal)

**17. Increase Forest & Fish Info System** - A combination of on-going and one-time funding and staffing are provided to maintain and update computer systems that support the state's Forest and Fish Report, forest practices rules, and salmon recovery. Maintenance level funding for forest practices information activities is \$1.370 million.

**18. Forest Stewardship: Cut Level 3** - Funding and associated staffing are reduced in the forest stewardship program. This will result in about one-third fewer educational and technical assistance contacts with non-industrial private forest owners. Maintenance level funding for forest stewardship activities is \$2.580 million.

**19. Reduce Geology Public Information** - General Fund-State funding and associated staffing are reduced. Customers can pursue this information from federal, university, and private-sector sources. One geology librarian will be retained. Funding in the capital budget is provided to digitize geology library collections and resources. Maintenance level funding for geology public information activities is \$860,000.

**20. Fund Shift to NRCA Stewardship** - A portion of the natural area program expenditures is shifted from General Fund-State to the Natural Resources Conservation Areas Stewardship Account on a one-time basis. Maintenance level funding for natural areas management activities is \$2.759 million. (NRCA Stewardship Account)

**21. Natural Area Operating Impacts** - DNR acquires acreage for Natural Area Preserves and Natural Resources Conservation Areas through the Trust Land Transfer Program and purchases from the Washington Wildlife and Recreation Program. This item provides on-going funds and staff to support the basic maintenance and operation of 4,700 new acres designated as Natural Area Preserves and Natural Resources Conservation Areas. Maintenance level funding for natural areas management activities is \$2.759 million. (General Fund-State)

**22. Aquatic Land ESA** - Through a combination of one-time and on-going funding and staffing is provided to develop a plan for complying with the Endangered Species Act for state-owned aquatic lands managed by the Department. Maintenance level funding for aquatic land policy and program development activities is \$1.995 million. (Aquatic Land Enhancement Account)

## 2003-05 Omnibus Operating Budget

### Department of Natural Resources

**23. Shellfish Biotoxin Testing** - On-going funding is provided to the Department of Natural Resources to continue shellfish biotoxin testing by the Department of Health. Maintenance level funding for shellfish program activities is \$2.218 million. (Resource Management Cost Account)

**24. Spartina Control: Shift to ALEA** - All of this activity's General Fund-State expenditures are shifted to the Aquatic Lands Enhancement Account on an on-going basis. Maintenance level funding for spartina control activities is \$582,000. (General Fund-State, Aquatic Lands Enhancement Account)

**25. Contract Harvesting (SB 5074)** - Funding is provided from the Resource Management Cost Account and Forest Development Account to fund the Contract Harvesting Revolving Account, created by 2SSB 5074 (Contract Harvesting). (Resource Management Cost Account, Forest Development Account)

**26. PSAMP Expenditures** - Funding is provided to improve and expand the Department's monitoring contributions to Puget Sound Ambient Monitoring Program (PSAMP). Maintenance level funding for PSAMP activities is \$1.280 million. (Aquatic Lands Enhancement Account-State)

**27. Metals Mining Transfer** - The Departments of Natural Resources and Ecology both conduct mining-related inspections. By mutual agreement of the two agencies, the appropriations from the Metals Mining Account are transferred from DNR to Ecology on an on-going basis. Maintenance level funding for surface mining activities is \$2.058 million.

**28. Surface Mining: Match Revenue** - Funding from the Surface Mining Account is reduced to match revenues. Maintenance level funding for surface mining activities is \$2.058 million. (Surface Mining Account)

**29. WCC: Working Circles with WDFW** - Funding and staffing are reduced for this activity on an on-going basis. The Department of Natural Resources and the Departments of Fish and Wildlife will coordinate the management of remaining WCC crews in "working circles" around the state. Maintenance level funding for WCC activities is \$1.169 million.

**30. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**31. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**32. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**Department of Agriculture**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	717.6	15,561	91,548
2003-05 Maintenance Level	676.4	15,396	91,450
<b>Policy Changes:</b>			
1. General Inflation	0.0	-99	-311
2. Transfer Dairy Management (SB 5889)	4.5	0	750
3. Ag Statistics Service Reduction	-2.3	-350	-350
4. Revolving Funds	0.0	54	218
5. Staff Reduc. & Oper. Efficiencies	-31.5	-431	-2,868
6. Self-Insurance Premiums	0.0	88	420
Total Policy Changes	-29.3	-738	-2,141
Total 2003-05 Biennium	647.1	14,658	89,309
Difference from 2001-03	-70.5	-903	-2,239
% Change from 2001-03	-9.9%	-5.8%	-2.4%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Transfer Dairy Management (SB 5889)** - Funding is provided to reflect the transfer of responsibilities under the Dairy Nutrient Management Act from the Department of Ecology to the Department of Agriculture. (Water Quality Account, Water Quality Permit Account)

**3. Ag Statistics Service Reduction** - Funding and staffing are reduced on an ongoing basis to reflect removal of General Fund-State support for a cooperative program with the United States Department of Agriculture that collects and publishes statistical data on the state's agricultural industry. The effect of this change will be production of fewer county-level crop analyses, while retaining state-level crop analyses. (General Fund-State, General Fund-Federal)

**4. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**5. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**6. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**Washington State Patrol**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	520.4	31,059	73,806
2003-05 Maintenance Level	533.2	44,240	88,393
<b>Policy Changes:</b>			
1. General Inflation	0.0	-19	-62
2. Crime Laboratory	0.0	0	0
3. Executive Protection	6.0	0	193
4. Investigative Assist: Drug Enforce	-2.2	-4,507	-507
5. Specialized Outreach Fire Svc	0.0	0	0
6. VRDE Reduction	0.0	0	-14
7. School Fire Prevention	2.0	0	200
8. Enhanced 911 Equipment	0.0	0	612
9. Revolving Funds	0.0	90	90
10. Staff Reduc. & Oper. Efficiencies	-12.0	-865	-1,730
11. Self-Insurance Premiums	0.0	58	58
Total Policy Changes	-6.2	-5,243	-1,160
Total 2003-05 Biennium	527.0	38,997	87,233
Difference from 2001-03	6.6	7,938	13,427
% Change from 2001-03	1.3%	25.6%	18.2%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Crime Laboratory** - Reductions in revenues to the County Criminal Justice Assistance Account and Municipal Criminal Justice Assistance Accounts (MCJAA) used to fund the State Crime Laboratory are offset with state Public Safety and Education Account funds. (Public Safety and Education Account-State, County Criminal Justice Assistance Account, Municipal Criminal Justice Assistance Account)

**3. Executive Protection** - Increased threat readiness and large-scale construction projects on the State Capitol Campus have increased the need for patrol presence. Funding is provided for additional cadets to provide twenty-four-seven coverage for the Governor's residence secure entrance, and an additional sergeant to supervise existing cadets at an appropriate staffing ratio. The residence's entrance is currently staffed, but the State Patrol is having to absorb the cost, and will no longer be able to do so. Future federal homeland security funding may also be available to support this activity. (Public Safety and Education Account-State)

**4. Investigative Assist: Drug Enforce** - Funding is reduced for the Narcotics Section of the Investigative Assistance Bureau consistent with the Governor's reduction. General Fund-State support for this activity is eliminated (\$4,507,000), and partially replaced with \$4,000,000 in Public Safety and Education Account-State funds. The net reduction of \$507,000 will necessitate the elimination of 1.2 Trooper Detective FTEs in the Narcotics Section and 1.0 FTE in the Methamphetamine Resource Center.

**5. Specialized Outreach Fire Svc** - A reduction of \$38,000 due to declining revenues to the State Toxics Control Account is offset by additional appropriation authority in the Fire Services Training Account. This will allow the Fire Services Bureau to continue to use special live fuels in its hazardous materials trainings. The fund balance in the Fire Services Training Account is projected to be sufficient to handle the additional expenditure without raising fees to local fire districts. (State Toxics Control Account-State, Fire Services Training Account-State)



## **2003-05 Omnibus Operating Budget Washington State Patrol**

**6. VRDE Reduction** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 5 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

**7. School Fire Prevention** - Funding is provided for two staff positions in State Fire Marshal's office to review K-12 construction documents for fire and life safety issues. During the 2001-03 biennium, these staff positions were funded in the capital budget. (Fire Services Account-State)

**8. Enhanced 911 Equipment** - Funding is provided to replace the Patrol's computer aided dispatch (CAD) system for emergency 911 calls. The CAD system will enable the agency to provide Enhanced 911 caller/ location identification and positioning for wireless calls. The funding level reflects the 2003-05 portion of a Certificate of Participation (COP). Subsequent biennia's funding for the COP may come from transportation sources. (Enhanced 911 Account-State)

**9. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**10. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. To the extent possible, the reduction in staffing is to be made to administrative and support staff only. (General Fund-State, Public Safety and Education Account-State)

**11. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium.

**2003-05 Omnibus Operating Budget**  
**Department of Licensing**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	246.3	10,896	34,934
2003-05 Maintenance Level	245.5	10,308	35,237
<b>Policy Changes:</b>			
1. General Inflation	0.0	-42	-136
2. Equipment Replacement Costs	0.0	28	106
3. Master License Services	2.9	0	403
4. Expanded Internet 03-05	1.0	0	229
5. Information Technology Svcs (ITS)	0.1	0	389
6. Revolving Funds	0.0	0	-25
7. Staff Reduc. & Oper. Efficiencies	-8.1	-272	-518
Total Policy Changes	-4.2	-286	448
Total 2003-05 Biennium	241.3	10,022	35,685
Difference from 2001-03	-5.0	-874	751
% Change from 2001-03	-2.0%	-8.0%	2.1%

*Comments:*

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

**2. Equipment Replacement Costs** - One-time funding is provided to replace the remittance mail processing machine, which processes professional license renewal fees returned by mail. The current equipment is obsolete and no longer supported by the manufacturer. New equipment will also be able to process transportation-related billing, and additional funds are appropriated in the Transportation budget. (General Fund-State, Architects License Account, Cemetery Account, Professional Engineers Account, Real Estate Commission Account, Master License Account, Uniform Commercial Code Account, Funeral Directors and Embalmers Account, Geologists Account)

**3. Master License Services** - Funding is provided to cover the cost of partnering with cities and additional state agencies to perform new licensing functions to further simplify the business licensing process within the Master License Service (MLS) program. The \$403,000 will fund three additional FTEs and cover the anticipated credit card fees associated with on-line payments. (Master License Account-State)

**4. Expanded Internet 03-05** - Funding is provided to expand the internet services provided by the Business and Professions Division. Expanding the range of digital services available through the Department of Licensing's Internet site affects both businesses and individuals in professions licensed by the state. Funding will allow renewal of the following new business and professional licenses to be provided on-line (Various other funds):

Architects	Landscape Architects	Bail Bonds	Security Guards
Funeral Directors	Notaries	Real Estate Brokers	Real Estate Sales
Real Estate Appraisers	Cemeteries	Liquor	Shopkeepers
Collection Agencies	Private Investigators	Sellers of Travel	Employment
Agencies			
Bulk Fertilizer Dealers	Refrigerated lockers	Seed Dealers	Pesticide Dealers
Cigarette	Whitewater River Outfitters	Underground Storage Tanks	
Retail/Wholesale			

## **2003-05 Omnibus Operating Budget Department of Licensing**

**5. Information Technology Svcs (ITS)** - Additional funding of is provided for Information Technology expansion and support associated with a variety of projects, including Unisys re-platforming. This project represents Phase I of a comprehensive program to migrate core agency systems from existing main-frame "legacy" systems to a modern server-based environment. (Various other funds)  
Other projects include:

- Call Center improvements
- One-Stop Business Licensing
- Special Investigations Unit
- Collision Records
- Driver License Integrity
- National Title Information System

**6. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**7. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**OSPI & Statewide Programs**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	261.3	52,149	193,116
2003-05 Maintenance Level	257.3	44,618	132,429
<b>Policy Changes:</b>			
1. Alternative Certification Routes	0.0	-2,314	-2,314
2. Anti-Bullying/Harassment Training	0.0	-486	-486
3. Cispus-Environmental Learning	0.0	-62	-62
4. LASER - Science Education	0.0	-1,080	-1,080
5. Pacific Science Center	0.0	-1,224	-1,224
6. School Safety Training	0.0	-200	-200
7. Sexual Abstinence Program	-1.4	-388	-388
8. General Inflation	0.0	-37	-200
9. Civil Liberties Education	0.0	-292	-292
10. World War II Oral History Project	0.0	-292	-292
11. Charter Schools #	0.0	306	306
12. Employee/Internal Svc Cost Adjust	0.0	-90	-90
13. Staff Reduc. & Oper. Efficiencies	-30.4	-2,634	-3,046
Total Policy Changes	-31.8	-8,793	-9,368
Total 2003-05 Biennium	225.5	35,825	123,061
Difference from 2001-03	-35.8	-16,324	-70,055
% Change from 2001-03	-13.4%	-31.3%	-36.3%

*Comments:*

**1. Alternative Certification Routes** - Alternative certification routes are teacher-training programs that serve as an alternative to the traditional teacher preparation programs. The alternative route programs are developed as partnerships between school districts and higher education teacher preparation programs. Savings are achieved based on proposed changes to the program. Existing successful alternative route partnership programs will be continued, a greater number of teacher interns and mentors will be enrolled at less cost, and new regional certification-only teacher preparation centers will be established in areas of the state not currently served.

**2. Anti-Bullying/Harassment Training** - The Office of Superintendent of Public Instruction (OSPI) has developed a model bullying and harassment prevention policy and has created training materials for use by school and educational service districts. Since the development of the policy and materials has been completed, state funding for this activity is eliminated.

**3. Cispus-Environmental Learning** - State funding is eliminated for the Cispus Environmental Learning Center. This program provides funding for a portion of the cost public school students and teachers using the center. It is assumed that Cispus can continue these activities without the state subsidy.

**4. LASER - Science Education** - Approximately one-half of the state funding for LASER science program is eliminated. This program assists school districts in implementing inquiry-based, K-8 science education programs by providing science kits, and training on the appropriate use of the kits, through the Pacific Science Center.

**5. Pacific Science Center** - Approximately one-half of the state funding for the Pacific Science Center is eliminated. The funding provides teacher in-service training and student educational programs such as the Science on Wheels traveling van for K-8 grade students, and exhibit visits, lessons, IMAX productions, and demonstrations at the Pacific Science Center.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**OSPI & Statewide Programs**

**6. School Safety Training** - State funding is eliminated for the development of training programs for school district staff on school safety issues. It is assumed that school districts can continue these activities with less direct assistance from OSPI.

**7. Sexual Abstinence Program** - State funding for the design of media and community campaigns promoting sexual abstinence is reduced. It is assumed that school districts can continue these activities with less direct assistance from OSPI.

**8. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**9. Civil Liberties Education** - State funding for the development of curricula and other materials on lessons from World War II exclusions, removal, and detention of persons of Japanese ancestry, is eliminated. It is assumed that school districts can continue these activities with less direct assistance from OSPI.

**10. World War II Oral History Project** - Funding for state support of the World War II Oral History Project is eliminated. It is assumed that school districts can continue these activities with private donations and less direct assistance from OSPI.

**11. Charter Schools #** - Funding is provided for the implementation of SSB 5012 (charter schools), which provides for the establishment of a limited number of charter schools. Most of the fiscal impact comes from an anticipated increase in funded enrollment due to home-schooled and students currently in private schools enrolling in public charter schools.

**12. Employee/Internal Svc Cost Adjust** - Funding is adjusted to reflect changes in revolving funds and other charges by agencies providing services to the Office of Superintendent of Public Instruction.

**13. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**General Apportionment**  
 (Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	7,498,021	7,498,021
2003-05 Maintenance Level	0.0	8,011,027	8,011,027
<b>Policy Changes:</b>			
1. Pension Rate Change (PUC) #	0.0	-65,117	-65,117
2. Better Schools	0.0	-31,093	-31,093
3. Charter Schools #	0.0	1,340	1,340
Total Policy Changes	0.0	-94,870	-94,870
Total 2003-05 Biennium	0.0	7,916,157	7,916,157
Difference from 2001-03	0.0	418,136	418,136
% Change from 2001-03	0.0%	5.6%	5.6%

*Comments:*

**1. Pension Rate Change (PUC) #** - State K-12 funding formulas include staffing assumptions for salaries and benefits. The pension rates are decreased based on a projected unit credit actuarial method. This results in reduced pension costs for school districts, and savings in state pension allocations.

**2. Better Schools** - Beginning with the 2003-04 school year, the Better Schools K-4 staffing ratio enhancement is eliminated. The enhancement provides .8 certificated instructional staff per 1,000 students.

**3. Charter Schools #** - Funding is provided for the implementation of SSB 5012 (charter schools), which provides for the establishment of a limited number of charter schools. Most of the fiscal impact comes from an anticipated increase in funded enrollment due to home-schooled and students currently in private schools enrolling in public charter schools.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Pupil Transportation**  
 (Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	385,695	385,695
2003-05 Maintenance Level	0.0	424,148	424,148
<b>Policy Changes:</b>			
1. Pension Rate Change (PUC) #	0.0	-1,037	-1,037
2. Depreciation Changes	0.0	-10,700	-10,700
Total Policy Changes	0.0	-11,737	-11,737
Total 2003-05 Biennium	0.0	412,411	412,411
Difference from 2001-03	0.0	26,716	26,716
% Change from 2001-03	0.0%	6.9%	6.9%

*Comments:*

**1. Pension Rate Change (PUC) #** - State K-12 funding formulas include staffing assumptions for salaries and benefits. The pension rates are decreased based on a projected unit credit actuarial method. This results in reduced pension costs for school districts, and savings in state pension allocations.

**2. Depreciation Changes** - Provisions included in the Senate budget require each school bus receiving replacement funding to have been competitively bid based on the lowest solicited price quotes from bus dealers for school buses meeting state and local standards. As a result of these changes, it assumed that state depreciation payments will be reduced by \$10.7 million in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**School Food Services**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	6,200	296,387
2003-05 Maintenance Level	0.0	6,200	383,061
Total 2003-05 Biennium	0.0	6,200	383,061
Difference from 2001-03	0.0	0	86,674
% Change from 2001-03	0.0%	0.0%	29.2%

*Comments:*



**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Special Education**  
 (Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	1.5	828,926	1,085,333
2003-05 Maintenance Level	1.5	885,131	1,295,090
<b>Policy Changes:</b>			
1. Pension Rate Change (PUC) #	0.0	-7,307	-7,392
2. Federal Funding Adjustment	0.0	0	-14,153
3. Integrating Federal Funds	0.0	-14,063	-1
Total Policy Changes	0.0	-21,370	-21,546
Total 2003-05 Biennium	1.5	863,761	1,273,544
Difference from 2001-03	0.0	34,835	188,211
% Change from 2001-03	0.0%	4.2%	17.3%

*Comments:*

**1. Pension Rate Change (PUC) #** - K-12 funding formulas include staffing assumptions for salaries and benefits. The pension rates are decreased based on a projected unit credit actuarial method. This results in reduced pension costs for school districts, and savings in state pension allocations. (General Fund-State, General Fund-Federal)

**2. Federal Funding Adjustment** - Due to the integration of federal funds to fund a portion of the increased costs of the special education program (see separate item), federal spending authority is reduced to reflect estimated federal special education award amounts for the 2003-05 biennium. (General Fund-Federal)

**3. Integrating Federal Funds** - Federal funds to Washington state for special education will increase by \$20 million in the 2003-04 school year and an additional \$20 million in the 2004-05 school year. The budget incorporates a portion of the federal funds to pay for some of the increased costs of the special education program. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Educational Service Districts**  
 (Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	9,328	9,328
2003-05 Maintenance Level	0.0	10,132	10,132
<b>Policy Changes:</b>			
1. Educational Service Districts	0.0	-3,030	-3,030
2. Pension Rate Change (PUC) #	0.0	-66	-66
3. Teacher Training Coord (ESDs)	0.0	-486	-486
4. Student Teacher Centers (ESDs)	0.0	-486	-486
Total Policy Changes	0.0	-4,068	-4,068
Total 2003-05 Biennium	0.0	6,064	6,064
Difference from 2001-03	0.0	-3,264	-3,264
% Change from 2001-03	0.0%	-35.0%	-35.0%

*Comments:*

**1. Educational Service Districts** - State funding for the nine regional Educational Service Districts (ESDs) is reduced by one-third. The State Board of Education has the authority to establish the number and boundaries of the ESDs. The Board is encouraged to consider options to consolidate current ESDs and achieve efficiency savings in the regional system.

**2. Pension Rate Change (PUC) #** - State K-12 funding formulas include staffing assumptions for salaries and benefits. The pension rates are decreased based on a projected unit credit actuarial method. This results in reduced pension costs for school districts, and savings in state pension allocations.

**3. Teacher Training Coord (ESDs)** - State funding for the training coordinators at Educational Service Districts is eliminated.

**4. Student Teacher Centers (ESDs)** - State funding for student teacher training centers at Educational Service Districts is eliminated.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Levy Equalization**  
 (Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	295,863	295,863
2003-05 Maintenance Level	0.0	346,564	346,564
<b>Policy Changes:</b>			
1. Levy Equalization #	<u>0.0</u>	<u>-17,255</u>	<u>-17,255</u>
Total Policy Changes	0.0	-17,255	-17,255
Total 2003-05 Biennium	0.0	329,309	329,309
Difference from 2001-03	0.0	33,446	33,446
% Change from 2001-03	0.0%	11.3%	11.3%

*Comments:*

**1. Levy Equalization #** - Statewide, school districts receive about 15 percent of their revenue from local voter-approved property tax levies. Since some school districts have lower property values than others, local school district levy rates vary. The lower the property values, the higher the levy rates tend to be. The state "equalizes" local funds by providing matching state funds for school districts with higher than average levy rates. For calendar years 2004 and 2005, the state local effort assistance (levy equalization) allocations are reduced by 6.3 percent. Because the 2003-05 biennium is comprised of three calendar years, these changes result in a 5 percent reduction of levy equalization funding for the biennium.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Elementary/Secondary School Improv**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair</b> <b>GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	0	201,737
2003-05 Maintenance Level	0.0	0	46,198
Total 2003-05 Biennium	0.0	0	46,198
Difference from 2001-03	0.0	0	-155,539
% Change from 2001-03	0.0%	0.0%	-77.1%

*Comments:*

The federal "No Child Left Behind Act" enacted last year replaced the Elementary and Secondary Improvement Act. The \$155.5 million change in this program is not due to a reduction in federal funds, but rather to realignment of the federal funds to state programs with similar purposes, such as the Learning Assistance Program, the Bilingual Program, and the Education Reform Program.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Institutional Education**  
 (Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	37,731	46,279
2003-05 Maintenance Level	0.0	37,949	37,949
<b>Policy Changes:</b>			
1. Pension Rate Change (PUC) #	<u>0.0</u>	<u>-346</u>	<u>-346</u>
Total Policy Changes	0.0	-346	-346
Total 2003-05 Biennium	0.0	37,603	37,603
Difference from 2001-03	0.0	-128	-8,676
% Change from 2001-03	0.0%	-0.3%	-18.7%

*Comments:*

**1. Pension Rate Change (PUC) #** - State K-12 funding formulas include staffing assumptions for salaries and benefits. The pension rates are decreased based on a projected unit credit actuarial method. This results in reduced pension costs for school districts, and savings in state pension allocations.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Ed of Highly Capable Students**  
 (Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	12,699	12,699
2003-05 Maintenance Level	0.0	13,291	13,291
<b>Policy Changes:</b>			
1. Highly Capable Student Education	0.0	-1,458	-1,458
2. Pension Rate Change (PUC) #	0.0	-94	-94
3. Fort Worden	0.0	-340	-340
4. Odyssey of the Mind	0.0	-180	-180
Total Policy Changes	0.0	-2,072	-2,072
Total 2003-05 Biennium	0.0	11,219	11,219
Difference from 2001-03	0.0	-1,480	-1,480
% Change from 2001-03	0.0%	-11.7%	-11.7%

*Comments:*

**1. Highly Capable Student Education** - Beginning with the 2003-04 school year, school districts with an approved highly capable program will receive funding for up to 1.75 percent of their enrollment, instead of the current 2 percent limit.

**2. Pension Rate Change (PUC) #** - State K-12 funding formulas include staffing assumptions for salaries and benefits. The pension rates are decreased based on a projected unit credit actuarial method. This results in reduced pension costs for school districts, and savings in state pension allocations.

**3. Fort Worden** - State funding for Centrum programs at Fort Worden is eliminated. The programs provide an opportunity for public school students to attend workshops by professionals working in art and science related fields.

**4. Odyssey of the Mind** - State funding for the Odyssey of the Mind program is eliminated. The programs provide opportunities for students to participate in problem solving exercises and competitions.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Student Achievement Program**  
 (Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	0	391,149
2003-05 Maintenance Level	0.0	0	642,867
<b>Policy Changes:</b>			
1. Student Achievement Fund #	<u>0.0</u>	<u>0</u>	<u>-188,168</u>
Total Policy Changes	0.0	0	-188,168
Total 2003-05 Biennium	0.0	0	454,699
Difference from 2001-03	0.0	0	63,550
% Change from 2001-03	0.0%	0.0%	16.2%

*Comments:*

**1. Student Achievement Fund #** - The Student Achievement Fund was authorized by voter approval of Initiative 728 in 2000. Districts use funds to lower class sizes by hiring more teachers and making necessary capital improvements, create extended learning opportunities for students, provide professional development for educators, and provide early childhood programs.

Under Initiative 728, Student Achievement Funds to school districts are scheduled to increase in the 2004-05 school year through changes to property tax transfers into the account. These changes would increase the school district allocation from \$220 per FTE student to \$450 per FTE student. SB 6058 (modifying the distribution of state property taxes), lowers the level of property tax transfers into the Student Achievement Fund in the 2004-05 school year to \$254 per FTE student.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Education Reform**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	37.7	67,022	128,093
2003-05 Maintenance Level	42.7	75,021	203,923
<b>Policy Changes:</b>			
1. WASL - Chng Mandatory Testing	0.0	-2,078	-2,078
2. Leadership Internships/Assistance	0.0	-626	-626
3. Paraprofessional Training	0.0	-548	-548
4. Summer Institutes	0.0	-960	0
5. General Inflation	0.0	-128	-128
6. Staff Reduc. & Oper. Efficiencies	-3.8	-364	-364
Total Policy Changes	-3.8	-4,704	-3,744
Total 2003-05 Biennium	39.0	70,317	200,179
Difference from 2001-03	1.3	3,295	72,086
% Change from 2001-03	2.6%	4.9%	56.3%

*Comments:*

- 1. WASL - Chng Mandatory Testing** - The Washington Assessment of Student Learning (WASL) assessment budget is reduced to reflect changes to assessment formats for additional subject areas. OSPI will create or contract for a set of tests linked to state standards in arts, health, fitness, and social studies, that can be administered by teachers in the classroom. These tests will be made available to local school districts on a voluntary basis. For districts that choose to utilize the state assessment, the tests will be administered, scored, and reported at the local level.
  
- 2. Leadership Internships/Assistance** - The principal internship and assistance programs are administered by the Association of Washington School Principals. The assistance program assigns a mentor to selected individuals. Participants must agree to seek employment in Washington and to participate in educational improvement programs. State funding for this program is eliminated.
  
- 3. Paraprofessional Training** - Approximately one-half of the state funding for paraprofessional development training is eliminated. It is assumed that Educational Service Districts will explore efficiencies to mitigate the impact on current course offerings.
  
- 4. Summer Institutes** - State funding for Summer Institutes is eliminated. The program provides a series of three-day regional meetings focused on school improvement planning, tools, resources, and staff necessary to improve student achievement. It is assumed that the program will be self-sustaining through program registration fees. (General Fund-State, Center for the Improvement of Student Learning Account-Nonappropriated)
  
- 5. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
  
- 6. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)



**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Transitional Bilingual Instruction**  
 (Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	87,501	107,781
2003-05 Maintenance Level	0.0	102,645	148,954
<b>Policy Changes:</b>			
1. Pension Rate Change (PUC) #	<u>0.0</u>	<u>-1,071</u>	<u>-1,071</u>
Total Policy Changes	0.0	-1,071	-1,071
Total 2003-05 Biennium	0.0	101,574	147,883
Difference from 2001-03	0.0	14,073	40,102
% Change from 2001-03	0.0%	16.1%	37.2%

*Comments:*

**1. Pension Rate Change (PUC) #** - State K-12 funding formulas include staffing assumptions for salaries and benefits. The pension rates are decreased based on a projected unit credit actuarial method. This results in reduced pension costs for school districts, and savings in state pension allocations.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Learning Assistance Program (LAP)**  
 (Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	135,956	266,587
2003-05 Maintenance Level	0.0	130,200	437,378
<b>Policy Changes:</b>			
1. Pension Rate Change (PUC) #	<u>0.0</u>	<u>-808</u>	<u>-808</u>
Total Policy Changes	0.0	-808	-808
Total 2003-05 Biennium	0.0	129,392	436,570
Difference from 2001-03	0.0	-6,564	169,983
% Change from 2001-03	0.0%	-4.8%	63.8%

*Comments:*

**1. Pension Rate Change (PUC) #** - State K-12 funding formulas include staffing assumptions for salaries and benefits. The pension rates are decreased based on a projected unit credit actuarial method. This results in reduced pension costs for school districts, and savings in state pension allocations.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Compensation Adjustments**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	380,813	381,004
2003-05 Maintenance Level	0.0	190,563	190,771
<b>Policy Changes:</b>			
1. Cost of Living Increases #	0.0	-190,432	-191,012
2. Health Benefits	0.0	82,967	83,251
3. Better Schools	0.0	-690	-690
4. Beginning Teacher Salary Increase	0.0	29,937	30,031
5. Integrating Federal Funds	0.0	-369	0
6. Classified Staff Salary Increase	0.0	17,683	17,731
Total Policy Changes	0.0	-60,904	-60,689
Total 2003-05 Biennium	0.0	129,659	130,082
Difference from 2001-03	0.0	-251,154	-250,922
% Change from 2001-03	0.0%	-66.0%	-65.9%

*Comments:*

**1. Cost of Living Increases #** - Initiative 732, approved by voters in 2000, requires an annual cost-of-living increase for school employees and certain community and technical college staff based on the Seattle Consumer Price Index (CPI) for the prior calendar year. These cost-of-living increases are estimated at 2.0 percent for the 2003-04 school year and 1.9 percent for the 2004-05 school year. Legislation is proposed to remove the annual cost-of-living requirement for the 2003-05 biennium. SB 6058 (teachers' cost-of-living increases) removes the annual cost-of-living requirement for the 2003-05 biennium. This saves approximately \$190.4 million for state funded K-12 staff. Additionally, the legislation eliminates the language of I-732 which directed the state to provide funding for all staff of the school district rather than just those included in state formula staff allocations. Not including state funding for cost-of-living increases for K-12 staff funded from federal and local levies for the 2001-03 biennium as well as a new cost-of-living increase during the 2003-05 biennium saves an additional \$282.6 million. In addition to the savings amount depicted in this item, an additional \$16.8 million is saved in the higher education section of the budget. (General Fund-State, General Fund-Federal)

**2. Health Benefits** - Employee health benefit costs are expected to increase by 15 percent in FY 2004 and an additional 15 percent in FY 2005. The K-12 allocation for monthly employer contribution rates is increased from \$457.07 in the 2002-03 school year to a biennial average of \$506.80 per month for the 2003-05 biennium, consistent with the percentage increases in state employer contribution rates per employee. At these rates, the state employer contribution is 80 percent of the total premium rate in both fiscal years. The state employer rates assume an increase in state employee co-payments from \$10 to \$15 for office visits. (General Fund-State, General Fund-Federal)

**3. Better Schools** - Beginning with the 2003-04 school year, the Better Schools K-4 staffing ratio enhancement is eliminated. The enhancement provides .8 certificated instructional staff per 1,000 students.

**4. Beginning Teacher Salary Increase** - The state uses a salary schedule to allocate funds to school districts for certificated instructional staff salaries. This schedule provides increments for additional experience and education. For the 2002-03 school year, the state funded annual salary for a beginning teacher is \$28,300. In the 2003-04 school year, funding is provided to increase beginning teachers and second year teacher salaries by an average of 3 percent, 2.5 percent for third year teachers, 1.5 percent for the fourth year teachers, 1 percent for the fifth year teachers, and .5 percent for sixth and seventh year teachers. In the 2004-05 school year, additional salary increases of the same percentages will be provided. An estimated 32 percent of the teachers will receive salary increases as a result of these salary schedule adjustments. By the second year of the biennium, a teacher with a BA in their first year of teaching will be making \$30,023.

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Compensation Adjustments**

**5. Integrating Federal Funds** - Integrating federal funds to fund a portion of the Special education program reduces the amount needed for General Fund-state funded compensation increases.

**6. Classified Staff Salary Increase** - Funding is provided for a salary increase for classified school employees. The amount is calculated based on providing a 1 percent increase for the 2003-04 school year and an additional 1 percent increase for the 2004-05 school year. In terms of dollars, this equates to providing approximately \$280 in the 2003-04 school year and \$560 in the 2004-05 school year to every state funded classified FTE staff. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget**  
**Public Schools**  
**Common School Construction**  
 (Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	0	148,456
2003-05 Maintenance Level	0.0	0	0
<b>Policy Changes:</b>			
1. Transfers to School Construction	<u>0.0</u>	<u>0</u>	<u>147,165</u>
Total Policy Changes	0.0	0	147,165
Total 2003-05 Biennium	0.0	0	147,165
Difference from 2001-03	0.0	0	-1,291
% Change from 2001-03	0.0%	0.0%	-0.9%

*Comments:*

**1. Transfers to School Construction** - A total of \$27 million from the Education Savings Account and \$120.1 million from the Education Construction Account will be deposited in the Common School Construction Account for state matching funds for K-12 school construction projects. (Education Construction Account, Education Savings Account)

**2003-05 Omnibus Operating Budget**  
**Higher Education Coordinating Board**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	74.0	264,344	280,151
2003-05 Maintenance Level	77.6	276,037	293,394
<b>Policy Changes:</b>			
1. SB 5135 Supports Enrollment	3.2	295	579
2. Jefferson County Pilot Project	0.0	350	350
3. State Need Grant Increase	0.5	32,328	32,328
4. Washington Scholars	0.0	1,400	1,400
5. Washington Award for Voc Excellence	0.0	533	533
6. Reduction	-1.2	-232	-232
7. High Demand Enrollments	1.0	15,080	15,080
8. Revolving Funds	0.0	-20	-20
Total Policy Changes	3.5	49,734	50,018
Total 2003-05 Biennium	81.1	325,771	343,412
Difference from 2001-03	7.1	61,427	63,261
% Change from 2001-03	9.5%	23.2%	22.6%

*Comments:*

**1. SB 5135 Supports Enrollment** - Funding is provided to support the process of hearing student petitions pursuant to Engrossed Second Substitute Senate Bill 5135 (creating tuition surcharge). If the bill is not enacted by June 30, 2003, this money shall lapse. (General Fund-State; Higher Education Agency Account-Local)

**2. Jefferson County Pilot Project** - Funds are provided to maintain an existing project that matches up students with distance education providers to obtain a college degree or certificate from remote locations throughout rural Jefferson County. Entering a third biennium, this grant initially was used to establish learning centers in Port Hadlock and Brinnon and will continue to be complimented by contributions in-kind from local school districts, Peninsula College in Port Angeles, the regional extension offices of Washington State University, the UW School of Nursing among other educational partners including City University. To resolve the question of "status" for this demonstration project, the Board is asked to explore the requirements to transfer this "model" to another community and to propose an action plan for the governor and legislature to consider by September of 2004.

**3. State Need Grant Increase** - Funding is provided for new enrollments in order to continue serving eligible students from families with incomes up to 55% of the state's median family income, and to raise grants dollar-for-dollar to match tuition and fee increases adopted by institutional governing boards for undergraduates under limits set by the Legislature for the 2003-05 biennium. Increased need grant funding will serve approximately 2,570 more students than in the 2001-03 biennium.

**4. Washington Scholars** - Funds are provided to support increased use of awards (24 each year) by state merit scholars at Washington higher education institutions (\$259,000), and to restore the award to full tuition and fee scholarships (\$1,141,000) for all participants.

**5. Washington Award for Voc Excellence** - Funds are provided to support increased use of excellence awards in vocational arts by students enrolling at Washington higher education institutions (\$76,000), and to restore awards to full tuition and fee scholarships (\$457,000) for all recipients.

**6. Reduction** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

## 2003-05 Omnibus Operating Budget Higher Education Coordinating Board

**7. High Demand Enrollments** - The Board will manage a competitive process to award resources for 1,050 full-time equivalent (FTE) student enrollments in high-demand fields of study entering programs with limited, current access. Any two or four-year postsecondary institution may apply but special conditions are to be observed in the case of bids from for-profit educational corporations as described in the omnibus budget act. State funds are budgeted at an average rate of \$14,200 per FTE for instruction during the 2004-05 academic year. An advisory committee (see budget proviso) will support the review and selection process. Enrollment contracts will be awarded principally to prepare undergraduates for careers in health services, viticulture (grape growing) and enology (wine making), applied science, computing and information technology, engineering and teaching. Among equals, proposals that include cooperative partnerships and articulation agreements between universities and state community and technical colleges will take priority for available enrollments. Successful bidders will offer compelling evidence that their degree, vocational or certificate programs are closely aligned with needs of the regional economy.

**8. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**University of Washington**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	18,017.2	680,044	2,925,910
2003-05 Maintenance Level	19,683.0	676,257	3,677,321
<b>Policy Changes:</b>			
1. SB 5135 Supports Enrollment	0.0	0	6,110
2. Waive Less Tuition	0.0	-9,958	0
3. Tuition Supported Enrollment	0.0	0	5,191
4. Pension Reduction Correction	0.0	134	134
5. General Inflation	0.0	-3,818	-28,217
6. Reduction Offset by Tuition	0.0	-40,623	0
7. Reduction to Non-Instruction	-90.1	-10,562	-10,858
8. Recruitment and Retention	0.0	4,622	4,622
9. Facility Maintenance and Operations	0.0	4,777	4,777
10. Building Maintenance to Capital	0.0	-17,700	-17,700
11. FICA Savings	0.0	-301	-308
12. Health Benefits	0.0	5,241	5,358
13. Revolving Funds	0.0	856	1,126
14. Pension Rate Change (PUC) #	0.0	-1,042	-1,052
Total Policy Changes	-90.1	-68,374	-30,817
Total 2003-05 Biennium	19,592.9	607,883	3,646,504
Difference from 2001-03	1,575.7	-72,161	720,594
% Change from 2001-03	8.7%	-10.6%	24.6%

*Comments:*

Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. The Senate budget assumes half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. Not displayed here but for the University of Washington, additional operating fees are expected at levels equivalent to the average state subsidy for 631 full-time equivalent (FTE) students.

**1. SB 5135 Supports Enrollment** - Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. It is assumed that half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. For the University of Washington, additional operating fees are expected at levels equivalent to the average state subsidy for 631 full-time equivalent (FTE) students. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**2. Waive Less Tuition** - It is assumed that state universities will reduce overall waiver activity to replace this general fund reduction in full with tuition collected from enrolled students. This budget action is exercised by the Senate pursuant to authority and discretion granted to the legislature under chapter 28B.15.910 RCW. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)



## 2003-05 Omnibus Operating Budget University of Washington

**3. Tuition Supported Enrollment** - Whereas the Senate through the budget establishes a 9 percent cap on the rate of growth in tuition fees for undergraduates at state colleges and universities each academic year during the 2003-05 biennium, the Senate has proposed to delegate decisions regarding graduate program tuition to trustees of each institution starting with academic year 2003-04 through the conclusion of academic year 2008-09 pursuant to Engrossed Substitute Senate Bill 5448 (higher education tuition). This entry reflects one percent, local tuition authority not otherwise assumed to pay for growth in higher education spending by the Senate in its General Fund budget. It represents revenue capacity, principally from currently enrolled undergraduates, made available to trustees for local needs in educating those students. At the University of Washington, this sum would support the full, nonsubsidized cost (on average) to educate x FTE undergraduates next Fall. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**4. Pension Reduction Correction** - In the 2002 Supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System plans. However, some higher education employees are in retirement plans that are not managed by the department. As a result, the reductions for higher education institutions were too high. Since this cut was carried forward into 2003-05, this item restores part of the general fund-state reduction.

**5. General Inflation** - The University of Washington, as all state agencies, is expected to find efficiencies sufficient to cover the increased costs of goods and services occurring during the 2003-05 biennium.

**6. Reduction Offset by Tuition** - A general fund reduction is made equivalent to funds raised by increasing tuition rates 8 percent each academic year, across the board, for graduate and undergraduate programs. This calculation is based on authorized FTE student enrollment at each institution for this academic year and makes no assumption that enrollment beyond budget levels is sustained. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**7. Reduction to Non-Instruction** - In order to attain administrative efficiencies, base support for programs other than "instruction, research and plant" have been reduced for FTE staff years, salaries, benefits and other operating costs. (General Fund-State, various other funds)

**8. Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

**9. Facility Maintenance and Operations** - Increased levels of support are provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.

**10. Building Maintenance to Capital** - Routine and preventive inspections, mechanical adjustments and minor work to replace or repair building systems, surfaces or materials has heretofore been apportioned by trustees of the state's colleges and universities out of the appropriations granted by lawmakers for general operations. Responding to findings and recommendations of the Joint Legislative Audit & Review Committee who studied facility preservation, the Senate proposes to meet this expense directly with capital funds starting July 1, 2003. Senate Bill 6049 creates a new treasury account to preserve existing higher education facilities. Accordingly, state general funds are reduced. This sum will be replaced with capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition today from deteriorating and contributing to a preservation backlog for lack of attention or resources, until such time as the State would choose to modernize, renovate or replace it.

**11. FICA Savings** - This item reduces the need to budget more funds in support of rising health care premiums. It recognizes that institutions of higher education deduct their employee's share of monthly premiums on a pre-tax basis which reduces FICA (social security) requirements. Funded rates are reduced by \$3.48 per month for FY 2004 and by \$4.86 per month for FY 2005 corresponding to an average expected increase in employee contributions for their health benefit package from \$72 per month in 2003 to \$118 per month in 2004, and to \$136 per month in 2005. (General Fund-State; Medical Aid Account-State; Accident Account-State)

**12. Health Benefits** - The employer contribution rate is increased from \$482.38 in Fiscal Year 2003 to \$495.30 in Fiscal Year 2004 and \$567.67 in Fiscal Year 2005. At these rates, the employer contribution is 80 percent of the total premium in both fiscal years. These rates assume an increase in co-payments from \$10 to \$15 for office visits. (General Fund-State; Medical Aid Account-State; Accident Account-State)

**2003-05 Omnibus Operating Budget  
University of Washington**

**13. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**14. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3. (General Fund-State; Medical Aid Account-State; Accident Account-State)

**2003-05 Omnibus Operating Budget**  
**Washington State University**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	5,511.7	395,880	818,035
2003-05 Maintenance Level	5,585.8	391,638	874,375
<b>Policy Changes:</b>			
1. SB 5135 Supports Enrollment	0.0	0	1,354
2. Waive Less Tuition	0.0	-4,487	0
3. Tuition Supported Enrollment	0.0	0	2,502
4. Pension Reduction Correction	0.0	74	74
5. Veterinary Student Enrollment	0.0	979	1,302
6. Wine Industry Education Partnership	0.0	837	987
7. General Inflation	0.0	-1,313	-5,206
8. Reduction Offset by Tuition	0.0	-19,383	0
9. Reduction to Non-Instruction	-66.1	-7,406	-7,406
10. Recruitment and Retention	0.0	2,876	2,876
11. Facility Maintenance and Operations	0.0	353	353
12. M&O Tied to 2003 Capital Budget	0.0	179	179
13. Building Maintenance to Capital	0.0	-7,050	-7,050
14. FICA Savings	0.0	-249	-249
15. Engineering & Science Institute	8.0	1,350	1,350
16. Health Benefits	0.0	4,348	4,348
17. Revolving Funds	0.0	696	696
18. Pension Rate Change (PUC) #	0.0	-639	-639
19. Self-Insurance Premiums	0.0	45	45
Total Policy Changes	-58.1	-28,790	-4,484
Total 2003-05 Biennium	5,527.7	362,848	869,891
Difference from 2001-03	16.0	-33,032	51,856
% Change from 2001-03	0.3%	-8.3%	6.3%

*Comments:*

Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. The Senate budget assumes half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. Not displayed here but for Washington State University, additional operating fees are expected at levels equivalent to the average state subsidy for 133 full-time equivalent (FTE) students.

**1. SB 5135 Supports Enrollment** - Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. It is assumed that half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. For Washington State University, additional operating fees are expected at levels equivalent to the average state subsidy for 133 full-time equivalent (FTE) students. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**2. Waive Less Tuition** - It is assumed that state universities will reduce overall waiver activity to replace this general fund reduction in full with tuition collected from enrolled students. This budget action is exercised by the Senate pursuant to authority and discretion granted to the legislature under chapter 28B.15.910 RCW. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

## 2003-05 Omnibus Operating Budget Washington State University

**3. Tuition Supported Enrollment** - Whereas the Senate through the budget establishes a 9 percent cap on the rate of growth in tuition fees for undergraduates at state colleges and universities each academic year during the 2003-05 biennium, the Senate has proposed to delegate decisions regarding graduate program tuition to trustees of each institution starting with academic year 2003-04 through the conclusion of academic year 2008-09 pursuant to Engrossed Substitute Senate Bill 5448 (higher education tuition). This entry reflects one percent, local tuition authority not otherwise assumed to pay for growth in higher education spending by the Senate in its General Fund budget. It represents revenue capacity, principally from currently enrolled undergraduates, made available to trustees for local needs in educating those students. At Washington State University, this sum would support the full, nonsubsidized cost (on average) to educate x FTE undergraduates next Fall. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**4. Pension Reduction Correction** - In the 2002 Supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System plans. However, some higher education employees are in retirement plans that are not managed by the department. As a result, the reductions for higher education institutions were too high. Since this cut was carried forward into 2003-05, this item restores part of the general fund-state reduction.

**5. Veterinary Student Enrollment** - In consideration of declining participation by Oregon State University, funds are provided to expand the size of the entering professional veterinary medicine class by 16 "resident" students each academic year during the 2003-05 biennium. Enrollment support from the State averages \$20,332 per full time equivalent, drawing upon the recent HECB instructional cost study released in March 2003. (General Fund-State; Institutions of Higher Education Operating Fee Account-Non Appropriated)

**6. Wine Industry Education Partnership** - Funds are provided to develop a comprehensive, more expansive viticulture (grape growing) and enology (wine making) higher education program that supports career path opportunities for Washington residents. The university's share of this \$1 million state investment (also see Agency 699 - State Board for Community & Technical Colleges) is primarily for Extension field personnel and services on an ongoing basis. One-time support of \$477,000 is provided in the first fiscal year serving as a bridge so that WSU may hire and make joint faculty appointments for the benefit of programs in Pullman and TriCities until permanent funding is secured by a successful application for high-demand instructional support from the Higher Education Coordinating Board (also see Agency 343) for fiscal year 2005. Building funds are appropriated to equip and renovate a TriCities branch campus wet lab. (General Fund-State; Washington State University Capital Projects Account-State)

**7. General Inflation** - Washington State University, as all state agencies, is expected to find efficiencies sufficient to cover the increased costs of goods and services occurring during the 2003-05 biennium.

**8. Reduction Offset by Tuition** - A general fund reduction is made equivalent to funds raised by increasing tuition rates 8 percent each academic year, across the board, for graduate and undergraduate programs. This calculation is based on authorized FTE student enrollment at each institution for this academic year and makes no assumption that enrollment beyond budget levels is sustained. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**9. Reduction to Non-Instruction** - In order to attain administrative efficiencies, base support for programs other than "instruction, research and plant" have been reduced for FTE staff years, salaries, benefits and other operating costs.

**10. Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

**11. Facility Maintenance and Operations** - Increased levels of support are provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.

**12. M&O Tied to 2003 Capital Budget** - Additional funds are provided for newly authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.

## 2003-05 Omnibus Operating Budget Washington State University

**13. Building Maintenance to Capital** - Routine and preventive inspections, mechanical adjustments and minor work to replace or repair building systems, surfaces or materials has heretofore been apportioned by trustees of the state's colleges and universities out of the appropriations granted by lawmakers for general operations. Responding to findings and recommendations of the Joint Legislative Audit & Review Committee who studied facility preservation, the Senate proposes to meet this expense directly with capital funds starting July 1, 2003. Senate Bill 6049 creates a new treasury account to preserve existing higher education facilities. Accordingly, state general funds are reduced. This sum will be replaced with capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition today from deteriorating and contributing to a preservation backlog for lack of attention or resources, until such time as the State would choose to modernize, renovate or replace it.

**14. FICA Savings** - This item reduces the need to budget more funds in support of rising health care premiums. It recognizes that institutions of higher education deduct their employee's share of monthly premiums on a pre-tax basis which reduces FICA (social security) requirements. Funded rates are reduced by \$3.48 per month for FY 2004 and by \$4.86 per month for FY 2005 corresponding to an average expected increase in employee contributions for their health benefit package from \$72 per month in 2003 to \$118 per month in 2004, and to \$136 per month in 2005.

**15. Engineering & Science Institute** - Operating support is provided to enable Washington State University-Vancouver, Clark College and Lower Columbia Community College to proceed to execute a regional partnership that will create in southwest Washington an Institute for Engineering & Science. Additional resources have been appropriated to the State Board (see Agency 699) to prepare 168 FTE associate degree students for eventual transfer to complete baccalaureate degree programs in applied science-technology and engineering.

**16. Health Benefits** - The employer contribution rate is increased from \$482.38 in Fiscal Year 2003 to \$495.30 in Fiscal Year 2004 and \$567.67 in Fiscal Year 2005. At these rates, the employer contribution is 80 percent of the total premium in both fiscal years. These rates assume an increase in co-payments from \$10 to \$15 for office visits.

**17. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**18. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3.

**19. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**Eastern Washington University**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,153.4	89,676	163,164
2003-05 Maintenance Level	1,142.4	88,059	162,028
<b>Policy Changes:</b>			
1. SB 5135 Supports Enrollment	0.0	0	1,306
2. Waive Less Tuition	0.0	-677	0
3. Tuition Supported Enrollment	0.0	0	760
4. Pension Reduction Correction	0.0	18	18
5. General Inflation	0.0	-207	-688
6. Reduction Offset by Tuition	0.0	-5,915	0
7. Reduction to Non-Instruction	-14.0	-1,532	-1,532
8. Recruitment and Retention	0.0	751	751
9. M&O Tied to 2003 Capital Budget	1.0	277	277
10. Building Maintenance to Capital	0.0	-1,650	-1,650
11. FICA Savings	0.0	-44	-44
12. Health Benefits	0.0	769	769
13. Revolving Funds	0.0	10	10
14. Pension Rate Change (PUC) #	0.0	-150	-150
15. Self-Insurance Premiums	0.0	616	616
Total Policy Changes	-13.0	-7,734	443
Total 2003-05 Biennium	1,129.4	80,325	162,471
Difference from 2001-03	-24.0	-9,351	-693
% Change from 2001-03	-2.1%	-10.4%	-0.4%

**Comments:**

Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. The Senate budget assumes half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. Not displayed here but for Eastern Washington University, additional operating fees are expected at levels equivalent to the average state subsidy for 126 full-time equivalent (FTE) students.

**1. SB 5135 Supports Enrollment** - Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. It is assumed that half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. For Eastern Washington University, additional operating fees are expected at levels equivalent to the average state subsidy for 126 full-time equivalent (FTE) students. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**2. Waive Less Tuition** - It is assumed that state universities will reduce overall waiver activity to replace this general fund reduction in full with tuition collected from enrolled students. This budget action is exercised by the Senate pursuant to authority and discretion granted to the legislature under chapter 28B.15.910 RCW. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

## 2003-05 Omnibus Operating Budget Eastern Washington University

**3. Tuition Supported Enrollment** - Whereas the Senate through the budget establishes a 9 percent cap on the rate of growth in tuition fees for undergraduates at state colleges and universities each academic year during the 2003-05 biennium, the Senate has proposed to delegate decisions regarding graduate program tuition to trustees of each institution starting with academic year 2003-04 through the conclusion of academic year 2008-09 pursuant to Engrossed Substitute Senate Bill 5448 (higher education tuition). This entry reflects one percent, local tuition authority not otherwise assumed to pay for growth in higher education spending by the Senate in its General Fund budget. It represents revenue capacity, principally from currently enrolled undergraduates, made available to trustees for local needs in educating those students. At Eastern Washington University, this sum would support the full, unsubsidized cost (on average) to educate x FTE undergraduates next Fall. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**4. Pension Reduction Correction** - In the 2002 Supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System plans. However, some higher education employees are in retirement plans that are not managed by the department. As a result, the reductions for higher education institutions were too high. Since this cut was carried forward into 2003-05, this item restores part of the general fund-state reduction.

**5. General Inflation** - Eastern Washington University, as all state agencies, is expected to find efficiencies sufficient to cover the increased costs of goods and services occurring during the 2003-05 biennium.

**6. Reduction Offset by Tuition** - A general fund reduction is made equivalent to funds raised by increasing tuition rates 8 percent each academic year, across the board, for graduate and undergraduate programs. This calculation is based on authorized FTE student enrollment at each institution for this academic year and makes no assumption that enrollment beyond budget levels is sustained. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**7. Reduction to Non-Instruction** - In order to attain administrative efficiencies, base support for programs other than "instruction, research and plant" have been reduced for FTE staff years, salaries, benefits and other operating costs.

**8. Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

**9. M&O Tied to 2003 Capital Budget** - Additional funds are provided for newly authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.

**10. Building Maintenance to Capital** - Routine and preventive inspections, mechanical adjustments and minor work to replace or repair building systems, surfaces or materials has heretofore been apportioned by trustees of the state's colleges and universities out of the appropriations granted by lawmakers for general operations. Responding to findings and recommendations of the Joint Legislative Audit & Review Committee who studied facility preservation, the Senate proposes to meet this expense directly with capital funds starting July 1, 2003. Senate Bill 6049 creates a new treasury account to preserve existing higher education facilities. Accordingly, state general funds are reduced. This sum will be replaced with capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition today from deteriorating and contributing to a preservation backlog for lack of attention or resources, until such time as the State would choose to modernize, renovate or replace it.

**11. FICA Savings** - This item reduces the need to budget more funds in support of rising health care premiums. It recognizes that institutions of higher education deduct their employee's share of monthly premiums on a pre-tax basis which reduces FICA (social security) requirements. Funded rates are reduced by \$3.48 per month for FY 2004 and by \$4.86 per month for FY 2005 corresponding to an average expected increase in employee contributions for their health benefit package from \$72 per month in 2003 to \$118 per month in 2004, and to \$136 per month in 2005.

## **2003-05 Omnibus Operating Budget Eastern Washington University**

**12. Health Benefits** - The employer contribution rate is increased from \$482.38 in Fiscal Year 2003 to \$495.30 in Fiscal Year 2004 and \$567.67 in Fiscal Year 2005. At these rates, the employer contribution is 80 percent of the total premium in both fiscal years. These rates assume an increase in co-payments from \$10 to \$15 for office visits.

**13. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**14. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3.

**15. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.



**2003-05 Omnibus Operating Budget**  
**Central Washington University**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,053.9	86,046	175,623
2003-05 Maintenance Level	1,111.7	83,629	180,225
<b>Policy Changes:</b>			
1. SB 5135 Supports Enrollment	0.0	0	1,522
2. Waive Less Tuition	0.0	-420	0
3. Tuition Supported Enrollment	0.0	0	669
4. Pension Reduction Correction	0.0	16	16
5. General Inflation	0.0	-29	-580
6. Reduction Offset by Tuition	0.0	-5,236	0
7. Reduction to Non-Instruction	-11.2	-1,468	-1,468
8. Recruitment and Retention	0.0	624	624
9. Facility Maintenance and Operations	0.0	67	67
10. Building Maintenance to Capital	0.0	-1,650	-1,650
11. Enrollment Stabilization & Recovery	7.6	2,100	2,100
12. FICA Savings	0.0	-53	-53
13. Health Benefits	0.0	926	926
14. Revolving Funds	0.0	96	96
15. Pension Rate Change (PUC) #	0.0	-60	-60
16. Self-Insurance Premiums	0.0	472	472
Total Policy Changes	-3.6	-4,615	2,681
Total 2003-05 Biennium	1,108.1	79,014	182,906
Difference from 2001-03	54.2	-7,032	7,283
% Change from 2001-03	5.1%	-8.2%	4.1%

*Comments:*

Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. The Senate budget assumes half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. Not displayed here but for Central Washington University, additional operating fees are expected at levels equivalent to the average state subsidy for 138 full-time equivalent (FTE) students.

**1. SB 5135 Supports Enrollment** - Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. It is assumed that half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. For Central Washington University, additional operating fees are expected at levels equivalent to the average state subsidy for 138 full-time equivalent (FTE) students. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**2. Waive Less Tuition** - It is assumed that state universities will reduce overall waiver activity to replace this general fund reduction in full with tuition collected from enrolled students. This budget action is exercised by the Senate pursuant to authority and discretion granted to the legislature under chapter 28B.15.910 RCW. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

## 2003-05 Omnibus Operating Budget Central Washington University

**3. Tuition Supported Enrollment** - Whereas the Senate through the budget establishes a 9 percent cap on the rate of growth in tuition fees for undergraduates at state colleges and universities each academic year during the 2003-05 biennium, the Senate has proposed to delegate decisions regarding graduate program tuition to trustees of each institution starting with academic year 2003-04 through the conclusion of academic year 2008-09 pursuant to Engrossed Substitute Senate Bill 5448 (higher education tuition). This entry reflects one percent, local tuition authority not otherwise assumed to pay for growth in higher education spending by the Senate in its General Fund budget. It represents revenue capacity, principally from currently enrolled undergraduates, made available to trustees for local needs in educating those students. At Central Washington University, this sum would support the full, unsubsidized cost (on average) to educate x FTE undergraduates next Fall. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**4. Pension Reduction Correction** - In the 2002 Supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System plans. However, some higher education employees are in retirement plans that are not managed by the department. As a result, the reductions for higher education institutions were too high. Since this cut was carried forward into 2003-05, this item restores part of the general fund-state reduction.

**5. General Inflation** - Central Washington University, as all state agencies, is expected to find efficiencies sufficient to cover the increased costs of goods and services occurring during the 2003-05 biennium.

**6. Reduction Offset by Tuition** - A general fund reduction is made equivalent to funds raised by increasing tuition rates 8 percent each academic year, across the board, for graduate and undergraduate programs. This calculation is based on authorized FTE student enrollment at each institution for this academic year and makes no assumption that enrollment beyond budget levels is sustained. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**7. Reduction to Non-Instruction** - In order to attain administrative efficiencies, base support for programs other than "instruction, research and plant" have been reduced for FTE staff years, salaries, benefits and other operating costs.

**8. Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

**9. Facility Maintenance and Operations** - Increased levels of support are provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.

**10. Building Maintenance to Capital** - Routine and preventive inspections, mechanical adjustments and minor work to replace or repair building systems, surfaces or materials has heretofore been apportioned by trustees of the state's colleges and universities out of the appropriations granted by lawmakers for general operations. Responding to findings and recommendations of the Joint Legislative Audit & Review Committee who studied facility preservation, the Senate proposes to meet this expense directly with capital funds starting July 1, 2003. Senate Bill 6049 creates a new treasury account to preserve existing higher education facilities. Accordingly, state general funds are reduced. This sum will be replaced with capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition today from deteriorating and contributing to a preservation backlog for lack of attention or resources, until such time as the State would choose to modernize, renovate or replace it.

**11. Enrollment Stabilization & Recovery** - Partially restores general funds that were deducted from the budgeted base in 2001 given that enrollment has been fully recovered. At today's average cost per undergraduate (\$7,818), this sum can support an additional 134 FTE students during the 2003-05 biennium.

**12. FICA Savings** - This item reduces the need to budget more funds in support of rising health care premiums. It recognizes that institutions of higher education deduct their employee's share of monthly premiums on a pre-tax basis which reduces FICA (social security) requirements. Funded rates are reduced by \$3.48 per month for FY 2004 and by \$4.86 per month for FY 2005 corresponding to an average expected increase in employee contributions for their health benefit package from \$72 per month in 2003 to \$118 per month in 2004, and to \$136 per month in 2005.

## **2003-05 Omnibus Operating Budget Central Washington University**

**13. Health Benefits** - The employer contribution rate is increased from \$482.38 in Fiscal Year 2003 to \$495.30 in Fiscal Year 2004 and \$567.67 in Fiscal Year 2005. At these rates, the employer contribution is 80 percent of the total premium in both fiscal years. These rates assume an increase in co-payments from \$10 to \$15 for office visits.

**14. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**15. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3.

**16. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**The Evergreen State College**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	632.3	49,780	89,091
2003-05 Maintenance Level	634.8	49,725	92,673
<b>Policy Changes:</b>			
1. SB 5135 Supports Enrollment	0.0	0	98
2. Waive Less Tuition	0.0	-263	0
3. Tuition Supported Enrollment	0.0	0	579
4. Pension Reduction Correction	0.0	8	8
5. General Inflation	0.0	0	-356
6. Reduction Offset by Tuition	0.0	-4,468	0
7. Reduction to Non-Instruction	-14.0	-1,508	-1,508
8. Recruitment and Retention	0.0	376	376
9. Building Maintenance to Capital	0.0	-550	-550
10. FICA Savings	0.0	-28	-28
11. Senior Drug Assistance Study	0.0	75	75
12. Charter Schools Study	0.0	50	50
13. Juvenile Offender Sentencing	0.0	26	26
14. Standards for Release of Offenders	0.0	24	24
15. Labor Education & Research Ctr	0.0	-120	-120
16. Health Benefits	0.0	486	486
17. Revolving Funds	0.0	18	18
18. Pension Rate Change (PUC) #	0.0	-105	-105
Total Policy Changes	-14.0	-5,979	-927
Total 2003-05 Biennium	620.8	43,746	91,746
Difference from 2001-03	-11.5	-6,034	2,655
% Change from 2001-03	-1.7%	-12.1%	3.0%

*Comments:*

Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. The Senate budget assumes half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. Not displayed here but for The Evergreen State College, additional operating fees are expected at levels equivalent to the average state subsidy for 7 full-time equivalent (FTE) students.

**1. SB 5135 Supports Enrollment** - Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. It is assumed that half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. For the Evergreen State College, additional operating fees are expected at levels equivalent to the average state subsidy for 7 full-time equivalent (FTE) students. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**2. Waive Less Tuition** - It is assumed that state universities will reduce overall waiver activity to replace this general fund reduction in full with tuition collected from enrolled students. This budget action is exercised by the Senate pursuant to authority and discretion granted to the legislature under chapter 28B.15.910 RCW. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

## 2003-05 Omnibus Operating Budget The Evergreen State College

**3. Tuition Supported Enrollment** - Whereas the Senate through the budget establishes a 9 percent cap on the rate of growth in tuition fees for undergraduates at state colleges and universities each academic year during the 2003-05 biennium, the Senate has proposed to delegate decisions regarding graduate program tuition to trustees of each institution starting with academic year 2003-04 through the conclusion of academic year 2008-09 pursuant to Engrossed Substitute Senate Bill 5448 (higher education tuition). This entry reflects one percent, local tuition authority not otherwise assumed to pay for growth in higher education spending by the Senate in its General Fund budget. It represents revenue capacity, principally from currently enrolled undergraduates, made available to trustees for local needs in educating those students. At the Evergreen State College, this sum would support the full, nonsubsidized cost (on average) to educate x FTE undergraduates next Fall. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**4. Pension Reduction Correction** - In the 2002 Supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System plans. However, some higher education employees are in retirement plans that are not managed by the department. As a result, the reductions for higher education institutions were too high. Since this cut was carried forward into 2003-05, this item restores part of the general fund-state reduction.

**5. General Inflation** - The Evergreen State College, as all state agencies, is expected to find efficiencies sufficient to cover the increased costs of goods and services occurring during the 2003-05 biennium.

**6. Reduction Offset by Tuition** - A general fund reduction is made equivalent to funds raised by increasing tuition rates 8 percent each academic year, across the board, for graduate and undergraduate programs. This calculation is based on authorized FTE student enrollment at each institution for this academic year and makes no assumption that enrollment beyond budget levels is sustained. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**7. Reduction to Non-Instruction** - In order to attain administrative efficiencies, base support for programs other than "instruction, research and plant" have been reduced for FTE staff years, salaries, benefits and other operating costs except for pass-through funds for the Institute for Public Policy.

**8. Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

**9. Building Maintenance to Capital** - Routine and preventive inspections, mechanical adjustments and minor work to replace or repair building systems, surfaces or materials has heretofore been apportioned by trustees of the state's colleges and universities out of the appropriations granted by lawmakers for general operations. Responding to findings and recommendations of the Joint Legislative Audit & Review Committee who studied facility preservation, the Senate proposes to meet this expense directly with capital funds starting July 1, 2003. Senate Bill 6049 creates a new treasury account to preserve existing higher education facilities. Accordingly, state general funds are reduced. This sum will be replaced with capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition today from deteriorating and contributing to a preservation backlog for lack of attention or resources, until such time as the State would choose to modernize, renovate or replace it.

**10. FICA Savings** - This item reduces the need to budget more funds in support of rising health care premiums. It recognizes that institutions of higher education deduct their employee's share of monthly premiums on a pre-tax basis which reduces FICA (social security) requirements. Funded rates are reduced by \$3.48 per month for FY 2004 and by \$4.86 per month for FY 2005 corresponding to an average expected increase in employee contributions for their health benefit package from \$72 per month in 2003 to \$118 per month in 2004, and to \$136 per month in 2005.

**11. Senior Drug Assistance Study** - Pursuant to Substitute Senate Bill 5904 (senior and disabled drug assistance), funding is provided for the Washington State Institute for Public Policy (WSIPP) study and to report to the Legislature by November 15, 2003 on potential enrollment levels, costs, and offsetting savings of alternative approaches for providing prescription drug benefits under a waiver of federal rules (pharmacy plus plans) for low-income elderly and disabled residents who would not otherwise qualify for Medicaid.

## 2003-05 Omnibus Operating Budget The Evergreen State College

**12. Charter Schools Study** - Funding is provided for the costs associated with implementation of Substitute Senate Bill 5012 (charter schools) which provides for the establishment of a limited number of charter schools. Specifically, the Institute for Public Policy will conduct an evaluation of the process used to establish charter schools, as well as outcomes.

**13. Juvenile Offender Sentencing** - Funding is provided for the Institute for Public Policy to develop adherence and outcome standards for measuring the effectiveness of treatment programs referred to in Engrossed Second Substitute Senate Bill 5903 (Juvenile Offender Sentencing). The Institute shall present its conclusions and recommend standards to the governor and legislature by no later than January 1, 2004.

**14. Standards for Release of Offenders** - Funding is provided for the Institute for Public Policy to study the results of the changes in "earned release" under Engrossed Substitute Senate Bill 5990 (Changing Times and Supervision Standards for Release of Offenders). The study shall determine whether the new policy affects the rate of recidivism or the type of offenses committed by persons whose release dates were affected by changes in ESSB 5990. The Institute shall report its findings to the governor and appropriate legislative committees by no later than December 1, 2008.

**15. Labor Education & Research Ctr** - Funds are reduced that have been apportioned by the College in support of the Labor Education and Research Center. This public service educational program helps individuals develop skills and confidence in the execution of grassroots activism. Supported activities include research, workshops and conferences, and history programs. It is expected that general funds can be replaced by private, local funds.

**16. Health Benefits** - The employer contribution rate is increased from \$482.38 in Fiscal Year 2003 to \$495.30 in Fiscal Year 2004 and \$567.67 in Fiscal Year 2005. At these rates, the employer contribution is 80 percent of the total premium in both fiscal years. These rates assume an increase in co-payments from \$10 to \$15 for office visits.

**17. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**18. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3.

**2003-05 Omnibus Operating Budget**  
**Spokane Intercoll Rsch & Tech Inst**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	19.1	2,941	4,268
2003-05 Maintenance Level	18.1	2,835	2,937
<b>Policy Changes:</b>			
1. General Inflation	0.0	-21	-23
2. Health Benefits	0.0	18	18
3. Revolving Funds	0.0	-2	-2
4. Pension Rate Change (PUC) #	0.0	-11	-11
Total Policy Changes	0.0	-16	-18
Total 2003-05 Biennium	18.1	2,819	2,919
Difference from 2001-03	-1.0	-122	-1,349
% Change from 2001-03	-5.3%	-4.1%	-31.6%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Health Benefits** - The employer contribution rate is increased from \$482.38 in Fiscal Year 2003 to \$495.30 in Fiscal Year 2004 and \$567.67 in Fiscal Year 2005. At these rates, the employer contribution is 80 percent of the total premium in both fiscal years. These rates assume an increase in co-payments from \$10 to \$15 for office visits.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3.

**2003-05 Omnibus Operating Budget**  
**Western Washington University**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	1,562.9	118,025	235,795
2003-05 Maintenance Level	1,604.8	117,572	257,793
<b>Policy Changes:</b>			
1. SB 5135 Supports Enrollment	0.0	0	1,210
2. Waive Less Tuition	0.0	-850	0
3. Tuition Supported Enrollment	0.0	0	1,065
4. Pension Reduction Correction	0.0	22	22
5. General Inflation	0.0	0	-949
6. Reduction Offset by Tuition	0.0	-8,287	0
7. Reduction to Non-Instruction	-21.7	-2,628	-2,628
8. Recruitment and Retention	0.0	751	751
9. Facility Maintenance and Operations	0.0	82	82
10. M&O Tied to 2003 Capital Budget	0.0	219	219
11. Building Maintenance to Capital	0.0	-2,550	-2,550
12. FICA Savings	0.0	-57	-57
13. Health Benefits	0.0	997	997
14. Revolving Funds	0.0	206	206
15. Pension Rate Change (PUC) #	0.0	-221	-221
Total Policy Changes	-21.7	-12,316	-1,853
Total 2003-05 Biennium	1,583.1	105,256	255,940
Difference from 2001-03	20.2	-12,769	20,145
% Change from 2001-03	1.3%	-10.8%	8.5%

*Comments:*

Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. The Senate budget assumes half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. Not displayed here but for Western Washington University, additional operating fees are expected at levels equivalent to the average state subsidy for 119 full-time equivalent (FTE) students.

**1. SB 5135 Supports Enrollment** - Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. It is assumed that half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. For Western Washington University, additional operating fees are expected at levels equivalent to the average state subsidy for 119 full-time equivalent (FTE) students. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**2. Waive Less Tuition** - It is assumed that state universities will reduce overall waiver activity to replace this general fund reduction in full with tuition collected from enrolled students. This budget action is exercised by the Senate pursuant to authority and discretion granted to the legislature under chapter 28B.15.910 RCW. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)



## 2003-05 Omnibus Operating Budget Western Washington University

**3. Tuition Supported Enrollment** - Whereas the Senate through the budget establishes a 9 percent cap on the rate of growth in tuition fees for undergraduates at state colleges and universities each academic year during the 2003-05 biennium, the Senate has proposed to delegate decisions regarding graduate program tuition to trustees of each institution starting with academic year 2003-04 through the conclusion of academic year 2008-09 pursuant to Engrossed Substitute Senate Bill 5448 (higher education tuition). This entry reflects one percent, local tuition authority not otherwise assumed to pay for growth in higher education spending by the Senate in its General Fund budget. It represents revenue capacity, principally from currently enrolled undergraduates, made available to trustees for local needs in educating those students. At Western Washington University, this sum would support the full, nonsubsidized cost (on average) to educate x FTE undergraduates next Fall. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**4. Pension Reduction Correction** - In the 2002 Supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System plans. However, some higher education employees are in retirement plans that are not managed by the department. As a result, the reductions for higher education institutions were too high. Since this cut was carried forward into 2003-05, this item restores part of the general fund-state reduction.

**5. General Inflation** - Western Washington University, as all state agencies, is expected to find efficiencies sufficient to cover the increased costs of goods and services occurring during the 2003-05 biennium.

**6. Reduction Offset by Tuition** - A general fund reduction is made equivalent to funds raised by increasing tuition rates 8 percent each academic year, across the board, for graduate and undergraduate programs. This calculation is based on authorized FTE student enrollment at each institution for this academic year and makes no assumption that enrollment beyond budget levels is sustained. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**7. Reduction to Non-Instruction** - In order to attain administrative efficiencies, base support for programs other than "instruction, research and plant" have been reduced for FTE staff years, salaries, benefits and other operating costs.

**8. Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

**9. Facility Maintenance and Operations** - Increased levels of support are provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.

**10. M&O Tied to 2003 Capital Budget** - Additional funds are provided for newly authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.

**11. Building Maintenance to Capital** - Routine and preventive inspections, mechanical adjustments and minor work to replace or repair building systems, surfaces or materials has heretofore been apportioned by trustees of the state's colleges and universities out of the appropriations granted by lawmakers for general operations. Responding to findings and recommendations of the Joint Legislative Audit & Review Committee who studied facility preservation, the Senate proposes to meet this expense directly with capital funds starting July 1, 2003. Senate Bill 6049 creates a new treasury account to preserve existing higher education facilities. Accordingly, state general funds are reduced. This sum will be replaced with capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition today from deteriorating and contributing to a preservation backlog for lack of attention or resources, until such time as the State would choose to modernize, renovate or replace it.

**12. FICA Savings** - This item reduces the need to budget more funds in support of rising health care premiums. It recognizes that institutions of higher education deduct their employee's share of monthly premiums on a pre-tax basis which reduces FICA (social security) requirements. Funded rates are reduced by \$3.48 per month for FY 2004 and by \$4.86 per month for FY 2005 corresponding to an average expected increase in employee contributions for their health benefit package from \$72 per month in 2003 to \$118 per month in 2004, and to \$136 per month in 2005.

## **2003-05 Omnibus Operating Budget Western Washington University**

**13. Health Benefits** - The employer contribution rate is increased from \$482.38 in Fiscal Year 2003 to \$495.30 in Fiscal Year 2004 and \$567.67 in Fiscal Year 2005. At these rates, the employer contribution is 80 percent of the total premium in both fiscal years. These rates assume an increase in co-payments from \$10 to \$15 for office visits.

**14. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**15. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3.

**2003-05 Omnibus Operating Budget**  
**Community/Technical College System**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	13,966.4	1,050,517	1,759,281
2003-05 Maintenance Level	13,923.2	1,069,344	1,907,924
<b>Policy Changes:</b>			
1. SB 5135 Supports Enrollment	0.0	0	3,724
2. Adult Basic Education	0.0	-7,066	0
3. Tuition Supported Enrollment	0.0	0	5,066
4. Job Skills Program	0.0	-1,135	3,015
5. Pension Reduction Correction	0.0	168	168
6. Alliance for Corporate Education	1.0	0	250
7. High Demand Enrollments	0.0	5,080	5,080
8. Wine Industry Education Partnership	0.0	197	197
9. General Inflation	0.0	-2,236	-8,289
10. Initiative 732 COLA	0.0	-16,791	-16,791
11. Reduction Offset by Tuition	0.0	-38,809	0
12. Reduction to Non-Instruction	-132.9	-19,448	-19,448
13. Part-Time Faculty Compensation	0.0	1,500	1,500
14. Facility Maintenance and Operations	0.0	2,223	2,223
15. M&O Tied to 2003 Capital Budget	0.0	2,066	2,066
16. Full-Time Faculty Compensation	0.0	3,500	3,500
17. M&O Matching Fund Projects	0.0	308	308
18. Building Maintenance to Capital	0.0	-21,600	-21,600
19. FICA Savings	0.0	-578	-578
20. Pipeline to BS-Engineer & Sci-Techn	3.0	1,350	1,350
21. Health Benefits	0.0	10,091	10,091
22. Revolving Funds	0.0	996	996
23. Pension Rate Change (PUC) #	0.0	-2,062	-2,062
24. Self-Insurance Premiums	0.0	2,096	2,096
Total Policy Changes	-128.9	-80,150	-27,138
Total 2003-05 Biennium	13,794.3	989,194	1,880,786
Difference from 2001-03	-172.1	-61,323	121,505
% Change from 2001-03	-1.2%	-5.8%	6.9%

**Comments:**

Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. The Senate budget assumes half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. Not displayed here but for the Community and Technical Colleges as a whole, additional operating fees are expected at levels equivalent to the average state subsidy for 493 full-time equivalent (FTE) students.

**1. SB 5135 Supports Enrollment** - Students who have accumulated more than 125 percent of the credits required for their respective degree are expected to begin paying the full, non-subsidized cost of instruction pursuant to Engrossed 2nd Substitute Senate Bill 5135 (creating tuition surcharge). As many as 4,024 undergraduates a year, statewide, might reach this threshold. It is assumed that half of these students would find ways to finish and leave college, while the other half would take classes and pay the surcharge. For community and technical colleges, additional operating fees are expected across the system at levels equivalent to the average state subsidy for 493 full-time equivalent (FTE) students. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

## 2003-05 Omnibus Operating Budget Community/Technical College System

**2. Adult Basic Education** - Funds are reduced that can otherwise be raised by charging \$5.00 per credit hour for adult basic education (ABE) which includes English-as-a-Second Language, GED preparation and other pre-college courses. Colleges do not presently charge for this service. It is assumed that individual colleges may opt to reduce overall waiver activity, or the State Board on behalf of the system may revise waiver policies to replace this sum in full with tuition collected from non-ABE students. This budget action is exercised by the Senate pursuant to authority and discretion granted to the legislature under chapter 28B.15.910 RCW. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**3. Tuition Supported Enrollment** - Whereas the Senate through the budget establishes a 9 percent cap on the rate of growth in tuition fees for undergraduates at state colleges and universities each academic year during the 2003-05 biennium, the Senate has proposed to delegate decisions regarding graduate program tuition to trustees of each institution starting with academic year 2003-04 through the conclusion of academic year 2008-09 pursuant to Engrossed Substitute Senate Bill 5448 (higher education tuition). This entry reflects one percent, local tuition authority not otherwise assumed to pay for growth in higher education spending by the Senate in its General Fund budget. It represents revenue capacity, principally from currently enrolled undergraduates, made available to trustees for local needs in educating those students. For the system of community and technical colleges, this sum would support the full, unsubsidized cost (on average) to educate x FTE undergraduates next Fall. (Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**4. Job Skills Program** - Non-general funds are identified to maintain and expand the availability of job skills grants during the 2003-05 biennium. The program is currently administered by and through the State Board for Community & Technical Colleges. The Job Skills Program (JSP) supports up to half of the total cost of training with participating companies providing a dollar-for-dollar cash or in-kind match. Activities eligible for funding include (1) new employee training for prospective employees before a new plant open or when a company expands; (2) current employee re-training when that serves to prevent dislocation of those employees; (3) current employee skill-upgrade training that enhanced their productivity for advance opportunities and responsibilities; and (4) initiatives to develop customized training programs supported by several companies within an industry. Applications typically are submitted by a state educational agency. Apprenticeship trusts, four-year universities, private vocational and career schools are encouraged to apply for JSP training grants. The State Board shall report to the appropriate policy committees of the legislature on how resources have been distributed and what impact it may have made for companies expanding their operations here in Washington state by no later than January of 2005. (General Fund-State; Administrative Contingency Fund Account-State)

**5. Pension Reduction Correction** - In the 2002 Supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System plans. However, some higher education employees are in retirement plans that are not managed by the department. As a result, the reductions for higher education institutions were too high. Since this cut was carried forward into 2003-05, this item restores part of the general fund-state reduction.

**6. Alliance for Corporate Education** - Non-general funds are provided on a one-time basis to seed the creation of a partnership between 17 college districts who have formed an alliance to simplify and provide a single-source of contact for corporations seeking to out-source job skills training. (Administrative Contingency Fund Account-State)

**7. High Demand Enrollments** - The State Board will manage a competitive process for awarding resources to support 250 full-time equivalent students in high demand fields with limited current access to educational programs. State funds are budgeted at an average rate of \$10,000 per FTE for instruction. Enrollments will be awarded principally to prepare students academically for nursing and dental careers, viticulture (grape growing) and enology (wine making), applied science, computing and information technology, engineering, and teaching. Successful bids should be closely aligned with the need of the district's regional economy. With the cooperation of college presidents, the agency may apply a portion of this sum to statewide efforts that yield new, direct transfer agreements for high demand majors.

**8. Wine Industry Education Partnership** - Funds are provided for allocation to Walla Walla, Yakima Valley and Wenatchee college districts for equipment, supplies, and program adaptations to develop a comprehensive, more expansive viticulture (grape growing) and enology (wine making) higher education program supporting career-path opportunities for Washington residents. The colleges are encouraged to apply for a portion of high-demand enrollment funding made available on a competitive basis thru the State Board, or from the Higher Education Coordinating Board, to fill-out their respective need for additional instructors or professional staff.

## 2003-05 Omnibus Operating Budget Community/Technical College System

**9. General Inflation** - Two year colleges, as all state agencies, are expected to find efficiencies sufficient to cover the increased costs of goods and services occurring during the 2003-05 biennium.

**10. Initiative 732 COLA** - Initiative 732 cost-of-living adjustment (COLA) increases for selected community and technical college staff are postponed.

**11. Reduction Offset by Tuition** - A general fund reduction is made equivalent to funds raised by increasing tuition rates 8 percent each academic year, across the board, for graduate and undergraduate programs. This calculation is based on authorized FTE student enrollment at each institution for this academic year and makes no assumption that enrollment beyond budget levels is sustained. (General Fund-State; Institutions of Higher Education Operating Fee Accounts-Non-Appropriated)

**12. Reduction to Non-Instruction** - In order to attain administrative efficiencies, base support for programs other than "instruction, research and plant" have been reduced for FTE staff years, salaries, benefits and other operating costs.

**13. Part-Time Faculty Compensation** - Funding is provided to increase the statewide, average compensation of part-time faculty at state community and technical colleges. The Board will report annually on the distribution of state funds, wage adjustments for part-time faculty, and progress to close the gap between full-time and part-time equivalent salaries for each district. Such information is to be provided to the fiscal and higher education committees of the Legislature by January 30th of each fiscal year.

**14. Facility Maintenance and Operations** - Increased levels of support are provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.

**15. M&O Tied to 2003 Capital Budget** - Additional funds are provided for newly authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.

**16. Full-Time Faculty Compensation** - Partial funding is provided to support the increased cost of full-time faculty compensation next biennium for colleges in light of increments already earned and awarded this biennium.

**17. M&O Matching Fund Projects** - Funds are provided to maintain and operate new facilities whose construction was principally financed with local or private funds for which the State agreed to put up a match. The specific capital improvements occurred at Olympic College in Shelton (library/classrooms); Seattle (the Ranier Kitchen and Dining Room); Spokane (Chemistry Lab & Greenhouse Addition); Tacoma (Commons, Computer Lab & Student Services); and Yakima Valley College in Grandview (Addition).

**18. Building Maintenance to Capital** - Routine and preventive inspections, mechanical adjustments and minor work to replace or repair building systems, surfaces or materials has heretofore been apportioned by trustees of the state's colleges and universities out of the appropriations granted by lawmakers for general operations. Responding to findings and recommendations of the Joint Legislative Audit & Review Committee who studied facility preservation, the Senate proposes to meet this expense directly with capital funds starting July 1, 2003. Senate Bill 6049 creates a new treasury account to preserve existing higher education facilities. Accordingly, state general funds are reduced. This sum will be replaced with capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition today from deteriorating and contributing to a preservation backlog for lack of attention or resources, until such time as the State would choose to modernize, renovate or replace it.

**19. FICA Savings** - This item reduces the need to budget more funds in support of rising health care premiums. It recognizes that institutions of higher education deduct their employee's share of monthly premiums on a pre-tax basis which reduces FICA (social security) requirements. Funded rates are reduced by \$3.48 per month for FY 2004 and by \$4.86 per month for FY 2005 corresponding to an average expected increase in employee contributions for their health benefit package from \$72 per month in 2003 to \$118 per month in 2004, and to \$136 per month in 2005.

## 2003-05 Omnibus Operating Budget Community/Technical College System

**20. Pipeline to BS-Engineer & Sci-Techn** - Funds are provided for allocation to Clark and Lower Columbia College to enroll and prepare 168 FTE associate degree students for transfer to engineering and applied science-technology degree programs offered by Washington State University in Vancouver. Preparation of students may be accomplished together with other private or border-state accredited post-secondary institutions. Money may be applied to release time for 2-year instructors so that academic preparation of students benefits from the exchange of knowledge between industry experts and 4-year faculty peers.

**21. Health Benefits** - The employer contribution rate is increased from \$482.38 in Fiscal Year 2003 to \$495.30 in Fiscal Year 2004 and \$567.67 in Fiscal Year 2005. At these rates, the employer contribution is 80 percent of the total premium in both fiscal years. These rates assume an increase in co-payments from \$10 to \$15 for office visits.

**22. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**23. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3.

**24. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium.

**2003-05 Omnibus Operating Budget**  
**State School for the Blind**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	80.0	9,257	10,511
2003-05 Maintenance Level	84.5	9,571	10,906
<b>Policy Changes:</b>			
1. General Inflation	0.0	-54	-54
2. Initiative 732 COLA	0.0	-92	-92
3. Revolving Funds	0.0	16	16
4. Staff Reduc. & Oper. Efficiencies	-2.4	-248	-248
Total Policy Changes	-2.4	-378	-378
Total 2003-05 Biennium	82.2	9,193	10,528
Difference from 2001-03	2.2	-64	17
% Change from 2001-03	2.5%	-0.7%	0.2%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Initiative 732 COLA** - Some staff of the School for the Blind are subject to the provisions of Initiative 732, which requires annual cost-of-living adjustments. Pursuant to legislation eliminating the requirements of Initiative 732, funding provided at maintenance level for these cost-of-living adjustments is removed.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

**2003-05 Omnibus Operating Budget**  
**State School for the Deaf**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	130.5	15,307	15,539
2003-05 Maintenance Level	128.0	15,540	15,540
<b>Policy Changes:</b>			
1. General Inflation	0.0	-83	-83
2. Initiative 732 COLA	0.0	-101	-101
3. Outreach Services	0.0	0	232
4. Revolving Funds	0.0	44	44
5. Staff Reduc. & Oper. Efficiencies	-3.6	-368	-368
Total Policy Changes	-3.6	-508	-276
Total 2003-05 Biennium	124.4	15,032	15,264
Difference from 2001-03	-6.1	-275	-275
% Change from 2001-03	-4.6%	-1.8%	-1.8%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Initiative 732 COLA** - Some staff of the School for the Deaf are subject to the provisions of Initiative 732, which requires annual cost-of-living adjustments. Pursuant to legislation eliminating the requirements of Initiative 732, funding provided at maintenance level for these cost-of-living adjustments is removed.

**3. Outreach Services** - Spending authority from General Fund-Local funds is provided for the School for the Deaf to conduct additional outreach services to school districts. The school provides evaluations, consultations, training, technical information, and clinical resources to deaf and hard-of-hearing students in public schools, their families, and the staff members who serve them. (General Fund-State, General Fund-Private/Local)

**4. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**5. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)



**2003-05 Omnibus Operating Budget**  
**Work Force Trng & Educ Coord Board**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	24.0	3,450	48,952
2003-05 Maintenance Level	23.9	3,375	57,694
<b>Policy Changes:</b>			
1. General Inflation	0.0	-21	-27
2. Staff Reduc. & Oper. Efficiencies	-1.1	-32	-50
Total Policy Changes	-1.1	-53	-77
Total 2003-05 Biennium	22.8	3,322	57,617
Difference from 2001-03	-1.2	-128	8,665
% Change from 2001-03	-4.2%	-3.7%	17.7%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Washington State Arts Commission**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	18.4	5,715	6,718
2003-05 Maintenance Level	18.1	5,654	6,682
<b>Policy Changes:</b>			
1. General Inflation	0.0	-14	-16
2. Program Reductions	-5.0	-2,171	-2,171
3. Revolving Funds	0.0	2	2
4. Staff Reduc. & Oper. Efficiencies	-0.1	-28	-28
Total Policy Changes	-5.1	-2,211	-2,213
Total 2003-05 Biennium	13.1	3,443	4,469
Difference from 2001-03	-5.3	-2,272	-2,249
% Change from 2001-03	-27.8%	-39.8%	-33.5%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Program Reductions** - Funds are reduced for agency programs in an amount that reflects a different mix of activity-based cuts than that recommended by the governor. General Fund support is reduced by 50 percent for public art; by 45 percent for community and state events to build participation in the arts; by 33 percent for K-12 school outreach and in-service programs for teachers and students; and by 33 percent the support for local art councils, performance and visual art organizations (among others) as compared to this biennium. A lump sum appropriation is made with the Senate's intent to delegate to the director and commissioners the decision about how and where to adjust plans for 2003-05 in order to align spending with state appropriations. This note is offered to signal the relative priority placed by the Senate on the four major and organizing agency missions.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Washington State Historical Society**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	54.6	6,034	7,594
2003-05 Maintenance Level	53.6	5,682	8,495
<b>Policy Changes:</b>			
1. Lewis & Clark	0.0	20	20
2. General Inflation	0.0	-45	-76
3. Program/Activity Reductions	0.0	-560	-560
4. Staff Reduc. & Oper. Efficiencies	-2.3	-106	-106
Total Policy Changes	-2.3	-691	-722
Total 2003-05 Biennium	51.3	4,991	7,773
Difference from 2001-03	-3.3	-1,043	179
% Change from 2001-03	-7.3%	-17.3%	2.4%

*Comments:*

**1. Lewis & Clark** - Funds are provided to support Washington's advisory committee in preparations for inaugural events, celebrating the 200th anniversary of the Lewis and Clark Expedition from January 2003 through the early Fall of 2006.

**2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**3. Program/Activity Reductions** - Funds are reduced for agency programs in an amount that reflects the sum total of activity based changes recommended by the governor, the implication being that General Fund support is reduced by 9 percent for historical collections; 7 percent for Society administration; 10.5 percent for community outreach; 8 percent for fundraising; 14 percent for historical education; 6 percent for museum operations and maintenance (including exhibits); and 17 percent for State historical exhibits from levels this biennium. A lump sum is appropriated with the intent to delegate to Society directors decisions about how and where to adjust plans for 2003-05 in order to align spending with state appropriations.

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**East Wash State Historical Society**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	25.2	3,224	3,224
2003-05 Maintenance Level	24.7	3,311	3,311
<b>Policy Changes:</b>			
1. General Inflation	0.0	-25	-25
2. Program Reductions	0.0	-291	-291
3. Revolving Funds	0.0	4	4
4. Staff Reduc. & Oper. Efficiencies	-1.2	-50	-50
Total Policy Changes	-1.2	-362	-362
Total 2003-05 Biennium	23.5	2,949	2,949
Difference from 2001-03	-1.7	-275	-275
% Change from 2001-03	-4.0%	-8.5%	-8.5%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. Program Reductions** - Funds are reduced for agency programs in an amount that reflects the sum total of activity based changes recommended by the governor the implication for which is that General Fund support is reduced by 6 percent for cultural, art and historical collections; by 6 percent for Society administration; and by 10 percent for museum operations and maintenance (including exhibits). A lump sum appropriation is made with the intent to delegate to Society directors the decision about how and where to adjust plans for 2003-05 in order to align spending with state appropriations.

**3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

**4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget**  
**Bond Retirement and Interest**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	1,251,110	1,432,580
2003-05 Maintenance Level	0.0	1,237,608	1,413,853
<b>Policy Changes:</b>			
1. General Inflation	0.0	-18	-130
2. New Debt 2003-05 Capital Budget	0.0	22,911	28,134
Total Policy Changes	0.0	22,893	28,004
Total 2003-05 Biennium	0.0	1,260,501	1,441,857
Difference from 2001-03	0.0	9,391	9,277
% Change from 2001-03	0.0%	0.8%	0.6%

*Comments:*

**1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

**2. New Debt 2003-05 Capital Budget** - Debt service and bond sale expenses will be incurred for new debt issued to fund the 2003-05 Biennium capital plan. (General Fund-State, various debt service accounts)

**2003-05 Omnibus Operating Budget**  
**Special Approps to the Governor**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	107,369	209,014
2003-05 Maintenance Level	0.0	22,636	74,636
<b>Policy Changes:</b>			
1. Liability Account	0.0	-18,000	-18,000
2. Legislative Liaisons	0.0	-3,257	-3,257
3. Travel, Equipment, Contracts	0.0	-20,151	-20,151
4. I-695 Backfill for Counties	0.0	3,000	3,000
5. I-695 Backfill for Cities	0.0	3,500	3,500
6. Revolving Fund Corrections	0.0	6,700	9,492
Total Policy Changes	0.0	-28,208	-25,416
Total 2003-05 Biennium	0.0	-5,572	49,220
Difference from 2001-03	0.0	-112,941	-159,794
% Change from 2001-03	0.0%	-105.2%	-76.5%

*Comments:*

**1. Liability Account** - This item reflects the projected savings to the state General Fund from governmental liability reform in SB 5728, based on historical patterns in tort claims, settlements, and judgments. As compared to the requested level of tort funding in the Governor's budget proposal, the net savings to the state is estimated to be \$40 million for the 2003-05 biennium.

**2. Legislative Liaisons** - Funding is reduced for state agency legislative liaisons.

**3. Travel, Equipment, Contracts** - Funding is reduced 10 percent for travel, equipment, and personal service contract expenditures.

**4. I-695 Backfill for Counties** - Funding is provided for distribution to specified counties to mitigate the loss of local revenue following the passage of Initiative 695.

**5. I-695 Backfill for Cities** - Funding is provided for distribution to cities to mitigate the loss of local revenue following the passage of Initiative 695.

**6. Revolving Fund Corrections** - Revolving fund assessments for internal services are adjusted to reflect policy changes made to the Governor's proposed budget. Changes include increased appropriations for legal and archival services (\$1.4 million each), the restoration of the Office of Minority and Women's Business Enterprises (\$2.4 million), and the cancellation of the Governor's proposed merger of the Department of Personnel and the Department of Retirement Systems (\$5.3 million). To facilitate these transfers, the Revolving Fund Revolving Account is created. (General Fund - State, various other funds)

**2003-05 Omnibus Operating Budget****Sundry Claims**

(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	274	279
2003-05 Maintenance Level	0.0	0	0
<b>Policy Changes:</b>			
1. Deer and Elk Damage Claims	0.0	0	79
2. Self-Defense Claims	0.0	18	18
3. Reimbursement of Legal Costs	0.0	46	46
Total Policy Changes	0.0	64	143
Total 2003-05 Biennium	0.0	64	143
Difference from 2001-03	0.0	-210	-136
% Change from 2001-03	0.0%	-76.6%	-48.7%

*Comments:*

**1. Deer and Elk Damage Claims** - On the recommendation of the State Office of Risk Management, payment is made under RCW 77.12.280 for claims for damages to agricultural crops by wildlife. (State Wildlife Account-State)

**2. Self-Defense Claims** - On the recommendation of the State Office of Risk Management, payment is made under RCW 9A.16.110 for claims for reimbursement of legal costs and other expenses of criminal defendants acquitted on the basis of self-defense.

**3. Reimbursement of Legal Costs** - Pursuant to RCW 4.92.040(5), funds are provided to reimburse legal costs expended by the Building Industry Association of Washington in defending the constitutionality of Referendum 53 as approved by the voters of the state on November 5, 2002 (claim no. SCO 2003-26).

**2003-05 Omnibus Operating Budget**  
**State Employee Compensation Adjust**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	0	0
2003-05 Maintenance Level	0.0	1,357	1,627
<b>Policy Changes:</b>			
1. Health Benefits	0.0	34,152	64,111
2. Pension Rate Change (PUC) #	0.0	-21,142	-34,838
Total Policy Changes	0.0	13,010	29,273
Total 2003-05 Biennium	0.0	14,367	30,900
Difference from 2001-03	0.0	14,367	30,900
% Change from 2001-03	0.0%	0.0%	0.0%

*Comments:*

**1. Health Benefits** - A total of \$125 million (\$47 million General Fund-State) is provided to cover the increased cost of medical, dental, life, and disability insurance benefits provided on behalf of state and higher education employees and retirees. This item represents the share of that total increase associated with state agency employees and retirees. The increase for higher education employees and retirees is allocated in the higher education sections of the budget.

The Senate budget anticipates that the total cost of medical insurance purchased on behalf of current employees will increase by an average of 15 percent per year next biennium. The state's cost for that increase is partially offset by (1) requiring employees to pay an average of 20 percent of the cost of their medical insurance, compared to an average of 14 percent now; and (2) increasing co-payments for medical office visits to \$15, from \$10 now. Dental insurance, and basic levels of life and disability insurance, will continue to be provided at no cost to the employee.

The cost of supplemental medical insurance for retirees enrolled in Medicare is expected to increase by approximately 13.5 percent per year. The Senate budget provides for the same rate of increase in the monthly retiree subsidy so that, on average, the state will continue to cover approximately 44% of the cost of supplemental insurance for Medicare-eligible retirees. (General Fund-State, General Fund-Federal, General Fund-Local, Salary and Insurance Increase Revolving Fund)

**2. Pension Rate Change (PUC) #** - Pension contributions for state employees are included at the rate of 1.4 percent of pay to the Public Employees' Retirement System (PERS), and 1 percent to the Teachers' Retirement System (TRS). This reflects a proposed change to the projected unit credit actuarial method for Plans 2 and 3. (General Fund - State, various other funds)



**2003-05 Omnibus Operating Budget**  
**Contributions to Retirement Systems**  
(Dollars in Thousands)

	<b>FTEs</b>	<b>Senate Chair GF-S</b>	<b>Total</b>
2001-03 Estimated Expenditures	0.0	44,145	44,145
2003-05 Maintenance Level	0.0	55,000	55,000
Total 2003-05 Biennium	0.0	55,000	55,000
Difference from 2001-03	0.0	10,855	10,855
% Change from 2001-03	0.0%	24.6%	24.6%

*Comments:*

**2003-05 Omnibus Operating Budget**  
**Other Legislation**  
(Dollars in Thousands)

	FTEs	Senate Chair GF-S	Total
2001-03 Estimated Expenditures	0.0	0	0
2003-05 Maintenance Level	0.0	0	0
<b>Policy Changes:</b>			
1. Transportation Efficiency - SB 5248	0.0	0	100
2. Promoting Wildlife Viewing- SB 5011	0.0	45	45
3. Supervision of Offenders - SB 5990	0.0	7,000	7,000
Total Policy Changes	0.0	7,045	7,145
Total 2003-05 Biennium	0.0	7,045	7,145
Difference from 2001-03	0.0	7,045	7,145
% Change from 2001-03	0.0%	0.0%	0.0%

*Comments:*

**1. Transportation Efficiency - SB 5248** - SSB 5248, the Transportation Efficiency Act of 2003, makes an appropriation from the Public Works Administration Account to the Department of Labor & Industries for purposes of prevailing wage surveys.

**2. Promoting Wildlife Viewing- SB 5011** - SB 5011 makes a state General Fund appropriation to the Department of Fish & Wildlife to promote wildlife viewing.

**3. Supervision of Offenders - SB 5990** - Senate Bill 5990 modifies the release and supervision of offenders. An appropriation for this purpose is made to the Department of Corrections.